

**AMENDED AND RESTATED BYLAWS  
OF  
TOWNE LAKE HOMEOWNERS, INC.**

Revised \_\_\_\_\_, 2015

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**ARTICLE ONE: GENERAL INFORMATION**

**Section 1. Name.** The name of the corporation is TOWNE LAKE HOMEOWNERS, INC. (hereinafter “the Association”).

**Section 2. Nature of Organization.** The Association is a Texas non-profit corporation.

**Section 3. Principal Office and Agent.** The principal office of the Association shall be located at the office of its registered agent in Towne Lake Addition and Towne Lake Village, Unit No. 2, Gregg County, Texas.

**ARTICLE TWO: DEFINITIONS**

The following words, when used in these Bylaws, shall have the following definitions and meanings:

- a. ACC - The Architectural Control Committee as defined in the Declaration.
- b. Addition - Towne Lake Addition, in Gregg County, Texas, as described and depicted on the plat recorded at Volume 1000, Page 4 of the real property records of Gregg County, Texas, and Towne Lake Village, Unit No. 2 as described and depicted on the plat recorded at Volume \_\_\_\_\_, Page \_\_\_\_\_ of the real property records of Gregg County, Texas, save and except Blocks 1414 and 1415.
- c. Annual Assessment - the payment due each year from each Owner to the Association.
- d. Assessments - Includes Annual Assessments, Special Assessments, attorney’s fees and expenses incurred in collecting those amounts, interest, late fees, and other charges deemed to be an Assessment by the Declaration (regardless of whether such charge is referred to as an assessment, charge, levy, lien, dues, fee, or otherwise).
- e. Association - TOWNE LAKE HOMEOWNERS, INC., a Texas Corporation.
- f. Board - The Board of Directors of the Association.
- g. Common areas - The entire Addition except the Lots, subject to all easements and rights described in the Declaration, including, but not limited to, all areas of land within the Addition which are known, described or designated as common green, common areas, parks, playgrounds, recreational vehicle storage areas, recreational easements, green belts, open spaces, private streets, alleys, cul-de-sacs, swimming pools,

recreational areas, clubhouses, or bodies of water on any recorded plat of the Addition or 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 may hereafter be constructed thereon.

- h. Declarant - Towne Lake Village Associates, Ltd.
- i. Declaration - Synonymous with Restrictions and Covenants; refers to the following documents, as they may be amended from time to time:
  - i. "Declaration of Restrictions, Covenants, and Conditions, covering Towne Lake Addition, Save and Except Blocks 1414 and 1415 Thereof," recorded at Volume 1000, Page 4 of the real property records of Gregg County, Texas; and
  - ii. "Amended Declaration of Restrictions, Covenants, and Conditions Covering Towne Lake Addition (Save and Except Blocks 1414 and 1415 Thereof)," recorded at Volume 2098, Page 294 of the real property records of Gregg County, Texas.
- j. Facilities - The Common Areas and all other real property, fixtures, or improvements to real property which are provided or owned by the Association.
- k. Lot - Any plot or tract of land shown upon any recorded map(s) or plat(s) of the Addition, as amended from time to time, which is designated as a lot thereon.
- l. Member - Any person or entity who is a record owner of an interest in any Lot. When a lot is being purchased pursuant to a contract for deed, the seller shall continue to be considered the "owner" and "member" until the conveyance of the property to the purchaser. The word "Owner" shall not include any person or entity who holds a bona fide lien or interest in a Lot merely as security for the performance of an obligation, or which holds only a leasehold interest in a Lot.
- m. Obligation - Any amount of money owed to the Association, including but not limited to dues, special assessments, cleanup costs, rental fees, late fees, fines, collection costs, attorney's fees, or other charges of any kind whatsoever.
- n. Owner - Synonymous with "Member."
- o. Special Assessment - A contribution assessed against each Member or lot, payable to the Association, as defined in the Declaration.

**ARTICLE THREE: PURPOSES AND POWERS**

**Section 1. Purposes.** The specific purposes for which the Association is formed are:

- a. To provide for the acquisition, construction, management, maintenance and care of the Association property;
- b. To provide for and assist in maintenance, preservation and architectural control of the Addition and to promote the health, safety and welfare of the Members and residents;
- c. To borrow money (if necessary) and to acquire (by gift, purchase or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise of real or personal property in connection with the affairs of the Association, subject to the terms and provisions of, and limitations and prohibitions within, the Texas Business Organizations Code;
- d. To cause the common areas to be maintained, operated, regulated and administered in accordance with any applicable terms and conditions of the Declaration or as may be otherwise prescribed by the Association;
- e. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as may be set forth in the Declaration or the Articles of Incorporation, or as may be otherwise prescribed by the Association;
- f. To fix, levy, collect and enforce payment by any lawful means, all obligations owed to the Association, and to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association, including any licenses, taxes or governmental charges which may be levied or imposed against the common areas or any other property owned by the Association; and
- g. Insofar as permitted by law, to do any other thing that, in the opinion of the Board, will promote the common benefit and enjoyment of the Members and residents of the Addition.

**Section 2. Compliance with Laws.** The Association shall at all times comply with such State and Federal laws and regulations so as to obtain and maintain, insofar as is possible, nonprofit status and exemption from taxation.

**Section 3. Prohibited Activities.** This Association is and shall be treated as a property owners association under Section 528 of the Internal Revenue Code of 1954. The



Association does not contemplate pecuniary gain or profit to the Members thereof. No part of the net earnings of the Association shall inure to the benefit of or be distributable to any Member, director or officer of the Association, or any private individual (except that reasonable compensation may be paid for services rendered to or for the Association related or pertaining to one or more of its purposes). No part of the activities of the Association shall include carrying on propaganda, or otherwise attempting to influence legislation, or participating in, or intervening in (including the publication or distribution or statements) any political campaign on behalf of any candidate for public office.

**Section 4. Exclusion.** Blocks 1414 and 1415 are specifically excluded from the Declaration.

**ARTICLE FOUR: MEMBERSHIP**

**Section 1. Members.** The Association shall have one class of voting members. Every person or entity who is now or hereafter becomes an Owner shall automatically be and must remain a Member of the Association as long as that Owner owns one or more Lots, except that the Developer shall not be eligible for membership. Membership shall be appurtenant to and may not be separated from ownership of any Lot.

**Section 2. Voting Rights.** Each Member shall be entitled to one vote for each lot owned by that Member, in any election or other vote of the Members. No Member may be disqualified from voting in an election, or on any matter concerning Members' rights or responsibilities, because of failure to pay assessments to the Association or for any other reason.

**Section 3. Multiple Owners.** When more than one person owns an interest in a lot, all such owners shall be Members. However, only one vote may be cast for each lot. The vote for a Lot with more than one owner shall be exercised as the owners of that lot shall determine among themselves. In the event of any dispute regarding voting among multiple owners, the first person listed as owner of record in the Gregg County tax rolls shall have the right to cast the vote. Any notice required to be sent to an Owner or Member may be delivered by sending notice to any one of the owners of a Lot.

**Section 4. Dues and Other Obligations; Lien.** Each owner is obligated to pay all obligations on his or her lots. Each owner is notified through these Bylaws that as of January 1, 2015 the amount of annual dues payable for each lot is \$25.50. Annual assessments must be received by the Association no later than the due date set forth in the Declaration. If the annual assessment is paid annually, the due date is thirty days after the date notice is sent. If paid in monthly instalments, the due date for the first payment is thirty days after notice is sent, and each subsequent payment shall be due on the same day of each of the eleven subsequent months. Each owner is notified through these Bylaws that as of January 1, 2015, if the annual assessment is paid annually, payment is due no later than January 1 of each year, and if paid monthly, payments are due on the first day of each month. The Board will notify the owners if the amount of the annual dues changes.

The Board can assess a late fee for accounts paid after that date. All annual assessments, special assessments, interest, costs, and attorney's fees, and all other obligations secured by a lien pursuant to the Declaration, are secured by a lien upon each lot as set forth in the Declaration.

**Section 5. Rights of Membership.** All members, their families and authorized guests shall have the right to use all of the Association's facilities to the extent permitted by and in accordance with the rules and regulations established by its Board. An Owner who leases a Lot to a tenant transfers his or her rights associated with that Lot to use the Association's facilities to the tenant, but remains responsible for all duties imposed by these Bylaws, the Declaration, any Rules and Regulations, and the other governing documents of the Association and the Addition. Membership shall be evidenced by such card, certificate or other writing as the Board of Directors shall authorize. As to each membership which is not held by an individual, including those which are jointly held by two or more persons, a corporation, or by a partnership, the owner or owners shall designate one individual person who, along with his or her immediate family, shall be authorized to use the facilities. Members must have paid all obligations to the Association in full, or have a signed agreement with the Association for payment of those obligations, in order to exercise any other rights of Members except for voting and using the private streets. The membership rights of any Member, except for voting rights and the right to use the private streets, will be automatically suspended without the necessity for any action of the Board during the period when any obligation owed to the Association is unpaid. Upon payment of all obligations in full, the member's rights and privileges shall be automatically restored.

**Section 6. Violations.** The Board may punish any owner, family member, guest, or tenant who violates the Declaration, these Bylaws, or the Rules and Regulations by a suspension of rights to the use of some or all of the common areas or amenities until such time as the violation has been cured either by voluntary cessation of the violation, settlement by arbitration, or payment of a fine, and for up to sixty days thereafter. In appropriate circumstances the Board may permanently prohibit a guest from using any of the facilities, and warn the guest that entry on Association property will constitute criminal trespass.

**ARTICLE FIVE: MEETINGS OF THE MEMBERS**

**Section 1. Annual Meeting.** The Annual Meeting of the Members shall be held on the third Monday of January beginning at 7:00 p.m., at a location in Gregg County, Texas as designated by the Board. For good cause, the Board may designate another time and date for the Annual Meeting of Members. At such meeting, the Officers shall deliver a report to the Members, the Officers shall present a proposed budget for the upcoming year, the elections for Director positions shall be conducted, and any other business may be transacted which is within the Members' power.

**Section 2. Special Meetings.** Special meetings of the members shall be held when called by the President, by a majority of the Board, or by written request of any combination of members holding at least twenty-five percent of the votes entitled to be cast. The purpose

of any special meeting and business to be transacted shall be included in the notice. Special meetings shall be held at a location in Gregg County, Texas as designated by the Board.

**Section 3. Changing Annual Assessments; Levying Special Assessments.** A majority of the Members who are present at a properly called meeting for which proper notice has been given, may authorize a change in the amount of Annual Assessments. A majority of all the Members, at a properly called meeting for which proper notice has been given, may authorize the levying of a Special Assessment. The notice of the meeting must specify that a change to the annual assessments or the levying of a special assessment will be considered at that meeting. If the Members vote to change the amount of Annual Assessments, each owner shall pay the new amount until same is subsequently changed by the Members.

**Section 4. Determination of Voting Members.** The Board may designate a record date no more than sixty days before each meeting of the Members, for determining the list of Members of the Association who are entitled to receive notice of that meeting and to vote at such meeting. If the Board does not designate another date, then the record date shall be the date notice of the meeting is sent. At least ten days but not more than sixty days before each meeting of members, the Secretary shall make a complete list of the members entitled to vote at such meeting. The list shall be arranged in alphabetical order, and shall list each member's address. The list shall be kept on file at the principal office of the Association or such other location which has been designated by the Board and shall be subject to inspection by any member at any time during the usual business hours, beginning no later than the second day after notice of the meeting is sent, and continuing for a period of at least ten days prior to the meeting. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any member at any time during the meeting.

**Section 5. Quorum.** At a meeting of the members for which proper notice has been given as specified in these Bylaws, a quorum shall constitute those members present. Once the presence of a quorum has been confirmed, business may continue despite any failure to maintain a quorum during the remainder of the meeting. An absentee ballot shall be counted as a Member present and voting for purposes of establishing a quorum, but only for items appearing on the ballot. A person represented by proxy shall also be counted as a member present and voting for purposes of establishing a quorum.

**Section 6. Procedure for Meetings of Members, Votes, and Elections.** The following procedures shall govern all meetings of the Members and all votes by the members, including elections:

- a. **Notice.** Written notice of each meeting of the Members shall be sent to each Member along with an absentee ballot, instructions for returning it, and a conspicuously marked envelope for return of such ballot, at least ten days but not more than sixty days before the meeting. When the members are to

vote on a proposal (rather than casting their votes for Directors), the notice shall include the exact wording of the issue on which the vote is to be held. Each absentee ballot shall include the following disclaimer:

"By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail."

- b. **Methods of Voting.** Members may cast their votes in person, by proxy, or by absentee ballot. Members may cast their votes by electronic ballot if authorized by the Board. Members may cast their votes by another method of representative or delegated voting, but only if such method is authorized by the Bylaws or Declaration.
  - i. **In-Person Vote.** Any member may cast his or her vote by personally appearing at the meeting, and completing a written ballot to cast a vote. Ballots cast in-person in uncontested races need not be written or signed.
  - ii. **Vote by Proxy.** A person holding a valid proxy which meets the requirements of these Bylaws may cast a vote for the member who issued the proxy.
  - iii. **Absentee Ballots.** The Board shall establish procedures to authenticate absentee ballots. To be counted, each absentee ballot must be signed by the Member, received in the envelope sent with the ballot, and such envelope must be sealed. Absentee ballots which are not received in the office of the Association prior to the meeting of the members shall not be counted. Envelopes containing absentee ballots shall not be unsealed until the Election Committee opens them for the purpose of counting votes. Any vote cast at a meeting by a Member supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal. If a proposal is amended at the meeting so it differs in any way from the exact language on the absentee or electronic ballot, then any absentee ballots cast in favor or against the original proposal shall not be counted in the final vote on that proposal.
  - iv. **Electronic Ballots.** Electronic ballots, if authorized, may be cast by email, facsimile, or posting on a website. The Board must establish a method of verifying the Member's identity, and the Member must

receive a receipt showing the ballot was cast and received. If an electronic ballot is posted on the Association's website, the Board shall cause a notice of the posting to be sent to each Member, containing instructions to obtain access to the posting on the website.

- c. **Registration of Candidates; Nominating Committee.** All candidates wishing to run for a position as a Director (other than write-in candidates) must register their name with the Association's office at least thirty days prior to the election. The President shall appoint a Nominating Committee of at least three members. On or before the date notice of the Annual Meeting of the Members is sent, said committee shall nominate persons whom it considers qualified and eligible to serve, as candidates for each Director position. Before nominating a candidate, the Nominating Committee shall contact the person and confirm that he or she is willing to serve. The Nominating Committee shall designate at least as many candidates as the number of Directors to be elected that year. The Nominating Committee shall deliver its designations in writing, and its report shall be sent with the notice of the Annual Meeting. All Members who are designated by the Nominating Committee or who register their names as candidates as set forth above shall be named as candidates on all ballots. All ballots shall also have a space for a write-in candidate for each Director position.
- d. **Nomination from the Floor.** Candidates not designated by the Nominating Committee and who do not register their name as candidates as set forth above may be nominated from the floor during the Annual Meeting of the Members. These candidates must meet all qualifications established by the Bylaws. Any person nominated from the floor in this manner will be a write-in candidate.
- e. **Endorsements.** No Officer or Director acting in his or her official capacity may endorse any candidate. Officers and Directors may make endorsements of candidates in their individual capacities. The Board may endorse proposals, but may not endorse any candidate.
- f. **Conduct of Election.** The election of Directors shall be conducted at the Annual Meeting, except when filling vacancies. A separate election shall be conducted for each director position. Members shall not cast more than one vote for any one candidate or proposal. Following the casting of votes, all votes shall be tallied by the Election Committee, including absentee ballots. The persons receiving the most votes shall be elected to each open director position. Votes may not be counted by a candidate or any person related to a candidate within three degrees of consanguinity. No other person except for members of the Election Committee, including candidates, may have access to the ballots. The members of the Election Committee shall not disclose how anyone voted.

- g. **Recounts.** Each Member may require a recount, by sending a signed request to the Association’s address where absentee ballots are mailed, or to its President, by certified mail/return receipt requested within fifteen days after the meeting at which the election was held. The Association must execute a written contract retaining a qualified person to perform the recount, and send an Invoice to the Member specifying the costs. The Member requesting the recount must pay all costs of the recount in advance, within three days of receiving the invoice from the Association. A person is qualified to perform the recount if he or she is not a Member, is not related to the candidate or the Member requesting the recount by the third degree of consanguinity, and must be a current or former county judge, elections administrator, justice of the peace, county voter registrar, or someone agreed to in writing by the Association and the Member requesting the recount. The recount must be completed within thirty days of receiving the request and payment. If the recount changes the results of the election, the Association must reimburse the Member for the costs.
  
- h. **Disposal of Ballots.** If no request for a recount is received within twenty-one days after an election, the ballots for that election shall be destroyed. If a recount is conducted, the Board shall meet when it is concluded and make a formal finding as to the outcome of that election, which shall be memorialized in the minutes of that meeting. After that meeting, the ballots for that election shall be destroyed.

**ARTICLE SIX: BOARD OF DIRECTORS**

**Section 1. General Purpose and Nature.** The business and affairs of the Association shall be managed by the Board. The number of directors shall be seven, but may hereafter be changed in accordance with the Bylaws. The Directors shall act only as a Board, and an individual Director shall have no power as such. The powers of the Board shall be subject to such limitations as are imposed by law, the Declaration, the Articles of Incorporation, and to these Bylaws.

**Section 2. Eligibility of Candidates.** To be eligible for election or appointment as a director, a person must be a member of the Association and may not be convicted of a felony or crime of moral turpitude. Any person convicted of such a crime shall be considered automatically removed from his or her position as a director, and permanently disqualified from serving, upon presentation of proper evidence of the conviction from a governmental authority. No member may be prevented from running for or serving as a director for any other reason, including failure to pay assessments to the Association.

**Section 3. Terms of Office.** The term of office for all Directors shall be two years, except in the case of a vacancy. The term for each Director shall begin immediately following that Director’s election held at the Annual Meeting of the Members, and shall end when that

Director's successor is elected. During even years, four Director positions shall be up for election, and during odd years, the remaining three Director positions shall be up for election.

**Section 4. Powers.** The Board shall be responsible for setting policy and for managing the general affairs of the Association, subject to the limitations imposed by law, the Declaration, the Articles of Incorporation, and these Bylaws. Subject to those limitations, the Board may exercise all powers of the Association, including but not limited to the following:

- a. To provide for the care, preservation and maintenance of the common areas and the furnishing and upkeep of any desired personal property for use in or on the Common area:
- b. To make arrangements for security;
- c. To pay taxes, insurance and utilities (including without limitation, electricity, gas, water and sewer charges) which pertain to the common areas only;
- d. To obtain the services of a person or firm to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager;
- e. To obtain legal and accounting services;
- f. To obtain any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, taxes or special assessments which the Board is required to obtain or pay for pursuant to the terms of the Declaration or which, in its opinion, shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declaration.
- g. To execute all declarations of ownership for tax assessment purposes with regard to any of the common areas owned by it as an incorporated entity;
- h. To call for a special meeting or an annual meeting of the members;
- i. To modify the time and method of collection any and all matters and aspects of any kind or character whatsoever arising out of or related to the Assessments, but only the Members shall have the right to change the amount of the Annual Assessment and to impose a Special Assessment;
- j. To enter into contracts, maintain one or more bank accounts and to have all

the powers necessary or incidental to the operation and management of the Association;

- k. To protect or defend the common areas from loss or damage by suit or otherwise, to sue or defend in any court of law in behalf of the Association and to provide adequate reserves for repairs and replacements;
- l. To prepare an annual report each year, and to make a copy of same available to each Member:
- m. To enforce the provisions of the Declaration, Bylaws, and rules and regulations and to enjoin and seek damages and/or fines from any Member for violation of such provisions and rules; and
- n. To exercise all other powers provided in the Texas Business Organizations Code, and all other implied powers necessary and proper to carry out its express powers.

**Section 5. Rules and Regulations.** The Board may adopt rules and regulations governing the use and enjoyment of the Common area, and otherwise interpreting and applying the Declaration, Bylaws, and Articles of Incorporation.

**Section 6. Renters and Other Occupants.** The Owner(s) and all occupants of each Lot shall all be responsible for ensuring that all Owners and occupants of that Lot comply with the Declaration, these Bylaws, and any rules and regulations. The Association, in its sole discretion, may take action against one Owner or occupant, some owners and occupants, or all Owners and occupants of a Lot, to enforce these obligations. No residence shall be occupied by more than two individuals who are unrelated to any of the other occupants by blood, marriage, or adoption.

**Section 7. Vacancies.** Any vacancy occurring in the Board as a result of resignation, death, or disability may be filled by the affirmative vote of a majority of the remaining directors. The remaining directors may make this appointment even though less than a quorum. Any other vacancy may be filled only by an election of the Members. A Director appointed or elected to fill a vacancy shall serve the unexpired term of the Director he or she was appointed to replace.

**Section 8. Increase in Number of Directors.** Any director position to be filled by reason of an increase in the number of directors shall be filled at any annual meeting of the Members or at a special meeting of the Members entitled to vote called for that purpose.

**Section 9. Compensation.** Officers and Directors shall not receive compensation for performance of their duties as such. No Officer or Director, and no spouse of an Officer or Director, may be compensated for other duties performed on behalf of the Association while a Director. Other eligible Members may submit bids, make offers, or contract with the



Board to perform services for the Association.

**Section 10. General Duties for Officers and Directors.** Each Officer and Director shall have the following duties:

- a. **Training.** Ensure that members are trained to serve on future Boards, especially for the person's position.
- b. **Planning.** Help the Board in creating a plan of action with specific goals for the year, especially in the person's area of responsibility, with input from the Members.
- c. **Communications.** Keep the Members and the Board informed about Association activities, especially in the person's area of responsibility, by making announcements at meetings and submitting information to the newsletter. Provide information to members regarding Association programs and affairs.
- d. **Information.** Actively participate in the decision-making process of the Association. Gather information about all issues before the Board, share that information with the Board, and engage in constructive discussion and debate at meetings. Provide recommendations to the President and Board on courses of action, reflecting the best interests of the Association and its members.
- e. **Governing Documents.** Gain a working knowledge of the Bylaws, Declaration, Articles of Incorporation, Rules and Regulations, and Robert's Rules of Order as they apply to the Association, comply with them, and help ensure that other Directors, Officers, and committee members comply. Advise the President and/or Board of inappropriate activity or violations.
- f. **Meetings.** Attend all meetings of the Members, Board, and any committees on which the Officer or Director serves whenever possible.

## ARTICLE SEVEN: MEETINGS OF THE BOARD

**Section 1. Place of Meetings.** All meetings of the Board, regular or special, may be held at any place designated by the caller of the meeting within Gregg County, Texas or an adjoining county.

**Section 2. Annual Meeting.** The annual meeting of each newly elected Board shall be held at the same place and immediately following the annual meeting of the members. Notice of this meeting shall be included with the notice of the annual meeting of Members.

**Section 3. Notice to Members.** The Secretary shall give Members notice of the date, hour, place, and general subject of each board meeting. The notice shall include a general description of any matter to be discussed in executive session. The notice shall be provided to each member by mail sent between 10 and 60 days before the meeting, by posting the notice in a conspicuous manner at a place in the Addition which is reasonably designed to provide notice to Members, by posting it on the Association's website, or by email sent at least 72 hours before the meeting. It is each Member's duty to keep an updated e-mail address registered with the Association.

**Section 4. Notice to Affected Member.** The Board may not consider or vote on any of these matters without prior notice to the member who will be directly affected by the decision: (1) fines; (2) damage assessments; (3) initiation of foreclosure actions; (4) initiation of enforcement actions, excluding actions seeking a temporary restraining order or violations involving a threat to health or safety; (5) appeals from a denial of architectural control approval; or (6) a suspension of a right of a particular Member. In the notice to the Member who would be directly affected by the decision, the Board shall offer him or her an opportunity to attend a board meeting to present the Member's position, including any defense, on the issue.

**Section 5. Regular meetings.** Regular meetings of the Board should generally be held on a monthly basis. The Board will allow, at its regular meetings, reasonable time for questions and concerns being raised by members. Any issue on which action is to be taken must be placed on the agenda prior to the commencement of the meeting.

**Section 6. Special Meetings.** Special meetings of the Board can be held when called by the President or by any two directors. The meeting may be held without notice if all Directors sign a written waiver of notice. Special meetings shall not take the place of the regular monthly Board meeting. The notice of a special meeting may specify the purpose of the meeting and the business to be transacted, but this is not required unless the matter is such that the Members, or a specific Member, is legally entitled to such specific notice.

**Section 7. Open Meetings; Executive Session.** Board meetings must be open to Members, except for executive session. The Board may adjourn a meeting and reconvene in closed executive session only to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of individual Members, matters that are to remain confidential by request of the affected parties and agreement of the Board, and other matters legally allowed to be considered in executive session. If the Board takes action in executive session, the person presiding over the meeting shall summarize the action verbally during the meeting, and the action shall be recorded in the minutes. The oral summary must include a general explanation of expenditures approved in executive session.

**Section 8. Minutes and Other Records.** The Secretary shall take Minutes of all meetings of the Board and of the Members. In the absence of the secretary, the Board shall appoint

an acting secretary to take minutes at all meetings of the Board and of the Members.

**Section 9. Unanimous Written Consent.** The Board may take action by unanimous written consent regarding routine and administrative matters, or a reasonably unforeseen emergency or urgent necessity that requires immediate action by the Board.

**Section 10. Electronic Meetings.** The Board may meet by any method of communication, including telephone, conference call, video conference, or other electronic method, without prior notice to Members, if each director may hear and be heard by every other director. The notice of a meeting by electronic methods must state the method by which the meeting will be conducted, provide instructions for calling in or connecting to the meeting, and include all other matters required to be included in the notice. A person's participating in an electronic meeting constitutes his or her presence at the meeting.

## ARTICLE EIGHT: OFFICERS

**Section 1. Officer Positions.** The officers of the Association shall be a President, one or more Vice Presidents, a Secretary and a Treasurer. The Board may authorize an Assistant Secretary and/or Assistant Treasurer. The same person may hold any two or more offices, except that the President and Secretary shall not be the same person.

**Section 2. Eligibility of Candidates.** To be eligible for election or appointment as an officer, a person must be a member of the Association and may not be convicted of a felony or crime of moral turpitude. Any person convicted of such a crime shall be considered automatically removed from his or her position as an officer, and permanently disqualified from serving, upon presentation of proper evidence of the conviction from a governmental authority. No member may be prevented from running for or serving as an officer for any other reason, including failure to pay assessments to the Association.

**Section 3. Election of Officers.** All officers shall be elected annually by the Board of Directors at the Annual Meeting of the Board, immediately following the Annual Meeting of Members. Each officer shall hold office for a period of one year, or until his or her successor is duly elected or appointed. The Board may appoint such other officers of the Association and agents as may be deemed necessary.

**Section 4. Term of Office.** The officers of the Association shall hold office for a term of one year, or until their successors are elected.

**Section 5. Duties of Officers.** The Officers shall have the following duties and powers:

- a. **President.** The President shall be the chief executive officer. The chief executive officer shall preside at all meetings of the Members and the Board, and shall have such other powers and duties as usually pertain to such office or as may be delegated by the Board. The President shall see that all

policies, orders, and resolutions of the Board are carried into effect. The President shall execute bonds, mortgages and other contracts on behalf of the Association, except where required or permitted by law to be otherwise signed and executed, and except where the signing and execution thereof shall be expressly delegated by the Board to some other officer or agent of the Association.

- b. **Vice President.** The Vice President, unless otherwise determined by the Board, shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. The Vice President shall assist the President and shall perform such other duties and have such other powers as the Board shall prescribe.
  
- c. **Secretary.** The Secretary shall attend all meetings of the Board and all meetings of the Members, and record all the minutes of the meetings of the Members and of the Board. The Secretary shall be responsible for maintaining all other business records of the Association, except for those under control of the Treasurer. The Secretary shall perform such other duties as may be assigned by the Board. The Secretary shall keep in safe custody the seal of the Association, and when authorized by the Board, affix the same to any instrument requiring it, and when so affixed, his or her signature shall attest it.
  
- d. **Treasurer.** The Treasurer shall have the custody of the corporate funds and securities, and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association. The Treasurer shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The Treasurer shall ensure that the Association complies with all legal requirements regarding financial records and taxes. The Treasurer shall disburse the funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the Board at its regular meetings, or when the Board so requires, an account of all his or her transactions as Treasurer and of the financial condition of the Association. The Treasurer will be responsible to give a report to the members at the Annual Meeting of the Members the status of the Association.

**Section 6. Vacancies.** Any vacancy occurring in officer positions may be filled by the Board.

**Section 7. Bond.** If required by the Board, the Treasurer shall give the Association a bond issued by a reputable company in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his or her office and for the restoration to the Association, in case of his or her death, resignation, retirement

or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his or her possession or under his or her control belonging to the Association. The Association shall pay the costs of the bond.

**Section 8. Removal of Officers or Directors.** The Board may, by a unanimous vote of all the other Directors, remove a Director from office for good cause. The Board may, by a majority vote, remove an Officer from office for good cause. Good cause shall include but not be limited to failing or ceasing to perform the duties of the office, failing to attend two or more Board meetings without a valid excuse, or ceasing to be a Member. The President or any three Officers may by written notice place the removal of any Officer or Director on the agenda for a future meeting. If an Officer or Director's removal is placed on the agenda, the President shall notify the Secretary, who shall send written notice to the person whose removal is to be considered by certified mail, mailed at least twenty-one days in advance of the meeting. The Secretary shall also send written notice to each member of the Board, at least twenty-one days in advance of the meeting, but said notice need not be sent by certified mail. Said notice shall include notice of the proposed removal and the grounds for removal, as well as the time and place of the meeting at which removal is to be considered. The person whose removal is being considered shall also have the opportunity to be heard at the meeting at which removal is to be considered.

<b>ARTICLE NINE: COMMITTEES</b>
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**Section 1. Appointment of Committees.** The President shall appoint the chair and members of the Architectural Control Committee, Election Committee, and Nominating Committee, with approval by the Board. The President may appoint other committees at any time, designate their duties, and appoint persons to chair such committees, with the approval of the Board. The President and Vice President shall automatically be nonvoting members of all committees.

**Section 2. Minutes.** All committees shall keep regular minutes of their proceedings and shall promptly deliver those minutes to the Secretary. Each Committee shall report to the Board as needed or when required by the Board. The designation of such committees shall not operate to relieve the Board, or any member, thereof, of any responsibility imposed upon them by law.

**Section 3. Architectural Control Committee.** The Architectural Control Committee (ACC) shall be a standing committee. The ACC shall perform those duties which are set forth in the Declaration, and shall periodically report to the Board. The chair of the ACC shall see to it that minutes are kept for all meetings, and shall deliver those minutes to the Secretary.

**Section 4. Dispute Resolution Committee.** The Board may form a Dispute Resolution Committee. The Committee shall be composed of no less than three members nor more than five. It shall be the duty of the Committee to receive complaints from members on any matter involving the Association functions, duties and activities within its field of responsibility, to receive information regarding those matters, and to make findings and

issue recommendations for their resolution. The Committee shall report its decisions back to the Board for resolution if further action is required. All Members are required to present any complaints to the Dispute Resolution Committee or to the Board before initiating any legal action against the Association.

**ARTICLE TEN: PROCEDURES GOVERNING ALL MEETINGS**

**Section 1. Notice.** Unless otherwise stated, any notice required or permitted by these Bylaws to be given to a director, officer, or member of a committee may be given by mail, by announcement at a regular Board meeting or at the Annual Meeting of the Members, by electronic mail sent to the person’s last known e-mail address, or by posting on a bulletin board located outside the office of the Association. Actual notice shall be deemed sufficient. If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his or her address as it appears on the Association’s records, with postage prepaid. A person may change his or her address in the Association’s records by giving written notice of the change to the Secretary of the Association. A written waiver signed by the person entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived. A person's attendance at a meeting constitutes 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 was not lawfully called or convened.

**Section 2. Vote Required.** Whenever these Bylaws require approval of any action or decision, whether by the Board, the Membership, or any other body, then that approval shall require a majority vote of the members of that body who are present at that meeting (including by proxy, if applicable), unless otherwise stated.

**Section 3. Quorum.** Unless otherwise stated, a quorum of the Board, any committee, any other body (other than a meeting of the members) shall consist of a majority of the members of that body. Once the presence of a quorum has been confirmed, business may continue despite any failure to maintain a quorum during the remainder of the meeting.

**Section 4. Proxies.** Proxies are allowed in any vote, including voting by the Board, Members, Committees, and all other bodies. A proxy must be signed by the person issuing it, and the date of the signature must be stated on the proxy. A proxy shall state whether it is valid for one specific meeting, or until it expires. A person who issued a proxy may revoke it in writing or by attending a meeting for which the proxy was issued. Any proxy that is not issued for specific meetings shall expire eleven months after it is executed. A person intending to cast a vote by authority of a proxy shall present the original proxy to the Secretary during or before the vote is taken.

**Section 5. Adjournment.** A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated hour on a stated day. Notice of the time and place where an adjourned meeting will be held need not be given to absent Directors if the time and place is fixed at the adjourned meeting. In the absence of a quorum, a majority of the Directors

present at any Directors' meeting, either regular or special, may adjourn from time to time until the time fixed for the next regular meeting of the Board.

**Section 6. Parliamentary Procedure.** Except where inconsistent with these Bylaws, all meetings shall be governed by the most recently revised edition of Robert's Rules of Order.

**Section 7. Conflicts Among Documents.** In the case of any conflict between the Articles of Incorporation of this Association and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**Section 8. Interpretation.** Any dispute or question concerning the interpretation or meaning of these Bylaws shall be determined by the Board. The Board may consult the opinions of the General Counsel whenever appropriate, before making a determination regarding any such question.

**ARTICLE ELEVEN: FINANCIAL MATTERS, BOOKS, AND RECORDS**

**Section 1. Books and Records.**

- a. **Records to be Kept.** The Association will keep correct and complete books and records of account, including the following:
  - i. Official documents - a filemarked copy of all documents filed with the Texas Secretary of State relating to the Association, including but not limited to the articles of incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or registered agent.
  - ii. Corporate documents - A copy of all bylaws and any amended versions or amendments to them.
  - iii. Minutes - Minutes of the proceedings of the members, Board, and committees having any of the authority of the Board.
  - iv. Names and Addresses - A list of the names and addresses of the members, directors, officers, and any committee members of the Association.
  - v. Members - The list of Members entitled to vote in any election or any vote on a proposal to be decided by the Members.
  - vi. Financial Statements - Financial statements showing the Association's assets, liabilities, and net worth at the end of the three most recent fiscal years, and showing the Association's income and

expenses for the three most recent fiscal years.

- vii. Budget - Each annual Budget of the Association, with any amendments to that Budget.
- viii. Tax Rulings - All rulings, letters, and other documents relating to the Association's federal, state, and local tax status.
- ix. Tax Filings - The Association's federal, state, and local tax information or income-tax returns for each of the Association's three most recent tax years.

b. **Confidential Information.** Unless pursuant to court order or the individual's written consent, the Association shall not be required to release or allow inspection of any books or records that identify the dedicatory instrument violation history of an individual Owner; an Owner's personal financial information, including records of payment or nonpayment of amounts due the association; an Owner's contact information, other than the owner's address; or information related to an employee of the association, including personnel files. Information may be released in an aggregate or summary manner that would not identify an individual Owner.

c. **Association's Attorney.** The officers shall maintain all confidential communications from the Association's attorney in a manner so they are not accessible by unauthorized persons. "Confidential communications" shall include all communications to and from the Association's attorney, except for items which are intended to be accessed by the Members or the public. Only the Association's Officers and Directors shall have access to confidential communications, and only for the purpose of carrying out their duties to the Association. Except as otherwise provided by law, an attorney's files and records relating to the property owners' association are not subject to inspection by any Owner.

**Section 2. Audit.** The Board may authorize performance of an audit of the financial records of the Association, but is not required to do so.

**Section 3. Signatures for Release of Funds.** The signatures of at least two Board members shall be required on all checks and other authorizations for release of Association funds. The Board may authorize some or all of the other Officers and Directors to be listed on the signature card. No person may be listed on the signature card unless the person is a Director, the Association's managing agent, or an employee of its managing agent.

**Section 4. Transfer of Funds.** Funds owned by the Association may not be transferred from one financial institution to another without unanimous approval of the Board.



**Section 5. Restrictions.** The officers shall present a proposed budget to the Members each year, at the annual meeting. The Members may amend the budget in any way, if desired. If the Members approve an annual budget, then the Board may not expend funds in excess of \$7,500.00 for any one unbudgeted item or project without approval of the Members, unless the expenditure is urgent and it is impractical to obtain the Members' approval. Urgent circumstances include safety issues, the need to prevent damage to property of the Association or members, or the likelihood that the costs will be substantially higher if the issue is not handled expeditiously. The Board shall not have the authority to borrow funds or incur indebtedness on behalf of the Association unless approved by the Members.

**Section 6. Loans.** The Association may not make loans to Officers or Directors.

**Section 7. Interested Directors.** Any Officer, Director, or Member who receives money from the Association, directly or indirectly, for goods or property of any kind or for services provided to the Association, must fully disclose all relevant circumstances to the Board before consummation of the transaction, and must abstain from any vote which relates to that transaction. These requirements are in addition to any other requirements of law or equity which apply to transactions involving self-dealing or conflicts of interest.

The Association may not enter into a contract with a current Officer, Director, or a person related to a current Officer or Director within the third degree by consanguinity or affinity, a company in which a current Director has a financial interest in at least 51 percent of profits, or a company in which a person related to a current Officer or Director within the third degree by consanguinity or affinity, unless:

- a. The Officer, Director, relative, or company bids on the proposed contract and the Association has received at least two other bids for the contract from persons not Associated with the board member, relative, or company, if reasonably available in the community;
- b. The Officer or Director is not given access to the other bids, does not participate in any Board discussion regarding the contract, and does not vote on the award of the contract;
- c. All material facts regarding the relationship or interest with respect to the proposed contract are disclosed to or known by the Board and the Board, in good faith and with ordinary care, authorizes the contract by an affirmative vote of the majority of the Directors who do not have an interest governed by this subsection; and
- d. The Board certifies that the other requirements of this section have been satisfied by a resolution approved by an affirmative vote of the majority of the Directors who do not have an interest governed by this section.

**Section 8. Fiscal Year.** The fiscal year of the Association shall be fixed by resolution of the Board.

**Section 9. Application of Payments.** Any payment received by the Association from a Member shall be applied in the following order of priority:

- a. any delinquent assessment owed by the Member;
- b. any current assessment owed by the Member;
- c. any attorney's fees or third party collection costs incurred by the Association associated solely with assessments or any other charge owed by the Member, that could provide the basis for foreclosure;
- d. any attorney's fees incurred by the association that are not subject to the foregoing subsection;
- e. any fines assessed against the Member by the Association; and
- f. any other amount owed by the Member to the Association.

<b>ARTICLE TWELVE: GENERAL PROVISIONS</b>
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**Section 1. Limited Liability.** No Member, Director, or Officer shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort committed by another member, whether such other member was acting on behalf of the Association or otherwise.

**Section 2. Association Property.** The Association owns all real and personal property, including all improvements located on the property, acquired by the Association. A Member has no interest in specific property of the Association. Each member waives the right to require partition of all or part of the Association's property.

**Section 3. Corporate Seal.** The corporate seal shall have inscribed thereon the name of the Association. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced. In no event, however, shall any corporate seal be required to be affixed to any document or instrument in order to validate, effectuate or authorize the matters contained within said instrument on behalf of the Association.

**Section 4. Use of Association Name.** Any person or entity employing the name of the Association must have the prior approval of the Board.

**Section 5. Enforcement Procedures.** The following procedures apply to the Association's efforts to enforce the Declaration, Bylaws, and Rules and Regulations (except for efforts

to collect Assessments and other amounts owed to the Association by a Member):

- a. Notice. Before the Board may (i) suspend a Member's right to use a Common Area, (ii) file a suit against a Member other than a suit to collect any Assessment, (iii) foreclose the Association's lien, (iv) charge a Member for property damage, or (v) levy a fine for a violation of the Declaration, Bylaws, or Rules and Regulations, the Association or its agent must give written notice to the Member by certified mail, return receipt requested. The notice must describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Member. The notice also must inform the Member that the Member (i) is entitled to a reasonable period to cure the violation and avoid the fine or suspension unless the Member was given notice and a reasonable opportunity to cure a similar violation within the preceding six months and (ii) may request a hearing on or before the thirtieth day after the date the Member receives the notice. If the Association intends to do so, the notice must also notify the Owner that attorney's fees and costs will be charged to the Owner if the delinquency or violation continues after the deadline for requesting a hearing, or if a hearing is held, after the conclusion of the hearing.
  
- b. Hearing. If the Member is entitled to an opportunity to cure the violation, the Member has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board or before the Board if the Board does not appoint a committee. If a hearing is to be held before a committee, the notice must state that the Member has the right to appeal the committee's decision to the Board by written notice to the Board.

The Association must hold a hearing under this section not later than the thirtieth day after the date the Board receives the Member's request for a hearing and must notify the Member of the date, time, and place of the hearing not later than the tenth day before the date of the hearing. The Board or the Member may request a postponement, and, if requested, a postponement will be granted for a period of not more than ten days. Additional postponements may be granted by agreement of the parties. The Member or the Association may make an audio recording of the meeting.

The hearing will be held in executive session affording the alleged violator a reasonable opportunity to be heard. Before any sanction hereunder becomes effective, proof of proper notice will be placed in the minutes of the meeting. Such proof will 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 the notice. The notice requirement will be satisfied if the alleged violator appears at the meeting. The minutes of the

meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is cured within a thirty-day period. Such suspension will not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

- c. Appeal. Following hearing before a committee, if any, the violator will have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the managing agent, if any, president, or secretary within thirty days after the hearing date.
- d. Civil Damages. If the Association prevails in a lawsuit to enforce the Declaration, the Association may seek civil damages against the Member of up to \$200.00 for each day of the violation (or a higher amount, if authorized by law). This amount is in addition to the Association's actual damages, attorney's fees, and court costs, and any other amount which the Association is entitled to recover by law or equity. The recovery of damages by the Association shall not in any way prejudice the right of any other Owner to recover damages against another Owner, whether for violation of the Declaration, public or private nuisance, or any other cause of action.
- e. Attorney's Fees and Costs. If the Association prevails in a lawsuit to enforce the Declaration, the Association is entitled to recover reasonable attorney's fees and court costs. Any attorney's fees collected from a Member shall be deposited into the Association's account.

**Section 5. Collections Procedures.** The following procedures apply to the Association's efforts to collect Assessments and other amounts owed to the Association by a Member:

- a. Notice: The Association must send written notice to the Owner by certified mail, return receipt requested, that:
  - i. Specifies each delinquent amount and the total amount of the payment required to make the account current;
  - ii. Describes the options the Owner has to avoid having the account turned over to a collection agent or attorney, including information regarding availability of a payment plan through the Association; and
  - iii. Provides a period of at least 30 days for the owner to cure the delinquency before further collection action is taken.
- b. Accounts Receivable: The Association may not sell or otherwise transfer any interest in the association's accounts receivables for a purpose other than as collateral for a loan.

- c. Lien: No officer, director, or representative of the Association may file with the deed records a lien, lien affidavit, or other instrument evidencing the nonpayment of assessments or other charges owed to a property owners' association, because such documents are legal instruments affecting title to real property. Such documents may only be filed by the Association's attorney.
  
- d. Foreclosure: The Association may only foreclose its lien on a lot using the expedited foreclosure procedure established by law, or another lawful judicial foreclosure procedure. The Association may foreclose its lien using a method of nonjudicial foreclosure if the Owner agrees in writing at the time the foreclosure is sought to waive expedited foreclosure. The Association may not foreclose its lien on a Lot if the debt secured by the lien consists solely of fines assessed by the Association, attorney's fees incurred by the association solely associated with fines assessed by the association, or amounts added to the owner's account as an assessment for the costs of compiling, producing, and reproducing copies of documents requested by the Member.
  
- e. Attorney's Fees and Costs: If the Association prevails in a lawsuit to enforce the Declaration or to collect Assessments or any other amount owed by an Owner to the Association, the Association is entitled to recover reasonable attorney's fees and court costs. Any attorney's fees collected from a Member shall be deposited into the Association's account.

**Section 6. Required Policies.** The Board must adopt policies governing open records and copying, alternative payment schedules, and document retention.

**Section 7. Dedicatory Instruments.** The Board must cause its "dedicatory instruments" to be filed with the Gregg County Deed Records, as soon as possible. "Dedicatory instruments" includes each document governing the establishment, maintenance, or operation of the Addition. The term includes the Association's Declaration, Bylaws, any rules and regulations, any other governing documents, and any amendments to those documents. If the Association maintains a website, the Board shall cause all "dedicatory instruments" to be posted on its website so the members may download them.

**Section 8. Management Certificate.** The Board must cause a Management Certificate to be prepared in accordance with Texas Property Code § 209.004, and filed with the Gregg County Deed Records. The Board shall cause the Management Certificate to be updated and refiled whenever the information becomes obsolete.

**Section 9. Resale Certificate.** Upon proper request, the Association's officers shall prepare or cause to be prepared a resale certificate pursuant to Texas Property Code Chapter 207.

**Section 10. Certain Devices.**

- a. Each property owner in the Addition may install the following on his or her lots:
  - 1. Devices for solid-waste composting of vegetation, including grass clippings, leaves, or brush, or leaving grass clippings uncollected on grass (but any such device must be installed behind a fence, and where it is not visible from the street);
  - 2. Rain barrels or a rainwater harvesting system;
  - 3. Efficient irrigation systems, including underground drip or other drip systems; and/or
  - 4. Drought-resistant landscaping or water-conserving natural turf.
- b. The Association may adopt additional rules and regulations governing the size, type, shielding, and materials, for or the location of any of the devices described in this section.

**Section 11. Political Signs.** Each property owner in the Addition may install one or more ground-mounted signs advertising a political candidate or ballot item for an election on his or her lots, beginning 90 days before the election to which the sign relates, and ending 10 days after that election. Each owner may only display one sign in the Addition for each candidate or ballot item. Property owners may not install signs that contain roofing material, siding, paving materials, flora, one or more balloons or lights, or any other similar building, landscaping, or nonstandard decorative component; that are attached in any way to plant material, a traffic control device, a light, a trailer, a vehicle, or any other existing structure or object; that include the painting of architectural surfaces; that threaten the public health or safety; that are larger than four feet by six feet; that violate a law; that contain language, graphics, or any display that would be offensive to the ordinary person; or that is accompanied by music or other sounds or by streamers or is otherwise distracting to motorists. The Association may remove a sign displayed in violation of a restrictive covenant permitted by this section.

**Section 12. Solar Energy Devices.**

- a. Each property owner in the Addition may install a solar energy device on his or her lots, in compliance with the other requirements of this section. As used herein the term “solar energy device” refers to any system or series of mechanisms designed primarily to provide heating or cooling or to produce electrical or mechanical power by collecting and transferring solar-generated energy, including but not limited to a mechanical or chemical device that has the ability to store solar-generated energy for use in heating or cooling or in the production of power.

- b. No property owner may install a solar energy device that:
  - 1. Has been adjudicated by a Court to threaten the public health or safety or to violate a law;
  - 2. Is located in an area on the property owner's property other than the roof of the residence, or in a fenced yard or patio owned and maintained by the property owner;
  - 3. Is mounted on the roof of the residence and -
    - (A) extends higher than or beyond the roofline;
    - (B) is located in an area other than an area designated by the property owners' association, unless the alternate location increases the estimated annual energy production of the device, as determined by using a publicly available modeling tool provided by the National Renewable Energy Laboratory, by more than 10 percent above the energy production of the device if located in an area designated by the property owners' association;
    - (C) does not conform to the slope of the roof and has a top edge that is not parallel to the roofline; or
    - (D) has a frame, a support bracket, or visible piping or wiring that is not in a silver, bronze, or black tone commonly available in the marketplace;
  - 4. Is located in a fenced yard or patio and is taller than the fence line;
  - 5. As installed, would void material warranties.
- c. The Association may adopt additional rules and regulations governing the size, type, shielding, and materials, for or the location of a solar energy device.

**Section 13. Roofing Materials.** Each property owner in the Addition may install shingles on the roof of his or her property which are designed primarily to be wind and hail resistant, to provide heating and cooling efficiencies greater than those provided by customary composite shingles, or to provide solar generation capabilities, as long as those shingles when installed resemble the shingles used or otherwise authorized for use on property in the Addition, are more durable than and are of equal or superior quality to the shingles otherwise authorized for use in the Addition, and match the aesthetics of the property surrounding the owner's property.

**Section 14. Flag Display.** Each property owner in the Addition may display on one or

more contiguous lots owned by him or her the flag of the United States of America, the flag of the State of Texas, or an official or replica flag of any branch of the United States armed forces. Any owner displaying the flag of the United States shall display it in accordance with 4 U.S.C. Sections 5-10. Any owner displaying the flag of the State of Texas shall display it in accordance with Chapter 3100, Government Code. Any flagpole attached to a dwelling or a freestanding flagpole shall be constructed of permanent, long-lasting materials, with a finish appropriate to the materials used in the construction of the flagpole and harmonious with the dwelling. Any display of a flag, or the location and construction of the supporting flagpole, shall comply with applicable zoning ordinances, easements, and setbacks of record. Any displayed flag and the flagpole on which it is flown shall be maintained in good condition, and any deteriorated flag or deteriorated or structurally unsafe flagpole shall be repaired, replaced, or removed. No flagpole may be more than 20 feet in height. No flag may be displayed that is larger than 3' X 5' (if installed on a 20' flagpole) or 2 ½' X 4' (if installed on a smaller flagpole or on the residence). A property owner may install no more than one white light of reasonable intensity to illuminate his or her flag and flagpole. Any property owner with a flagpole shall secure the external halyard at all times to prevent noise.

**Section 15. Display of Religious Items.** Each property owner in the Addition may display or affix on the entry to his or her residence one or more religious items the display of which is motivated by the owner's or resident's sincere religious belief. No owner may install one or more religious items that threaten the public health or safety, violate a law, or contain language, graphics, or any display that is patently offensive to a passerby. Any religious item(s) installed must be installed on the entry door or door frame, and may not extend past the outer edge of the door frame of the residence. The total of all religious items affixed may not exceed a total size of greater than 25 square inches.

**Section 16. Architectural Control Committee Approval.** A property owner wishing to install a device described in Article Twelve, Section 10, a solar energy device, roofing materials described in Section 13, or a flagpole must still comply with all other requirements in the Declaration and in these Bylaws, including but not limited to the requirement to obtain prior approval of the project from the Architectural Control Committee. The Architectural Control Committee must approve a lot owner's application to install a solar energy device unless it determines in writing that installation of the device would violate a provision in this section, or that placement of the device as proposed by the property owner constitutes a condition that substantially interferes with the use and enjoyment of land by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities. For purposes of making a determination under the preceding sentence, the written approval of the proposed placement of the solar energy device by all owners of property adjoining the lot or contiguous lots on which the device is to be placed, constitutes prima facie evidence that such a condition does not exist.

**Section 17. Automatic Expiration.** Article Twelve, Sections 6 through 15, inclusive, are adopted to require the Association to comply with the corresponding sections of Texas Property Code Chapter 202. Each section shall automatically expire if the corresponding



section in Texas Property Code Chapter 202 is repealed or amended to eliminate the requirements set forth in the respective section.

**ARTICLE THIRTEEN: INDEMNIFICATION**

**Section 1. Definitions.** As used in this Article, the following definitions apply:

- a. "Governing person" shall include any Officer or Director of the Association.
- b. "Proceeding" means any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitative or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.
- c. "Indemnification" or "Indemnify" shall include payment of any judgments, penalties (including excise and similar taxes), fines, settlements, and any reasonable expenses actually incurred (including court costs and attorneys' fees) in connection with the proceedings.

**Section 2. Indemnification Required.** The Association shall indemnify a governing person, former governing person, delegate, officer, director, employee, or agent who was, is, or is threatened to be made a respondent in a proceeding, for acts and omissions in the scope of their duties to the Association, whenever such indemnification is permitted by law.

**Section 3. Indemnification Prohibited.** Without regard to any other provision herein, the Association shall not indemnify any Director who is found liable on the basis that any personal benefit was improperly received by him from the Association, any Director who is found liable to the Association, or any Director found liable for willful or intentional misconduct in the performance of his duty to the Association.

**Section 4. Advancing Expenses.** The Association shall pay or reimburse reasonable expenses incurred by a governing person, former governing person, delegate, officer, director, employee, or agent who was, is, or is threatened to be made a respondent in a proceeding, for acts and omissions in the scope of their duties to the Association, in advance of the final disposition of the proceeding, whenever permitted by law and on the express condition that the Board of Directors confirm that, based on the information available at the time, it appears that the Association will be able to advance such expenses without preventing it from meeting its other financial obligations. As a condition of advancing such expenses, the governing person must deliver to the Association:

- a. A written affirmation of his good faith belief that he has met the standard of conduct necessary for indemnification; and
- b. A written undertaking by or on behalf of the Director to repay the amount paid or reimbursed by the Association if it is ultimately determined that he

has not met that standard or if indemnification is otherwise prohibited.

The written undertaking must be an unlimited general obligation of the Director, but need not be secured. It may be accepted without reference to the Director's financial ability to make repayment.

**Section 5. Rights Not Exclusive.** The rights to indemnification granted herein shall not be deemed exclusive of any other rights to which such Officer, Director, or member may be entitled, under any bylaw, agreement, insurance policy or vote of members, statute, case, or rule of law, or otherwise.

**Section 6. Insurance.** The Association may purchase and maintain insurance on behalf of any Director, insuring against any liability asserted against him and incurred by him in his capacity or arising out of his status as a Director, whether or not the Association would otherwise have the power to indemnify him.

**ARTICLE FOURTEEN: AMENDMENT OF BYLAWS AND ARTICLES**

**Section 1. Amendment of Bylaws.** These Bylaws may only be amended by a vote of at least three-quarters of all the Directors, at a properly called meeting of the Board. The Members shall also have the authority to amend these Bylaws, by a majority vote of the Members who are present at a properly called meeting of the Members. If practical, the exact wording of any proposed amendments to the Bylaws shall be sent with the notice of the meeting. If it is not practical to send the exact wording of the amendments, a general description in reasonable detail of the nature of the proposed amendments shall be included with the notice. This notice shall be sent at least thirty days in advance of the meeting at which the amendment are to be considered. Notwithstanding the above, those provisions of the Bylaws which are governed by the Articles of Incorporation of this Association may be amended only by also complying with the procedures for amending the Articles of Incorporation, in addition to the procedures for amending the Bylaws.

**Section 2. Amendment of Articles of Incorporation.** The Articles of Incorporation may only be amended by approval of a majority of the Members present at a properly called meeting of the members. The Board shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote at a meeting of the Members. Written notice of the time and date of the meeting at which the amendment are to be considered, shall be provided to each member at the last known address. A general description of the nature of the proposed amendment shall be included with the notice. This notice shall be sent at least thirty days in advance of the meeting at which the amendment are to be considered.

**CERTIFICATION**

I certify that I am the Secretary of the Association and that the foregoing Bylaws constitute

the Bylaws of the Association. These Bylaws have been duly adopted and amended at various times over the years.

REVISED at the Meeting of the Association held on \_\_\_\_\_.

\_\_\_\_\_  
SECRETARY