

W & I LEASEHOLDERS ASSOCIATION

BY-LAWS

October 5, 1983



W & I RESORT BY-LAWS

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Amendments Revisions - 2/15/87, 2/29/92, 2/15/93, 3/94, 2/28/95, 1/97, 2/08
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DEFINITIONS

1. **"LEASEHOLDER"** shall mean and refer to the recorded owner, whether one or more persons or entities, of the leased title to any lot which is part of the properties.
2. **"PROPERTIES"** shall mean and refer to that certain real property and including all common areas described in the BY-LAWS and such additions thereto as may hereafter be brought within the jurisdiction of the Association.
3. **"COMMON AREA"** shall mean all real property owned by the Association for the common use and enjoyment of the members.
4. **"MEMBER"** shall mean and refer to those persons entitled to membership as provided in the BY-LAWS.

ARTICLE I PURPOSE

The corporation known as W & I Leaseholders Association, Inc., has been formed and chartered for the express purposes of owning, maintaining, repairing and operating all of the streets and alleyways, security guard stations and security devices, and such other common areas which it might later acquire, located within the confines of W & I Resort subdivision, Mission, Hidalgo County, Texas, containing lots 1 - 233 inclusive, as per maps or plats recorded in Volume 22, Page 47, of the map Records of Hidalgo County, Texas, to which reference is here made for all purposes of this document. Such streets and alleyways as have been designated on the above described maps or plats are "PRIVATE" and it is now, and shall be in the future, the avowed intent of all members of the association to maintain such streets and alleyways as "PRIVATE" for the exclusive use and benefit and security of said members, and not for the use of the general public.

To this end, the present members and all future members do hereby mutually covenant and agree that incident to their present and future leasehold of said lots, that they are now and shall in the future be bound and obligated by the foregoing and hereinafter set forth provisions, covenants and BY-LAWS, which shall govern all of the ownership and operation of such corporation and the assets thereof; and all of the real property here in above described shall be held, sold, leased and conveyed only subject to following easements, covenants, conditions and restrictions which shall constitute covenants running with the land, and shall be binding upon all parties having any right, title or interest in such property, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE II SECURITY

The leaseholders may by a majority vote elect to install a security system with such guards and security devices as the majority of the leaseholders deem appropriate; and each and all said leaseholders do hereby mutually agree, as a part of the consideration for the purchase or lease of a lot in said subdivision, to be bound by the decision of the majority of lot owners, and to comply therewith, and the leaseholder to pay pro-rata share of the cost thereof.

Revision: Article II [Amendment 2/15/93]

ARTICLE III MEMBERSHIP IN THE ASSOCIATION

Membership shall be appurtenant to and may not be separated from leasehold ownership of a lot. Each leaseholder of a lot shall be entitled to one (1) vote for each lot or a fraction of a vote for each fraction of a lot of which the member is a leaseholder.

Revision: Article III [Amendment 2/15/93]

ARTICLE IV ASSESSMENTS

Each leaseholder is hereby deemed to covenant whether or not it shall be so expressed in the leaseholder's deed or lease, to pay to the Association annual assessments and special assessments.

The annual and special assessments, together with interest, costs, and reasonable attorneys' fees, shall be a charge on the land and a continuing lien on each lot (or such member's interest therein) against which such an assessment is made. Each such assessment, together with interest, costs, and reasonable attorneys' fees, shall also be the personal obligation of the person or persons who were a leaseholder at the time the assessment fell due, but such personal obligation shall not pass to the successors in title of such person or persons unless expressly assumed by them.

The annual assessments levied by the Association shall be used exclusively to promote the health, safety and welfare of the residents in the subdivision, for the improvement and the maintenance of the common areas, for the establishment of security devices, for taxes and insurance, utilities and maintenance salaries, and for such other purposes as may be agreed upon by the majority of the members.

Such annual assessment will be passed on a proposed budget prepared by the Board of Directors and submitted to the members of the Association at the regular annual meeting on the third (3rd) Wednesday of January, as defined in Article XII, Section 2 of these BY-LAWS. The proposed, itemized budget shall be posted for the membership's review no later than December 31. A majority vote of the members of the Association present at such meeting shall be a prerequisite to any declaration of assessment by the Board of Directors. At such meeting, a financial report shall be made by the Treasurer. Annual assessments shall be payable with thirty (30) days after the third (3rd) Wednesday of January.

Any assessment not paid within the time set out (or in the case of a special assessment, within the time set out in a properly adopted resolution by the Board of Directors), shall be deemed in default and shall bear interest from the due date at the rate of ten (10%) percent per annum. The Association may bring an action at law against the member personally obligated to pay the same, or may foreclose the lien against the property or may have such other right or remedy provided in the leasehold document or by law. No member may waive or otherwise escape liability for the assessments provided for herein by nonuse of the common area or abandonment of the leaseholder's lot.

The assessment lien provided for herein shall be subordinate to the lien of any purchase money mortgage. A sale or transfer of any lot shall not affect the assessment lien. However, the sale or transfer of any lot pursuant to a mortgage foreclosure or any proceeding in lieu thereof, shall extinguish the assessment lien as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

The financial books of the corporation are subject to audit on a periodic basis at the discretion of the Board of Directors or upon vote of a majority of the members present at a meeting.

Revision: Article IV [Amendment 2/15/93, Amendment 3/94]

ARTICLE V DELEGATION OF USE

Subject to such limitations as may be imposed by the BY-LAWS or by adopted rules and regulations, each leaseholder may delegate the right of enjoyment in and to the common areas and facilities to the members of the leaseholder's family, guests, tenants, and invitees.

There shall exist appurtenant easements of access to all private streets within the subdivision to the City of Mission for the use of city personnel and equipment on city business.

Revision: Article V [Amendment 2/15/93]

ARTICLE VI ENFORCEMENT

The Association or any member shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, easements, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by any member to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

ARTICLE VII SEVERABILITY

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

ARTICLE VIII AMENDMENTS

Covenants and restrictions of this Declaration may be amended by a vote of not less than two-thirds (2/3rds) of members. This would include the action of a potential sale of any of the common areas of W & I Resort.

Revision: Article VIII [Amendment 2/08]

ARTICLE IX SUBORDINATION

No breach of any of the conditions herein contained or reentry by reason of such breach shall defeat or render invalid the lien of any mortgage made in good faith and for value as to the subdivision or any lot therein provided; however, that such conditions shall be binding on any leaseholder whose title is acquired by foreclosure, trustee's sale, or otherwise.

ARTICLE X NON-PROFIT CORPORATION

It is expressly understood and agreed that this corporation is a non-profit organization for the sole purpose here in above enumerated and there shall be no investment or sales of corporate assets for profit and there shall be no dividends neither declared nor paid to members.

ARTICLE XI OFFICES

Section 1. Registered Office and Agent

The registered office of the corporation shall be maintained in Mission, Hidalgo County, in the State of Texas as stated in the Articles of Incorporation. The registered office or the registered agent, or both, may be changed by resolution of the Board of Directors, upon filing the statement required by law.

Section 2. Principal Office

The principal office of the corporation shall be that stated in the Articles of Incorporation, provided that the Board of Directors shall have power to change the location of the principal office in its discretion.

Section 3. Other Offices

The corporation may also maintain other offices at such places within or without the State of Texas as the Board of Directors may from time to time appoint or as the business of the corporation may require.

ARTICLE XII MEMBERS

Section 1. Place of Meeting

All meetings of members, both regular and special, shall be held either at the Club House at W & I Resort, Mission, Texas, or at such other places, either within or without the State, as shall be designated in a notice of the meeting.

Section 2. Annual Meeting

The annual meeting of members for the election of Directors and for the transaction of all other business which may come before the meeting shall be held on the third (3rd) Wednesday of January in each year at 10:00 a.m. at the Club House at W & I Resort or at such other date, time or place as may be designated by the Board of Directors.

If the election of Directors shall not be held on the day above designated for the annual meeting, the Board of Directors shall cause the election to be held as soon thereafter as conveniently may be held at a special meeting of the members called for the purpose of holding such an election.

The annual meeting of members may be held for any other purpose in addition to the election of Directors which may be specified in a notice of such a meeting. Special meeting may be called by resolution of the Board of Directors or by writing filed with the secretary signed by a majority of the Directors or by a majority of members.

Section 3. Notice of Members Meeting

In the event the Board of Directors should designate a time, date or place for a regular or annual meeting other than provided in Section 2 or Section 5 of this Article XII, written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) or more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the president, secretary or the officer or person calling the meeting, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the books of the corporation, with postage thereon prepaid.

Section 4. Voting of Members

A member may vote either in person or by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Each proxy shall be revocable, unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than eleven (11) months.

Section 5. Regular Meetings

In addition to the annual meeting described above, regular meetings shall be held on the second (2nd) Wednesday of December, preceding the annual meeting in January, and on the third (3rd) Wednesday of February and March, following the annual meeting, at 10:00 a.m. at the Club House at W & I Resort, or at such other date, time or place as may be designated by the Board of Directors.

Revision: Sections 2 & 5 [Amendment 3/94]

Revision: Section 5 [Amendment 1/97, Amendment 2/08]

. ARTICLE XIII DIRECTORS

Section 1. Board of Directors

The business and affairs of the corporation shall be managed by a Board of Directors

Section 2. Number and Election of Directors

The number of Directors shall be nine (9) provided that the number may be increased or decreased from time to time by an amendment to these BY-LAWS, but no decrease shall have

the effect of shortening the term of any incumbent Director. At each annual election, the members shall elect three (3) Directors to hold office for a term of three (3) years.

Revision: Section 2 [Amendment 2/15/87]

Section 3. Vacancies

Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of the majority of the remaining Directors, though less than a quorum of the Board. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting or at a special meeting of members called for that purpose.

Section 4. Quorum of Directors

A majority of the Board of Directors shall constitute a quorum for the transaction of business. The act of the majority of the Directors present at a meeting, at which a quorum is present, shall be the act of the Board of Directors.

Section 5. Annual Meeting of Directors

Within thirty (30) days after each annual meeting of members, the new Board of Directors shall hold an annual meeting at which they shall elect officers and transact such other business as shall come before the meeting.

Section 6. Regular Meetings of Directors

A regular meeting of the Board of Directors may be held at such time as shall be determined from time to time by resolution of the Board of Directors.

Revision: Section 6 [Amendment 2/15/93]

Section 7. Special Meetings of Directors

The secretary shall call a special meeting of the Board of Directors whenever requested to do so by the president or by two (2) Directors. Such special meeting shall be held at the time specified in the notice of meeting.

Section 8. Place of Directors Meetings

All meetings of the Board of Directors (annual, regular, or special) shall be held either at the registered office of the corporation or at such other place, as shall be specified in the notice of meeting.

Section 9. Notice of Directors Meetings

All meetings of the Board of Directors (annual, regular, or special) shall be held upon five (5) days written notice, stating the date, place and hour of meeting, delivered to each

Director either personally or by mail or at the direction of the president or secretary or the officer or person calling the meeting.

In any case where all the Directors execute a waiver of notice of the time and place of meeting, no notice thereof shall be required, and any such meeting (whether annual, regular, or special) shall be held at the time and at the place specified in the waiver of notice. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where the Directors attend a meeting for the express purpose of objection to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be specified in the notice of waiver of notice of such meeting.

Section 10. Compensation

Directors, as such, shall not receive any salary for their services.

Section 11. Board of Directors Granted Powers

The Board of Directors shall have the powers granted by law or by the membership or by these BY-LAWS, including, but not limited to, the power to create committees for activities for the benefit of the Association. Among such committees, as the Board has discretion to create, are an activities committee, a nominating committee, an election committee, and a building and grounds committee.

- The activities committee should consist of a chairperson, who shall appoint other members.
- The nominating committee should consist of a chairperson, who is a member of the Board of Directors and two (2) other members of the Association.
- The election committee should consist of three (3) members as judges, who shall check attendance, voter eligibility and proxies at every membership meeting and tally the votes on all questions put before the membership.
- The building and grounds committee should consist of a chairperson, who is a member of the Board of Directors and two (2) other members of the Association.

Revision: Section 11

[Amendment 2/15/93]

Section 12. Residence of Directors

Any person, either elected or appointed, who serves on the Board of Directors, must be a resident of the Park, not only an owner.

New Section 12

[2/08]

ARTICLE XIV OFFICERS

Section 1. Vacancies

Officers shall serve upon election by the Board of Directors and at the discretion of the Board. If any office becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

Section 2. Power of Officers

Each officer shall have, subject to these BY-LAWS, in addition to the duties and powers specifically set forth herein, such powers and duties as are commonly incident to the office and such duties and powers as the Board of Directors shall from time to time designate. All officers shall perform their duties subject to the directions and under the supervision of the Board of Directors. The president may secure the fidelity of any and all officers by bond or otherwise.

Revision: Section 2 [Amendment 2/15/93]

Section 3. President

The president shall be the chief executive officer of the corporation. The president shall preside at all meetings of the Directors and members. The president shall see that all orders and resolutions of the Board are carried out, subject however, to the right of the Directors to delegate specific powers, except such as may be by statute exclusively conferred on the president, to any other officers of the corporation.

The president or vice-president shall execute bonds, mortgages and other instruments requiring a seal, in the name of the corporation, and, when authorized by the Board, the president or any vice-president may affix the seal to any instrument requiring the same, and the seal when so affixed, shall be attested by the signature of either the secretary or an assistant secretary.

The president shall be an ex-officio member of all standing committees.

The president shall submit a report of the operation of the corporation for the year to the Directors at their meeting next preceding the annual meeting of the members and to the members at their annual meeting.

Revision: Section 3 [Amendment 2/29/92]

Section 4. Vice-President

The vice-president shall, in the absence or disability of the president, perform the duties and exercise the powers of the president, and the vice-president shall perform such other duties as the Board of Directors shall prescribe.

Section 5. Secretary and Assistant Secretaries

The secretary shall attend all meetings of the Board and all meetings of the members and shall record all votes and the minutes of all proceedings and shall perform like duties for the

standing committees, when required. The secretary shall give, or cause to be given, notice of all meetings of the members and all meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board. The secretary shall keep in safe custody the seal of the corporation, and when authorized by the Board, affix the same to any instrument requiring it, and when so affixed, it shall be attested by the secretary's signature or by the signature of an assistant secretary.

The secretary will keep appropriate current records showing the members of the Association, together with their addresses, and shall retain tape recordings of all meetings for a period of two (2) years.

The assistant secretary shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary, and shall perform such other duties as the Board of Directors shall prescribe.

In the absence of the secretary or an assistant secretary, the minutes of all meetings of the Board and members shall be recorded by such person as shall be designated by the president or by the Board of Directors.

Revision: Section 5 [Amendment 2/29/92]

Section 6. Treasurer and Assistant Treasurers

The treasurer shall be responsible for the custody of the corporate funds and securities and keep full and accurate accounts of receipts and disbursements in books belonging to the corporation. The treasurer shall supervise the receipt and deposits of all money and valuable effects in the name and to the credit of the corporation in the appropriate bank accounts and further shall supervise receipt and collection of all funds derived from private sources, such as, gifts, charges, rents, entertainment and from all other sources.

The treasurer shall disburse funds of the corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements. The treasurer shall keep and maintain the corporation's books of account and shall render to the President and the Directors an account of all transactions as treasurer and of the financial condition of the corporation and exhibit the books, records and accounts to the President or Directors, at any time. The treasurer shall disburse funds for capital expenditures as authorized by the Board and in accordance with the orders of the President and present to the president's attention any requests for disbursing funds, if in the judgment of the treasurer, any such request is not properly authorized. The treasurer shall perform such other duties as may be directed by the Board of Directors or by the president.

If required by the Board of Directors, the treasurer shall give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of the office and for restoration to the corporation, in case of death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in the treasurer's possession or under the person's control, belonging to the corporation.

The assistant treasurer, in order of seniority, shall in the absence or disability of the treasurer, perform the duties and exercise the power of the treasurer and shall perform such other duties as the Board of Directors shall prescribe.

Revision: Section 6 [Amendment 2/29/92, Amendment 2/15/93]

ARTICLE XV CHECKS

All checks or demands for the money and notes of the corporation shall be signed by the treasurer or assistant treasurer and one other Board member, as the Board of Directors may from time to time designate, within the approved budget parameters. A manager's checking account for budgeted and approved expenditures will be created and periodically replenished by the treasurer and/or assistant treasurer.

Revision: Article XV [Amendment 2/29/92]

ARTICLE XVI RULES OF ORDER

Roberts Rules of Order, latest edition, shall govern at all Board of Directors meetings, Executive committee meetings, and annual or special meetings of the membership.

New Article XVI [2/15/93]

ARTICLE XVII AGE 55, ADULT SUBDIVISION

Leasehold owners intend to restrict the use of the property so that it is a private, residential, adult subdivision, in which, substantially all of its lots, are occupied by at least one person age 55 years of age or older, and the restrictions, stipulations, and conditions under 18 years of age may visit the property for a period of not more than thirty (30) days in any one calendar year. No children shall be permitted to use the common area unless accompanied by their host.

(a) W & I Resort is intended and operated as a whole as housing of persons ages 55 and older and is planned, marketed and designed to meet the physical and social needs of older persons. There shall be no child or children under the age of 18 years of age in residency in this Subdivision. Occupancy is restricted to situations wherein at least one person who is 55 years of age or older, per lot or residence, is in residence; temporary and limited absences excepted. Also excepted are instances where such qualifying occupancy involuntarily ceases due to death or physical or mental disability of the qualifying person 55 years of age or older. Also exempted from the provisions of this Clause (b) shall be properties not in compliance with such provisions at the time of this Amendment of the BY-LAWS; all instances of this exemption will cease upon any subsequent conveyance by sale, lease, or otherwise, of the lot or residence.

(b) No property in the Subdivision shall be conveyed, whether by sale, lease, release or renewal of existing lease, to any party buying, leasing, releasing or renewing a lease for the benefit of an identified or prospective occupant grouping without at least one member of such identified or prospective occupant grouping being fifty-five (55) years of age or older. Nothing contained in this Subsection shall prohibit the conveyance of property to: 1) parties taking

possession and/or ownership of such property for the benefit of one or more relatives ages 55 or older and such relative or relatives in fact being the actual occupants of such property, or 2) households purchasing property for future occupants for such future time as when at least one person belonging to such household is 55 years of age or older.

(c) By acceptance of a conveyance of a leasehold interest in property in this Subdivision, the GRANTEE or GRANTEES therein contracts and agrees to be bound by the above rules and prohibitions. Any leasehold owner who allows his TENANT or TENANTS to violate these or any other covenants shall be liable and held responsible for his TENANT'S acts. It shall be the duty of every leasehold owner acting as a seller or lessor of a lot in this Subdivision to furnish the new or prospective purchaser or tenant with notice of these By-Laws provisions, as amended, and the specific provisions of this Article at the time of sale or lease of such lot. Violation of these covenants and/or any other of these covenants shall result in immediate and irreparable loss of property value to other leasehold owners.

New Article XVII

[2/28/95]