

**BY-LAWS OF
TONILA SQUARE
OWNERS ASSOCIATION INC.**

ARTICLE I DEFINITIONS

- 1.1 Project Defined Project shall mean all of the real property located in the City of Laredo, County of Webb, State of Texas, including the land, all improvements and structures on the land and all easements, rights, and appurtenances to the land, being TONILA SQUARE.
- 1.2 Declaration Defined Declaration shall mean the Declaration of the TONILA SQUARE, applicable to the Project and its supplements and filed in the Office of the County Clerk of Webb County, Texas, including any amendments, additions and supplements to the Declaration as may be made from time to time in accordance with the terms of the Declaration.
- 1.3 Other Terms Defined Other terms used in these By-Laws shall have the meaning given them in the Declaration, incorporated by reference and made a part of these By-Laws.

ARTICLE II APPLICABILITY OF BY-LAWS

- 2.1 Corporation The provisions of these By-Laws constitute the By-Laws of the corporation known as TONILA SQUARE Owners Association Inc.
- 2.2 Project Applicability The provisions of these By-Laws are applicable to the Project as defined in Paragraph 1.1 of these By-Laws, and the obligation of the members of the Association to pay assessments for the project.
- 2.3 Personal Application All present or future owners, present or future tenants, their employees, or other persons that use the facilities of the Project in any manner are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the Project or the mere act of occupancy of any part of the Project will signify that these By-Laws are accepted and ratified and will be complied with by the purchaser, tenant or occupant.

ARTICLE III OFFICES

- 3.1 Principal Office The principal office of the Council shall be located in the City of Laredo, County of Webb, State of Texas.
- 3.2 Registered Office and Registered Agent The Association shall have and shall continuously maintain in the State of Texas a registered office and a registered agent, whose office is identical with the registered office, as required by the Texas Corporation Act. The registered office may be, but need not be, identical with the principal office of the corporation, and the

address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE IV QUALIFICATIONS FOR MEMBERSHIP

- 4.1 Membership The membership of the Association shall consist of all of the Owners of Units within the Project. There shall be one class of membership. Membership shall consist of every person or entity who becomes or is an owner of any Unit subject to the provisions of this Declaration. The Owner of any Unit which is subject to assessment by the Association automatically shall be a member of the Association by acceptance of a deed of conveyance or by entering into a contract for purchase of such Unit, provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a member.
- 4.2 Proof of Membership The rights of membership shall not be exercised by any person until satisfactory proof has been furnished to the Secretary of the Association that the person is qualified as a Member. Such proof may consist of a copy of a duly executed and acknowledged deed or title insurance policy evidencing ownership of a Unit in the Project. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.
- 4.3 No Additional Qualifications The sole qualification for membership shall be ownership of a Unit in the Project. No initiation fees, costs, or dues shall be assessed against any person as a condition of membership except such assessments, levies, and charges as are specifically authorized under the Declaration.

ARTICLE V VOTING RIGHTS

- 5.1 Voting Each Member shall be entitled to the number of votes for each unit as listed in the condominium declaration, in which he holds the interest required for membership. When more than one person holds such interest, all such persons shall be members and the vote for such unit shall be exercised as they among themselves shall determine, but in no event shall more than the votes for any unit be other than unanimous.
- 5.2 Proxies At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease on conveyance by the Member of the Member's Unit, or on receipt of notice by the Secretary of the death or judicially declared incompetence of such Member. No proxy shall be valid after Eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy.
- 5.3 Quorum The presence, either in person or by proxy, at any meeting of Members entitled to cast at least Fifty (50%) percent of the total voting power shall constitute a quorum for any action, except as otherwise provided in the Governing Instruments. In the absence of a

quorum at a meeting of Members, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than Five (5) days nor more than Fifteen (15) days from the meeting date.

- 5.4 Required Vote The vote of a majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present shall be the act of the meeting of the Members, unless the vote of a greater number is required by statute or by the Governing Instruments.

ARTICLE VI MEETINGS OF MEMBERS

- 6.1 Annual Meetings Annual meeting of the Members of the Association shall be held on the second Tuesday of April of each succeeding calendar year at the hour of 7 :00 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following that is not a legal holiday (excluding Saturdays and Sundays).
- 6.2 Special Meetings Special meetings of the Members may be called by the President, the Board of Directors, or by Members representing at least Seventy (70%) Percent of the total voting power of the Association.
- 6.3 Meetings of the Members shall be held within the Project, or at a meeting place as close to the Project as possible, as the Board may specify in writing. Notice of Meetings
- 6.4 Written notice of all Members' meetings shall be given by or at the direction of the Secretary of the Association (or other persons authorized to call the meeting) by mailing or personally delivering a copy of such notice at least Ten (10) but not more than Fifty (50) days before the meeting to each Member entitled to vote at the meeting. The notice must be addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken.
- 6.5 Order of Business The order of business at all meetings of the Members shall be as follows:
- A. Roll call.
 - B. Proof of notice of meetings or waiver of notice.
 - C. Reading of Minutes of preceding meeting.
 - D. Reports of officers.

- E. Reports of committees.
- F. Election of directors.
- G. Unfinished business.
- H. New business.

- 6.6 Action Without Meeting Any action required by law to be taken at a meeting of the Members or any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members and filed with the Secretary of the Association.
- 6.7 Resolution of Disputes In any dispute between members relating to the activities of the Corporation, all parties involved shall cooperate in good faith to resolve the dispute. If the parties cannot resolve the dispute between themselves, they shall cooperate to select one or more mediators to resolve the dispute. If no timely resolution of the dispute occurs through mediation, any party may demand binding arbitration and the dispute shall be resolved in such method.

ARTICLE VII BOARD OF DIRECTORS

- 7.1 Number The affairs of this Association shall be managed by a Board of Directors consisting of persons, all of whom must be Members of the Association. The Board shall consist of Five (5) persons. The Board will be elected by the Members.
- 7.2 Term At the annual meeting of the Association, the Members shall elect the Directors who shall hold office until the next annual election of Directors by the Members or until their successors are elected and qualified.
- 7.3 Removal Directors elected by the Members may be removed from office without cause by a majority vote of the Members of the Association.
- 7.4 Vacancies In the event of a vacancy on the Board caused by the death, resignation, or removal of a Director elected by the Members, the remaining Directors shall, by majority vote, elect a successor who shall serve for the unexpired term of the predecessor.
- 7.5 Powers and Duties The board shall have the powers and duties, and shall be subject to limitations on such powers and duties, as enumerated in the Governing Instruments of the Project.

ARTICLE VIII NOMINATION AND ELECTION OF DIRECTORS

- 8.1 Nomination Nomination for election to the Board of Directors for Directors to be elected by the Members may be made from the floor at the annual meeting of the Members or by written nomination submitted to the Board prior to the meeting.
- 8.2 Election Directors are elected at the annual meeting of Members of the Association. Members, or their proxies, may cast, in respect to each vacant directorship, as many votes as they are entitled to exercise under the provisions of these By-Laws and the Declaration. The nominees receiving the highest number of votes shall be elected.

ARTICLE IX MEETINGS OF DIRECTORS

- 9.1 Regular Meeting Regular meetings of the Board of Directors shall be held quarterly at a place within the Project and at a time as may be fixed from time to time by resolution of the Board.
- 9.2 Special Meeting Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered: Notice of a special meeting must be given to each Director not less than Three (3) days or more than Five (5) days prior to the date fixed for such meeting by written notice either delivered personally, sent by mail, or sent by telegram to each Director at the Director's address as shown in the records of the Association.
- 9.3 Quorum A quorum for the transaction of business by the Board of directors shall be a majority of the number of Directors constituting the Board of Directors as fixed by these By-Laws.
- 9.4 Voting Requirement The act of the majority of Directors. present at a meeting at which a quorum is present shall be the act of the Board of directors unless any provision of the Governing Instruments requires the vote of a greater number.
- 9.5 Open Meetings Regular and special meetings of the board shall be open to all Members of the Association; provided, however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of a quorum of the Board.
- 9.6 Executive Session The Board may, with the approval of a majority of a quorum adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, and other business of a confidential nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE X OFFICERS

- 10.1 Enumeration of Officers The Officers of this Association shall be a President and Vice-President, who shall at all times be members of the Board of Directors and a Secretary and Treasurer. The Board of directors may, by resolution, create such other offices as it deems necessary or desirable.
- 10.2 Term The officers of this Association shall be elected annually by the Board of Directors and each shall hold office for One (I) year, unless the Officer shall sooner resign, be removed, or be otherwise disqualified to serve.
- 10.3 Resignation and Removal Any Officer may resign at any time by giving written notice of the Board, the President, or the Secretary .Such resignation shall take effect at the date of receipt of the notice or at any late time specified in the notice. Any Officer may be removed from office by the Board whenever, in the Board's judgment, the best interests of the Association would be served by such removal.
- 10.4 Multiple Offices Any two or more offices. may be held by the same person, except the offices of President and Secretary.

ARTICLE XI PRESIDENT

- 11.1 Election At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect one of their number to act as President.
- 11.2 Duties The President shall:
- A. Preside over all meeting of the Members and of the Board.
 - B. Sign as President all instruments in writing that have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of a lesser Officers.
 - C. Call meetings of the Board whenever he or she deems it necessary in accordance with rules and on notice agreed to by the Board. The notice period shall, with the exception of emergencies, in no event be less than Three (3) days.
 - D. Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him or her by the Board.

ARTICLE XII VICE-PRESIDENT

- 12.1 Election At the first meeting of the Board immediately following the annual meeting of the

Members, the Board shall elect one of its Members to act as Vice-President.

12.2 The Vice-President shall:

- A. Act in the place and in the stead of the President in the event of the President's absence, inability, or refusal to act.
- B. Exercise and discharge such other duties as may be required of the Vice-President by the Board. In connection with any such additional duties, the Vice-President shall be responsible to the President.

ARTICLE XIII SECRETARY

13.1 Election At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Secretary .

13.2 Duties The Secretary shall:

- A. Keep a record of all meetings and proceedings of the Board and of the Members.
- B. Keep the seal of the Association, if any, and affix it on all papers requiring the seal.
- C. Serve notices of meetings of the board and the Members required either by law or by these By-Laws.
- D. Keep appropriate current records showing the Members of the Association together with their addresses.
- E. Sign as Secretary all deeds, contracts, and other instruments in writing that have been first approved by the Board if the instruments require a second Association signature, unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.

ARTICLE XIV TREASURER

14.1 Election At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Treasurer.

14.2 Duties The Treasurer shall:

- A. Receive and deposit in a bank or banks, as the Board may from time to time direct, all of the funds of the Association.

- B. Be responsible for and supervise the maintenance of books and records to account for the Association's funds and other Association assets.
- C. Disburse and withdraw funds as the Board may from time to time direct, in accordance with prescribed procedures.
- D. Prepare and distribute the financial statements for the Association required by the Declaration.

ARTICLE XV TRANSACTIONS OF THE CORPORATION

- 15.1 Contracts The Board of Directors may authorize any officer or agent of the Corporation to enter into a contract or execute and delivery any instrument in the name of and on behalf of the Corporation.
- 15.2 Deposits All funds of the Corporation shall be deposited to the credit of the Corporation in banks, or other depositories that the Board of Directors selects.

ARTICLE XVI BOOKS AND RECORDS

- 16.1 Maintenance Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees shall be kept at the registered office of the Corporation. A record containing the names and addresses of all Members entitled to vote shall be kept at the registered office or principal place of business of the Association.
- 16.2 The Governing Instruments of the Project, the membership register, the books of account, and the minutes of proceedings shall be available for inspection and copying by any Member of the Association or any Director for any proper purpose at any reasonable time. The Board of Directors may establish reasonable fees for copying the Corporation's books and records by members.
- 16.3 Audits Any Member shall have the right to have an audit conducted of the corporation's books. The Member requesting the audit shall bear the expense of the audit unless the Members vote to authorize payment of audit expenses. The Member requesting the audit may select the accounting firm to conduct the audit provided such firm is approved by the Board of Directors. A Member may not exercise these. rights to compel audits more than once in any calendar year.

ARTICLE XVII INDEMNIFICATION

- 17.1 When Indemnification is Required, Permitted and Prohibited
 - A. The Corporation shall indemnify a Director, Officer, committee member, employee

or agent of the Corporation, 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 Corporation. However, the Corporation shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Corporation's best interest. In the case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe the conduct was unlawful. The corporation shall not indemnify a person who is found liable to the Corporation 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 no-contest or its equivalent does not necessarily preclude indemnification by the Corporation.
- C. The Corporation shall pay expenses incurred by an officer, Director, committee member, employee or agent of the corporation in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Corporation when the person is not named defendant or respondent in the proceeding.
- D. The Corporation may provide indemnification to the extent permitted by law. However, the Corporation shall not indemnify any person in any situation in which indemnification is prohibited by Paragraph 17.01(a).
- E. Before the final disposition of a proceeding, the Corporation may pay indemnification expenses permitted by the By-Laws and authorized by the Corporation. However, the Corporation shall not pay indemnification expenses to a person before final disposition of a proceeding if: the person is a named defendant or respondent in a proceeding brought by the Corporation or the person is alleged to have improperly received a personal benefit or committed other wilful or intentional misconduct.
- F. If the Corporation may indemnify a person under the By-laws, the person may be indemnified against judgments, penalties, 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 Corporation, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

17.2 Procedures Relating to Indemnification Payments

- A. Before the corporation may pay any indemnification expenses (including attorney's fees) the Corporation shall specifically determine that indemnification is permissible, authorize indemnification and determine that expenses that are to be reimbursed are reasonable, except as provided in Paragraph 17.2(c) below. The Corporation may make these determinations and decisions by anyone 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) Determination by special legal counsel selected by the Board of Directors by vote as provided in paragraph (17.02(a)(I).
- B. The Corporation shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner it determines whether indemnification is permissible.
- C. The Corporation shall pay indemnification expenses before final disposition of a proceeding only after the Corporation determines that the facts then known would not preclude indemnification and the Corporation 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 Paragraph 17.2(a) above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under the by-Laws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Corporation 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 unless required by the Board in the same manner under Paragraph 17.2(a) above and it may be accepted without reference to financial ability to make repayment.

ARTICLE XVIII NOTICES

- 18.1 Notice by Mail Any notice required or permitted by the By-Laws to be given may be given by mail or by personal delivery .If mailed, a notice shall be deemed to be delivered when deposited in the United States Mail addressed to the person at his or her address as it appears on the records of the Corporation, without postage prepaid. If given by personal delivery when delivered to the person at the address as it appears on the records of the Corporation. A person may change his or her address by giving written notice to the Secretary of the Corporation.
- 18.2 Signed Waiver of Notice Whenever any notice is required to be given under the provisions

of the Act or under the provisions of the By-Laws, a waiver in writing signed by the person entitled to notice shall be deemed to be equivalent to the giving of notice. A waiver of notice shall be effective whether signed before or after the time stated in the notice being waived.

- 18.3 Waiver of Notice by Attendance The attendance of a person at a meeting shall constitute a waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE XIX

- 19.1 Amendment of By-Laws These By-Laws may be amended, altered, or repealed at a regular or special meeting of the Members of the Association by the affirmative vote in person or by proxy of Members representing a majority of a quorum of the Association or by the Board of Directors. Notwithstanding the above, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

ARTICLE XX MISCELLANEOUS PROVISIONS

- 20.1 Legal Authorities Governing Construction of By-Laws The By-Laws shall be construed in accordance with the laws of the State of Texas. All references in the By-Laws to statutes, regulations or other sources of legal authority shall refer to the authorities cited or their successors, as they may be amended from time to time.
- 20.2 Legal Construction If any By-Law provision is held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability shall not affect any other provision and the By-Laws shall be construed as if the invalid, illegal or unenforceable provision had not been included in the By-Laws.
- 20.3 Headings The headings used in the By-Laws are used for convenience and shall not be considered in construing the terms of the By-Laws.
- 20.4 Gender Wherever the context requires, all words in the By-Laws in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural and all plural words shall include the singular.
- 20.5 Parties Bound The By-Laws shall be binding upon and inure to the benefit of the members, directors, officers, employees and agents of the Corporation and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as otherwise provided in the By-Laws.

Certificate of Secretary

I certify that I am the duly elected and acting Secretary of Tonila Square OWNERS ASSOCIATION, INC., and that the foregoing by laws constitute the By-Laws of the Corporation. These By-Laws were duly adopted at a meeting of the Board of Board of Directors held on the _____ day of _____, 20_____.


Secretary