

AMENDED BYLAWS OF SHADYBROOK PROPERTY OWNERS ASSOCIATION, INC.

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ARTICLE ONE: GENERAL INFORMATION

Section 1. Name. The name of the corporation is SHADYBROOK PROPERTY OWNERS ASSOCIATION, 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 Bullard, Texas, Cherokee County in the Shadybrook Subdivision.

ARTICLE TWO: DEFINITIONS

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

1. **"ACC"** refers to the Architectural Control Committee as defined in the Covenants.
2. **"Association"** refers to the SHADYBROOK PROPERTY OWNERS ASSOCIATION INC., its successors and assigns.
3. **"Board"** refers to the Board of the Association.
4. **"Common Properties"** refers to any and all areas of land within the Properties which are known, described or designated as common green, common areas, recreational easements, green belts, open spaces, private streets, jogging and bicycle trails, swimming pools, tennis courts, recreational centers or bodies of water on any recorded subdivision plat of the Properties 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.
5. **"Covenants"** or **"Restrictions"** refer to:
 - a. any and all restrictive covenants and covenants running with the land directly or indirectly pertaining to the Properties, as recorded in the Public Records of Cherokee County, Texas;
 - b. any further or subsequent supplements, amendments, additions or modifications to the foregoing instruments, all of which are incorporated herein by reference for all purposes.
6. **"Lot"** refers to any plot or tract of land shown upon any recorded subdivision map(s) or plat(s) of the Properties, as amended from time to time, which is designated as a lot thereon.
7. **"Member"** refers to a person or entity meeting the requirements set forth in Article Four.

8. **"Owner"** refers to each and every person or entity who is a record owner of a fee or undivided fee interest in any Lot, or who is a purchaser pursuant to a contract for deed; however, 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.
9. **"Properties"** refers to the land and premises located in Cherokee County, State of Texas, more particularly described within Annex "A" attached hereto and incorporated herein by reference for all purposes, and any additions thereto as may hereafter be brought within the jurisdiction of the Association.
10. **"Shadybrook" and "Subdivision"** refer to the Shadybrook Subdivision in Cherokee County, Texas.
11. **"IAW Sec. xxx.xxx"** means In Accordance With Section xxx.xxx, of Texas Property Code, Title 11, Restrictive Covenants, Chapters, 202, 204 and/or 209.
Added 04/01/2013

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 Properties and to promote the health, safety and welfare of the Owners and residents of the Properties;
- 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 Miscellaneous Corporation Laws Act and the Texas Non-Profit Corporation Act;
- D. To cause the Common Properties to be maintained operated, regulated and administered in accordance with any applicable terms and conditions of the Covenants 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 Covenants or as may be otherwise prescribed by the Association;
- F. To fix, levy, collect and enforce payment by any lawful means, all charges or assessments provided for by the terms of the Covenants 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 Properties 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 of the Association, will promote the common benefit and enjoyment of the Owners and residents of the Properties.

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.

ARTICLE FOUR: MEMBERSHIPS

Section 1. Members. The Association shall have one class of voting members. A member shall be a person who owns one or more lots in the Shadybrook subdivision. Every person or entity who is "now or hereafter becomes an owner shall automatically be and must remain a Member of the Association, until the member shall sell or dispose of his property by deed or otherwise. Membership shall be appurtenant to and may not be separated from ownership of any Lot. Member and or property owner(s) may be used interchangeable and therefore have the same meaning.

Section 2. Voting Rights. Members shall be entitled to cast one vote for each lot in which they hold the interest required for membership, with a maximum of two votes for owners of multiple lots. Each member may cast as many votes as he or she is entitled to exercise under these Bylaws on each matter submitted to a vote at a meeting of members. IAW Sec. 209.0059
Revised 04-01-2013

Section 3. Multiple Owners. When more than one person holds such interest or interests in any lot, all such persons shall be members. The vote for such Lot shall be exercised as they, among themselves, may determine, but in no event shall more than one vote be cast with respect to any such lot. In the event of any dispute regarding voting among multiple owners, the first person listed as owner of record in the Cherokee County tax rolls shall have the right to cast the vote.

Section 4. Assessments and other Obligations; Lien.

A. Creation of Assessments: There are hereby created assessments for Association expenses as the Board may authorize from time to time. There are three categories of Assessments at this time:

- (a) Base Assessments (hereafter referred to as Maintenance Fees) to fund common expenses for the general benefit of all Lots;
- (b) Special Assessments as described herein below, and

(c) Specific Assessments as described herein below. Each Owner by accepting a Deed or entering into a recorded Contract of Sale for any portion of the Properties, is deemed to covenant and agree to pay these Assessments.

(d) All Assessments, together with interest (at a rate not to exceed the highest rate allowed by applicable law) computed from the date the delinquency first occurs, late charges, reasonable attorney's fees, collection costs and other cost shall be a charge and continuing lien upon each Lot against which the Assessment is made until paid, as more particularly described herein. Each such Assessment, together with interest, late charges, reasonable attorney's fees, cost of collection and other costs, also, shall be the personal obligation of the person or persons or entity who was the Owner of such Lot or Lots at the time the Assessment arose. Upon transfer of title to a Lot, other than a transfer by mortgage to a Mortgagee, the Grantee (purchaser) shall be jointly and severally liable for any Assessments and other charges due at the time of conveyance. However, no third party Mortgagee who obtains title to a Lot pursuant to the power of sale or foreclosure rights contained in its loan documents shall be liable for unpaid Assessments which accrued prior to such acquisition of title.

(e) The Board shall, upon request, furnish to any contract purchaser of a Lot or any Owner liable for any type of assessment, a Certificate in writing signed by an Association officer setting forth whether such Assessment has been paid. Such Certificate shall be conclusive evidence of payment. The Association may require the advance payment of a reasonable processing fee for the issuance of such Certificate.

(f) Assessments shall be paid in such manner and on such dates as the Board may establish. Unless the Board otherwise provides, the Maintenance Fees (Base Assessments) and all other obligations to Shadybrook POA shall be due and payable in advance on the 31st day of March of each year and shall be considered delinquent on April 1st. If any Owner is delinquent in paying any assessments or other charges levied on his/her/its Lot, the Board may require any unpaid installments of all outstanding assessments to be paid in full immediately.

IAW Sec. 209.0062.

Revised 04/01/2013

(g) No Owner may exempt himself/herself/itself from liability for Assessments by non-use of the Common Area, abandonment of his/her/its Lot or any other means. The obligation to pay Assessments is a separate and independent covenant on the part of each Owner. No diminution or abatement of Assessments or set-offs shall be claimed or allowed for any alleged failure of the Association or Board to take some action or perform some function required of it or for inconvenience or discomfort arising from the making of repairs or improvements, or from any other action it takes.

B. Computation of Base Assessments. The Board of Directors may set Maintenance Fees (Base Assessments) which shall be levied equally upon all Lots; provided, however, the Board of Directors may provide a graduated scale for the payment of Assessments depending upon the location, size or improvements upon any given Lot. The Maintenance Fees will be increased no more than three (3) percent annually as set forth in Article 6. Section 4. I.

The Board shall send a copy of the amount of the Maintenance Fees (Base Assessments) for the following year to be delivered to each Owner prior to the beginning of February for each year in which it is to be effective

In the event the Board fails to send such, the previous year's Assessments amount shall be controlling for the following year. There shall be no obligation to call a meeting for the purpose of considering the amount of the Assessments except on petition of the Owners as provided for special meeting in the Bylaws, which petition must be presented to the Board within 10 days after delivery of the notice of Assessments.

If the Assessments are disapproved, then until such time as new Assessments are determined, the Assessments in effect for the immediately preceding year shall continue for the current year.

C. Special Assessments. In addition to other authorized Assessments, the Association may levy Special Assessments from time to time to cover unbudgeted expenses or expenses in excess of those budgeted. Such Special Assessments shall be levied against the entire membership. Except as otherwise specifically provided in this document, any Special Assessments shall require the affirmative vote or written consent of Owners representing at least 51 % of those voting. Special Assessments shall be payable in such manner and at such times as determined by the Board, and may be payable in installments extending beyond the fiscal year in which the Special Assessments are approved, and all to be upon the discretion of the Board of Directors.

D. Specific Assessments. The Board shall have the power to specifically assess expenses of the Association against Lots in the Subdivision which receive benefits, items or services not provided to all units within the Properties that are incurred upon request of the Owner of a Lot for a specific item or services relating to the Lot that are incurred as a consequences of the conduct of less than all the Owners that are expressly permitted under the terms of the Association documents.

E. Lien for Assessments. The Association does hereby establish, reserve, create and subject each Lot to a perfected contractual lien in favor of the Association to secure payment of delinquent Assessments, as well as interest, late charges (subject to the limitations of Texas law), and costs of collection (including attorney's fees). Such lien shall be superior to all other liens, except (a) the liens of all taxes, bonds, assessments or other levies which by law would be superior, and (b) the lien or charge of any mortgage of a third party Mortgagee of record made in good faith and for value. Declarant hereby assigns such lien to the Association without recourse. The lien shall be self-operative, and shall continue in inchoate form without being reserved or referenced in any Deed or other document and without any other action required. Such lien, when delinquent, may be enforced by suit with judicial foreclosure in accordance with Texas law. The Association may assign such lien rights as to any or all Lots to a Lender as security for any loan made to the Association.

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Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute and record a document setting forth as to any Lot the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability or priority of the lien. The lien may be foreclosed through foreclosure proceedings in accordance with the Texas Property Code. Attorney's fees are available as referenced in

Section , judicial of the Texas Property Code as it now exists or as hereafter amended. IAW
209.0092
Revised 04/01/2013

Each Owner hereby grants to the Association, whether or not it is so expressed in the Deed or other instrument conveying such Lot to the Owner, a Power of Sale to be exercised in accordance with Texas Property Code Section 51.002 as it may be amended.

At any foreclosure proceeding, any person or entity, including but not limited to the Association, or any Owner shall have the right to bid for the Lot at foreclosure sale and to acquire and hold, mortgage and convey the same. During the period in which a Lot is owned by the Association following foreclosure:

- (a) no right to vote shall be exercised on its behalf;
- (b) no Assessments shall be levied on it; and
- (c) each other Lot shall be charged, in addition to its usual Assessment, its equal pro-rata share of the Assessments that would have been charged such Lot had it not been acquired by the Association as a result of foreclosure.

Suit to recover a money judgment for unpaid Common Expenses, Assessments, costs and attorney's fees shall be maintainable without foreclosing or waiving the lien securing the same.

The sale or transfer of any Lot shall not affect the Assessment lien or relieve such Lot from the lien for any subsequent Assessment. However, the sale or transfer of any Lot pursuant to foreclosure of any first mortgage shall extinguish the lien as to any installment of such Assessment due prior to such sale or transfer. A Mortgagee or other purchaser of a Lot who obtains title pursuant to foreclosure of the mortgage shall not be personally liable for Assessments on such Lot due prior to such acquisition of title. Such unpaid Assessments shall be deemed to be Common Expenses collectable from Owners of all Lots subject to Assessments described below, including such acquirer, its successors and assigns.

F. Failure to Assess. Failure of the Board to fix Assessment amounts or rates or to deliver or mail each Owner an Assessment notice shall not be deemed a waiver, modification or release of any Owner from the obligation to pay Assessments. In such event, each Owner shall continue to pay Assessments on the same basis as for the most recent previous year for which an Assessment was made, if any, until a new Assessment is made, at which time the Association may retroactively assess any shortfalls in collection.

G. Exempt Property. The following Property shall be exempt from payment of Assessments:

- (a) All Common Areas; and
- (b) Any Property dedicated to and accepted by any governmental authority or public utility or electric cooperative.

Section 5. Rights of Membership. Each Member, their immediate family, tenants, and guests shall be entitled to the use and enjoyment of the Common Properties in accordance with the terms and provisions of the Covenants or as may be otherwise prescribed by the Association. Guests and tenants shall be required to obtain a guest/tenant pass from the Association office. The guest/tenant pass shall be issued to the property owner, and the owner is responsible for any violations to the Bylaws, Covenants or other rules of the community by that property owner's guest(s) or tenant(s).

Section 6. Violations of Regulations. Violation by members, tenants, and/or guests of rules and regulations adopted and published by the Board may result in a suspension of rights to the common areas as defined in the covenants or amenities for up to sixty days for each violation.

ARTICLE FIVE: MEETINGS OF THE MEMBERS

Section I. Annual Meeting. IAW State Law Sec. 209.014. The Annual Meeting of the Members shall be held on the Fourth Saturday of June beginning at 2:00 p.m., except if that day is a legal holiday. The Annual Meeting shall be held on the following Saturday beginning at 2:00 p.m. All meetings of the members shall take place within a 25-mile radius of the Shadybrook Subdivision.

(Revised June 27, 2015)

Section 2. Special Meetings. Special meetings of the members shall be held when called by the President, by any three directors or by written request of any combination of members holding five hundred of the votes entitled to be cast. Written notice of special meetings of the members shall be sent to each member at least fifteen days before the date of the meeting. The purpose of any special meeting and business to be transacted shall be included in the notice.

Section 3. Determination of Voting Members. At least ten days before each meeting of members, the Secretary shall make a complete list of the members. 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, 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.

Revised 04/01/2013

Section 4. Procedure for Elections. The following procedures shall govern elections:

1. **Registration of Candidates and Propositions.** All candidates wishing to run for a position on the Board can register their name with the Association office. All candidates which are registered no later than the close of business on the third Monday of April shall listed on the absentee ballot, in addition to being listed on the ballot at the annual meeting.
2. **Notice of Annual Meeting.** Notice of the Annual Meeting, including an absentee ballot, will be sent to each member by the first week in May of each year. Completed ballots must be returned to the office five (5 days) prior to the Annual meeting of the members that year for them to be counted.
3. **Posting of Names of Candidates.** The names of all eligible candidates who have registered with the Association will be posted in a conspicuous place easily viewed at the Association office and on the bulletin board at the entrance to the Subdivision.
4. **Prohibited Endorsements.** Neither the Shadybrook Property Owners Association, any officer or director of the Association in that capacity, nor the Board may endorse any candidate. Members, Officers, and Directors may make endorsements in their individual capacities.

5. Absentee Ballots. Members may cast their votes in person or by absentee ballot. Mail in ballots must be received no later than five (5) days before the annual meeting. IAW Sec. 209.0058. Any vote cast in an election or vote by a member of a property owners' association must be in writing and signed by the member.

IAW Sec. 209.00592, the following statement must appear on all Absentee Ballots :
"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." IAW Sec. 209.00593

6. Conduct of Election. The election of Directors shall be conducted at the Annual Meeting. Each member shall cast his or her votes for one candidate, and then the votes shall be tallied by the Election Committee, IAW Sec. 209.00594. The persons receiving the most votes shall be elected to the open director position with the longest term, and then the person receiving the next largest number of votes shall be elected to the open director position with the next longest term, and so on, until all open positions are filled.

ARTICLE SIX: BOARD OF DIRECTORS

Section 1. General Purpose and Nature. The business and affairs of the Association shall be managed by the Board of Directors. The number of directors shall be seven, but may hereafter be changed in accordance with the Bylaws, and in no event shall be less than five nor more than seven. 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 Covenants, the Articles of Incorporation, and to these Bylaws.

Section 2. Eligibility of Candidates. To be eligible for election or appointment to the Board, any candidate must meet the following conditions:

1. The candidate must own property in the Subdivision in fee simple, with the deed properly recorded within the Deed Records of Cherokee County, Texas
2. Must not have been convicted of a felony or crime involving moral turpitude, IAW , Sec. 209.00591 and 209.00592.

Revised 04/01/2013

Section 3. Director Designation: Each Director position shall be designated by number (i.e. "Position Three"). Each candidate for the Board shall designate the position sought. Directors serving in Positions Three and Four as of January 1999 shall serve until the elections in 1999, at which time their successors shall be elected to three-year terms. Directors serving in Positions One and Two as of January 1999 shall serve until the elections in 2000, at which time their successors shall be elected to three-year terms. Directors serving in Positions Five, Six and Seven as of January 1999 shall serve until the elections in 2001, at which time their successors shall be elected to three-year terms. Following the year 2005 each Director shall serve for a term of three years, except in the case of a vacancy.

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 Covenants, 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 Properties and the furnishing and upkeep of any desired personal property for use in or on the Common properties;
- 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 Properties 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, equipment, supplies, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of the Covenants or which, in its option, shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Covenants.
- G. To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by it as an incorporated entity;
- H. To call for a special meeting or an annual meeting of the members; IAW Sec. 209.014
- I. To increase, decrease, amend, or modify the maintenance fee schedule applicable to the Lots up to three (3) percent each year, 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 maintenance fees;
- 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 Properties 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 make reasonable rules and regulations for the operation of the Common Properties and to amend them from time to time;
- M. To prepare an annual report each year, and to make a copy of it available to each Owner;
- N. To adjust the amount, collect and use any insurance proceeds to repair damaged or replace lost property, to assess the Members in proportionate amounts to cover the deficiency;

- O. To enforce the provisions of the Covenants and any rules made hereunder and to enjoin and seek damages and/or fines from any Owner for violation of such provisions and rules; and
- P. To exercise all other powers provided in the Texas Non-Profit Corporation Act, and all other implied powers necessary and proper to carry out its express power.
- Q. The Board shall allow non-paying (90 days past due) property owners names to be posted on the community bulletin board and published in the Shadybrook newsletter if they are 90 days past due.

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

Section 6. Action Without Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, and with the same force and effect as a unanimous vote of Directors, if all members of the Board shall individually or collectively consent in writing to the action.

Section 7. Vacancies. Any vacancy occurring on the Board as a result of removal or resignation of a Board director will be filled by the Board. The Board may fill the position by appointment and by the affirmative vote of a majority of the remaining directors. The remaining directors may make this appointment even though less than a quorum. A director appointed to fill a vacancy shall serve until the next annual meeting of the members, at which time a successor shall be elected by the members to serve the remainder of the original three-year term. If the Board does not have an eligible candidate and the number of directors remaining on the Board is five or more, the Board does not have to fill the position until the next annual meeting of the members.

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. Term Limits. Directors will be limited to two consecutive terms. A person who has served two consecutive terms on the Board may not be elected to another term until at least one year following the expiration of the second term. If the Board appoints a director to fulfill a term that has not expired that director can be elected to a full term at the next annual meeting and run for a full term of three years after the end of the second term.

Section 10. 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 property owners may submit bids or make offers to the Board to perform services for the Association.

ARTICLE SEVEN: MEETINGS OF THE BOARD

Section 1. Place of Meeting. All meetings of the Board, regular or special, must be held within the Shadybrook Subdivision.

Section 2. First Meeting. The first meeting of each newly elected Board shall be held within one week following the Annual Meeting of the Members. Notice of this meeting must be announced at the Annual Meeting.

Section 3. Regular meetings. Regular meetings of the Board shall be held monthly, except during the month of December. The time and place for each month's meeting shall be established at the first meeting of the Board following the Annual Meeting of the Members. Notice of the time and place of each regular meeting of the Board must be posted on the bulletin board at the entrance to the Subdivision and at the office at least 72 hours prior to each meeting. The Board will allow, at its regular meetings, reasonable time for questions and concerns being raised by members. The President or assigned designee shall provide each Board member at least three (3) days prior to the meeting an agenda setting out the business to be transacted at such regular meeting and the agenda shall be posted along with the meeting notice. Regular and special board meetings must be open to owners, subject to the right of the board to adjourn a board meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property owners' association's attorney, matters involving the invasion of privacy of individual owners, or matters that are to remain confidential by request of the affected parties and agreement of the board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session IAW 209.0051

(Revised 06/27/2015)

Section 4. 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. This meeting shall not take the place of the regular Board meeting. Neither the business to be transacted nor the purpose of the meeting of the Board needs to be specified in the notice.

A board may meet by any method of communication, including electronic and telephonic, without prior notice to owners, if each director may hear and be heard by every other director, or the board may take action by unanimous written consent to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate board action. Any action taken without notice to owners must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting. The board may not, without prior notice to owners, consider or vote on:

- (1) fines;
- (2) damage assessments;
- (3) initiation of foreclosure actions;

- (4) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
- (5) increases in assessments;
- (6) levying of special assessments;
- (7) appeals from a denial of architectural control approval; or
- (8) a suspension of a right of a particular owner before the owner has an opportunity to attend a board meeting to present the owner's position, including any defense, on the issue. IAW Sec. 209.0051

Revised 04/01/2013

Section 5. Minutes and Other Records. All meetings of the Board of Directors and of the POA shall be mechanically taped. The secretary shall prepare the minutes of all meetings. 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. The tape shall be kept for a minimum of ninety (90) days or until the minutes are approved by the Board of Directors at the next scheduled meeting.

ARTICLE EIGHT: OFFICERS

Section 1. Officer Positions. The officers of the Association shall consist of a President, a Vice President, a Secretary and a Treasurer. The same person may hold any two or more offices, except that the President and Secretary shall not be the same person. The Secretary can be, but does not have to be a member of the Board.

Section 2. Eligibility of Candidates. To be eligible for election or appointment as an Officer, any candidate must meet the following conditions:

1. The candidate must own property in the Subdivision in fee simple, with the deed properly recorded within the Deed Records of Cherokee County, Texas;
2. Must not have been convicted of a felony or crime involving moral turpitude, IAW , Sec. 209.0059

Revised 04/01/2013

Section 3. Election of Officers. The Board, at its first meeting after each Annual Meeting of the Members, shall elect a President, Vice President, Treasurer, and a Secretary .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 until their successors are elected.

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

1. 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 can only vote to break a tie in a meeting of 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.

2. 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.

3. 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. Mechanically tape the minutes of all regular, special and emergency meetings of the Board. The tape shall be kept for a minimum of ninety (90) days or until the written minutes are approved by the Board of Directors. The secretary shall maintain and update the Policy and Procedures Manual. A current copy will be provided annually to the new 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. When so affixed, his or her signature shall attest it. If the secretary is not a Director, he/she will not have voting rights as a Director.

4. 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 an officer's position may be filled by the Board.

Section 7. Bond. If required by the Board, the Treasurer shall give the Association a bond in such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of 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.

Section 8. Removal of Officers or Directors. The Board may, by a vote of two thirds of the entire Board, remove an Officer or Director 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 and/or 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 Officer 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 Officer shall, also, have the opportunity to be heard at the meeting at which removal is to be considered.

ARTICLE NINE: COMMITTEES

Section 1. Appointment of Committees. The Board may appoint committees at any time, designate their duties, and appoint persons to chair such committees. The President and Vice President shall automatically be ex officio 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 Restrictions, and shall periodically report to the Board. The chair of the ACC shall deliver the minutes of each meeting to the Corporate Secretary, who will include these minutes with the minutes of the Board of Directors' monthly meeting.

Section 4. Dispute Resolution Committee. The Board, as needed shall form a Dispute Resolution committee. The Committee shall be composed of no less than three members no 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.

Section 5. Standing Committees: Executive, Bylaws, Budget and Finance, ACC

ARTICLE TEN: PROCEDURES GOVERNING ALL MEETINGS

Section 1. General Duties. Each Officer, Director, and Committee Member shall have the following duties:

1. **Training.** Ensure that members are trained to serve on future Boards, especially for your position and the other offices in your area. Make sure any future Board Director has a working knowledge of the Bylaws and Covenants of the community.
2. **Planning.** Help the Board in creating a plan of action with specific goals for the year, especially in the area of your responsibility, with input from the local chapters.

3. **Communications.** Keep the Members and the Board informed about Association activities, especially in your area of responsibility, by making announcements at meetings and submitting information to the newsletter. Provide information to members regarding Association programs and affairs.
4. **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 on courses of action, reflecting the best interests of the Association and its members.
5. **Bylaws.** Gain a working knowledge of the Bylaws, Covenants, 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.
6. **Meetings.** Attend all meetings of the Members, Board, and any committees on which the Officer or Director serves whenever possible.

Section 2. Vote Required. Whenever these Bylaws require approval of any action or decision, by the Membership, then that approval shall require a majority vote of the members of that body who are present at that annual meeting of the members, unless otherwise stated. All members will be notified in writing to their last known address when there is a revision to the Bylaws.

Revised 04/01/2013

Section 3. Quorum. Unless otherwise stated, a quorum of the Board, any committee, any other body shall consist of a majority of the members of that body. At a meeting of the members, 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.

Section 4. VOTING; QUORUM; IAW Sec. 209.00592.

- (a) The voting rights of an owner may be cast or given:
 - (1) in person or by proxy at a meeting of the property owners' association;
 - (2) by absentee ballot in accordance with this section;
 - (3) by electronic ballot in accordance with this section; or
 - (4) by any method of representative or delegated voting provided by a dedicatory instrument.
- (b) An absentee or electronic ballot:

Revised 04/01/2013

Section 5. Open Meetings. All meetings and functions shall be open to attendance by all members except that any body of the Association may hold a closed session, in accordance with the open records law, provided that such session is as a committee of the whole, and that the final adoption of the report of the body shall not be in closed session.

Section 6. 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 7. 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 8. 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 Covenants of this Association and these Bylaws, the Covenants shall control.

Section 9. Interpretation. Any dispute or question concerning the interpretation or meaning of these Bylaws shall be determined by the Board. The Board should consult the opinions of the General Counsel regarding any such question.

ARTICLE ELEVEN: FINANCIAL MATTERS, RECORDS AND NOTICES

Section I. Books and Papers.

- A. The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any Member. All minutes of Executive Sessions will be kept in a secured location and not be available for members review.
- B. Minutes of all other meetings shall be made available to any Member during the Association's regular business hours. Board shall comply with all laws regarding record keeping and availability of records to members, as set forth in the Texas Non-Profit Corporation Act. The Secretary upon request shall provide a copy of these Bylaws to any Member or Chapter.
- C. The books, records and papers of the Association shall remain in the office.

Section 2. Annual Audit. There shall be an annual review of the financial records of the association by an outside public accountant or a certified public accountant. This review shall be completed no later than March 15th of the following year.

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 up to three Board members to be listed on the signature card.

Section 4. Restrictions. The Board shall not have the authority to borrow funds or incur indebtedness on behalf of the Association unless approved by the Members. A separate capital expenditure fund of \$20,000 must be budgeted annually. This fund is to be in the form of a certificate of deposit in a federally insured institution. The minimum length of duration of the certification of deposit shall be no less than ninety (90) days period. Any expenditure of this fund requires two-thirds (2/3rds) vote by the Board of Directors.

Section. 5 Loans. No loans shall be made to Officers or Directors.

Section 6. Interested Directors. Any Officer, Director, or Member who receives money from the Association 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, in addition to complying with all other requirements of law or equity which apply to transactions involving self-dealing. Any officer, director or member who receives money or property from the Association from privileged information must fully disclose circumstances to the Board before completion of the transaction, in addition to complying with all other requirements of the law or equity which apply to transactions involving self-dealing as defined by law.

Section 7. Fiscal Year .The fiscal year of the Association shall be fixed by resolution of the Board.

Section 8. Budget & Capital Expenditures. The Board of Directors shall adopt prior to the beginning of the annual year an annual operating budget and capital expenditures budget for the purpose of the proper operation of the association. The President, with the Board approval, shall appoint a Finance and Budget Committee consisting of five (5) property owners, one of which shall be the Treasurer of the Association. This committee shall prepare a proposed operating budget and capital expenditures budget. The proposed budget shall be considered by the full Board at one or more "budget work sessions". When the proposed budget(s) have been agreed upon. A "budget hearing" open to the property owners shall be held by the Board. The purpose of this budget hearing is to provide the property owners with the opportunity to comment on the proposed budgets prior to their adoption by the Board of Directors. Notice of the budget hearing, together with copies of the proposed budgets, shall be posted in the office. The notice of the hearing will be posted on the bulletin boards, no less than ten (10) days prior to the date of such budget hearing. After the budget hearing, the proposed budgets with any changes deemed appropriate as a result of such budget hearing, shall be recommended by the committee to the Board for consideration and adoption. The Board of Directors will adopt the budget at its regular November meeting.

ARTICLE TWELVE: GENERAL PROVISIONS

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. Indemnification. The Association shall indemnify any Member, Director, or Officer whenever such indemnification is required or permitted by law. The Association shall not indemnify any Member, Director, or Officer whenever such indemnification is prohibited by law. The Association may pay, in advance, any expenses (including attorneys' fees) that may become subject to indemnification hereunder if permitted by law. The Association may indemnify and advance expenses to persons who are not or were not officers, employees, or agents of the corporation but who are or were serving at the request of the corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary to the same extent that it may indemnify and advance expenses to directors under this article. Notwithstanding any other provision in these Bylaws, the Association shall not indemnify any person, who in the transactions or occurrences that are the subject of the dispute, acted in bad

faith, improperly received any personal benefit from the Association, or is found liable to or breached the duty of care or loyalty toward the Association.

Section 3. Insurance. The Association may purchase and maintain insurance on behalf of any person who holds or who has held any position of Director or officer against any liability asserted against him or her and incurred by him or her in any such position, or arising out of his or her status as such. The Association may purchase and maintain any other insurance that is deemed necessary or appropriate by the Board.

Section 4. 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 5. Use of Association Name. Any person or entity employing the name of the Association must have the prior approval of the Board.

Section 6. Release of Liability. In consideration for the privilege of exercising the use and enjoyment of POA property and Amenities, each user shall forever release, discharge and hold the POA harmless from loss or damage for any loss or injury suffered by such user arising from such use and enjoyment.

ARTICLE THIRTEEN: AMENDMENT OF BYLAWS AND ARTICLES

Section I. Amendment of Bylaws. The power to alter, amend, or repeal the Bylaws or adopt new bylaws shall be vested in the property owners. These Bylaws or any part thereof may be amended modified, or replaced at a properly called meeting of the property owners. At least thirty (30) days prior to such meeting, a notice of such meeting containing a recitation of the Bylaw or Bylaws to be amended, and including the proposed amendment(s) shall be mailed along with a ballot to each property owner at their last known address. Mail-in ballots will be accepted from those property owners not attending the meeting in person. A tabulation of all votes including the mail-in votes, shall determine the outcome. Two-thirds (2/3rds) majority of property owners voting in person or by mail-in ballots shall determine the outcome. If a two-thirds majority is not received, then a simple majority of property owners is necessary to effect any change in these bylaws. Property owners that own two or more lots can cast two (2) votes. In the case of a married couple, either the husband or wife may cast the vote.

Revised 04/01/2013

Section 2. Amendment of Articles of Incorporation. The Articles of Incorporation may only be amended by approval of at least two-thirds of the members present and/or IAW Sec. 209.00592 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 amendments are to be considered.

Revised 04/01/2013

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 by duly appointed Bylaw Committee, sanctioned by the Shadybrook Property Owners Association Board Of Directors. Purpose of revision, to change the Semi-annual meeting to a regular monthly meeting.

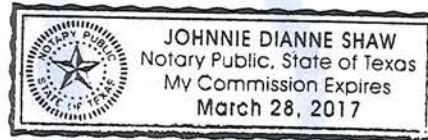
Randy Myers
PRESIDENT SHADYBROOK BOARD
OF DIRECTORS

Dee Mayo
CORPORATE SECRETARY

STATE OF TEXAS
COUNTY OF CHEROKEE

§
§

9th day of July 2015



Johnnie Dianne Shaw
Notary Public

SEAL

HONORABLE Laverne Lusk, COUNTY CLERK
Cherokee County

Jul 13, 2015

STATE OF TEXAS COUNTY OF CHEROKEE
I hereby certify that this instrument
was filed on the date and time stamped
hereon by me and was duly recorded in
the volume and page of the named
records of:
Cherokee County
as stamped hereon by me.

By,
Rocio Helar,
Deputy

Document Number: 00645166

As a
Recording

On: Jul 13, 2015 at 01:09P

Filed for Record in:
Official Public Records
Cherokee County

4100 Shadybrook POA