

BY-LAWS
OF
STONE MOUNTAIN TEXAS PROPERTY OWNERS ASSOCIATION

ARTICLE I.
NAME AND LOCATION

The name of the corporation is **Stone Mountain Texas Property Owners Association**. The principal office of the corporation will be located in Burnet County, Texas, but meetings of members and directors may be held at such places within the State of Texas as may be designated by the board of directors.

ARTICLE II.
DEFINITIONS

Section 1. "Association" means and refers to Stone Mountain Texas Property Owners Association, its successors and assigns.

Section 2. "Common area" means all real property owned by the association for the common use and enjoyment of the owners.

Section 3. "Restrictions" means and refers to the Restrictive Covenants applicable to the Subdivision, defined below, and recorded in Volume 1335, Page 0986, of the Official Public Records of Burnet County, Texas.

Section 4. "Lot" means and refers to any plot of land shown on the recorded subdivision plat with the exception of the common area.

Section 5. "Member" means and refers to those persons entitled to membership in the association as provided in the Restrictions.

Section 6. "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the subdivision, including contract sellers, but excluding those holding title merely as security for the performance of an obligation.

Section 7. "Subdivision" means and refers to Stone Mountain, a subdivision in Burnet County, Texas, according to the map or plat hereof recorded in plat Cabinet 3, Slide 179B, Plat Records of Burnet County, Texas, and such additions to that subdivision as may be brought within the jurisdiction of the association pursuant to the provisions of the Restrictions.

Section 8. "Declarant" means and refers to Martex Investments Ltd., a Texas limited partnership ("Martex"), the Declarant herein, and its successors and assigns if (i) such successors or assigns should acquire more than one Lot from Martex, and (ii) such successors or assigns are designated in writing by Martex as a successor or assignee of all or part of the rights of Martex, as Declarant under the Restrictions.

ARTICLE III. MEETINGS OF MEMBERS

Section 1. Annual Meetings. Annual meetings of members will be held on the same day of the same month of each year. If the day for the annual meeting of members is a legal holiday, the meeting will be held at the same hour, on the next following day which is not a legal holiday. If some conflict should arise which makes a meeting date unsatisfactory, the association's president shall arrange another date and notify the members of the revised date at least two (2) weeks in advance.

Section 2. Special Meetings. Special meetings of members may be called at any time by the president or by the board of directors, or on written request of members who are entitled to vote one-fourth of all votes of the membership.

Section 3. Notice of Meetings. Written notice of each meeting of members will be given by, or at the direction of, the secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than sixty (60) days before such meeting to each member entitled to vote, addressed to the member's address last appearing on the books of the association or supplied by such member to the association for the purpose of receiving notice. The notice will specify the day, hour, and place of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The members holding one-half ($\frac{1}{2}$) of the votes which may be cast at any meeting shall constitute a quorum at such meeting, except as may otherwise be provided in the Restrictions, the articles of incorporation, or these bylaws. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies will be in writing and filed with the secretary. Proxies will be revocable, and the proxy of any owner will automatically terminate on conveyance by such owner of his or her lot.

ARTICLE IV. BOARD OF DIRECTORS

Section 1. Number and Qualifications. The affairs of the association will be managed by the Board of Directors, subject to the limitations imposed by law, the Restrictions, the articles of incorporation and the bylaws of the Association. The Initial Board of Directors of the Association will be composed of three (3) individuals appointed by the Declarant, who shall serve until their respective successors are elected and qualified. Any vacancy that occurs in the initial board of directors by reason of death, resignation, removal, or otherwise, may be filled at any meeting of the board of directors by the affirmative vote of a majority of the remaining directors. When all of the land area within the Property (including annexations thereto) has been sold or conveyed by Declarant to third parties, a meeting of the members of the Association will be held to elect a new slate of directors.

Section 2. Nomination. Nomination for election to the board of directors may be by nominating committee, and may also be made from the floor at any annual meeting of members. The nominating committee will consist of a chairperson who is be a member of the board of directors, and two or more members of the association. The committee will be appointed by the board of directors prior to each annual meeting to serve from the close of such meeting until the close of the next annual meeting, and such appointment will be announced at each annual meeting. The nominating committee will make as many nominations for election to the board of directors as it will in its discretion determine, but in no event will it nominate less than the number of vacancies to be filled.

Section 3. Election. Election to the board of directors will be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Restrictions. Persons receiving the largest number of votes will be elected. Cumulative voting is permitted in favor of candidates for fewer than all the vacancies, provided that any member who intends to cumulate his or her votes must give written notice of such intention to the secretary of the association on or before the day preceding the election at which such member intends to cumulate his or her votes.

Section 4. Meetings.

- (a). **Regular Meetings.** Regular meetings of the board of directors will be held at least annually without notice, at such place and hour as may be fixed from time to time by resolution of the board.
- (b). **Special Meetings.** Special meetings of the board of directors will be held when called by the president of the association, or by any two directors, after not less than three-days' notice to each director.
- (c). **Quorum.** A majority of the directors will constitute a quorum for the transaction of business. Every act performed or decision made by a majority of directors present at a duly held meeting in which a quorum is present will constitute the act or decision of the board.

Section 5. Powers. The board of directors will have power to:

- (a). Adopt and publish rules and regulations governing the use of the common areas and facilities, including the personal conduct of the members and their guests in using them; and to establish penalties for infractions of such rules and regulations;
- (b). Suspend the voting rights and right to use of the recreational facilities of any member during any period in which such member is in default in the payment of any assessment levied by the association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;
- (c). Exercise on behalf of the association all powers, duties, and authority vested in or delegated to the association and not specifically reserved to the membership by the Restrictions, articles of incorporation, or by other provisions of these bylaws;
- (d). Declare the office of a member of the board of directors to be vacant in the event that such member is absent from three (3) consecutive regular meetings of the board of directors; and
- (e). Employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties.

Section 6. Duties. It will be the duty of the board of directors to:

- (a). Cause to be kept a complete record of all its acts and corporate affairs and to present a statement of such acts and affairs to the members at each annual meeting, or at any special meeting at which such a statement is requested in writing by one-fourth of the members entitled to vote at the meeting;
- (b). Supervise all officers, agents, and employees of the association and see to it that their duties are properly performed;
- (c). Affix, levy, and collect all charges and assessments pursuant to the terms of the Restrictions and enforce payment of them by any lawful means;
- (d). Issue, or cause an appropriate officer to issue, on demand by any person and on imposition of a reasonable charge, a certificate setting forth whether or not any assessment has been paid, a statement in a certificate to the effect that an assessment has been paid constituting conclusive evidence of such payment;
- (e). Procure and maintain adequate liability and hazard insurance on all property owned by the association;
- (f). Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
- (g). Cause the common area to be maintained.

Section 7. Term of Office. The directors of the association will be elected annually by the members. Each will hold office for a term of one (1) year unless he or she will sooner resign, or will be removed or otherwise disqualified to serve.

Section 8. Compensation. No director will receive compensation for any service he or she may render to the association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his duties.

Section 9. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the members of the association. In the event of death, resignation, or removal of a director, his or her successor will be selected by the remaining members of the board and will serve for the unexpired term of his or her predecessor.

ARTICLE V. OFFICERS

Section 1. Enumeration of Offices. The officers of the association will be a president, vice president, secretary, treasurer, and such other officers as the board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers will take place at the first meeting of the board of directors following each annual meeting of members.

Section 3. Term. The officers of the association will be elected annually by the board. Each will hold office for a term of one (1) year unless he or she will sooner resign, or will be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The board may elect such other officers as the affairs in the association may require, each of whom will hold office for such period, have such authority, and perform such duties as the board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office by the board at any time with or without cause. Any officer may resign at any time by giving written notice to the board, the president, or the secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment of the board. The officer appointed to such vacancy will serve for the unexpired term of the officer he or she replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person will simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

- (a) President. The president will preside at all annual membership meetings as well as all meetings of the board of directors, will see that orders and resolutions of the board are carried out, will sign all leases, mortgages,

deeds, and other instruments, and will co-sign all checks and promissory notes.

(b). Vice President. The vice president will act in the place of the president in the event of his or her absence, inability, or refusal to act, and will exercise and discharge such other duties as may be required of him or her by the board.

(c). Secretary. The secretary will record the votes and keep the minutes of all meetings and proceedings of the board and of the members, keep the corporate seal of the association and affix it to all papers so requiring; serve notice of meetings of the board and of members, keep appropriate current records showing the members of the association together with their addresses, and perform such other duties as may be required by the board or by law.

(d). Treasurer. The treasurer will receive and deposit in appropriate bank account(s) all funds of the association, and will disburse such funds as directed by resolution of the board of directors; will sign all checks and promissory notes of the association; and will maintain financial records of the association in accordance with generally acceptable accounting practices. The treasurer will cause an annual financial review of the association books and records and prepare an annual financial report at the end of each fiscal year for review and approval by the board of directors. This annual financial report, including statement of income and expenditures, will be delivered to each member, and a report on which will be given at the regular annual meeting of members.

ARTICLE VI. BOOKS AND RECORDS; INSPECTION

The books, records, papers of the association will be subject to inspection by any member during ordinary business hours. The Restrictions, articles of incorporation, and bylaws of the association will be available for inspection by any member at the principal office of the association, where copies will be made available for sale at a reasonable price.

ARTICLE VII. CORPORATE SEAL

The association will have a seal circular in form and shall contain the name of the Corporation and an outline of the Texas Star in the middle. The seal may be

used by causing it or a facsimile to be impressed or affixed or in any other manner reproduced. The corporate seal may be altered by order of the Board of Directors at any time. An Act of the Association, properly authorized shall be effective without seal.

**ARTICLE VIII.
FISCAL YEAR**

The fiscal year of the association will be the calendar year, except that the first fiscal period will begin on the date of incorporation and will end on December 31st of the year of incorporation.

**ARTICLE IX.
AMENDMENTS**

These bylaws may be amended at any time by the vote of seventy-five percent (75.0%) of the members in the Association. This provision will not be construed as limiting the power of the board of directors to amend the enforcement procedures to comply with changes in law.

**ARTICLE X.
CONFLICTS WITH ARTICLES OF INCORPORATION
OR RESTRICTIVE COVENANTS**

In the case of any conflict between the articles of incorporation and these bylaws, the articles will control. In the case of any conflict between the Restrictions and these bylaws, the Restrictions will control.

CERTIFICATE OF PRESIDENT AND SECRETARY

We certify that we are the duly elected and acting president and secretary, respectively, of Stone Mountain Texas Property Owners Association (the "Association"), and that the foregoing bylaws constitute the Bylaws of the Association.

EXECUTED to be effective as of May 27, 2005.



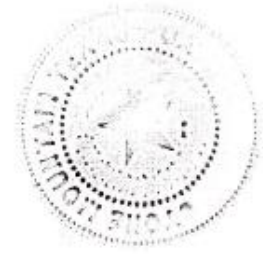
Leslie Stephens
President



Subscribed and sworn before me this 18th day of April, 2013 Elaina Hooten, Notary



Kim Stephens
Secretary



FILED AND RECORDED



OFFICIAL PUBLIC RECORDS

Janet Parker

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May 08, 2013 02:02:59 PM

FEE: \$48.00

Janet Parker, County Clerk
Burnet County, Texas