

LT1-1-2012014174-1

CORPORATE CERTIFICATE
NORTH TWIN VILLA NEIGHBORHOODS ASSOCIATION, INC.

The undersigned certifies that she is the Property Manager for North Twin Villa Neighborhoods Association, Inc. (the "Association"). The Association is the property owners' association for North Twin Villa Neighborhoods, which consists of five subdivisions: The Woodlands Village of Alden Bridge Sections 92, 97, 99 (Twin Vale) and 102 (Twin Vale, Section 102), and The Woodlands Village of Sterling Ridge Section 60 (Burberry Park), in Montgomery County, Texas, according to the map or plat thereof recorded in the Map Records of Montgomery County, Texas (the "Subdivision").

The Association is a Texas non-profit corporation, and a true and correct copy of the **Amended and Restated Bylaws of North Twin Villa Neighborhoods Association, Inc. (January 2012)** is attached to this certificate as Exhibit "A."

Signed this 15 day of February, 2012.

NORTH TWIN VILLA NEIGHBORHOODS ASSOCIATION, INC.

By: INVESTMENT MANAGEMENT COMPANY,
its Managing Agent

By: Megan Berry
MEGAN BERRY, Property Manager

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

SWORN TO AND SUBSCRIBED BEFORE ME on the 15th day of February, 2012, by MEGAN BERRY, Property Manager for NORTH TWIN VILLA NEIGHBORHOODS ASSOCIATION, INC., a Texas non-profit corporation, on behalf of said corporation.

Cheryl Goettee
NOTARY PUBLIC, State of Texas
CHERYL ANN GOETTEE
My Commission Expires
March 17, 2014

LT2-14

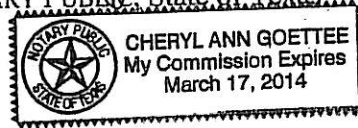
THE STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 15th day of February, 2012, by MEGAN BERRY, Property Manager for NORTH TWIN VILLA NEIGHBORHOODS ASSOCIATION, INC., a Texas non-profit corporation, on behalf of said corporation.

Cheryl Goettee

NOTARY PUBLIC, State of Texas



AFTER RECORDING RETURN TO:

Bryan P. Fowler
The Fowler Law Firm
300 West Davis, Suite 510
Conroe, Texas 77301

AMENDED AND RESTATED BY -LAWS
OF
NORTH TWIN VILLA NEIGHBORHOODS ASSOCIATION, INC.
(January 2012)

Article I.

Name, Membership, Applicability, and Definitions

Section 1. Name. The name of the Association shall be North Twin Villa Neighborhoods Association, Inc. (hereinafter sometimes referred to as the "Association").

Section 2. Membership. Every Person who is the Owner of a fee or undivided fee interest in any unit that is subject to the Declaration of Covenants, Conditions and Restrictions for North Twin Villa Neighborhoods shall be deemed to have a membership in the Association. The foregoing does not include persons who hold an interest merely as security for the performance of an obligation, and the giving of a security interest shall not terminate the owner's membership. No Owner, whether one or more Persons, shall have more than one (1) membership per Unit. Membership shall be appurtenant to and may not be separated from ownership of any unit. The rights and privileges of membership, including the right to hold office, may be exercised by a Member or a Member's spouse.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

Article II.

Association: Meetings, Quorum, Voting, Proxies

Section 1. 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 of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2. Annual Meetings. The annual meeting of the Members shall be held on any Saturday in May of each year, as determined and set by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the following Saturday.

Section 3. 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 Association if so directed by resolution of a Majority of the Board of Directors or upon a petition signed by at least twenty-five percent (25%) of the Members. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Unit a notice of each annual or special meeting of the Association, stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her Unit, he or she shall have designated by notice in writing to the Secretary such other address. The mailing or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 5. 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, whether 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 at the time the meeting is called to order.

Section 6. Adjournment of Meetings. For any purpose other than the election of Directors as set out in Section 9 below, if any meetings of the Association cannot be held because a quorum is not present, a Majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. Alternatively, if the required quorum is not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 7. Voting. Members shall be entitled to one (1) vote for each Unit owned. The right to vote may be exercised by a Member or a Member's spouse, but in no event shall more than one (1) vote be cast for each Unit owned. When more than one (1) Person holds an ownership interest in any Unit, the vote for such Unit shall be exercised as those Owners themselves determine and advise the Secretary of the Association prior to any meeting. In the absence of such advice, the Unit's vote shall be suspended in the event more than one (1) person seeks to exercise it. In no event shall more than one (1) vote be cast with respect to any Unit.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Unit, or upon receipt of notice by the Secretary of the death or judicially-declared incompetence of a Member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 9. Quorum. Except as otherwise provided in Article III, Section 5, the presence, in person, by proxy, and those voting by absentee or facsimile ballot, of two percent (2%) of the Owners of Units to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

Section 10. Methods of Voting. The voting rights of a Member may be cast or given:

- (1) in person or by proxy at a meeting of the Association;
- (2) by absentee ballot; or
- (3) by ballot by facsimile.

Absentee ballots 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 the Member supersedes any vote submitted by absentee or facsimile ballot previously submitted for that proposal. Absentee or facsimile ballots may not be counted on the final vote of a proposal if the motion was amended at a meeting of the Members to be different from the exact language on the absentee or facsimile ballot. Any solicitation for votes by

absentee ballot by the Association must include an absentee ballot that contains each proposed action and provides an opportunity to vote for or against the proposed action, instructions for delivery of the completed absentee ballot, including the delivery location, all of which are required by Section 209.00592 of the Texas Property Code.

Section 11. Signed Ballots. Any vote cast must be in writing and signed by the Member as required by Section 209.0058 of the TEXAS PROPERTY CODE. Facsimile votes constitute written and signed ballots.

Section 12. Election Vote Tabulators. A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree of consanguinity or affinity, as determined under Chapter 573 of the Texas Government Code, may not tabulate or otherwise be given access to the ballots cast in the election or vote.

Section 13. Recount Procedures. Owner may, not later than the fifteenth (15th) day after the date of a meeting at which an election was held, require a recount of votes in accordance with Section 209.0057 of the TEXAS PROPERTY CODE.

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. The Directors shall be Members.

Section 2. Number of Directors. The Board shall consist of five (5) Directors. Each subdivision of Village of Alden Bridge, Section 92, Village of Alden Bridge, Section 97, Village of Alden Bridge, Section 99, Village of Alden Bridge, Section 102, and Village of Sterling Ridge, Section 60, shall be represented on the Board by one Director, elected solely by the Members who are Owners of Units in that subdivision. Such Director must own a Unit or Units in the respective subdivision.

Section 3. Nomination of Directors. Directors shall be nominated from the floor at the annual meeting, and may also be nominated by a Nominating Committee, if such a committee is established by the Board. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes. Nominations in advance of the annual meetings shall be made in accordance and manner as directed by the Directors.

Section 5. Election and Term of Office. Notwithstanding any other provision contained herein:

Director positions shall be filled at the annual meeting each year. All Members of the Association from each respective subdivision shall vote on the Director to be elected from their respective subdivision, and the candidate(s) receiving the most votes shall be elected. Notice of the election meeting shall be delivered as required by Article II, Section 4, but notice shall only be provided to Owners of record of each Unit within the subdivisions whose represented Director is up for election. A quorum for purpose of Director election meetings shall be the number of votes cast in person, by proxy, by absentee ballot or facsimile ballot, of Units in the subdivision whose represented Director is up for election. Absentee and facsimile ballots shall be counted for purposes of establishing a quorum.

The current directors of the Association shall serve the remainder of their existing terms.

At the 2013 election meeting, Director positions representing Village of Alden Bridge, Section 92, Village of Alden Bridge, Section 99, and Village of Sterling Ridge, Section 60, shall be elected, each to serve two (2) year terms. At the 2012 election meeting, Director positions representing Village of Alden Bridge, Section 102, and Village of Alden Bridge, Section 97, shall be elected, each to serve two (2) year terms. At each election meeting of Members thereafter, directors will be elected for the position whose term of office expires at that meeting, and they will hold office until the second election meeting after their election and until their successor is elected and qualified.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the Members of the Board of Directors may be removed, with or without cause, by the majority vote of the Members entitled to vote on the Director(s) to be removed, and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings may be removed by a Majority vote of the Directors at a meeting, a quorum being present.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Members, shall be filled by a vote of the Majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each Person so selected shall serve the unexpired portion of the term.

B. Meetings.

Section 8. Organization Meetings. The first meeting of the Members of the Board of Directors each year shall be held within thirty (30) days following each annual meeting of the membership at such time and place as shall be fixed by the Board.

Section 9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a Majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 10. Special Meetings. Special meetings of the Board of Directors shall be held when requested by the President, Vice President or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a Person at the Director's home or office who would reasonably be expected to communicate such notice promptly to the Director; (d) by telegram, charges prepaid; (e) by fax as long as confirmation of the fax transmission is received. All such notices shall be given or sent to the Director's address or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or fax or telegraph company shall be given at least forty-eight (48) hours before the time set for the meeting.

Section 11. Waiver of Notice. The transactions of any meeting of the Board of Directors, 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 before or at its commencement about the lack of adequate notice.

Section 12. Quorum of Board of Directors. At all meetings of the Board of Directors, 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 of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a Majority of the required quorum for that meeting. If any meeting cannot be held because a quorum is not present, a Majority of the Directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time that the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice. Vacancies in the Board of Directors caused by any reason shall not count toward a quorum.

Section 13. Compensation. No Director shall receive any compensation from the Association for acting as such unless approved by a Majority of the Members.

Section 14. Open Board Meetings. Regular and special Board meetings shall be open to Members, subject to the right of the Board to adjourn a meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property Association's attorney, matters involving the invasion of privacy of individual owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following any executive session, any decision made in the executive session shall be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary shall include a general explanation of any expenditures approved in executive session.

Section 15. Meeting Notice to Members. Members shall be given notice of the date, hour, place, and general subject of a regular or special meeting of the Board, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be (a) mailed to each member not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of the meeting; or (b) provided at least seventy-two (72) hours before the start of the meeting by (i) posting the notice in a conspicuous manner reasonably designed to provide notice to the members in a place located on the Association's common property, or on conspicuously located private property within the subdivision, or by posting the notice on an Internet website maintained by the Association, or (ii) by sending the notice by e-mail to each owner who has registered an e-mail address with the Association.

Section 16. Meetings Without Notice to Members. The Board, by any method of communication, including electronic and telephonic meetings, may meet without prior notice to Members, if each director may hear and be heard by every other director, or the Board may take action by unanimous written consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate Board attention. The action taken without notice to the Members must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes at the next regular or special

meeting of the Board. Notwithstanding the authority to meet without notice to the Members, the Board may not, without prior notice to the Members, consider or vote on fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; increases in assessments; levying of special assessments; appeals from a denial of architectural control approval; or the 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.

C. Powers and Duties.

Section 18. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the Members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;

(c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association;

(d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending use restrictions and rules and regulations;

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

(h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(j) paying the cost of all services rendered to the Association or its Members which are not directly chargeable to Owners;

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

(l) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 19. Management Agent. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The term of any management agreement shall not exceed one (1) year and shall be subject to termination by either party without cause and without penalty, upon ninety (90) days written notice.

Section 20. Borrowing. The Board of Directors shall have the power to borrow money for the purpose of repair or restoration of the Common Property and facilities without the approval of the Members of the Association; provided, however, the Board shall obtain membership approval in the same manner as for special assessments, in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities, and the total amount of such borrowing exceeds or would exceed Ten Thousand Dollars (\$10,000.00).

Section 21. Fining Procedure. The Board shall not impose a fine (a late charge shall not constitute a fine) unless and until the procedures set out in Chapter 209 of the Texas Property code have been followed.

Article IV. **Officers**

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the Members of the Board of Directors.

Section 2. Election, Term of Office and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board of Directors whenever, in its judgment, the best interests of the Association will be served thereby.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Texas Non-Profit Corporation Act.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Texas law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping full and accurate financial records and books of account showing all receipts and disbursements, for preparing all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, 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.

Article V. Committees

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Article VI. Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Roberts Rules of Order (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Texas law, the Articles of Incorporation, the Declaration or these By-Laws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Texas law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Texas law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail, however any conflict between the Declaration, the By-laws, the Articles of Incorporation and The Woodlands CCR's (as defined in the Declaration) shall be decided in favor of The Woodlands CCR's.

Section 4. Amendment. The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws. In addition, these By-Laws may be amended by the Board of Directors.

Article VII.
Indemnification

Section 1. When Indemnification is Required, Permitted and Prohibited.

(a) The Association shall indemnify a director, officer, committee member, employee, or agent of the Association who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Association. For the purposes of this article, an agent includes one who is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, partner, joint venturer, sole proprietor, trust, employee benefit plan, or other enterprise. However, the Association shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Association's best interests. In a case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Association shall not indemnify a person who is found liable to the Association or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction or on a plea of *nolo contendere* or its equivalent does not necessarily preclude indemnification by the corporation.

(c) The Association shall pay or reimburse expenses incurred by a director, officer, Member, committee member, employee, or agent of the Association in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Association when the person is not a named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this paragraph, the Association may indemnify a director, officer, Member, committee member, employee, or agent of the Association to the extent permitted by law. However, the Association shall not indemnify any person in any situation in which indemnification is prohibited by the terms of Section 1(a) above.

(e) Before the final disposition of a proceeding, the Association may pay indemnification expenses permitted by the bylaws and authorized by the Association. However, the Association shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is a named defendant or respondent in a proceeding brought by the Association or one or more Members, or the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.

(f) If the Association may indemnify a person under the bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Association, the indemnification is limited to reasonable expenses actually included by the person in connection with the proceeding.

Section 2. Procedure Relating to Indemnification Payments.

(a) Before the Association may pay any indemnification expenses (including attorney's fees), the Association shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in Section 2(c) below. The Association may make these determinations and decisions by any one of the following procedures:

(i) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.

(ii) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding.

(iii) Determination by special legal counsel selected by the Board of Directors by vote as provided in Section 2(a)(i) or 2(a)(ii), or, if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors.

(iv) Majority vote of Members, excluding directors who are named defendants or respondents in the proceeding.

(b) The Association shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by Section 2(a)(iii) above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the bylaws, or a resolution of Members or the Board of Directors that requires the indemnification permitted by Section 1, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

(c) The Association shall pay indemnification expenses before final disposition of a proceeding only after the Association determines that the facts then known would not preclude indemnification and the Association receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under Section 2(a) above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under the bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Association if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

(d) Any indemnification or advance of expenses shall be reported in writing to the Members of the Association. The report shall be made with or before the notice or waiver of notice of the next membership meeting, or with or before the next submission to Members of a

consent to action without a meeting. In any case, the report shall be sent within the 12-month period immediately following the date of the indemnification or advance.

Adopted and signed this 31st day of January, 2012.

**NORTH TWIN VILLA NEIGHBORHOODS
ASSOCIATION, INC.**



BOB ABBOTT, PRESIDENT

FILED FOR RECORD

02/17/2012 1:45PM



COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in file number
sequence on the date and at the time stamped herein
by me and was duly RECORDED in the Official Public
Records of Montgomery County, Texas.

02/17/2012



County Clerk
Montgomery County, Texas