

**FIRST AMENDED AND RESTATED BYLAWS
OF
ASHFORD FOREST, SECTIONS I AND II CIVIC CLUB, INC.**

After Recording Return To:

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**FIRST AMENDED AND RESTATED BYLAWS OF
ASHFORD FOREST, SECTIONS I AND II CIVIC CLUB, INC.**

THESE FIRST AMENDED AND RESTATED BYLAWS OF ASHFORD FOREST, SECTIONS I AND II, CIVIC CLUB, INC. are made on the date hereinafter set forth by a majority of the Board of Directors (the “Board”) of the Ashford Forest, Sections I And II, Civic Club, Inc. (the “Association”) present at a duly held meeting at which a quorum was present.

W I T N E S S E T H:

WHEREAS, the property affected by the Charter of Ashford Forest, Sections I And II, Civic Club, Inc., as same may be or may have been amended and/or supplemented from time to time (hereinafter referred to as the “Charter”) and the Bylaws of Ashford Forest, Sections I And II, Civic Club, Inc. (the “1998 Bylaws”) as same may be or may have been amended and/or supplemented from time to time, is a subdivision in Harris County, Texas known as Ashford Forest Section I and Ashford Forest Section II according to the maps or plats recorded under Volume 117, Page 6 and Volume 126, Page 13, respectively, of the Map Records of Harris County, Texas, as same may be or may have been amended and/or supplemented from time to time; and

WHEREAS, a Clarification Amendment to the Charter and Bylaws of Ashford Forest, Section I and II, Civic Club, Inc., is recorded under Clerk’s File Number 20110388024 in the Official Public Records of Real Property of Harris County, Texas (the “Clarification Amendment”); and

WHEREAS, a Second Clarification Amendment to the Charter and Bylaws of Ashford Forest, Sections I and II, Civic Club, Inc., is recorded under Clerk’s File Number 20130615827 in the Official Public Records of Real Property of Harris County, Texas (the “Second Clarification Amendment”); and

WHEREAS, the Charter, the 1998 Bylaws, the Clarification Amendment, and the Second Clarification Amendment are hereinafter collectively referred to as the “Original Bylaws”; and

WHEREAS, Ashford Forest Section I is subject to the Second Amended and Restated Restrictions for Ashford Forest Section I, recorded under Clerk’s File No. 20090425948 in the Official Public Records of Real Property in Harris County, Texas, as same may be or may have been amended and/or supplemented from time to time (“Section I Restrictions”); and

WHEREAS, Ashford Forest Section II is subject to the First Amended and Restated Restrictions for Ashford Forest Section II, recorded under Clerk’s File No. 20090425881 in the Official Public Records of Real Property in Harris County, Texas, as same may be or may have been amended and/or supplemented from time to time (“Section II Restrictions”) (the Section I Restrictions and Section II Restrictions shall collectively be referred to as the “Restrictions”); and

WHEREAS, unless otherwise defined herein, any capitalized words shall have the meaning as set forth in the Restrictions; and

WHEREAS, the Original Bylaws contain rules adopted to regulate or manage the Association; and

WHEREAS, pursuant to the Texas Business Organizations Code, the Board has been vested with the authority to amend and restate the Original Bylaws; and

WHEREAS, the Board has determined that it is necessary and beneficial to Amend and Restate the Original Bylaws and these First Amended and Restated Bylaws shall be referred to herein as the “Bylaws”.

NOW THEREFORE, pursuant to the authority granted to the Board in the Texas Business Organizations Code, these First Amended and Restated Bylaws have been adopted by an affirmative vote of at least the majority of the Board, and shall hereafter replace in their entirety the Original Bylaws.

ARTICLE I. NAME, PRINCIPAL OFFICE, DEFINITIONS, AND PROPERTY

A. Name

The name of the Association shall be Ashford Forest, Sections I and II, Civic Club, Inc. (hereinafter sometimes referred to as the “Association”).

B. Principal Office

The principal office of the Association shall be located in Harris County or a county adjacent to Harris County, as may be designated by the Board of Directors of the Association from time to time.

C. Definitions

The words used in these Bylaws shall have the same meaning as set forth in the Restrictions, as same may be or may have been amended and/or supplemented from time to time.

D. Property

The property affected by these Bylaws is the property described on the first recorded plat for Ashford Forest Section I and Ashford Forest Section II according to the maps or plats recorded under Volume 117, Page 6 and Volume 126, Page 13, respectively, of the Map Records of Harris County, Texas, and any other property which is subsequently annexed and made subject to the authority of the Association.

ARTICLE II. ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

A. Membership

The Association shall have one class of membership, as more fully set forth in the Restrictions and specifically incorporated herein by reference.

B. Place of Meetings

Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board.

C. Annual Meetings

Regular annual meetings shall be held on the third (3rd) Thursday in September of each calendar year at a place and time as determined by the Board. Directors to be elected by the membership shall be elected at the annual meeting.

D. Special Meetings

The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Members if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Members representing at least ten percent (10%) of the total votes of the Association. The notice of any special meeting shall state the date, time, place, and subject matter of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

E. Notice of Annual and Special Meetings

Written or printed notice stating the place, day, and hour of any meeting of the Members shall be delivered, by mail or other electronic media, to each Member not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President, the Secretary, or the officers calling the meeting. Such notice must contain a general description of the topics or issues to be discussed.

Notice to a Member by email must be sent to the email address provided to the Association in writing by that Member. If emailed, the notice of meeting shall be deemed to be delivered as of the date and time shown on a confirmation that the email was successfully transmitted. For any given meeting, the Board may use any combination of the alternative methods for providing notice to the Members.

For the purpose of determining the Members entitled to notice of a meeting, the membership of the Association shall be determined on the date the notice of meeting is first given.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail first class postage pre-paid addressed to the Member at his or her address as it

appears on the records of the Association, with postage thereon prepaid. One notice, addressed to multiple Members at the same address, shall suffice if more than one (1) Member resides at any address.

F. Waiver of Notice

Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, either in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice in writing at the time the meeting is called to order. Further, casting a vote by any means authorized in these Bylaws, by a Member on any issue to be voted upon at the meeting shall be deemed a waiver by such Member of notice of the meeting. Attendance at a meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised in writing before the business is put to a vote.

G. Adjournment of Meetings

If any meeting of the Members cannot be held because a quorum is not present, either in person or by proxy, the presiding officer or a majority of the Members who are present at such meeting, in person [or by proxy], may adjourn the meeting to a time not less than ten (10) nor more than sixty (60) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted. All votes cast by Members prior to the originally called meeting by proxy, or by any means authorized in these Bylaws, on issues to be considered at the meeting shall be valid and may be counted at the reconvened meeting at which a quorum is present; provided that a Member who cast a vote on an issue by proxy or by any means authorized in these Bylaws may change that Member's vote at any time prior to the time that a call for a vote on the issue is made at the reconvened meeting at which a quorum is present. A Member may change his vote by attending the reconvened meeting in person, submitting a proxy at the reconvened meeting which either directs or authorizes the proxy holder to vote in a different manner, or changing the Member's vote by any means for voting authorized in these Bylaws. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

H. Voting

The voting rights of the Members shall be as set forth in the Restrictions, and such voting rights provisions are specifically incorporated herein. Each Member may vote in person or by proxy appointed by instrument in writing and subscribed by the Member or by the duly authorized attorney of such Member. Members may vote by any one, or more, of the following methods as may be established in a policy adopted by the Board: (1) in person, (2) by mail ballot, (3) by proxy, (4) by any electronic means, or (5) other process approved by the Board of the Association. At any election where there is an equal number of nominees as there are

positions to be filled, the Board may determine that election by ballot or vote is not required and may declare that the nominees are elected by unanimous consent or acclamation. At all meetings of Members, all questions, except those the manner of which is otherwise expressly governed by statute, the Articles of Incorporation of the Association or by the Bylaws, shall be decided by the vote of a plurality of the Members of the Association present in person or by proxy and entitled to vote, a quorum being present. Each ballot must be signed by the Member voting or by his proxy. At the option of the Board, any vote may be taken by absentee ballot, or any combination of absentee ballot, proxy or in person.

An absentee ballot may be counted toward a quorum of Members present (as if in attendance at a meeting) (1) for the purpose of establishing a quorum only for items appearing on the ballot; (2) may not be counted, even if properly delivered, if the Member attends any meeting to vote in person, so that any vote cast at a meeting by a Member supersedes any vote submitted by absentee ballot previously submitted for that purpose; and (3) may not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the exact language on the absentee ballot.

I. Majority

As used in these Bylaws, the term "majority" shall mean those votes or Members totaling more than fifty (50%) percent of the total eligible votes.

J. Quorum

Except as otherwise provided in these Bylaws or in the Restrictions, the presence in person, or by proxy, of Members representing ten percent (10%) of the total eligible votes in the Association shall constitute a quorum at all meetings of the Association. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the initial or first meeting.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment.

K. Conduct of Meetings

The President, or his/her designee, shall preside over all meetings of the Association, and the Secretary, or his/her designee, shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting and all transactions occurring at the meeting.

L. Proxies and Absentee Ballots

At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting or by any earlier date or time specified in the notice of meeting. Every proxy shall be revocable and shall automatically cease upon (i) conveyance by the Member of the Member's interest in the property; (ii) receipt of notice by the Secretary of the death or judicially declared incompetence

of a Member; (iii) receipt of written revocation; or, (iv) expiration of eleven (11) months from the date of the proxy. In the case of a Member's execution of more than one proxy, the proxy with the latest date shall be valid. Proxies not delivered prior to the start of any meeting or by any earlier date or time, if specified in the notice of meeting, shall not be valid.

The Board is vested with the authority to determine, in its sole discretion, if Members may vote on any issue to be voted upon by the Members under these Bylaws by absentee ballot that is delivered or mailed to the Association or transmitted to the Association by facsimile or by electronic communication over the Internet or the Association network. To be valid, any vote cast by a Member by any of the alternative means must be received by the Association by the date and time specified in the notice of meeting or, if no date and time is specified in the notice of meeting, by midnight of the day before the date of the scheduled meeting. The mechanism for voting by electronic communication must provide a sufficient method of identifying the Member and verifying the Member's vote, and for which the Member may receive a receipt of the electronic transmission and receipt of the Member's ballot. The Board shall have the authority to adopt an electronic voting policy. Any requirement imposed by the Certificate of Formation, these Bylaws, a duly adopted Board policy, or by applicable law for a signature on any such absentee ballot may also be satisfied by a digital signature meeting the requirements of such documents or applicable law.

Notwithstanding anything contained in these Bylaws to the contrary, a proxy may only be issued by a Member to another Member.

ARTICLE III. BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 1. Governing Body; Composition

The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one (1) vote. Not more than one (1) representative of a corporation or other entity may serve on the Board at any given time. Notwithstanding anything contained herein to the contrary, if the Board is presented with written documented evidence that a director has been convicted of a felony or crime of moral turpitude, that director is immediately ineligible to serve on the Board of Directors and is automatically considered removed from the Board, and prohibited from future service on the Board.

All directors must be Members. In the case of a Member that is a corporation or partnership, the person designated in writing by either proxy or a resolution to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 2. Election of Directors

(a) Election of directors may be by any mail ballot, proxy and/or electronic media, by a plurality vote of the Members in person or by proxy, or by any combination of the same as determined by the Board.

Notwithstanding anything contained herein to the contrary, in an election of directors by Members in which election there are more candidates than vacant positions and where two or more candidates receive the same number of votes resulting in a tie, the winner of the election shall be chosen by lot (i.e., the names of the candidates who are running for a director position and have received the same number of votes shall be written on separate pieces of paper by the presiding officer of the meeting, the pieces of paper shall be folded by the presiding officer and placed in a container provided by the then-serving Board; the presiding officer shall ask for a volunteer Member from the audience of Owners to pick any one piece of paper from the container and the person whose name is picked shall be declared the winner of such election).

Section 3. Number of Directors

The number of directors in the Association shall be not less than five (5) nor more than nine (9). The elected directors must be Members of the Association.

Section 4. Term of Office of Directors

At each annual meeting, the term of office of each director elected by the Members shall be for two (2) years from the date of their election, with the understanding that a director may be reelected for additional two-year terms. Each director shall continue to hold office until his/her successor is elected and qualified.

In the event the number of directors increases as provided for in Section 3, at no time shall more than one-third (1/3) of the total number of directors be added to the same elected term.

Section 5. Nomination of Directors

The Board shall establish a Nominating Committee consisting of two members of the Board, one of which will serve as chairperson, and three (3) or more Members. The Nominating Committee shall be appointed by the Board not less than ninety (90) days prior to each annual meeting of the Members to serve through the election of directors at the next annual meeting. Not less than sixty (60) days before the annual meeting, the Nominating Committee shall select a single slate of directors to fulfill the expired terms or vacant positions on the Board and present the single slate to the Board. A single slate is defined as only one (1) nominee for each open position on the Board. The Board shall present the single slate to the Members and request that outside nominations be submitted in writing or via electronic mail. All nominations must be submitted to the Secretary no later than forty-five (45) days before the annual meeting. The Nominating Committee shall contact each nominee so received and communicate the duties and time commitment of Board membership as well as confirm each nominees' consent to the nomination. At least thirty (30) days before the annual meeting, the Board shall distribute ballots identifying the single slate presented by the Board and such ballot shall also include all nominations received and confirmed. During distribution of the ballots, the Board shall also communicate that write-in or voice nominations will be accepted from the floor at the annual meeting.

Section 6. Removal of Directors and Vacancies

A vacancy of a director position created prior to the expiration of his/her term, may be filled by the affirmative vote of the majority of the remaining directors, regardless of whether that majority is less than a quorum. A director so appointed to fill a vacancy is appointed for the unexpired term of the member's predecessor in office.

Any director elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. A director who was elected at large solely by the votes of Members may be removed from office prior to the expiration of his or her term only by the votes of a majority of Members. Upon removal of a director, a successor shall then and there be elected by the affirmative vote of the majority of the remaining directors, regardless of whether that majority is less than a quorum, to fill the vacancy for the remainder of the term of such director.

B. Meetings

Section 1. Organizational Meetings

The first meeting of the Board following each annual meeting of the Members shall be held within thirty (30) days thereafter at such time and place as shall be fixed by the Board.

Section 2. Regular Meetings

After the first organizational meeting of the Board, the Board shall hold no less than five (5) regular Board meetings in one calendar year, at such time and place as shall be fixed by the Board. Regular and special Board meetings must be open to the Members, subject to the right of the Board to adjourn a Board meeting and reconvene in closed executive session.

A Board meeting means a deliberation between a quorum of the voting Board or between a quorum of the voting directors and another person, during which Association business is considered and the Board takes formal action. A Board meeting does not include the gathering of a quorum of the Board at a social function unrelated to the business of the Association or the attendance by a quorum of the Board at a regional, state, or national convention, ceremonial event, or press conference, if formal action is not taken and any discussion of Association business is incidental to the social function, convention, ceremonial event, or press conference.

Section 3. Notice of Board Meetings

Notice to the members of the date, hour, place and general subject of regular or special Board meetings, including a general description of any matter to be brought up for deliberation in executive session, shall be:

1. Mailed to each Member not later than 10th day or earlier than 60th day before the date of the meeting; or
2. Provided at least 72 hours before start of the meeting by:

- a. posting in conspicuous manner reasonably designed to provide notice to the Members;
- b. in a place located on the Association's common property, or on Member's property with their consent, or other property within the subdivision;
- c. on any internet website maintained by the Association or other internet media; and
- d. sending notice by e-mail to each Member who has registered an email address with the Association.

3. It is the Member's duty to keep an updated e-mail address registered with the Association.

If the Board recesses to continue the following regular business day, the Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent this provision. If the meeting is continued to the next business day, and the Board again continues the meeting to another day, the Board shall give notice of continuation in at least one of the manners described above, within two (2) hours after adjourning the meeting being continued.

The Board may meet by any method of communication, including electronic and telephonic, without prior notice to Members if:

1. each director may hear and be heard by every other director; or
2. the Board may take action by unanimous written consent to consider routine and administrative matters or reasonably unforeseen emergency or urgent necessity that requires immediate action by the Board.
3. Any action taken without notice to the Members must be summarized orally, including estimation of expenditures approved at the meeting, and documented in the minutes of the next regular/special Board meeting.

The Board may not, without prior notice to Members consider or vote on any of the following issues;

1. Fines;
2. Damage assessments;
3. Initiation of foreclosure actions;
4. Initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
5. Increases in assessments or charges;
6. Levying of special assessments;
7. Appeals from a denial of architectural approval;

8. A suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense, on the issue.

Section 4. Special Meetings

Special meetings of the Board shall be held when called by written notice issued at the request of the President of the Board or by written resolution of a majority of a quorum of the Board. Notice shall be given to the Members as set out in Section 3 hereinabove.

Section 5. Waiver of Notice

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

Section 6. Quorum of Board of Directors

At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting subject to the notice requirements set forth herein. At the reconvened meeting, if a quorum is present, any business that might have been transacted at the meeting originally called may be transacted without further notice.

Section 7. Compensation

No director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total votes of the Association at a regular or special meeting of the Association; provided, however, that a director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors. Provided however, the Board can adopt a policy setting a value under which anything received is not considered compensation.

Section 8. Conduct of Meetings

The President, or his/her designee, shall preside over all meetings of the Board, and the Secretary, or his/her designee, shall keep a minute book of meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings.

Section 9. Open Meetings

Regular and special Board meetings must be open to the Members, subject to the right of the Board to adjourn a Board meeting and reconvene in closed executive session. Regarding all open meetings, Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak.

Section 10. Executive Session

The Board may close a portion of its meetings for the purpose of discussing actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of individual Members, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual Members, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session.

C. Powers

Section 1. Powers

The Board shall be responsible for the affairs of the Association and shall have all of the powers necessary for the administration of the Association's affairs.

The Board may delegate to one (1) or more of its directors the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, that might arise between meetings of the Board.

In addition to the duties created in these Bylaws, Texas law or by any resolution of the Association that may hereafter be adopted, the Board shall have the power to establish policies relating to, and for performing or causing to be performed, the following, in way of explanation, but not limitation:

(a) preparing and adopting of annual budgets, including a budget prepared by the treasurer for presentation to the membership not less than one week before the annual meeting via website, email, and/or postal mail;

(b) making assessments and charges, establishing the means and methods of collecting such assessments and charges, and establishing the payment schedule for Special Assessments;

(c) collecting the assessments and charges, depositing the proceeds thereof in a bank depository that it shall approve provided the bank or bank instrument is federally insured, and using the proceeds to operate the Association;

(d) providing for the operation, care, upkeep and maintenance of all Common Areas, including entering into a contract to provide for such operation, care, upkeep and maintenance;

(e) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Areas in accordance with the other provisions of the Restrictions and these Bylaws after damage or destruction by fire or other casualty;

(f) designating, hiring, and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair, and replacement of its Property and the Common Areas and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(g) making and amending rules and regulations and promulgating, implementing and collecting fines for violations and/or collecting fees related to enforcement of the rules and regulations, the Restrictions, and all Dedicatory Instruments (as that term is defined in the Texas Property Code) for Ashford Forest, Sections I and II;

(h) opening of bank accounts on behalf of the Association and designating the signatories required;

(i) enforcing by legal means the provisions of the Restrictions, including the provisions concerning architectural control, these Bylaws, and the rules and regulations adopted by the Association and bringing any proceedings that may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities with policy limits, coverage and deductibles as deemed reasonable by the Board and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) maintaining a membership register reflecting, in alphabetical order, the names, property addresses and mailing addresses of all Members;

(n) making available upon request to any prospective purchaser, any Owner, any first Mortgagee, and the holders, insurers, and guarantors of a first Mortgage on any property, for any proper purpose during normal business hours by advance appointment, copies of the Restrictions, the Articles of Incorporation, the Bylaws, rules governing such property and all other books, records, and financial statements of the Association for a reasonable charge; and making copies thereof available for a reasonable charge; and

(o) permitting utility suppliers to use portions of the Common Areas reasonably necessary to the ongoing development or operation of the Property.

(p) compromise, participate in mediation, submit to arbitration, release with or without consideration, extend time for payment, and otherwise adjust any claims in favor of or against the Association;

(q) commence or defend any litigation in the Association's name with respect to the Association or any Association property.

Section 2. Management

The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize.

Section 3. Accounts and Reports

The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) Accrual or cash accounting, as defined by generally accepted accounting principles, shall be employed.

(b) Accounting and controls should conform to generally accepted accounting principles.

(c) No remuneration without full disclosure and prior agreement of the Board, or as contained in a written management contract, shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise. Provided however, the Board can adopt a policy setting a value under which anything received is not considered remuneration.

(d) Any financial or other interest that any director, or the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board.

(e) Commencing at the end of the month in which the first Lot is sold and closed, financial reports may be prepared for the Association monthly containing:

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

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

- (iii) a variance report reflecting the status of all accounts in an “actual” versus “approved” budget format;
- (iv) a balance sheet as of the last day of the preceding period; and
- (v) a delinquency report listing all Owners who are delinquent in paying any assessments or charges at the time of the report and describing the status of any action to collect such assessments or charges that remain delinquent for Board review only.

(f) An annual report consisting of at least the following shall be made available at the annual meeting of Members to all Members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year. The annual report referred to above may be prepared on an audited or reviewed basis, as determined by the Board, by an independent public accountant.

Section 4. Borrowing

The Board shall have the power to borrow money for the purpose of maintenance, repair or restoration of the Common Areas or for any other proper purpose without the approval of the Members of the Association. The Board, on behalf of the Association, may pledge the Association’s assessments and charges as collateral for any loan obtained by the Board on behalf of the Association.

Section 5. Rights of the Association

With respect to the Common Areas and in accordance with the Articles of Incorporation and the Restrictions, the Board shall have the right to contract with any person or entity for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Board to enter into common management, operational, or other agreements with trusts, condominiums, cooperatives, or other neighborhood owner or resident associations, both within and without the Property. Such agreements shall require the consent of a majority of the total number of non-interested directors of the Board.

The Association shall not be bound, either directly or indirectly, by any contract, lease, or other agreement (including any management contract) unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause. Such notice of termination must be submitted in writing, with receipted delivery confirmation, to all parties to the contract, lease or other agreement.

Section 6. Enforcement

After notice and an opportunity to be heard, if same is required by law, the Board shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner’s right to use the Common Areas for violation of any duty imposed under the Restrictions, these Bylaws, or any rules and regulations duly adopted by

the Board; provided, however, nothing herein shall authorize the Association or the Board to limit ingress and egress to or from a Lot. In addition, the Board shall be entitled to suspend any services provided by the Association to a Lot in the event that the Owners of such Lot is more than thirty (30) days delinquent in paying any assessment or charge due to the Association. In the event that an occupant, guest or invitee of a Lot Owner violates the Restrictions, Bylaws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant and/or Owner; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Restrictions, Bylaws, or any rule or regulation shall not be deemed a waiver of the right of the Board to do so thereafter.

As provided in the Restrictions, each Owner is obligated to pay to the Association certain Annual Maintenance Charge and assessments, including such charges and assessments as may be included, from time to time, by amendment to the Restrictions. All costs, expenses, and fees charged to, or paid by, the Association in collecting, or attempting to collect, such charges and assessments, as well as interest as specified in the Restrictions, shall be assessed against the Owner and the Lot, and shall become part of the assessments or charges due on the Lot. Likewise, all costs, expenses, and fees incurred by the Association in rectifying, or attempting to rectify, a violation of the Restrictions, rules and regulations, the Guidelines, or Board policies, shall be assessed against the Owner and the Lot, and shall become part of the assessments or charges due on the Lot. Such costs, expenses, and fees include, but are not limited to:

- (a) actual expenses, including attorney fees and court costs;
- (b) a Late Processing Fee may be set annually by the Board, which may be assessed for any account that has an unpaid balance on or after thirty (30) days after due date, as an inducement to pay on time and to offset administrative costs and expenses incurred in the collection process;
- (c) a Dishonored-Check Processing Fee, set by the Board, which may be assessed for any payment check dishonored by the bank, to offset the additional processing cost incurred;
- (d) a Partial Payment Processing Fee, set by the Board, which may be assessed if any payment for less than the full amount due at the time payment is made, to offset the additional processing costs incurred;
- (e) an Administrative Fee which may be assessed for the transfer of ownership of any Lot, including by foreclosure, to offset the administrative costs and expenses associated with (1) quoting, verbally or in writing, the status of the assessments and other charges due on the Lot, (2) tracking, researching, and determining or attempting to determine ownership, (3) updating the books and records of the Association to reflect the transfer, and (4) preparing and mailing introductory information regarding the Subdivision, the Association, and/or the covenants, conditions, restrictions, rules, and regulations applicable to the new Owner;

(f) a Refinance Fee which may be assessed for the refinance of any Lot, to offset the administrative costs and expenses associated with quoting the status of the assessments and other charges due on the Lot and updating the books and records of the Association.

(g) a reasonable fee to assemble, copy, deliver and update a Resale Certificate.

Any such assessment or charge that is not paid when due shall be delinquent. All payments shall be applied pursuant to the Collection Policy and Payment Plan Guidelines adopted by the Board.

Notwithstanding anything to the contrary herein contained, the Association, acting through the Board, may elect to enforce any provision of the Restrictions, these Bylaws, or the rules and regulations of the Association by Self Help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations and perform exterior maintenance) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, fines, costs to repair, including reasonable attorneys' fees actually incurred.

ARTICLE IV. OFFICERS

A. Officers

The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

B. Election, Term of Office and Vacancies

The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Members. A vacancy in any office may be filled by the Board for the unexpired portion of the term.

C. Removal

Any officer may be removed from office, but not as a director of the Board, with or without cause, by a majority vote of the Board whenever in its judgment the best interests of the Association will be served thereby.

D. Powers and Duties

The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time

specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

E. Resignation

Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. For the purposes of this Subsection, written resignation to the Board may be accomplished by facsimile, electronic transmission, certified mail, or received hand delivery.

F. Agreements, Contracts, Deeds, Leases, Checks, Etc.

All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or such other person or persons as may be designated by resolution of the Board.

ARTICLE V. COMMITTEES

The Board is hereby authorized to establish committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee established by the Board shall operate in accordance with the terms of the resolution of the Board designating the committee and in accordance with such rules as are adopted by the Board. All committees of the Board shall be vested with advisory powers only and are not authorized to act on behalf of the Board. The Board shall have the authority to appoint one Chairperson of the Architectural Control Committee.

ARTICLE VI. MISCELLANEOUS

A. Fiscal Year

The fiscal year of the Association shall be October 1st to September 30th of each year.

B. Parliamentary Rules

Except as may be modified by Board resolution, Robert's Rules of Order (current edition) may, but is not required to, govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Restrictions, or these Bylaws.

C. Conflicts

If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Restrictions, and/or these Bylaws, then the provisions of Texas law, the Restrictions, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

D. Books and Records

The inspection, production, and copying of the records of the Association, shall be made pursuant to the Policy Regarding Records Retention, Inspection & Production adopted by the Board.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical property owned or controlled by the Association. The right of inspection by a director includes the right to make a copy of relevant documents at the expense of the Association.

E. Notices

Unless otherwise provided in these Bylaws or required by law, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first-class postage pre-paid:

(a) if to a Member at the address that the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; or

(b) if to the Association, to the Board, or to the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

F. Amendment

These Bylaws may be amended only by the affirmative vote or written consent, or any combination thereof, of a majority of the Board. Notwithstanding the above, the percentage of votes or other approval necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

G. Indemnity

To the fullest extent permitted by applicable law, the Association shall and does hereby agree to indemnify, protect, hold harmless and defend its officers, directors, and committee members, hereinafter referred to as "Indemnitees" from and against all claims, demands, damages, injuries, losses, liens, causes of action, suits, judgments, penalties, liabilities, debts, costs and expenses, including court costs and attorneys' fees (collectively, "Liabilities"), of any nature, kind or description, whether arising out of contract, tort, strict liability, misrepresentation, violation of applicable law and/or any cause whatsoever (including without limitation, claims for injuries to or death of any person, or damages to or loss of any property) of any person or entity directly or indirectly arising out of, caused by, in connection with, or resulting from any act or omission of any of the Indemnitees; provided, however, that the Association shall not indemnify the Indemnitees for any Liabilities arising as a result of the gross negligence or willful misconduct of Indemnitees. **THE OBLIGATIONS OF THE ASSOCIATION UNDER THIS SECTION SHALL APPLY TO LIABILITIES EVEN IF SUCH LIABILITIES ARE CAUSED IN**

WHOLE OR IN PART BY THE SOLE, JOINT OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY OF ANY INDEMNITEE AND WHETHER OR NOT SUCH SOLE OR CONCURRENT NEGLIGENCE, FAULT OR STRICT LIABILITY WAS ACTIVE OR PASSIVE.

The Indemnitees shall promptly advise the Association in writing of any action, administrative or legal proceeding or investigation as to which indemnification may apply, and Association, at Association's expense, shall assume on behalf of Indemnitees and conduct with due diligence and in good faith the defense thereof with competent trial counsel, provided, however, that Indemnitees shall have the right, at their own option, to be represented therein by advisory counsel of their own selection and at their own expense.

In the event of the failure by Association to fully perform its obligations in accordance with this Section, Indemnitees, at their option, and without relieving the Association of its obligations hereunder, may so perform, but all costs and expenses so incurred by Indemnitees in that event shall be reimbursed by the Association to Indemnitees, together with interest, on the same from the date any such expense was paid by Indemnitees until reimbursed by the Association, at the highest lawful rate of interest allowed under applicable usury laws of the State of Texas (or if no maximum rate is applicable, at the rate of eighteen percent (18%) per annum). The indemnification shall not be limited to damages, compensation or benefits payable under insurance policies. It is agreed with respect to any legal limitations now or hereafter in effect and affecting the validity or enforceability of the indemnification obligations under this Section, such legal limitations are made a part of indemnification obligations and shall operate to amend the indemnification obligations to the minimum extent necessary to bring the provisions into conformity with the requirements of such limitations, and as so modified, the indemnification obligations shall continue in full force and effect.

H. Business Judgment Rule

Any act or thing done by any Director, Officer, or Committee Member taken in furtherance of the purposes of the Association, and accomplished in conformity with the procedures set forth in the Restrictions, Articles of Incorporation, the laws of the State of Texas, and/or these Bylaws, shall be reviewed under the standard of the Business Judgment Rule as established by the common law of Texas, and such act or thing done shall not be a breach of duty on the part of the Director, Officer, or Committee Member if they have been done within the exercise of their discretion and judgment.

The Business Judgment Rule means that a court shall not substitute its judgment for that of the Director, Officer or Committee Member. A court shall not re-examine the quality of the decisions made by the Director, Officer, or Committee Member by determining the reasonableness of the decision as long as the decision is made in good faith in what the Director, Officer, or Committee Member believes to be the best interest of the corporation.

I. Owner Conflict

If an Owner is involved in litigation with the Association as to a conflict of interpretation of the Restrictions, the Articles of Incorporation, rules and regulations promulgated by the Association, duly adopted Board Policies, or these Bylaws, and/or the amount of delinquent assessments or charges that Owner may not participate in any Association meeting or activity.

Additionally, after notice and an opportunity to be heard if required by law, an Owner's right to vote and use of facilities may be withheld to the extent allowed by law.

J. Dissolution/Winding Up Termination

The corporation may be wound-up/dissolved pursuant to the Texas Business Organizations Code, or its successor statute. If the corporation is wound-up or dissolved, the assets shall be dedicated to a public body or conveyed to a non-profit corporation with similar purposes.

K. Jurisdiction and Venue

The provisions in these Bylaws shall be governed by and enforced in accordance with the laws of the State of Texas. Venue shall be in Harris County, Texas.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the Secretary of Ashford Forest, Section I and II, Civic Club, Inc., a Texas non-profit corporation;

That the foregoing Bylaws constitute the First Amended and Restated Bylaws of said Association, as duly adopted at a meeting of the Board of Directors where a quorum was present held on the _____ day of _____, 2015.

IN WITNESS WHEREOF, I have hereunto subscribed my name on this the _____ day of _____, 2015.

_____, Secretary

STATE OF TEXAS §

§

COUNTY OF HARRIS §

§

BEFORE ME, on this day personally appeared _____, the Secretary of Ashford Forest, Section I and II, Civic Club, Inc., known by me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein and herein stated, and as the act and deed of said corporation.

Given under my hand and seal of office, this _____ day of _____, 2015.

Notary Public – State of Texas