

# By-Laws

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BY-LAWS OF  
SANDALWOOD CIVIC CLUB, INC.

ARTICLE I. NAME, ORGANIZATION AND PURPOSE:

SECTION 1. Sandalwood Civic Club, Inc. is incorporated as a not-for-profit corporation under the Texas Business Corporation Act. Its Charter is filed in the office of the Secretary of State, Ledger 86226 (March 30, 1956). All references in these By-Laws to the Charter are to that instrument as filed and as it may be amended from time to time.

SECTION 2. The purpose of Sandalwood Civic Club, Inc., hereafter called the Corporation, and provisions governing its directors, its shareholders (sometimes called "members") and all matters concerning the conduct and regulation of its business are set forth in the Charter, the Deed Restrictions of Sandalwood Addition Sections I, II, and III, and these By-Laws.

SECTION 3. The purposes for which the Corporation is organized are as follows:

- A. To maintain properly sidewalks, walkways, common areas and all of the lakes in Sandalwood Addition in Harris County, Texas;
- B. To assess and collect annual and other authorized charges from the shareholders, which funds are to be disbursed and used for the maintenance and upkeep of the Corporation properties and doing any other thing necessary or desirable for the general benefit of the Corporation and its shareholders;
- C. To purchase and own land and bodies of water and erect suitable improvements thereon;
- D. To promulgate and enforce rules and regulations for the use of Corporation land, lakes and facilities; and
- E. To enforce Deed Restrictions.

ARTICLE II. MEMBERSHIP

SECTION 1. The membership of the Corporation shall be limited to the current owner(s) of record of each lot in any section of Sandalwood and to his or her spouse. Each member shall be entitled to all of the rights and privileges and shall share the obligations and duties of the membership. All references to members in these By-Laws are to members in good standing.

SECTION 2. If a lot is owned by a group, partnership or corporation, one person designated by the group, partnership or corporation to the secretary of the Corporation in writing shall represent the group, partnership, or corporation at membership or board meetings. Membership privileges shall be limited to the designated representative.

SECTION 3. A failure on the part of a member, whether individual or group, to pay for annual maintenance charges within 15 days of their due date shall suspend such member and his or her family from rights and privileges offered by the Corporation until such time as the member shall cure such default by paying the amount due for such purpose.

SECTION 4. After the secretary of the Corporation has enrolled a new owner of record, it will be the responsibility of the owner to notify the secretary in writing of any address other than the street address of the owner's Sandalwood property to which mail is to be addressed.

SECTION 5. Members, persons in a member's immediate family living on the premises, resident renters, and persons in a resident renter's immediate family living on the premises may utilize Corporation facilities, participate in membership social activities and participate in committees, provided annual maintenance charges payments on the lot are current. Resident renters are not members of the Corporation and shall be ineligible for membership on the board of directors.

ARTICLE III. VOTING PROCEDURES

SECTION 1. Pursuant to its Charter, the Corporation has no capital stock. The owner or owners of record of each lot are deemed collectively to own one share of stock in the Corporation, shall collectively be entitled to one vote per lot as long as they remain owners in good standing, and shall be referred to as members or shareholders. Any one owner may cast the vote for a lot, provided that the owner casts a split vote in case of disagreement between the owners on the issue under consideration.

SECTION 2. In the case of split opinion between spousal or other co-owners, the owners may elect to vote a "split" vote. The secretary shall then register a "split" vote which will be counted in the final tally as 1/2 vote "yes" and 1/2 vote "no." Two half votes in either category will be counted as a full vote in that category. If a 1/2 vote remains in the count, it will be dropped from the tally.

SECTION 3. Members may exercise their voting rights in the following manners, with all roll call votes being recorded in the minutes by lot, address or membership name:

- A. Present and voting at a regular or specially called membership meeting. The then-current edition of Robert's Rules of Order will control the procedures for voting unless these By-Laws require any different procedures.

B. Absentee voting at a regular or specially called meeting in case of inability of a member to attend in person either:

1. By written absentee ballot obtained from the secretary or secretary's agent and returned to the secretary in a sealed envelope with the member's lot number or address, signature, and indication of the issue on which the ballot is cast noted on the envelope. If the ballot is returned by mail, the sealed ballot envelope should be mailed in a cover envelope. A separate ballot must be cast on each issue, but all ballots may be mailed in the same cover envelope. Ballots shall provide the option of voting "yes", "no" or "split." Written absentee ballots and mail ballots authorized under item C of this Section are to be opened and counted by the secretary at the meeting for which they are designated, following the counting of the votes of those present and voting.
2. By written proxy given to another member designating such member as the owner's legal agent empowered to vote on the member's behalf at a particular meeting, provided that the signature of the giver is witnessed by a third member not related to the proxy holder or that the secretary is notified of the making of the proxy by the person giving the proxy at least one day before the meeting at which the proxy will be voted. The proxy will be assumed to empower its holder to vote on all issues at the meeting unless specific limits are stated on the proxy. Proxies are counted in the same manner as written absentee ballots.

C. Voting by written ballot in an all-member mail ballot:

1. The board may call for an all mail ballot on an emergency or other important issue, provided two-thirds of the board is in favor of the proposal and two-thirds also favors a mail ballot. All time limits and notification procedures outlined in Article V, Section 1 are to be followed, and the ballots are to be voted at a board of directors' meeting compatible with this clause.
2. If there are insufficient votes on a motion to obtain a decision pursuant to Section 4 of this Article, the motion may be submitted to the general membership for mail ballot with the approval of one-half of the members present and voting.
- D. All voting conducted under Section B and C of this Article shall be by roll call, provided the president may direct that the roll be written and only the final tally be called aloud.

#### SECTION 4.

Quorum. Twenty percent of the membership shall constitute a quorum to call a meeting to order. A majority vote of those present shall be empowered to transact the business of the Corporation with the following exceptions:

- A. Any increase in the annual maintenance charges must be approved by a majority of all shareholders;
- B. Any expenditures exceeding a cumulative total of \$1500.00 over budget that are not authorized by Article IX, Section 6 must be approved by a majority of all shareholders;
- C. By-Laws may be amended only by the procedure set forth in Article XI, Section 3.
- D. Deed Restrictions may be amended only by the procedures set forth in the Deed Restrictions and in the laws of the State of Texas.
- E. The Charter of the Corporation may be amended only as provided by the laws of the State of Texas.

#### SECTION 5.

All references to a percentage or a proportion of the membership necessary to constitute a quorum, to pass a motion or take legal action shall be construed to mean that proportion of the voting membership or the entire membership, respectively, regardless of the section of Sandalwood Addition in which the member is an owner.

### ARTICLE IV. MEMBERSHIP MEETINGS AND NOTICES

#### SECTION 1. Time limits on notification and voting:

- A. Members must be given at least 10 days notice of all general or special membership meetings and 10 days from receipt to return mail ballots or absentee written ballots, provided that notices or ballots postmarked 12 days before the meeting or voting deadline and sent to the member's address registered with the secretary shall meet this requirement.
- B. A special meeting or mail vote must be held within 30 days of the meeting, whether membership or board of directors, at which it was authorized.

#### SECTION 2.

Regular Meetings: There shall be a minimum of two regular meetings of the membership annually, one of which meetings shall be held on or about the third Tuesday in September, at which time the membership shall elect officers and a board of directors who will take office one month later. The second annual meeting shall be held on or about the third Tuesday in January, at which time the board will present the proposed budget for the subsequent 12 months.

SECTION 3.

Special meetings: A special meeting may be called by the president, or in his absence, by the vice president or a majority of the board of directors. It shall also be the duty of the president, or the vice president on his behalf, to call a special meeting whenever so requested by a petition signed by 25% of the membership. Special meetings of the membership must be held within 30 days of the vote of the board or the presentation of the petition to the president, vice president or any voting board member.

SECTION 4.

Regular and special meetings of the membership are to be held at a location within a five mile radius of Sandalwood Addition. The location for and providing notice of all meetings are the responsibility of the secretary or the secretary's agent.

ARTICLE V. BOARD OF DIRECTORS

SECTION 1.

Membership:

- A. The elected board of directors shall consist of 10 voting members including the president, vice president, secretary and treasurer.
- B. The president may, at his or her discretion, appoint a maximum of three non-voting ex-officio board members to serve during the term and at the discretion of the appointing president, one of whom shall be the immediately preceding president if he or she is willing and able to serve.
- C. Eligibility: Only resident owners are eligible for election in the offices of president, vice president, secretary or treasurer. The owner of any lot or the designated representative of a group, partnership or corporation is eligible for election to the other board positions, provided that only a single designated representative of any particular group, partnership or corporation may hold such position, regardless of the number of lots held by the group, partnership or corporation.
- D. The term of office for the officers and other board members shall be 12 months, to begin at the earlier of one month after their election or at the conclusion of the meeting described in Article VII, Section 1.

SECTION 2.

Nominating Procedure:

- A. Notice. No later than June 1st of each year, the president shall have notice sent to all members requesting willing candidates for the nominating committee and/or board, such indications to be returned to the president and the board by June 10th.
- B. Nominating Committee.
  1. The nominating committee shall consist of seven members appointed by the president with the approval of the majority vote of other board members not later than June 15th of each year. Should the president fail to appoint by the deadline, the vice president shall do so within three days, also with the approval of the majority vote of the other board members.
- C. In order to provide a balanced membership, the members of the nominating committee and the slate of candidates they nominate shall both include the following categories, which may overlap for any given member(s) but which must include:
  1. One resident from each of the three Sandalwood sections;
  2. A member of the existing board (mandatory for nominating committee only);
  3. At least one, but no more than three, owners of lakeside lots; and
  4. At least one member with two or more years of residency and one with five or more years, if available.
- D. Members of the nominating committee may be nominated for board membership, including officers, providing no more than three are nominated.
- E. It shall be the duty of the nominating committee to select candidates who must include among them candidates satisfying the criteria of paragraph C of this Section, provided it shall be considered desirable but not required to have a member of the current board on the slate of candidates.
- F. The nominating committee will nominate one or more candidates for each office. Prior to obtaining the consent of a candidate to run, the committee must present the candidates with current copies of the By-Laws and summaries of the duties of the position for which a member is proposed. The committee shall notify the board of the names of the candidates no later than August 20 of each year and shall place the names in nomination at the annual meeting.
- G. Additional candidates may be placed in nomination at the annual meeting by any member or may be nominated by a petition signed by 10% of the membership presented to the nominating committee prior to the meeting. Candidates so petitioned must be placed in nomination by the committee without bias.

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II. The names of all candidates, including petitioned candidates, are to be included in the meeting notice.

### SECTION 3 Duties of Directors. It will be the duty of all directors:

- A. To preserve the physical assets of the Corporation, manage the business and property of the Corporation, and exercise all of the powers of the Corporation, except such as are expressly conferred upon the members by these By-Laws or the laws of the State of Texas;
- B. To formulate new and enforce existing rules and regulations pertaining to the use and enjoyment of the Corporation facilities and to that end to have the right to restrain any member who has abused such rules and regulations;
- C. To develop and implement programs and procedures which will carry out the purposes of the Corporation as set forth in Article I;
- D. To prepare a proposed budget for his or her area of primary responsibility and to participate in the preparation of the Corporation's annual budget and other fiscal decisions;
- E. To the best of their ability to keep the membership informed in a timely manner of events, or problems, which may affect the status of the Corporation or its membership, whether physical, financial, social or legal;
- F. To inform all new owners of the rules, regulations, privileges and obligations of ownership in Sandalwood Addition; and
- G. To fulfill the specific duties and responsibilities assigned by the previous board through the nominating committee to the specific position to which the member was elected.

### ARTICLE VI DUTIES OF OFFICERS

#### SECTION 1. President:

- A. The president shall be the chief executive officer of the Corporation and shall have general supervision over the affairs and business of the Corporation and over the other officers. He or she shall call and preside at all meetings of the members and of the board, shall have the power to appoint the non-elected chairmen of committees and shall be an ex-officio member of all committees and a member of the board of directors.
- B. The president shall call and specify the location for all board meetings, provided they shall be held in Sandalwood Addition.
- C. The president shall call and conduct all board and general and special membership meetings in accordance with these By-Laws and Robert's Rules of Order and to verify that any motions placed for consideration are consistent with the By-Laws and Robert's Rules of Order before a vote is taken. The president may, at his or her discretion, appoint a parliamentarian.

#### SECTION 2. Vice President:

- A. The vice president shall, in case of the absence or disability of the president, perform the duties of the president. He or she shall be a member of the board of directors.
- B. The vice president shall also have the major program responsibility currently assigned this position by the previous board.

#### SECTION 3. Secretary:

- A. The secretary shall have charge of the records of the Corporation and shall maintain complete minutes of all meetings of the members and of the directors. The secretary shall have custody of the seal of the Corporation and affix it as directed by these By-Laws or by resolution passed by the board of directors. In the absence of the secretary from any meeting of the members or directors, a temporary secretary shall be chosen who shall record the proceedings of any such meeting.
- B. The secretary shall maintain a list of the current owners of record in Sandalwood Addition, which constitutes the potential membership, such list to include designated representatives of multi-owner lots and to notify the treasurer of changes in owners.
- C. The secretary shall engage a location for general membership meetings and notify members of meetings.
- D. The secretary shall notify board members of the time and location of board meetings.
- E. The secretary shall conduct and record all votes taken at board, general and special meetings and conduct absence balloting procedures according to these By-Laws. The secretary is to record the names of givers and holders of any proxies, who general or limited.

## SECTION 4 Treasurer:

- A. The treasurer shall have custody of all of the funds of the Corporation and shall keep accurate accounts of all receipts and disbursements. He or she shall disburse funds of the Corporation with the cosignature of the president or the president's agent and shall render to the president and directors, at regular meetings of the board and whenever requested by them, an account of all transactions and of the financial condition of the Corporation.
- B. The treasurer shall notify residents or their designated financial agents of maintenance charges due and payable and shall be responsible for the collection of these monies. He or she will notify the board of any monies more than 45 days overdue and subsequently, be responsible for the filing of any liens ordered by the board.
- C. The treasurer shall notify any members not in good standing of the suspension of membership and notify board members of such action.

## SECTION 5. Vacancies.

- A. A vacancy in the presidency will be filled by the vice president.
- B. Vacancies occurring in any other board position will be filled for the remainder of the unexpired term by a majority vote of the remaining directors.

## ARTICLE V BOARD MEETINGS AND NOTICES

SECTION 1. A joint meeting of the outgoing board and board-elect shall be held on or about the second Tuesday of October at the call and under the chairmanship of the outgoing president, such call to be issued in the notice of the annual meeting at which the incoming board is to be elected. This meeting is to provide an orderly transfer of information, records and advice and will include a review of the By-Laws. The newly-elected board shall take office at the conclusion of said joint meeting.

SECTION 2. All board meetings are to be held in Sandalwood Addition at a location selected by the president.

SECTION 3. All board meetings are to be at the call of the president, or in the president's absence, at the call of the vice president, provided that a minimum of six board meetings must be held in any calendar year, including the required joint board meeting.

SECTION 4. A special board meeting must be called within 14 calendar days of presentation to any officer of a petition for such a meeting signed by 25% of the lot owners in good standing.

SECTION 5. Quorum. At least four elected members of the board must be present to call the meeting to order and at least five to vote.

SECTION 6. The secretary must notify board members in writing, in person, or by telephone of regular and special call board meetings at least 36 hours before the meeting.

SECTION 7. Open meetings. All board meetings are to be open to any member in good standing, provided that all deliberations are limited to board members. Members may, however, make a timed presentation to the board on a problem or advocated action, provided the number of presentations may be limited by the chair to one on each side of any one issue.

SECTION 8. Voting. A majority of those present or three votes, whichever is the greater, is necessary to pass a motion with the following exceptions:

- A. Recommendations for expenditures on which a special membership meeting is necessary require the concurrence of two-thirds of the board members.
- B. Authorization for an all paper ballot requires the consent of two-thirds of the board members.

## ARTICLE VI COMMITTEES

SECTION 1. It shall be the duty of the president to designate all committees, to appoint the chairperson of any committee not previously elected to that responsibility by the general membership, and to appoint up to three members of any committee.

SECTION 2. The chairperson of each committee shall appoint the members of the committee other than the three appointed by the president with the exception of the special purpose committees listed in Section 4 of this Article. Prior to appointment of any committee, notice of its formation shall be given to the general membership and members given opportunity to inform the president and chairperson of an interest in membership. A member may also petition for membership on a committee.

SECTION 3.

The board of directors shall have the right to curb the activities of any committee and to request or require their findings on any particular matter be referred back to the board of directors for final approval. The conclusion reached by the board of directors shall supersede the decision of any committee.

SECTION 4.

Special purpose committees. The By-Laws and Deed Restrictions establish two committees whose membership is uniquely appointed:

A. Nominating committee (see Article V, Section 1);

B. Architectural Control Committee. The Architectural Control Committee shall be appointed in accordance with and have the duties, obligations and powers assigned to it in the deed restrictions. The board shall have the duty and authority to take all reasonable measures to ensure that Deed Restrictions are enforced.

ARTICLE IX. FINANCIAL.

SECTION 1. The fiscal year of the Corporation shall be January 1 to December 31.

SECTION 2. All funds of the Corporation shall be kept on deposit with one or more federally insured banks in Harris County, Texas. All funds received by the Corporation shall initially be deposited into a single account but may thereafter be disbursed into other accounts.

SECTION 3. All checks drawn by the Corporation shall be signed by the treasurer and countersigned by the president, provided the president and treasurer may appoint satisfactory agents in their place in writing.

SECTION 4. Reports to Shareholders. The following financial reports shall be required to be made by the board:

A. A current balance sheet, receipts and disbursements and cash flow statement must be provided to members at least 10 days prior to a general or special meeting at which expenditures are on the agenda.

B. A proposed annual operating budget must be prepared and submitted to the membership in writing at least 10 days prior to the annual meeting at which the budget is to be voted or at a special meeting at which more than four line items are to be modified.

1. The budget shall be by "line item" disclosing all sources of funds and proposed uses of funds. The "miscellaneous" category may not exceed \$200.00.

2. The budget must be approved by a majority of the membership present and voting, including absentee ballots in both classifications.

SECTION 5.

Annual maintenance charges equal to the previous year may be adopted for the ensuing year by a majority of those present and voting. An increase or decrease in the proposed charges from the previous year must be approved by the majority of shareholders, as provided in the deed restrictions.

SECTION 6.

Expenditures authorized by the board shall be limited to those authorized in the line item budget at the annual meeting or those authorized at a special meeting of the membership. The notice required by Article IV, Section 1, must include the specific fiscal items to be voted, except:

A. Unforeseen expenses not to exceed a cumulative total of \$1500 may be authorized by two-thirds vote of the Board on each separate item to the total.

B. The board, with the concurrence of nine members, may vote to expend up to a maximum of \$5,000.00 for emergency expenses incurred as the result of acts of nature, accident or criminal acts, provided that the damage incurred is, in the opinion of the concurring members, of such nature as to require immediate action because they deem the damage to be a physical hazard or extreme nuisance to members or of such nature that delayed repair will cause significantly greater damage.

SECTION 7.

Major Expenditure Reserve. A Major Expenditure Reserve for major expenditures or emergencies will be maintained separately from the general funds and will be built up to no less than one year's operating budget by allocation of no less than a sum equal to 5% of the annual maintenance charge until the minimum level is reached. Expenditures from this fund may be allocated at general or special membership meetings or under emergency expenses under Section 6 of this Article, provided no repetitive, on-going operating expenses such as utilities shall be expended from these monies.

SECTION 8.

Budgeted funds not used in a fiscal year shall be returned to the general fund for reallocation to the following year's budget, including allocation to the Major Expense Reserve, provided that the required one-year reserve has been established, and provided further that monies earned by designated fund-raising events or received as specified contributions are to be expended for the specific purpose for which they were raised and are not to be commingled with general or major expenditure reserve monies. They may be expended for their designated purpose in the calendar year in which they were received or in subsequent calendar years at the discretion of and with the pre-approval of the Board.

SECTION 9.

The directors may require that all officers or those officers empowered to disburse funds be bonded to the sum of the assets of the Corporation, such bond premiums to be paid by the Corporation. The board shall designate the bonding company and the amount of the bond annually.

ARTICLE X.

CORPORATE BOOKS AND RECORD ACCESSIBILITY

SECTION 1.

All books and records of the Corporation shall be open to the inspection of any member at any reasonable time within one week of a member's request or during the day prior to a membership or board meeting.

SECTION 2.

Records are to be stored at the home of the Board member whose function is most appropriate to that record, provided that records may at any time cause a duplicate of any record to be made and kept in his or her possession. All legal documents and records are to be in the president's primary possession; fiscal records of the corporation in the treasurer's possession; minutes, votes and current membership lists in the secretary's possession; and committee records at the home of the committee chairman provided that any officer or director who will be absent from Sandalwood Addition for more than a week shall transfer the records in his or her possession to the president or other board member during his or her absence for safety and accessibility.

ARTICLE XI.

AMENDMENTS

The By-Laws of this Corporation may be amended, altered or rescinded in the following manner:

SECTION 1.

Any proposed amendment to the By-Laws will be submitted to a vote of the membership pursuant to Section 3 of this Article on if it is preceded by either a two-thirds vote of the board of directors recommending approval or a majority vote of the members present and voting at a general or special membership meeting recommending approval.

SECTION 2.

A summary of the proposed changes shall be distributed to members 10 days prior to the regular or special meeting of the membership at which the amendment is due to be voted on, together with a brief description of the intention and significance of the proposed amendment.

SECTION 3.

The specific amendment(s) must be submitted to the membership at either a regular or special call meeting and may be adopted by a two-thirds vote of those present and voting, provided that the total votes in favor of adoption shall be no less than a number equivalent to a majority of the total membership in good standing. "Members present and voting" for this purpose shall include members represented by absentee mail ballot or proxy.

ARTICLE XII.

PARLIAMENTARY PROCEDURE

SECTION 1.

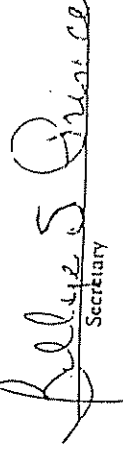
All deliberations at all meetings of the Corporation or its officers whenever not specifically provided for in these By-Laws, shall be governed by the then-current edition of Robert's Rules of Order.

SECTION 2.

It shall be the responsibility of the president, or in the president's absence, the alternative presiding officer, to verify that any motion placed for consideration are consistent with the Corporation's parliamentary procedures before the vote is taken. Should a vote be taken which later is held to be inconsistent with these procedures, it will be the responsibility of the president to declare the action null and void unless it has been duly ratified.

Invalidation of any Article, Section or Subsection of these By-Laws by amendment to the Charter or Deed Restrictions or by judgment of court order shall in no wise affect any of the other provisions, which shall remain in full force and effect.

ADOPTED on May 19, 1990.

  
Secretary

BY-LAWS AMENDMENTS APPROVED SEPTEMBER 24, 1990

Article III, Section B, Item 2 is amended to read, "By written proxy given to another member, adult child or adult brother or sister of the owner who is twenty-one or more years of age or a parent, designating such person as the owner's legal agent empowered to vote on the member's behalf at a particular meeting, provided that the signature of the giver is witnessed by a third member not related to the proxy holder or that the secretary is notified of the making of the proxy by the person giving the proxy at least one day before the meeting at which the proxy will be voted. The proxy will be assumed to empower its holder to vote on all issues at the meeting unless specific limits are stated on the proxy. Proxies are counted in the same manner as written absentee ballots."

Article IX, Sections 7 and 8 are amended to read as follows:

Section 7. Major Expenditure Reserve. A Major Expenditure Reserve for major expenditures or emergencies will be maintained separately from the general funds and will be built up to no less than one year's operating budget by allocation of no less than a sum equal to 5% of the annual maintenance charge until the minimum level is reached.

Section 8. Budgeted funds not used in a fiscal year shall be returned to the general fund for reallocation to the following year's budget, provided that monies earned by designated fund raising events or received as specified contributions are to be expended for the specific purpose for which they were raised and are not to be commingled with general or major expenditure reserve monies. They may be expended for their designated purpose in the calendar year in which they were received or in subsequent calendar years at the discretion of and with the pre-approval of the Board."