

**BYLAWS
OF
GRANBURY OLDE TOWN HOMEOWNERS ASSOCIATION, INC.**

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ARTICLE 1 **GENERAL**

Granbury Olde Town Homeowners Association, Inc, a Texas non-profit corporation (the "Association") is the "Association" described in the Declaration of Covenants, Conditions and Restrictions (as from time to time amended, the "Declaration") pertaining to "Olde Town at the Square", an addition to the City of Granbury, Hood County, Texas, according to the Plat recorded in Cabinet B Slides 260 of the Plat Records of Hood County, Texas, (as from time to time amended, the "Plat"). For convenience, several of the provisions of the Declaration will be repeated or summarized within these Bylaws. The remaining terms and provisions of these Bylaws are intended to complement and supplement the Declaration. In the event of any conflict or ambiguity between the Declaration and these Bylaws and unless otherwise required by law, the terms and conditions of the Declaration shall control and govern.

ARTICLE 2 **NAME, DEFINITIONS, MEMBERSHIP AND VOTING RIGHTS**

Section 2.1 Name The name of the Association shall be GRANBURY OLDE TOWN HOMEOWNERS ASSOCIATION, INC. The Association is a Texas non-profit corporation.

Section 2.2 Definitions Certain words used in these Bylaws shall have the same meaning as set forth in the Declaration, some of which are set forth below either in their entirety or in an abridged format.

- **Act** - the Texas Non-Profit Corporation Act, as amended from time to time.
- **Articles** - the Articles of Incorporation of the Association (together with any amendments and restatements) on file in the Office of the Texas Secretary of State.
- **Board** - the Board of Directors of the Association.
- **Bylaws** - these Bylaws of the Association, as adopted and amended from time to time in accordance with the provisions of the Act, the Articles and the Declaration.
- **CCR Lien** - the lien described within the Declaration.
- **Common Area** - any and all areas of land within the Subdivision which are known, described or designated as common areas, which are intended for or devoted to the common use and enjoyment of the Members of the Association, together with any and all improvements that are now or that may hereafter be constructed thereon, or which are the Association's responsibility to maintain.
- **Declaration** - the Declaration of Covenants, Conditions and Restrictions for the Subdivision, together with any and all amendments or supplements thereto.
- **Design Guidelines** - those particular standards, restrictions, guidelines, recommendations and specifications applicable to most of the aspects of construction, placement, location, alteration, maintenance and design of any improvements to or within the Subdivision, and all amendments, bulletins, modifications, supplements and interpretations thereof.
- **Fiscal Year** - each twelve (12) month period commencing on the first day of January and ending on the last day of the following December, unless the Board shall otherwise select an alternative twelve month period.
- **Lot** - each and every lot within the Subdivision which is not designated a portion of the Common Area.
- **Member** - each Owner in the capacity as a member of the Association.

- **Owner** - the holder(s) of record title to the fee simple interest of any Lot whether or not such holder(s) actually reside(s) on any part of the Lot There shall be only one Owner for each Lot.
- **Residence** - any building or portion of a building situated upon the Subdivision which is designed and intended for use and occupancy as a residence by a single person, a couple, a family or a permitted family size group of persons.
- **Restrictions** - all covenants, conditions, restrictions, easements, charges and liens set forth in the Declaration.
- **Resident** - (a) each Owner of the fee simple title to any Lot within the Subdivision; (b) each person residing on any part of the Subdivision who is a bona-fide lessee pursuant to a written lease agreement with an Owner; and (c) each individual lawfully domiciled in a Residence other than an Owner or bona-fide lessee.
- **Subdivision** - all of the land covered by the Declaration.

Section 2.3 Membership Each and every Owner of each and every Lot shall automatically be, and must at all times remain, a Member, of the Association.

Section 2.4 Voting Rights The Owner of each Lot shall be entitled to one (1) vote per Lot.

Section 2.5 Good Standing Any Owner, Resident or Member shall not be in "good standing" if that person or entity is:

- (a) in violation of any portion of the Restrictions, the Design Guidelines, or any rule or regulation promulgated by the Board; or
- (b) delinquent in the full, complete and timely payment of any Assessment or any other fee, charge or fine which is levied, payable or collectible pursuant to the provisions of the Declaration, these Bylaws or any rule or regulation promulgated by the Board.

The Board may make rules and regulations, consistent with the terms of the Declaration and these Bylaws, as it deems advisable for; any meeting of Members; proof of membership in the Association; the status of good standing; evidence of right to vote; the appointment and duties of examiners and inspectors of votes; the procedures for actual voting in person or by proxy; registration of Members for voting purposes; any other matters concerning the conduct of meetings and voting as the Board shall deem fit.

ARTICLE 3 **MEMBERS: MEETINGS, QUORUM, VOTING, PROXIES**

Section 3.1 Place of Meetings The Association shall meet at any suitable place convenient to the Members as may be designated by the Board of Directors, within Hood County, Texas, or as convenient thereto as is possible and practical.

Section 3.2 Annual Meetings Regular annual meetings of the Members shall be held within forty-five (45) days after the close of the Association's fiscal year, at a specific date and hour set by the Board.

Section 3.3 Special Meeting The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by persons or entities having the right to vote at least twenty-five percent (25%) of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of the meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 3.4 Notice of Meetings It shall be the duty of the Secretary to cause notices to be prepared concerning each annual or special meeting of the Association, stating the purpose of the special meeting, as well as the time and place where it is to be held. Quorum, notice and voting requirements of and pertaining to the Association shall be in accordance with permitted Texas law.

Section 3.5 Waiver of Notice Waiver of notice of any meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or, after the meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by that Member of notice of the time, date, and place thereof, unless the Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at that meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 3.6 Adjournment of Meetings If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at the meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

Section 3.7 Voting The voting rights of the Members shall be as set forth in the Declaration and as provided above.

Section 3.8 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 before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon loss of good standing by that Member or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of a Member or upon the expiration of eleven (11) months from the date of the proxy. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

Section 3.9 Majority As used in these Bylaws, the term majority shall mean those votes totaling more than fifty (50%) percent of the total number of votes cast by voting Members in good standing attending any meeting (or represented by proxy) of the Association.

Section 3.10 Quorum Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of a Member or Members entitled to cast at least twenty percent (20%) of the total votes of all Members shall constitute a quorum at all meetings of the Association.

Section 3.11 Conduct of Meetings The President (or, in the absence of the President, a Vice President) shall preside over all meetings of the Association, and the Secretary or an Assistant Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 3.12 Action Without a Meeting Any action which may be taken by the vote of the voting Members at a regular or special meeting may be taken without a meeting as and to the extent permitted by applicable Texas law.

ARTICLE 4

BOARD OF DIRECTORS: NUMBER, ELECTION, POWERS, MEETINGS

Section 4.1 Governing Body Composition The affairs of the Association shall be governed by a Board of Directors. The Directors shall be Members or spouses of Members.

Section 4.2 Number of Directors The affairs of the Association shall be managed by a board of three (3) individuals. The number of directors of the Association may be changed by the vote of the Members.

Section 4.3 Nomination of Directors Prior to each annual meeting of Members, the Board shall prescribe:

- (a) the opening date and the closing date of a reasonable filing period in which each and every Member who has a bona-fide interest in serving as a Director may file as a candidate for that position
- (b) that each and every Member who has properly filed shall be included within the ballot
- (c) that where three (3) or more candidates are vying for one position election may occur by a plurality (rather than a simple majority) of the votes cast
- (d) any other rules and regulations which may then be appropriate to conduct the nomination and election of Directors in a fair, efficient and cost-effective manner

Each candidate shall be given a reasonable, uniform opportunity to communicate their qualifications to the Members and to solicit votes.

Section 4.4 Election and Term of Office The election process for Directors shall occur by secret ballot not less than twenty (20) days before the annual meeting of the Members, in accordance with any reasonable procedure approved (from time to time) by the Board, so that the tabulated results can be announced at the annual meeting. Except as provided below, Directors shall be elected for three (3) year terms of office and shall serve until their respective successors are elected and qualified. At the first election after the end of the Development Period, one directorship shall have an initial term of one (1) year, one directorship shall have an initial term of two years, and one directorship shall have an initial term of three years to provide for staggered terms of office.

Section 4.5 Removal of Directors At any regular or special meeting or special voting process (in lieu of a meeting) by secret written ballot of the Association duly called, where the bona-fide signatures of at least 20% of the Members appear on an appropriate petition, any one or more of the Directors may be removed, with or without cause, by a majority vote of those Members voting in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Members shall be given at least five (5) days notice of the calling of the meeting or the special voting process (in lieu of a meeting) and the purpose thereof and shall be given an opportunity to be heard at the meeting or to communicate his or her position in connection with the special voting process in lieu of a meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of an assessment for more than sixty (60) days may be removed by a majority vote of the remaining Directors at a regular or special Board meeting. In the event of death or resignation of a Director, his or her successor shall be a Member selected by a majority of the remaining Directors on the Board and shall serve for the unexpired term of the predecessor.

Section 4.6 Organization Meetings The first meeting of the members of the Board of Directors following each annual meeting of the Membership shall be held within ninety (90) days thereafter at the time and place as shall be fixed by the Board.

Section 4.7 Regular Meetings Regular meetings of the Board of Directors may be held at the time and place as shall be determined from time to time by a majority of the Directors, but at least four (4) regular meetings shall be held during each Fiscal Year, with at least one (1) meeting per quarter.

One such meeting shall be held between November 1 and November 15. At this meeting, a slate of candidates for Director and a proposed budget for the forthcoming fiscal year shall be presented. The slate of candidates and proposed budget shall be sent promptly to all members. The election process will be conducted as described in Section 4.4 - Election and Term of Office.

Notice of the time, place and agenda of all Board meetings shall be communicated to all members not less than fourteen (14) days prior to the meeting. These notices will be sent via email. US Mail will be used for those members who notify the Board that they do not use email.

Section 4.8 Special Meetings Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered, the notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate that notice promptly to the Director; or (d) by telecopy. All notices shall be given or sent to the Director's business office and/or home address or telephone number(s) as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least seven (7) days before the time set for the meeting. Notices given by personal delivery, telephone, or telecopy shall be delivered, telephoned, or faxed at least seventy-two (72) hours before the time set for the meeting. Notices should be posted at a prominent place within the Subdivision not less than seventy-two (72) hours prior to the scheduled time for the meeting.

Section 4.9 Waiver of Notice The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular, call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver-of-notice or consent need to specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 4.10 Quorum of Board of Directors At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At an adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 4.11 Compensation Unless otherwise approved in advance by a majority vote of those Members present (or represented by proxy) at a regular or special meeting of the Association, no Director shall receive any compensation from the Association for acting as a Director.

Section 4.12 Conduct of Meetings The President (or, in the President's absence, a Vice President) shall preside over all meetings of the Board of Directors, and the Secretary or an Assistant Secretary shall keep a minute book of the Board of Directors, recording in the minute book all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at those meetings.

Section 4.13 Open Meetings All meetings of the Board (excluding workshop meetings and meetings to discuss personnel, litigation and other similar confidential matters) shall to the extent possible be open to all Members, but Members other than Directors may not participate in any discussion or deliberation except as follows in accordance with a format approved by the Directors from time to time: (a) the Directors shall publish a meeting agenda and permit Members a reasonable opportunity to express their

opinions concerning those agenda matters prior to taking any formal action; and (b) the Directors shall allow an "open" or "new business" portion of the meeting in which any Member can express his/her opinion concerning any new or previously non-discussed matter. The Directors shall at all times have the right to reasonably limit the number of speakers, the time limit for each presentation and speaker, and to adopt other rules of efficiency and decorum.

Section 4.14 Executive Session and Workshops The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and other business of a similar confidential nature. The nature of any and all business to be considered in executive session shall first be announced in open session. The Board may also attend "workshop" meetings or sessions to discuss long range concepts, receive educational assistance and training and the like, provided no official action of any sort is taken.

Section 4.15 Action Without a Formal Meeting Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors, An explanation of the action taken shall be posted at a prominent place or places within the Subdivision within three (3) days after the written consents of all the Board members have been obtained.

Section 4.16 Powers The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these Bylaws directed to be done and exercised exclusively by the Members. The Board of Directors may delegate to one or more of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of, and/or matters directly or indirectly pertaining to the Managing Agent (defined below), if any, which might arise between meetings of the Board of Directors. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the Annual Assessment rate charge
- (b) making assessments to defray the common expenses, establishing the means and methods of collecting those assessments, and establishing the period of any installment payments of the Annual Assessment
- (c) providing for the operation, care, upkeep, and maintenance of all the Common Areas
- (d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Areas and, where appropriate, providing for the compensation of that personnel and for the purchase of equipment, supplies, and material to be used by that personnel in the performance of their duties
- (e) collecting the assessments, depositing the proceeds thereof in a depository which it shall approve, and using the proceeds to administer the Association
- (f) making and amending rules and regulations
- (g) opening bank accounts and/or banking-type accounts on behalf of the Association and designating the signatories required
- (h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Areas in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty
- (i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association

- (j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof
- (k) paying the cost of all services rendered to the Association or its Members,
- (l) keeping books with reasonably detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred [the books and vouchers accrediting the entries thereupon shall be available for examination by the Members and bona-fide mortgagees, their respective duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Members]
- (m) filing all requisite forms, documents and information with taxing authorities
- (n) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Subdivision and individual Lots

Section 4.17 Management Agent The Board of Directors may employ for the Association a professional management agent(s) or executive manager (each and all of whom will be sometimes referred to in these Bylaws as the "Managing Agent") at a compensation established by the Board of Directors to perform the duties and services as the Board of Directors shall authorize. The Managing Agent shall provide the Board and the officers with reasonable reports, prepared not less than once a month, concerning the affairs of the Association. The Managing Agent shall provide the Board with quarterly reports regarding the financial data discussed in Section 4.18(f) below the Board may delegate to the Managing Agent some of the powers granted to the Board for the routine operation of the Association. While the Managing Agent may formulate data and make recommendations to the Board, the final powers envisioned by subparagraphs (a), (b), (f), (g) and (i) in Section 4.16 shall be exclusively exercised by the Board. No management contract may have a term in excess of three (3) years and must permit termination by either party without cause and without any materially adverse termination fee upon at least ninety (90) days advance written notice of termination.

Section 4.18 Accounts and Reports The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

- (a) cash or accrual accounting (as determined by the Board from time to time) shall be employed
- (b) accounting and controls should generally conform with established American Institute of Certified Public Accountants (AICPA) guidelines and principles (a segregation of accounting duties should be maintained, and disbursements by check shall require at least one (1) signature)
- (c) cash accounts of the Association shall not be commingled with any other accounts
- (d) no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; any thing of value received shall benefit the Association
- (e) any financial or other interest which the Managing Agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors
- (f) commencing at the end of the Fiscal Year in which the first Residence is sold and closed, annual financial reports shall be prepared for the Association containing:
 - (i) an Income Statement reflecting all income and expense activity for the preceding twelve (12) months on a cash or accrual basis, as the Board may prescribe
 - (ii) an Expense and Disbursement Statement reflecting all receipt and disbursement activity for the preceding twelve (12) months on a cash or accrual basis, as the Board may prescribe
 - (iii) an Account Status Report reflecting the status of all accounts in an actual versus approved budget format with a Budget Report reflecting any actual or pending obligations which are in excess of budgeted amounts by an amount exceeding the

- operating reserves or ten (10%) percent of a major budget category (as distinct from a specific line item in an expanded chart of accounts)
- (iv) a Balance Sheet as of the last day of the Association's Fiscal Year and an Operating Statement for that Fiscal Year which shall be made available for distribution within ninety (90) days after the close of a Fiscal Year
 - (v) a Delinquency Report listing all Members who have been delinquent during the preceding twelve (12) month period in paying the assessments and who remain delinquent at the time of the report and describing the status of any action to collect such amounts which remain delinquent. The Managing Agent shall prepare quarterly reports, generally containing the data and information described above, for submission to the Board.

Section 4.19 Borrowing The Board of Directors shall have the power to borrow money, without the specific approval of the Members of the Association, for the purpose(s) of:

- (a) operations, capital improvements, repair, replacement or restoration of Common Areas where the proposed borrowing has been previously reflected in an annual budget of the Association
- (b) modifying, improving or adding amenities, where the total amount of the borrowing would exceed twenty-five percent (25%) of the budgeted gross expenses of the Association for that Fiscal Year

Section 4.20 Rights of the Association With respect to the Common Areas, and in accordance with the Declaration and to the maximum extent permitted by applicable law, the Association shall have the right to contract with any person for the performance of various duties and functions.

Section 4.21 Hearing Procedure The Board shall, from time to time and at times, have the right to prescribe the procedures for the conduct of a hearing and other similar "due process" matters. Until and unless further amended, modified, revised, clarified or repealed and replaced by the Board, the following provisions shall be applicable. The Board shall not impose a fine, suspend voting, initiate a legal proceeding (unless extraordinary circumstances exist) or infringe upon any other rights of a Member or Resident for violations of rules unless and until the following procedure is followed.

- (a) **Demand** Written demand to cease and desist from an alleged violations be given to the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period, not less than five (5) days, during which the violation must be abated without incurring further sanctions, if the violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction if the violation is not a continuing one.
- (b) **Notice** At any time within twelve (12) months of that demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall furnish the violator with written notice of a hearing to be held by the Board (in executive session) or its delegate. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall not be less than five (5) days from the giving of the notice; (iii) an invitation to attend the hearing and produce any statement, evidence, or witness on behalf of the alleged violator; and (iv) the proposed sanction to be imposed.
- (c) **Hearing** The hearing shall be held in executive session pursuant to notice and afford the Member or Resident a reasonable opportunity to be heard. Prior to the effectiveness of any sanction, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. That proof shall be deemed adequate if a copy of the notice, together with a statement

of the date and manner of delivery, is entered by the officer, Director, or agent who delivered that notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

ARTICLE 5 **OFFICERS**

Section 5.1 Officers The officers of the Association shall include a President and a Secretary and may include one or more Vice Presidents, a Treasurer and such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as the Board shall deem desirable, those officers to have the authority and to perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. Any member of the Board, or partner, officer, employee or agent of the Managing Agent may serve as an officer of the Association.

Section 5.2 Election, Term of Office, and Vacancies The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 5.3 Removal Any officer may be removed by the affirmative vote of a majority of the Board of Directors whenever in their sole judgment the best interest of the Association will be served thereby.

Section 5.4 Powers and Duties The officers of the Association shall each have the powers and duties as generally pertain to their respective offices, as well as the powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the annual budget as provided for in these Bylaws and may delegate all or part of the preparation and notification duties to another officer, a finance committee, or the Managing Agent.

Section 5.5 Resignation Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. That resignation shall take effect on the date of the receipt of the notice or, at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of the resignation shall not be necessary to make it effective.

Section 5.6 Agreements, Contracts, Deeds, Leases, Checks All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least one (1) officer or by any other person or persons as may be designated by resolution of the Board of Directors.

ARTICLE 6 **COMMITTEES**

Section 6.1 General Committees to perform any tasks and to serve for any periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Those committees shall perform the duties and have the powers as may be provided in the resolution. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. The Board shall appoint the chairperson for each committee who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors.

ARTICLE 7
MISCELLANEOUS

Section 7.1 Parliamentary Rules Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of the Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these Bylaws.

Section 7.2 Conflicts If there are conflicts or inconsistencies between the provisions of Texas law, the Articles of Incorporation, the Declaration, the these Bylaws, then the provisions of Texas law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 7.3 Books and Records

- (a) **Inspection by Members** The membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Member of the Association or by his or her duly appointed representative at any reasonable time and for a proper purpose reasonably related to his or her interest as a Member at the office of the Association or at any other place as the Board shall prescribe.
- (b) **Rules for Inspection** The Board may establish reasonable rules with respect to: (i) notice to be given to the custodian of the records by the Member desiring to make the inspection; (ii) hours and days of the week when an inspection may be made; (iii) payment (or prepayment) of the cost of reproducing copies of documents requested by a Member; and (iv) maintenance of confidentiality with respect to records.
- (c) **Inspection by Directors** Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make reasonable extracts and copies of documents at the expense of the Association.

Section 7.4 Amendments The power and authority to alter, amend or repeal the Bylaws, or to adopt new Bylaws, has been delegated by the Members to the Board of Directors.

The undersigned Directors adopt these Bylaws as the Bylaws of the Association to be effective as of April 5, 2007.

Sally Masengarb

Sam Hanson

Linda Watkins