

BY-LAWS

March 3, 1977

OF

MEYERLAND COMMUNITY IMPROVEMENT ASSOCIATION

ARTICLE I

DEFINITIONS

Section 1: The words "said property" as used in these By-Laws shall be deemed to mean the following described real property situated in the County of Harris, State of Texas, and more particularly described as follows:

All of Section 1, Meyerland, an Addition to the City of Houston, Harris County, Texas, out of the James D. Owen Survey, according to the plat thereof filed in the Office of the County Clerk of Harris County, Texas, on July 29, 1954, under File No.1293699,

Together with any and all other real property which may hereafter, through the operation of conditions, covenants, restrictions, easements, reservations, or charges pertaining to the same, be placed under or submitted to the jurisdiction of this Association and be accepted as within the jurisdiction of this Association by resolution of the Board of Directors of this Association, which property includes Sections 2 through 8 and Section 10 of the Meyerland Addition.

Section 2: The words "Building Site" wherever used in these By-Laws shall be deemed to mean a building site as defined in any declaration of conditions, covenants, restrictions, easements, reservations of charges affecting the portion of said property in which the building site is located.

Section 3: The word "Member" wherever used in these By-

Laws shall be deemed to mean the owners of each residential site in the Meyerland Addition. The owners of each site shall be entitled to one vote. When a resident's site is sold the membership in the Association and the right to vote will automatically be transferred from the seller to the purchaser regardless if the conveyance contains words conveying or reserving the site. No member shall be entitled to vote while delinquent according to Association records in the payment of any Association charges assessments, or taxes.

ARTICLE II

FUNCTIONS OF THE ASSOCIATION

Section 1: PURPOSES: Meyerland Community Improvement Association is formed for the purposes of maintaining and promoting a safe, healthy and beautiful environment in Section 1, Meyerland and such other sections of Meyerland as may be made subject hereto. To carry out said purposes properly, the Association may at the discretion of its Board of Directors perform the following functions and the exercise of such functions shall be deemed to be within the scope of activities contemplated by the corporate charter;

(a) The Association may care for vacant, unimproved and unkempt lots in said addition, remove and destroy grass, weeds and rodents therefrom and any unsightly and obnoxious thing therefrom and do any other things and perform any labor necessary or desirable in the judgment of this Association to keep the property, and the land contiguous and adjacent thereto, neat and in good order. The Association will bill the owners of such lots for the cost of the maintenance of these lots.

(b) The Association may enforce charges, restrictions, conditions and covenants existing upon and created for the benefit of said property over which this Association has jurisdiction; the Association may pay all expenses incidental thereto; the Association may enforce the decisions and rulings of this Association having the jurisdiction over any of said property; the Association may pay all of the expenses in connection therewith; and may reimburse any declarant under any declaration of conditions, covenants, restrictions, assessments of charges affecting said property, or any part thereof, for all costs and expenses incurred or paid by it in connection with the enforcement,

or attempted enforcement, of any of the conditions, covenants, restrictions, charges, assessments or terms set forth in any declaration.

(c) The Association may improve, beautify and maintain parks, parkways, esplanades, rights of way easements and other public areas.

(d) The Association may construct and maintain recreational facilities.

(e) The Association may perform any and all lawful things and acts which this Association at any time, and from time to time, shall, in its discretion, deem to be to the best interests of said property and the owners of the building sites thereon, and shall pay all costs and expenses in connection therewith.

(f) Any powers and duties exercised by said Association relating to maintenance, operation, construction or reconstruction of any facilities provided for herein may be contracted for with any qualified contractor.

(g) The Association may provide for garbage and rubbish collection and disposal.

(h) The Association may provide police protection for the property if the Directors deem it advisable.

(i) The Association may acquire by gift, purchase, or otherwise own, hold, enjoy, lease, operate, maintain, and convey, sell, lease, transfer, mortgage, or otherwise encumber, dedicate for public use, or otherwise dispose of real or personal property in connection with the business of this Association.

(j) The Association may assess and collect taxes on property submitted to the jurisdiction of this Association and shall be restricted in such function as provided in the agreements under which such property is submitted.

(k) It may expend the monies collected by this Association from assessments or charges and other sums received by this Association for the payment and discharge of all proper costs, expenses and obligations incurred by the Association in carrying

out any or all of the purposes for which this Association is formed.

(l) The Association may borrow money for the purpose of carrying out the corporate affairs, if the Directors deem such advisable.

(m) No action shall be taken by the Association which is inconsistent with its 501c4 status and/or State or Federal laws.

Section 2: AREA: The activities of the Association shall be limited to the area known as Section 1 through 8 and Section 10, Meyerland, an Addition in Harris County, Texas, and to such other areas which may hereinafter through the operation of conditions, covenants, restrictions, easements, reservations or changes pertaining to the same be placed under or submitted to the jurisdiction of this Association and be accepted as within the jurisdiction of this Association by resolutions of the Board of Directions of this Association.

ARTICLE III

MEMBERS

Section 1a: ANNUAL MEETING: There shall be an Annual Meeting of this Association which shall be held on the second (2nd) Wednesday in March of each year. The Annual Meeting may be postponed for not more than thirty-one (31) days at the discretion of the Board. Ballots are to be mailed to all members no later than twelve (12) days prior to the Annual Meeting.

Section 1b: MEMBERSHIP MEETINGS: At those times when subjects of significant civic interest can be scheduled, the Board of Directors may schedule other meetings of the Association. Generally, these meetings would be scheduled for a second (2nd) Wednesday in the months of September, November, January, March, or May.

Section 2: SPECIAL MEETINGS: Special meetings may be called by the following persons and in the following manner:

(a) The President may in case of an emergency, to be

determined by him, call a meeting of the full membership of the Association by written notice stating the purpose of the meeting.

(b) It shall be the duty of the President to call a meeting of the full membership of the Association whenever requested to do so in writing by five (5) members of the Board stating the purpose of the meeting.

(c) It shall be the duty of the President to call a meeting of the full membership of the Association upon written request of fifty (50) or more members in good standing, which shall state the object of the called meeting.

(d) Notices of meetings of the Association under (b) and (c) shall be mailed by the Secretary not later than one (1) week after the receipt of a written request as provided in (b) and (c) above. The notice shall state the object, the date, and the hour of the meeting, and said meeting shall be held not earlier than ten (10) nor later than thirty (30) days from the day of the notice.

Section 3: QUORUM: Meetings of the membership shall be as prescribed by the By-Laws. For all purposes of the Association where the membership is to act, a quorum shall consist of thirty-five (35) qualified voting members of the Association present in person at the meeting. However, if no quorum is constituted, then the meeting shall be adjourned and rescheduled by the Board of Directors not later than thirty-one (31) days after the originally scheduled meeting, and all matters which were to be considered at the originally scheduled meeting shall be considered and voted upon at the rescheduled meeting at which a quorum is present. If no quorum is present at the initially rescheduled meeting, the meeting shall be adjourned and rescheduled by the Board of Directors as often and to such times until a quorum is present at a rescheduled meeting.

Section 4: ORGANIZATION: The President of the Association, and in the event of his absence, a Vice President of the Association, shall call meetings of the members to order and shall act as Chairman of such meetings. In the absence of the President and a vice President of the Association, the members present may appoint a chairman. The Secretary of the Association, or in his absence, an Assistant Secretary, shall act as Secretary of all meetings of the members but in the absence of the Secretary

and an Assistant Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

Section 5: VOTING: Each member shall be entitled to one vote for each building site owned by him. Each member must vote in person at meetings of the Association where the membership is to act except for the election of the Board of Directors, which voting will be in accordance to these By-Laws, as prescribed in Article IV, Section 2.

Section 6: OQUALIFICATIONS: The voting membership shall be all building site owners within the jurisdiction of the Association.

ARTICLE IV*

BOARD OF DIRECTORS

Section 1: MANAGEMENT AND POWERS: The business and property of the Association shall be managed and controlled by the Board of Directors, and subject to the restrictions imposed by law, by the charter, or by these by-laws, the Board of Directors may exercise all the powers of the Association.

Section 2: NUMBER, TERM AND ELECTION OF BOARD MEMBERS:

a. Section Directors: For purposes of representation, all of the sections of Meyerland Addition shall have two (2) representatives on the Board of Directors with the exception of any Section with one hundred (100) or fewer members which will have one (1) Director representing any such Section. The Section Directors shall be elected by the members from within the section of the Meyerland Addition in which they reside. The Directors shall be elected for two (2) year terms, with one new Director elected each year from each Section having two (2) Directors. For purposes of this Article the term Section shall include, in place of Section 8, Section 8 North, composed of Replats B, E, G, H, and I of Section 8; Section 8 South comprised of Replats A, C, D, and the Annex of Section 8; and Section 8 West composed of Replat F of Section 8.

b. At Large Directors: In addition to the Section Directors two At Large Directors may be appointed by the President and ratified by the Board of Directors. The At Large Directors shall be appointed for a two year term.

If the immediate past President is not a member of the Board of Directors during the year immediately following his or her replacement as President, then the immediate past President shall sit on the Board of Directors ex officio for one (1) year with voting rights.

At least ninety (90) days before the Annual Meeting, the Board of Directors shall appoint a nominating committee composed of at least four (4) members of the Association.

Nothing in these By-Laws shall be construed to prevent additional nominations by members. In order to place the names of additional nominees on the printed ballot, it shall be necessary for the names of such candidates to be received by the Secretary at least thirty (30) days prior to the Annual Meeting. Write-in candidates shall be considered permissible nominees providing the names of such candidates are received by the Secretary at least twenty-four (24) hours prior to the convening of the Annual Meeting.

A ballot shall be mailed to all members no later than twenty (20) days prior to the Annual Meeting. Completed ballots will be returned to an election committee appointed by the Board of Directors in sealed envelopes, either by mail or presented at the Annual Meeting. All voting for election of Directors will be conducted by secret ballot and the winning candidates shall take office at the first regularly scheduled Board Meeting following the Annual Meeting. A simple plurality is necessary for election.

A Director who has served as a voting director for thirty-six (36) consecutive months is not eligible to run for election to the Board of Directors again until one (1) year has elapsed since that Director's last service as a Director.

Section 3: ELECTION OF OFFICERS: As soon as practical within fifteen (15) days following election, the Board shall meet for the purpose of electing the President, vice President, Secretary, and Treasurer from the members of the Board, who will serve for one year, appoint committees, formulate plans and to start functioning as the active Board of Directors of the Association. The Board may appoint an Assistant Secretary, an Assistant Treasurer, and an Executive Director/ General Manager, none of whom are required to be members of the Board or to be members in the Association.

Section 4: MEETING OF DIRECTORS: The directors may hold their meetings and have offices and keep the books of the Association, except as otherwise provided by statute, in such place or places in or outside of the State of Texas, that the Board of Directors may from time to time determine.

Section 5: REGULAR MEETINGS: Regular meetings of the Board of Directors shall be held at least once a month at such time and place as shall be designated by the President.

Section 6: SPECIAL MEETINGS: Special meetings of the Board of Directors shall be held whenever called by the President, Vice President, Secretary or a majority of the directors then in office. Notice of each special meeting shall be given by any officer of the Association by fax, mail, telephone or personal delivery to each director at his residence or usual place of business at least two (2) days prior to the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every director shall be present, even though conducted without any notice, any business may be transacted.

Section 7: QUORUM: The majority of the directors then in office shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time without notice, other than by announcement at the meeting, until a quorum be present or in attendance thereat. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitutes the act of the Board of Directors, except as otherwise provided by law, the charter of the Association, or by these by-laws.

Section 8: ORDER OF BUSINESS: At a meeting of the Board of Directors, business shall be transacted in such order as from time to time the Board of Directors may determine. At all meetings of the Board of Directors, the President shall preside, and in the absence of the president, a Chairman shall be chosen from the directors present. The Secretary of the Association shall act as Secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any person to act as person to act as Secretary of the meeting.

Section 9: SERVICES: No director or officer of the Association shall be required to devote his time or render services exclusively to the Association. Each director and officer of the Association shall be free to engage in any and all other businesses and activities either similar or dissimilar to the business of this Association without breach of duty to this Association and without liability to this Association. Likewise, each and every director and officer of this Association shall be entirely free to act for and serve any other corporation or corporations, entity or entities, in any capacity or capacities and become a director or officer of any other corporation or corporations, entity or entities, whether or not the purposes, business and activities thereof be similar or dissimilar to the purposes, business or activities of this Association, without breach of duty to this Association or its members and without liability of any character or description to the Association or its members. No contract or other transaction of this Association shall ever be affected by the fact that any director or officer of the Association is interested in, or connected with any party to such contract or transaction, or is a party to such contract or transaction, provided that such contract or transaction shall be approved by a majority of the directors present at a meeting of the Board of Directors at which such contract or transaction shall be authorized or confirmed, which majority shall consist of directors not so interested or connected.

Section 10: ROBERT'S RULES OF ORDER REVISED: shall determine the conduct of business in all meetings of the Association, its governing bodies and committees, except where inconsistent with these By-Laws.

Section 11: QUALIFICATIONS: In order to be eligible for election as a Director, a candidate must live in a residence in Meyerland which he owns and not be delinquent in the payment of any Association charges, assessments, or taxes; and he will cease to be an Officer or a Director if at any time he ceases to have required eligibility for election.

Section 12: VACANCIES: All unexpired terms or vacancies occurring on the Board between Annual Meetings shall be filled by appointment by the Board.

Section 13: ATTENDANCE: If any Officer or Director shall fail to attend the regular monthly meeting of the Board for three (3) successive meetings without good and valid reasons for his or her absence in the judgment of the Board, such Officer or Director shall automatically cease to be a member of the Board, and the vacancy created shall be filled as provided in Section 11, Article IV of these By-Laws.

ARTICLE V.

OFFICERS

Section 1: TITLES AND TERM OF OFFICE: The officers of the Association shall be a President (who shall be a director), one or more Vice Presidents, a Secretary, a Treasurer and such other officers, including but not limited to one or more Assistant Secretaries and one or more Assistant Treasurers, as the Board may from time to time elect or appoint. One person may hold more than one office. All officers shall be subject to removal, with or without cause, at any time, by vote of a majority of the whole Board of Directors. A vacancy in the office of any officer shall be filled by vote of a majority of the directors then in office.

Section 2: DUTIES OF THE PRESIDENT: The President shall also be the Chairman of the Board of Directors. He shall, subject to directions of the Board, have and exercise general supervision over the business and affairs of the Association. He shall preside at meetings of the members and the Directors; he may, with proper attestation of the Secretary, make, sign, and execute all deeds, conveyances, assignments, bonds, contracts, and other obligations, and any and all other instruments and papers of any kind or character in the name of the Corporation; and he shall do and perform such other things as may from time to time be assigned to him by the Board of Directors. He shall be an ex-officio member of all committees and generally perform all the duties appertaining to his office, and shall decide all questions of procedure and order. He shall not be required to vote at meetings of the Board or Association, except in case of a tie vote.

Section 3: DUTIES OF THE VICE PRESIDENT: The vice President shall also be a member of the Board of Directors. In the absence of the President he shall perform the duties and exercise the

powers of the President and he shall do and perform such other duties as may from time to time be assigned to him by the Board of Directors.

Section 4: DUTIES OF THE TREASURER: The Treasurer shall also be a member of the Board of Directors. The Treasurer shall have custody of all funds of the Association which may come into his hands; he may endorse for collection, on behalf of the corporation, checks, notes and other obligations, and shall deposit the same to the credit of the corporation in such bank or banks, or depositories, as the Board may designate; he shall sign receipts and vouchers for payments made to the corporation; jointly with such other officer or person as may be designated by the Board, or singly if authorized by the Board, he shall sign checks made by the corporation, and payout and dispose of the corporation's books of account, records, and auditing; whenever required by the Board, he shall render a statement of his accounts; he shall enter regularly, in the books of the Association to be kept by him for that purpose, full and accurate accounts of all monies received and disbursed by him and he shall perform all duties incident to the office of Treasurer, subject to the control of the Board. The books and complete financial statement shall at all time be open to inspection of the President and the Board or any other members of the Association.

He shall, within five (5) days after retiring from office, deliver to his successor all monies, papers, and other property in his possession belonging to the Association. As Assistant Treasurer may in his own name perform any duty of the Treasurer when so requested by the Treasurer or in the absence of that officer, and may perform such duties as may be prescribed by the Board.

Section 5: ASSISTANT TREASURERS: Each Assistant Treasurer shall have the usual powers and duties pertaining to his office, together with such other powers and duties as may be assigned to him by the Board of Directors and the Assistant Treasurer shall exercise the powers of the Treasurer during that officer's absence or inability to act.

Section 6: DUTIES OF THE SECRETARY: The Secretary shall also be a member of the Board of Directors. The Secretary shall keep the minutes of all meetings of the members and the Board of

Directors in books provided for the purpose. He shall attend to the giving and serving of all notices for the corporation. He shall sign, with the President or vice President, such contracts as may require his signature, and shall, in proper cases, affix the seal of the corporation thereto. The Secretary shall keep records from which a list of members can be compiled and shall furnish such list upon order of the Board. He shall have charge of such other books and paper as the Board may direct, and shall perform all the duties incident to the office of Secretary, subject to the control of the Board. An Assistant Secretary may perform any duty of the Secretary in the absence of that officer when requested by the Board.

In the absence of the Secretary and the Assistant Secretary minutes of any meetings may be kept by a Secretary pro tem, appointed for that purpose by the presiding officer.

Section 7: ASSISTANT SECRETARIES: Each Assistant Secretary shall have the usual powers and duties pertaining to the office together with such other powers and duties as may be assigned to such officer by the Board of Directors, and the Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability to act.

Section 8: DUTIES OF THE EXECUTIVE DIRECTOR/ GENERAL MANAGER: The General Manager shall be appointed by the Board. The General Manager, under the direct supervision of the President, and subject to the directions of the Board, shall have and exercise general supervision over the business and affairs of the corporation. The General Manager may also serve as Assistant Secretary and as Assistant Treasurer, as the Board may direct. He shall do and perform such other things, as may from time to time be assigned to him by the Board of Directors. His tenure in office shall be at the will of the Board of Directors, and he shall be subject to removal from office by action of the Board at any regular or special meeting at which a quorum is present.

Section 9: DUTIES OF OTHER OFFICERS AND EMPLOYEES: The Board may appoint or authorize the appointment of such other officers and employees as it shall deem necessary, who shall have such authority and shall perform such duties, and who shall have such tenure as from time to time may be prescribed by the Board.

Section 10: BOND REQUIREMENT: Any Officer, Director, or employee of the Association who shall have custody of funds must give a proper Surety Bond for the faithful accounting of such funds, with surety or sureties satisfactory to the Board and with the premium of the bond paid by the Association.

Section 11: COMPENSATION: All officers and employees appointed, or whose appointment is authorized by the Board of Directors, may receive compensation in reasonable amounts, commensurate with the duties of their respective positions, as may be determined by the Board.

ARTICLE VI

FINANCIAL MANAGEMENT

Section 1: CONTRACTS: The Board of Directors, except as otherwise provided in these by-laws, may authorize any office or officers, agent or agents, in the name of and on behalf of the Association to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors or expressly authorized by the by-laws, no officer or agent or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or to any amount.

Section 2: LOANS: No loan shall be contracted on behalf of the Association, and no negotiable papers shall be issued in its name unless authorized by the vote of the Board of Directors.

Section 3: CHECKS AND DRAFTS: All checks, drafts, and other orders for the payment of money out of the funds of the Association and all notes or other evidences of indebtedness of the Association shall be signed on behalf of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 4: DEPOSITORIES: All funds of the Association not otherwise employed shall be deposited from time to time to the credit of the Association in such banks or other depositories as

the Board of Directors may select, and for the purpose of such deposit the President, a vice President, the Treasurer, the Secretary, or any other officer or agent or employee of the Association to whom such power may be delegated by the Board of Directors, may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Association.

Section 5: ACCOUNTS: The funds of the Association shall be maintained in the following accounts:

(a) General Account: The General Account shall contain any monies received from any source in the normal operation of the Association, including but not limited to (1) all funds received from the mil levy on the lots in the addition owned by the members, plus any interest accrued from the deposit of these funds; (2) any monies received from the sale of maintenance equipment or other Association property; and (3) any gifts or donations. Any withdrawal from the General Account shall require the signatures of two (2) members of the Board or the Executive Director/General Manager authorized to access this account.

(b) Operating Account: The Operating Account shall be the account by which the Association transacts its business, including but not limited to (1) paying its creditors; (2) funding any projects or other business of the Association; and (3) making any gifts or donations. The Operating Account will be funded from the General Account. Any withdrawal or debit from the Operating Account shall require the signature of only one (1) member of the Board or the Executive Director/ General Manager authorized to access this account.

(c) Additional Accounts: The Association may maintain additional savings accounts, certificates of deposits, money market accounts, and other interest bearing accounts as a majority of its members may see fit.

Section 6: FISCAL YEAR: The fiscal year of the corporation shall begin at 12:01 a.m. on January 1 and end at midnight on December 31 of each calendar year.

Section 7: THE BUDGET: The Board of Directors shall formulate and adopt a budget for the fiscal year not later than the

regular January meeting of said Board.

(a) All regular and/or predictable expenses that have been delineated in the budget, said budget having been adopted by the Board of Directors, may be paid by the Treasurer or the Assistant Treasurer without further authorization from the Board. Bids shall be solicited for any items exceeding Five Thousand Dollars (\$5,000.00) in cost which are authorized in the budget.

(b) Items for which costs have not been established, or any non-predictable expense not itemized in the budget which exceed \$2,000.00 in cost shall be authorized by the Board.

ARTICLE VII.

MISCELLANEOUS PROVISIONS

Section 1: OFFICES: The principal office of the Association shall be in the city of Houston, Harris County, Texas. The Association may establish and maintain offices at such other places, within or without the State of Texas, as the Board of Directors may from time to time deem necessary or advisable.

Section 2: SEAL: The seal of the Association shall be circular in form and shall have inscribed thereon the name of the Association.

Section 3: NOTICE AND WAIVER OF NOTICE: Whenever any notice is required to be given under the provisions of these by laws, said Notice shall be deemed to be sufficient if it is deposited with the United States Postal Service in a sealed, postpaid wrapper addressed to the person entitled thereto at his address as it appears on the books of the Association, and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 4: RESIGNATIONS: Any director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of the resignation shall not be necessary to make it effective, unless

expressly so provided in the resignation.

ARTICLE VIII

ADMENDMENTS

These by-laws may be supplemented, altered, amended or repealed by the affirmative vote of a majority of the members of the Association. These by-laws may also be supplemented, altered, amended or repealed by the affirmative vote of a majority of the Board of Directors at any two (2) consecutive Board meetings.

ARTICLE IX

COMMITTEES

Section 1: There shall be, in addition to such committees as the Board shall determine, the following standing committees, with such duties as the Board may designate.

- (a) Finance and Budget Committee
- (b) Traffic and Safety Committee
- (c) Program Committee
- (d) By-Laws Committee
- (e) Publications Committee
- (f) Legal Committee
- (g) Deed Restriction Renewal Committee
- (h) Flood Control Committee
- (i) Community Relations & Legislative
- (j) Beautification Committee
- (k) Nominating Committee

(i) Security Committee

(m) Deed Restriction Investigation Committee

Section 2: The members of such committees shall be appointed by the President with the approval of the Board.

Section 3: Ad Hoc Committees may be appointed by the President as needed.

ARTICLE X

Section 1: NO WAIVER OF RIGHTS: The failure of the Meyerland Architectural Control Committee, MCIA, or any Meyerland Subdivision owner to enforce any covenants, restrictions, or any other provisions of Meyerland Subdivision restrictions, the MCIA Charter, By-Laws, or the regulations adopted pursuant thereto, shall not constitute a waiver of the right to do so thereafter.

Section 2: ATTORNEY FEES: If any Meyerland Subdivision owner or resident fails to comply with the terms of Meyerland Subdivision Restrictions, and the Meyerland Architectural Control Committee, MCIA or any other owner or resident in Meyerland Subdivision finds it necessary to enforce the terms and provisions of Meyerland Subdivision Restrictions by way of any civil proceeding or judicial action, the party against whom such proceeding is brought (should it be judicially determined that said party has failed to comply with the terms and provisions of Meyerland Subdivision Restrictions) shall pay the reasonable attorney's fees which are approved by the applicable Court and are incurred by the party seeking the enforcement of the terms and provisions of Meyerland Subdivision Restrictions.

ARTICLE XI

Section 1: Right to Indemnification: The Association shall indemnify any director, officer, employee, or agent of the Association from and against any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, any inquiry or investigation that could lead to such action, suit or proceeding, any appeal of such

action, suit or proceeding, any judgments, penalties (including excise and similar taxes) , fines, and amounts paid in settlement and reasonable expenses (including attorneys' fees) actually incurred by him in connection with such action, suit, or proceeding, including any appeal thereof, arising in any way out of any act or omission, including any sole or contributory negligent act or omission, by said individual as a director, officer, employee, or agent of the Association or while serving, at the request of the Association, as a director, officer, employee, agent, partner, venturer, proprietor, trustee, or similar functionary of any other corporation, partnership, joint venture, trust, sole proprietorship, employee benefit plan or other enterprise, if such person (i) conducted himself in good faith, (ii) reasonably believed (a) in the case of conduct, in his official capacity, that his conduct was in the Association's best interests, and (b) in all other cases, that his conduct was not opposed to the best interests of the Association, and (iii) with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Notwithstanding the foregoing, no indemnification shall be made in an action or suit if the person is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the person's official capacity; or in any action or suit in which such person is found liable to the Association, except that in either case such person shall be indemnified for reasonable expenses actually incurred by the person in connection with such proceeding provided such person has not been found liable for willful or intentional misconduct in the performance of his duty to the Association and acted in accordance with subparagraphs (i), (ii) and (iii) .If a court of competent jurisdiction in which a suit or action has been brought determines and orders upon application that, despite the adjudication of liability but in view of all the circumstances of the case, that such person is fairly and reasonably entitled to indemnification, then the Association shall indemnify such person in accordance with the court's order notwithstanding the foregoing.

Section 2: Requirements for Indemnification: Any indemnification under this Article, unless ordered by a court of competent jurisdiction, shall only be made by the Association when (1) the Association determines that indemnity is owed pursuant to Section 1 above and (2) one or more of the following circumstances exists:

(a) The Association receives actual written notice from the party seeking indemnification, or his representative, of the pendency or threat of such action, suit, or proceeding within such time as to enable the Association to assert any applicable defense and/or counterclaim to such action, suit, or proceeding;

(b) Upon settlement of such action, suit or proceeding, provided that the Association has received prior written notice of all of the terms and the pendency of such settlement and has approved such settlement by action of at least a majority of the Association's Board of Directors (the "Board"). It shall be conclusively presumed that the Board has approved and ratified the terms and conditions of the settlement unless the Board determines otherwise within sixty (60) days of the date it first receives actual knowledge of the settlement;

(c) Upon settlement of such action, suit or proceeding without prior written notice to the Association when, and only when, a majority of the Board ratifies the terms of such settlement after the fact. It shall be conclusively presumed that the Board has approved and ratified the terms and conditions of the settlement unless the Board determines otherwise within sixty (60) days of the date it first receives actual knowledge of the settlement;

(d) Upon rendition of a judgment, or decision of an Arbitrator, provided the failure of such person to provide the Association written notice of such action, suit or proceeding has not materially increased the amount subject to indemnification. It shall be conclusively presumed that the failure to provide notice has not materially increased the Association's liability unless the Board reasonably determines otherwise within sixty (60) days of the date it first receives actual knowledge of the judgment or arbitrator's decision;

(e) In any action, suit or proceeding in which such person has been wholly successful on the merits or otherwise, in the defense of any action suit or proceeding; or

(f) In such other instances in which the Board or members deem indemnification appropriate and lawful.

Section 3: Assumption of Defense: The Association shall

be entitled to assume the defense of any person seeking indemnification pursuant to the provisions of this Article. If the Association elects to assume the defense, such defense shall be conducted by counsel chosen by it and not objected to in writing for valid reasons by such person.

Section 4: Advance of Expenses: The Association shall advance reasonable expenses pursuant to this Article upon a determination by the Board that a person has met the applicable standard of conduct set forth in this Article, and upon receipt of (i) an unsecured undertaking (without regard or reference to such person's ability to make repayment) by such person to repay all amounts expended by the Association in such defense, unless it shall ultimately be determined that such person is entitled to be indemnified by the Association, and (ii) a written affirmation from such person of such person's good faith belief that he has met the standard of conduct necessary for indemnification.

Section 5: Power to Indemnify: Subordination of Indemnification: The foregoing rights of indemnification shall be supplemental and not exclusive and shall not be deemed to limit in any way the power of the Association to indemnify under any applicable law, bylaw, agreement, vote of members, directors or otherwise. The foregoing rights of indemnification shall be subordinate to and in excess of any valid and collectible insurance.

Section 6: Procedure for Indemnification of Directors and Officers: Any indemnification of a director, officer, employee or agent of the Association or advance of costs, charges and expenses to a director, officer, employee or agent under the terms of this Article, shall be made promptly, and in any event within thirty (30) days, upon the written request of such individual. If a determination by the Association that the individual is entitled to indemnification pursuant to this Article is required, and the Association fails to respond within sixty days to a written request for indemnity, the Association shall be deemed to have approved such request unless otherwise provided herein. If the Association improperly denies a written request for indemnity or advancement of expense, in whole or in part, or if payment in full pursuant to such request is not made within 30 days, the right to indemnification or advances is granted by this Article shall be enforceable by the such individual in any court of competent

jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be indemnified by the Association. It shall be a defense to any such action that the claimant has not met the terms and standard of conduct set forth in this Article, but the burden of proving such defense shall be on the Association.

Section 7: Survival; Preservation of Other Rights: The foregoing indemnification provisions shall be deemed to be a contract between the Association and each director, officer, employee and agent who serves in any such capacity at any time while these provisions, as well as the relevant provisions of the Texas Non-Profit Association Act, are in effect and any repeal or modification thereof shall not affect any right or obligation then existing with respect to any factual situation then or previously existing or any action, suit, or proceeding previously or thereafter brought or threatened based in whole or in part upon any such factual situation. Such a "contract right" may not be modified retroactively without the consent of such director, officer, employee or agent. Notwithstanding this provision, the Association may enter into additional contracts of indemnity with these persons to provide rights provided in this Article, or to otherwise modify, amend, increase or decrease these rights, as the Board may see fit.

Section 8: Insurance: The Association shall, to the extent that policies economically feasible for the Association are available, purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association or is or was servicing at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of this status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of Texas law. Such insurance may expressly include self insurance by the Association through a trust or any other mechanism or entity as may be approved by the Board.

Section 9: Severability: If this Article or any portion hereof shall be invalidated on any ground by any court of competent

jurisdiction, then the Association shall nevertheless indemnify each director, officer, employee or agent of the Association as to costs, charges and expenses (including attorney's fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative, investigative, including an action by or in the name of the Association, to the fullest extent permitted by any applicable portion of this Article that shall not have been invalidated and to the fullest extent permitted by applicable law. If any provision hereof should be held, by a court of competent jurisdiction, to be invalid, such shall be limited only to the extent necessary to make such provision enforceable, it being the intent of the Association to indemnify each individual who serves or who has served as a director, officer, employee or agent of the association to the maximum extent permitted by law.