

Corporate bylaws-Longer form standard bylaws

PREVIEW

1. The bylaws are a more detailed set of rules for the governance of the corporation - a sort of "owners' manual" for the shareholders.

2. The bylaws are adopted by, and can be amended by, a majority of the board unless the Certificate otherwise specify. A greater-than-majority vote for amendment of the bylaws (whether by shareholders or the board of directors) may be used to protect minority interests

3. The definition of a quorum at a shareholders meeting has been expanded. The reference to treasury shares and shares held in a fiduciary capacity have been deleted from the definition of voting stock.

4. The form bylaws provide for telephone meetings

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5. The bylaws will usually contain references to the:

- a. principal place of business of the corporation;
- b. meetings of shareholders (covering such subjects as notice of meetings, meeting times and places, voting, and the like);
- c. directors (number, qualifications, election, terms, removal, meetings, and the like);
- d. officers and agents (and their respective duties);
- e. stock certificates (issuance, payment, lost, stolen or destroyed certificates, and the like); and
- f. general provisions (dividends, accounts, books and records, seal, amendment of bylaws, and the like).

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6. Control is affected by the bylaws in that, for example, the board of directors is governed by them. However, control will not be affected if the bylaws can be readily amended. Conversely, provisions affecting the method of amendment of the bylaws can be used to affect control (the Certificate are the overriding source of this control, however).

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7. The formation of a small, "routine" corporation often involves a great deal of standard verbiage in the bylaws, much of which merely restates the applicable provisions of the Texas Business Organizations Code.

8. Bylaws usually require of the directors only two principal decisions: The choice of the corporation's bank and fiscal year. Article 8.6 of the long form circumvents one of these decisions by allowing the board to choose the bank at a later time. Many corporations do not select December 31 as their fiscal year because it may be advantageous for tax reasons to select

another month, and because the corporation's accounts may have insufficient time at that time of year to completely review the corporate affairs and make a timely filing of the corporate federal tax return.

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9. Corporate law allows one person to serve as both the president and secretary. It is, however, common practice among some practitioners to have the bylaws require that the Secretary and President be different persons.

10. The reason for this requirement is that the corporation may be better served by requiring two separate persons sign and approve Corporate Minutes, Resolutions and other actions which are signed by the secretary and president.

11. If only one person has both offices of Secretary and President, that person may be able to exercise greater control over the corporation than the other shareholders, officers or directors may desire.

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12. There are situations where there is less concern for conflict of interest when the corporation is owned by one or more individuals. Then there may not be a reason to have two separate persons. In this situation, for convenience, it may then be desirable to have one person assume both offices of president and secretary.

13. Standard Form: The standard form corporate bylaws contains the following elements:

a. Article 1 states the name of the registered office;

b. Article 2 provides for shareholders' meetings, time of the annual meeting, notice of the annual meeting, requirements for holding special meetings, establishment of a quorum and voting rights, proxies, consent of absentees and actions without meetings;

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c. Article 3 provides for the powers of directors, number and qualifications of directors, election and term of office, vacancies, removal, place of meetings, regular and special meetings, quorum and actions taken without a board meeting, adjournment of meeting, conduct of meeting, compensation, and indemnification of directors;

d. Article 4 provides for the title and appointment of officers, as well as the powers and duties of officers;

e. Article 5 provides for the execution of instrument by directors;

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f. Article 6 provides for the issuance and transfer of shares;

g. Article 7 provides for inspection of books and records;

h. Article 8 provides for the amendment of the Bylaws.

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14. Long Form: The long form goes into more detail about the functions of the corporation and its officers; the long form is not required but is prepared by many corporate attorneys.

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a. Long form bylaws such as those that follow should not be used for the professional corporation because the directors in a professional corporation are organized; other than that, the bylaws are the same or similar to the standard form bylaws in § 3:34.

b. The following items are included in the long form bylaws:

i. The purposes of incorporation;

ii. The address of the principal office;

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iii. The board of directors and procedure for board of directors' meetings;

iv. Information applicable to the corporation's officers including the duties of the president, vice-president, secretary, treasurer, assistant secretaries and assistant treasurers;

v. Information applicable to shareholders; including the annual and special meetings, notice and quorum requirements, voting of shares and proxy requirements;

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vi. Books and accounts of the corporation;

vii. Capital stock, stock certificates, transfers, issuance of certificates; dividends, records, dates and closings of the transfer books;

viii. Miscellaneous provisions, such as the fiscal year, corporate seal, waiver and notice provisions, resignation by directors, securities by other corporation, depositories, signing of checks, definitions;

ix. The corporate seal;

x. Voting requirements to pass amendments to the bylaws.

15. Electronic transmissions may be utilized to carry out corporate functions. This includes notice, voting, proxies and meetings.

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This is reflective of the expanded use of teleconferencing, internet conferencing/communication, and facsimiles.

When using electronic transmissions for notice, it must be with the approval of the shareholder and should not attempt to provide notice by electronic transmission (all the sender must use alternative means of notice).

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When the corporation receives information by electronic transmission, as in voting and proxies, the corporation must require that within or accompanying the electronic transmission there is information whereby the corporation can authenticate the identity of the sender.

The use of electronic transmission for meetings will still require that the minutes of the meetings can be reduced to written form.

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BYLAWS

1. PURPOSES

1.1 The purposes for which this Corporation is incorporated are those set forth in the Certificate of Formation.

2. PRINCIPAL OFFICE

2.1 The place where the principal business of the corporation will be transacted is [address], or such other place as designated by the board of directors.

2.2 The corporation may also have other offices at such other places or locations within or without the State of Texas as the board of directors, upon resolution, may determine.

2.3 The registered office of the Corporation and its initial registered agent are as set forth in the Certificate of Formation.

3. BOARD OF DIRECTORS

3.1 Number and Qualifications of Directors. The corporate powers, business and property of the association shall be conducted, controlled and managed to the extent authorized by law and by the Certificate of Formation and these Bylaws by a board of [number] directors.

a. Number of Directors. The number of directors shall be _____ but the number of directors may be increased or decreased (provided such decrease does not shorten the term of any incumbent director) from time to time by amendment to the Bylaws of the corporation, provided however, that the number of directors shall never be less than _____.

b. The whole board of directors shall consist of [number] members who need be neither a resident of the State of Texas nor a shareholder of the corporation. The directors shall be elected at the annual meeting of the shareholders, and each shall serve until [his or her] successor shall have been elected and qualified. The number of directors may be increased or decreased from time to time by amendment to these Bylaws but no decrease shall have the effect of shortening the term of any incumbent director. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual or special meeting of shareholders.

3.2 Election of Directors. At the first annual meeting of the members of this corporation, directors shall be elected to succeed the incorporation directors. Each director shall hold office until the next annual meeting of shareholders and until [his or her] successor shall have been

elected and qualified. All directors shall be elected by secret ballot, and the nominees receiving the greatest number of votes shall be elected.

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3.3 Vacancies. Whenever a vacancy occurs in the board of directors other than from the expiration of a term of office, the remaining directors shall appoint a shareholder of the corporation to fill the vacancy for the remaining unexpired term of office.

3.4 Board Meetings. A regular meeting of the board of directors shall be held without call or notice immediately after and at the same place as the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place, either within or without the State of Texas, for the holding of additional regular meetings without other notice than such resolution.

3.5 Special Board Meetings. Special meetings of the board shall be held upon call of the president or upon the written request of at least [number] members of the board. Notice of any special meeting shall be given at least [number] days previous thereto by written notice delivered personally or mailed to each director at this business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice of such meeting.

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3.6 Quorum. A majority of the number of directors fixed by Paragraph 3.1 of this Article shall constitute a quorum for the transaction of business at any meeting of the board of directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

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3.7 Depository. The board of directors shall have the power from time to time to select one or more banks to act as depositories of the funds of the association, to determine the manner of receiving, depositing, and disbursing the funds of the association, the form of checks to be used, and the person or persons who shall be authorized to sign such checks.

3.8 Employees. The board of directors shall have the power to employ or to authorize the employment of a president and such other offices and employees as may be deemed necessary, to prescribe the duties thereof, and to fix their compensation.

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3.9 Bonds. The board of directors may require all officers, employees and agents of the corporation handling funds or property belonging to or in the possession or under the control of the corporation to furnish the corporation with a satisfactory bond of indemnity, indemnifying the corporation and its members against any fraudulent, dishonest or unlawful act on the part of such officers and employees. Such bonds shall be furnished by a responsible bonding company and shall be approved by the board of directors.

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3.10 Removal. The directors of the corporation, and each of them, may be removed from office from time to time and at any time with or without cause, by the shareholders entitled to vote, at any meeting thereof at which a quorum is present, by the vote of a majority of the votes of the shareholders present in person or by proxy and entitled to vote thereat; and any vacancy or vacancies in the board resulting therefrom may be filled by the remaining directors, though less than quorum, or by the shareholders, whichever shall first act thereon.

3.11 Offices and Records. The directors may have or establish one or more offices of the corporation and keep the books and records of the corporation, except as otherwise provided by statute, in such place or places in the State of Texas or outside the State of Texas, as the board of directors may from time to time determine.

3.12 Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors at which a decision on any corporate matter is taken shall be presumed to have assented to the action unless such person's dissent shall be entered in the minutes of the meeting before adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right of dissent shall not apply to a director who voted in favor of such action.

3.13 Compensation. Directors, as such, shall not be entitled to receive any fixed sums or stated salaries for their services, but, by resolution of the board, a fixed sum and reasonable expenses of attendance at the meetings of the board, may be provided and allowed, provided that nothing herein contained shall, or shall be construed so as to, preclude any director from serving the corporation in any other capacity or receiving compensation therefore. Members of special or standing committees may be allowed a fixed sum and expenses of attendance, if any, at committee meetings.

3.14 Non-liability of Directors and Officers in Certain Cases. No director or officer or member of the executive committee shall be liable for acts as such if executed from liability under any present or future provision or provisions of the Texas Business Organizations Code; and, in addition, to the fullest extent now or hereafter permitted by the Texas Business Organizations Code, each officer or director or member of the executive committee shall, in the discharge of any duty imposed or power conferred upon [him or her] by the corporation, be fully protected if, in the exercise of ordinary care, such officer, director, or member of the executive committee acted in good faith and in reliance upon the written opinion of any attorney of the corporation, the books of account or reports made to the corporation by any of its officials or by an independent certified public accountant, or by an appraiser selected with reasonable care by the board of directors or by such committee, or in reliance upon other records of the corporation.

3.15 Indemnification of Directors and Officers. Each director, officer, former director, and former officer of this corporation and each person who may have served at its request as a director or officer of another corporation in which it owned shares of capital stock or of which is a creditor, shall be and hereby is, indemnified by the corporation against liabilities imposed upon such director or officer and against expenses actually and reasonably incurred in connection with any claim made against such person or held for one of any action, suit, or proceeding to which such person is or may be made a party by reason of being or having been such director or

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officer, and against such sums as independent counsel selected by the board of directors shall deem reasonable payment made in settlement of any such claim, action, suit, or proceeding primarily with a view of avoiding expenses of litigation, provided, however, that no director or officer shall be indemnified with respect to matters as to which that person shall be adjudged in such action, suit, or proceeding to be liable for negligence or misconduct in performance of duty, or with respect to any matters which shall be settled by the payment of sums which counsel selected by the board of directors shall not deem reasonable payment, made primarily with a view to avoiding expenses of litigation, or with respect to matters for which such indemnification shall be in addition to, but shall not exclude, any other rights to which directors or officers may be entitled.

4. OFFICERS

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4.1 Principal Officers. The officers of the corporation shall be chosen by the board of directors. The officers shall be a president, a secretary, a treasurer, and such number of vice-presidents, and such number of assistant secretaries and assistant treasurers, as the board may from time to time determine or elect. Any person may hold two or more offices at the same time, except that the president and secretary shall not be the same person.

4.2 Additional Officers. The board may appoint such other officers, agents, and factors as it shall deem necessary.

4.3 Terms of Officers. Each officer shall hold office until a successor shall have been duly elected and qualified or until death or until resignation or removal in the manner hereinafter provided.

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4.4 Removal. Any officer or agent or member of the executive committee elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

4.5 Vacancies. A vacancy in the office of any officer may be filled by the vote of a majority of the directors then in office for the unexpired portion of the term for the person with respect to which a vacancy has occurred, in each instance.

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4.6 Powers and Duties of Officers. The officers so chosen shall perform the duties and exercise the powers expressly conferred or provided for by these bylaws, as well as the usual duties and powers incident to such office, respectively, and such other duties and powers as may be assigned to them from time to time by the board of directors or by the president.

4.7 Chairman of the Board. The board of directors may select from among its members a chairman of the board who may, if so selected, preside at all meetings of the board of directors and approve the minutes of all proceedings thereat, and who shall be available to consult with and advise the officers of the corporation with respect to the conduct of the business and affairs of the corporation.

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4.8 The President. The president, subject to the control of the board of directors, shall be the chief executive officer of the corporation and shall have general executive charge, management, and control of the affairs, properties, and operations of the corporation in the ordinary course of its business, with all such duties, powers, and authority with respect to such affairs, properties, and operations as may be reasonably incident to such responsibilities: the president may appoint or employ and discharge employees and agents of the corporation and fix their compensation; make, execute, acknowledge, and deliver any and all contracts, leases, deeds, conveyances, assignments, bills of sale, transfers, releases, and receipts, any and all mortgages, liens, and hypothecations, and any and all bonds, debentures, and notes, and any and all other obligations and encumbrances and any and all other instruments, documents, and papers of any kind or character for and on behalf of and in the name of the corporation; and, with the secretary or an assistant secretary, may sign all certificates for shares of the capital stock of the corporation. The president shall also perform such other duties and have such additional authority and powers as from time to time may be assigned to or conferred upon the president by the board of directors.

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4.9 Vice-Presidents. In the absence of the president or in the event of the president's disability or refusal to act, the vice-president (or in the event there be more than one vice-president, the vice-presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Any vice-president shall perform such other duties as from time to time may be assigned by the president or by the board of directors of the corporation. Any action taken by a vice-president in the performance of the duties of the president shall be conclusive of the absence or inability to act of the president at the time such action was taken.

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4.10 Treasurer. The treasurer shall have custody of all the funds and securities of the corporation which come into [his or her] hands. When necessary or proper, the treasurer may endorse on behalf of the corporation, for collection, checks, notes, and other obligations and shall deposit the same to the credit of the corporation in such bank or banks or depositories as shall be selected or designated by or in the manner prescribed by the board of directors. The treasurer may sign all receipts and vouchers for payments made to the corporation, either alone or jointly with such officer as may be designed by the board of directors. Whenever required by the board of directors, the treasurer shall render a statement of the cash account. The treasurer shall enter or cause to be entered, punctually and regularly, on the books of the corporation to be kept by the treasurer or under the treasurer's supervision or director for that purpose, full and accurate accounts of all moneys received and paid out by, for, or on account of the corporation. The treasurer shall at all reasonable times exhibit such books and accounts and other financial records to any director of the corporation during business hours. The treasurer shall have other powers and duties as may be conferred upon or assigned by the board of directors. The treasurer shall perform all acts incident to the position of treasurer subject always to the control of the board of directors, and shall, if required by the board of directors, give a bond for the faithful discharge of the duties in a form and amount as the board of directors may require.

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4.11 Assistant Treasurers. If a treasurer and treasurer shall have the usual powers and duties pertaining to such office, together with such other powers and duties as may be conferred upon

or assigned by the board of directors. The assistant treasurer shall have and exercise the powers of the treasurer during that officer's absence or inability to act.

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4.12 Secretary. The secretary (1) shall keep the minutes of all meetings of the board of directors and the minutes of all meetings of the shareholders, in books provided for that purpose, (2) shall attend to the giving and servicing of all notices, (3) may sign with the president or a vice-president in the name of the corporation and/or attest the signature of either to all contracts, conveyances, transfers, assignments, encumbrances, authorizations, and all other instruments, documents, and papers, of any and every description whatsoever, of or executed for or on behalf of the corporation and affix the seal of the corporation thereto, (4) may sign with the president or a vice-president all certificates for shares of the capital stock of the corporation and affix the corporate seal of the corporation thereto, (5) shall have charge of and maintain and keep or supervise and control the maintenance and keeping the stock certificate books, transfer books and stock ledgers, and such other books and papers as the board of directors may authorize, direct, or provide for, all of which shall at all reasonable times be open to the inspection of any director, upon request, at the office of the corporation during business hours, (6) shall in general perform all the duties incident to the secretary, and (7) shall have such other powers and duties as may be conferred upon or assigned by the board of directors; subject always to the control of the board of directors.

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4.13 Assistant Secretaries. Each assistant secretary shall have the usual powers and duties pertaining to such office, together with such other powers and duties as may be conferred upon or assigned by the board of directors or the secretary. The assistant secretaries shall have and exercise the powers of the secretary during that officer's absence or inability to act.

4.14 Securities of Other Corporations. The president or any vice president or secretary or treasurer of the corporation shall have power and authority to transfer, endorse for transfer, vote, consent, or take any other action with respect to any securities of another issuer which may be held or owned by the corporation and to make, execute, and deliver any waiver, proxy, or consent with respect to any such securities.

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5. SHAREHOLDERS

5.1 Annual Meeting. The annual meeting of the shareholders shall be held on the first Tuesday, in [address], in each year, at [time] if not a legal holiday, and if a legal holiday, then at the same hour of the day on the next succeeding business day.

a. The annual meeting shall be held for the purpose of electing directors and for the transaction of any and all such other business as may properly be brought before or submitting to this meeting. Any and all business of any nature or character whatsoever may be transacted, and any action may be taken thereon, at any annual meeting, except as otherwise provided by law or by these Bylaws.

b. Each annual meeting of the shareholders, respectively, shall be held at the registered office of the corporation, or a suitable place within or without the State of Texas as may be determined by the board of directors. However, any annual meeting may be held at any place

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within or without the State of Texas designated in a waiver or waivers of notice signed by, or in the aggregate signed by, all of the shareholders.

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5.2 Special Meeting. Special meetings of the shareholders shall be held at such time and place within or without the State of Texas as may be determined by the board of directors or as designated in a waiver or waivers of notice signed by, or in the aggregate signed by, all of the shareholders.

a. Special meetings of the shareholders of any purpose or purposes, unless otherwise prescribed by statute or by law or by the Certificate of Formation of the corporation, may be called by the president or by a vice-president or by the board of directors or by the then holders of at least ten percent (10%) of the then issued and outstanding voting shares of the capital stock of the corporation entitled to be voted at such meeting, and shall be called by the president or secretary at the request in writing of a majority of the board of directors at the request in writing of shareholders owning as much as twenty-five percent (25%) in amount of the entire capital stock of the corporation, or of any class if there be more than one class, issued and outstanding and entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

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5.3 Notice of Shareholder's Meeting. Written or printed notice stating the place, day and hour of each meeting of the shareholders, and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days no more than fifty (50) days before the date of the meeting either personally or by mail, by or at the direction of the president, a vice-president, the secretary, or the officer or person or persons calling the meeting, to each shareholder 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, postage prepaid, addressed to the shareholder at their respective addresses appearing in the stock transfer books of the corporation.

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5.4 Quorum of Shareholders. The holders of _____ percent (_____%) of the shares issued and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of shareholders for the transaction of business except as otherwise provided by statute or by the Certificate of Formation. The vote of the holders of _____ percent (_____%) of the shares entitled to vote and thus represented at a meeting at which a quorum is present shall be that of the shareholders' meeting, unless the vote of a greater number is required by law, the Certificate of Formation, or these Bylaws.

5.5 Adjournments of Annual and Special Meetings of the Shareholders. If the holders of the amount of stock necessary to constitute a quorum shall fail to attend any meeting of the shareholders in person or by proxy, and entitled to vote thereat, may adjourn any such meeting from time to time without notice, other than by announcement at the meeting, until holders of the amount of stock requisite to constitute a quorum shall be present at the particular meeting or at any adjournment or adjournments thereof, in person or by proxy. The holders of a majority of the votes of the shareholders present, in person or by proxy, and entitled to vote at any meeting, may also adjourn any annual or special meeting of the shareholders from time to time and without notice (other than by announcement at the meeting) of the time and place at which the meeting will reconvene, until the transaction of any and all business submitted or proposed to be

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submitted to such meeting or any adjournment or adjournments thereof shall have been completed. At any such adjourned meeting at which a quorum is present, in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally notified or called.

5.6 Meetings of the Shareholders. The president of the corporation, or in the event of the president's absence, omission, or refusal to so act, a vice-president of the corporation, shall call each meeting of the shareholders to order and shall act as chairman of such meeting.

a. The Secretary of the Corporation, or in the event of the Secretary's absence, omission, or refusal to act, an assistant secretary, shall act as secretary of each meeting of the shareholders. If for any reason whatever neither the secretary nor an assistant secretary acts or will act as secretary of the meeting of shareholders, then the chairman of the meeting or, if the chairman fails to do so, the shareholders present, either in person or by proxy, and entitled to vote thereat may by majority vote appoint any person to act as secretary of the meeting and such person shall act as secretary of the meeting.

5.7 Attendance and Proxies. Each shareholder entitled to vote at the particular shareholders' meeting may attend such meeting and vote in person or may attend such meeting by proxy, and vote on such proxy, appointed by instrument in writing subscribed by the shareholder or by such shareholder's duly authorized agent or attorney-in-fact and filed with the Secretary of the Corporation before or at the time of the particular meeting, and the attendance or the vote at any such meeting of a proxy of any such shareholder so appointed shall for all purposes be considered as the attendance or vote in person of such shareholder. No proxy shall be valid after eleven (11) months from the date of its execution unless a longer period is expressly 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.

5.8 Voting of Shares. At each meeting of the shareholder, each outstanding share, regardless of class, standing in the shareholder's name on the stock and transfer books and records of the Corporation, and entitled to vote thereat, shall be entitled to vote one (1) vote and excepting only as may be otherwise provided or required by laws, on each matter submitted to a vote at such meeting, unless the voting rights of the shares of any class or classes are increased, limited, or denied by the Certificate of Formation as permitted by law. Treasury shares, shares of the Corporation's own stock owned by another corporation the majority of the voting stock of which is owned or controlled by the Corporation, and shares of its own stock held by a corporation in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

a. At each election for directors by the shareholders, every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares of the capital stock of the Corporation owned by such shareholder for each of as many candidates as are to be elected and for whose election such shareholder has a right to vote, subject to any variation in voting rights per share which may be set out in the Certificate of Formation.

(Cumulative voting of shares of capital stock of the Corporation was not provided in the Certificate of Formation of the Corporation.)

5.9 Voting of Shares Owned by Another Corporation. Shares of stock of this Corporation standing in the name of another corporation, domestic or foreign, on the books and records of this Corporation and having voting rights may be voted by such officers, agent, or proxy as the Bylaws of such other corporation may authorize, or, in the absence of such authorization, as the Board of Directors of such other corporation may determine, subject to such provisions of the Texas Business Organizations Code, as may be applicable in any instance.

5.10 Shares Held by Fiduciaries, Receivers, Pledges. Shares held by an administrator, executor, guardian, or conservator may be voted by such person so long as such shares forming a part of an estate are in the possession and forming a part of the estate being served by such person, either in person or by proxy, without a transfer of such shares into such person's name. Shares standing in the name of a trustee may be voted by such trustee, either in person or by proxy, but no trustee shall be entitled to so vote unless such shares shall have been transferred into the Trustee's name as trustee. Shares standing in the name of a receiver on the books and records of this Corporation may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without such shares being transferred into such receiver's name, if appropriate authority so to do be contained in an appropriate order of the Court by which such receiver was appointed. A shareholder whose shares are pledged shall be entitled to vote such share until such shares have been transferred on the books and records of the Corporation into the name of the pledgee, unless in the transfer of the pledgor on the books and records of the Corporation, the pledgor shall have expressly empowered the pledgee to vote such shares, and thereafter the pledgee shall be entitled to vote the share so transferred.

5.11 Decisions at Meetings of Shareholders. At all meetings of the shareholders all questions, business, and matters, except those the nature of deciding which is otherwise expressly governed by the Texas Business Organizations Code or by the Certificate of Formation or by these Bylaws, shall be decided by the vote of the holders of _____ percent (_____%) of the shareholders of the corporation present in person or by proxy, and entitled to vote, a quorum being present. All voting shall be by voice except that upon the determination of the officer or person presiding at the meeting the voting may be voted upon by use of ballots. In the event any business, question, or matter is so voted upon by ballot, then each ballot shall be signed by the shareholder voting or by such voter's proxy and shall state the number of shares so voted.

5.12 List of Shareholders. A complete list of shareholders entitled to vote at each shareholders' meeting or any adjournment thereof, arranged in alphabetical order, with the address of and a number of shares held by each, shall be prepared by the Secretary and kept on file at the registered office of the Corporation and subject to inspection by any shareholder.

5.13 Record Date. The Board of Directors shall have the power to close the stock transfer books of the Corporation or, in lieu thereof, to fix a record date for the determination of the shareholders entitled to notice of or to vote at any meeting of the shareholders and at any adjournment or adjournments thereof and to fix a record date for any other purpose or purposes as provided in Section 6.06 of Article 7 of the Bylaws.

5.14 Action Without Meeting. Action may be taken by the shareholders without a meeting if each shareholder entitled to vote signs a written consent to the action and such consents are filed with the Secretary of the Corporation.

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6. BOOKS, DOCUMENTS AND ACCOUNTS

6.1 The Board of Directors shall have power to keep the books, documents, and accounts of the Corporation outside the State of Texas, except that a record of its shareholders, giving the names and addresses of all shareholders and the number and class of shares held by each, shall be kept at its registered office or principal place of business or at the office of its transfer agent or registrar and the original or a duplicate stock ledger shall at all times be kept within the State of Texas.

6.2 Open to Inspection. All books and records provided by statute shall be open to inspection by the shareholders. The directors may examine such books and records at all reasonable times.

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7. CAPITAL STOCK

7.1 Stock Certificates. The certificates for shares of the capital stock of the Corporation shall be in such form as shall be approved by the Board of Directors. They shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued and shall exhibit the holder's name and the number of shares. Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by the President, or a Vice-President, and the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares such person owns in the Corporation with the seal of the Corporation or a facsimile thereof impressed or printed thereon. Where any such certificate is countersigned by a transfer agent, or registered by a registrar, either of which is other than the Corporation itself or an employee of the Corporation, the signatures of the President or Vice-President and the Secretary or Assistance Secretary upon a certificate may be facsimiles, engraved or printed. In case any office or officers who shall have signed, or whose facsimile signature or signatures shall have been used or placed on any such certificate or certificates shall have ceased to be such officer or officers of the Corporation, whether because of death, resignation, or otherwise, before such certificate is, or such certificates are, issued, such certificate or certificates or whose facsimile signature or signatures have been used thereon was or were such officer or officers at the time of issuance thereof, and with the same effect as if [he or she] or they were such officer or officers at the date of issuance thereof.

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7.2 Transfers. Stock of the Corporation shall be transferable in the manner prescribed by the laws of the State of Texas and in these Bylaws. Transfers of stock shall be made on the books of the Corporation only by the person named in the certificate, or by that person's attorney or attorneys-in-fact, legal representative, or legal representatives, duly and lawfully authorized in writing, and upon the surrender of the certificate therefore, which shall be canceled before the new certificate, or certificates in the aggregate, for a like number of shares shall be issued.

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7.3 Registered Holders. The Corporation shall be entitled to require a person in whose name any share or stock or any warrant, right, or option is registered as the owner thereof for all

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purposes and shall not be bound to recognize any equitable or other claim to, or interest in, such share, warrant, right or option of the part of any other person, whether or not the Corporation shall have notices thereof, save any may be expressly provided otherwise by the laws of the State of Texas.

7.4 New Certificates. The Corporation may, in its sole discretion, issue a new certificate for shares of its stock in the place of any certificate theretofore issued by it, alleged to have been lost or destroyed, and the Board of Directors may, in its discretion, require the owner of the lost or destroyed certificate, or the owner's legal representative or representatives, to give the Corporation such statement under oath or other evidence of such loss or destruction as the Board may desire, and a bond in form, amount, and with such surety or sureties as the Board of Directors may prescribe or determined, and sufficient, in the sole judgment of the Board, to indemnify and protect the Corporation against any and all claims, liabilities, costs, and expenses that may be made or asserted against it or which it may suffer or incur or pay, on account of the alleged loss of any such certificate or the issuance of such new certificate. A new certificate may be issued without requiring any bond when in the sole discretion of the Board, it is proper so to do.

7.5 Dividends. The Board of Directors may declare dividends if, as, and when the Board deems expedient and as may be permitted by law and under the provisions of the Texas Business Organizations Code. Before declaring any dividend there may be reserved out of the earned surplus such sum or sums as the Board of Directors from time to time, in the absolute discretion of the directors, deems proper for working capital or as a reserve fund to meet contingencies or for equalizing dividends, or for such other purposes as the Board may deem conducive to the interests of the Corporation, and the Board may abolish any such reserve in the manner in which it was created.

7.6 Record Dates and Closing of Transfer Books. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the Corporation may provide that the stock transfer books shall be closed for a period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty (50) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholder entitled to receive payment of a dividend, the date on which the notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

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7.7 Regulations. The Board of Directors shall have power and authority to make all such rules and regulations as they may deem expedient concerning the issue, transfer, and registration or the replacement of certificates for shares of the capital stock of the Corporation.

8. MISCELLANEOUS PROVISIONS

8.1 Fiscal Year. The fiscal year of the Corporation shall be such as the Board of Directors shall, by resolution, provide or establish or such as the President shall determine subject to approval of the Board.

8.2 Seal. The seal of the Corporation shall be in form as the Board of Directors shall prescribe, and may be used by causing it or a facsimile thereof to be impressed, or affixed, or printed, or reproduced or in any other manner.

8.3 Notice and Waiver of Notice. Whenever any notice whatever is required to be given to any shareholder or director under the provisions of the Texas Business Organizations Code or under the provisions of these Bylaws or the Certificate of Formation of this Corporation, the notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person or persons entitled thereto at their post office addresses, respectively, as same appear on the books or other records of the Corporation, and such notice shall be deemed to have been given on the day of such mailing, but the notice shall also be deemed to be on the day of such mailing, but the notice shall also be deemed to be sufficient and to have been given and received if given in any other manner or by any other means authorized or provided for elsewhere in these Bylaws. A waiver or waivers of notice, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

8.4 Resignations. Any director or officer may resign at any time. Each such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time be specified, at the time of its receipt by either by the Board of Directors or the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

8.5 Securities of Other Corporations. The President or any Vice-President of the Corporation shall have power and authority to transfer, endorse for transfer, vote, consent, or take any other action with respect to any securities or another issuer which may be held or owned by the Corporation and to make, execute, and deliver any waiver, proxy, or consent with respect to any such securities.

8.6 Depositories. Funds of the Corporation not otherwise employed shall be deposited from time to time in such banks or other depositories as either the Board of Directors or the President or the Treasurer may select to approve.

8.7 Signing of Checks, Notes, etc. In addition to and cumulative of, but in no wise limiting or restricting, any other provision or provisions of these Bylaws which confer any authority relative thereto, all checks, drafts, and other orders for the payment of money or monies out of funds of

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the Corporation and all notes and other evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation, in such manner and by such officer or officers, person or persons, as shall from time to time be determined or designated by or pursuant to resolution or resolutions of the Board of Directors; provided, however, that if, when, after, and as authorized or provided for by resolution or resolutions of the Board of Directors the signature or signatures of any such officer or officers, person or persons, may be facsimile or facsimiles, engraved or printed, and shall have the same force and effect and bind the corporation as though such officer or officers, person or persons, had signed the same personally, and, in event of the death, disability, removal, or resignation of any such officer or officers, person or persons, as though and with the same effect as if such death, disability, removal, or resignation had not occurred.

8.8 Persons. Wherever used or appearing in these Bylaws, the singular shall include the plural wherever appropriate.

8.9 Laws and Statutes. Wherever used or appearing in these Bylaws, the words "law", "laws", "statute", and "statutes", shall mean and refer respectively, to laws and statutes, or a law or a statute, of the State of Texas, to the extent only that such is or are expressly applicable, except where otherwise expressly stated or the context requires that such words not be so limited.

9. AMENDMENTS

9.1 These Bylaws may be amended or altered at any regular or special meeting of the members by the affirmative vote of a minimum of fifty percent (50%) of the holders of the common stock present and voting. No amendment to the Bylaws shall be passed, however, unless notice in writing to the effect that the same will be voted upon has been mailed to the address of each holder of common stock of the Corporation.

Adopted by the Board of Directors on _____.

Adopted by the Board of Directors on _____.

Director

Director

THANK YOU
Director

President

ATTEST:

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Secretary
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[Affix corporate seal]

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