

**ByLaws of
Southern Oaks Property Owners Association, Inc.**

**Article One
Name and Purpose**

The name of this organization shall be Southern Oaks Property Owners Association, Inc., hereinafter called the Association, a nonprofit entity incorporated under the laws of the State of Texas.

The Association shall have and continuously maintain in Freestone County, Texas, a registered office and registered agent whose office is identical with such registered office as required by the Texas NonProfit Corporation Act. The registered office shall be the principal office of the Association in the State of Texas, and the Association may have such other offices as the Board of Directors may determine or as the affairs of the Association may require from time to time.

¹The Association exists for the use and enjoyment of its shareholdermembers, their immediate families and guests and for such other purposes as may be set forth by its Board of Directors consistent with the Texas non-profit Corporation Act and as set out in the Articles of Incorporation of the Corporation.

**Article Two
Memberships**

Membership in the Association shall consist of the record owners, including purchasers under a contract for deed from the developer or its successors or assigns, whether one or more persons, of the fee title to any subdivided lot which is a part of Phases I, II and III of Southern Oaks Subdivision according to plats thereof recorded in Cabinet B, Envelopes 39, 41 and 46 of the Plat Records of Freestone County, Texas. Members shall also include persons under 25 years of age who are members of the household family of said record owner. Members shall not include any mortgagee or lienholder unless and until such mortgagee or lien-holder has acquired title pursuant to foreclosure or other proceeding in lieu of foreclosure.

The developer, Chambers Development Co., Inc. as the record owner of the fee title to any unsold subdivided lots in Phase I, II and III of Southern Oaks Subdivision, shall be a member of the Association for each of such unsold lots or lots in developer's inventory, but the lots owned by the developer shall not be subject to any dues or assessments as hereinafter set out.

The division of ownership of any lot subject to assessment by the Association shall not increase the voting rights allocable to the membership of such lot as hereinafter provided.

Should any membership become the property of more than one person, whether by sale, pursuant to a will or intestacy, or in any other manner, such person shall designate among themselves one person to be the owner of the membership. Until such time as the designation has been made, no person shall be entitled to use the membership, provided that this shall in no way affect any dues or assessments which may become payable respecting such membership, and the dues and assessments of the membership shall continue to accrue as if the membership were active and properly owned by one person. The designee shall be responsible

for any accrued dues and assessments which shall be paid prior to said designee, or other persons entitled, being entitled to use the membership.

Nothing contained herein shall in any manner or degree prejudice the right of the Association to collect any past due dues or assessment, jointly and severally from any joint owners.

It is the express purpose of the Association that membership shall be limited to the use of one and only one member.

Any member may invite nonmembers to be their guests upon such terms and conditions as shall be determined by the Corporation's Board of Directors, provided that any such guest shall be accompanied by a member or have a guest card from the member. Such member shall be responsible to the Association for any damages caused by such guest to any Association property.

Membership of any person shall terminate upon his/her ceasing to own a lot subject to assessment by the Association. Membership in this Association shall follow the title to the lots subject to assessment, and shall automatically be transferred with the title to said lots.

No owner of a lot subject to assessment by the Association may resign membership in this Association, and no act done by any member shall terminate the obligation of the owner or owners of such lot to pay the assessments hereinafter provided for, or to free such lot from the lien of such assessment.

Article Three Voting Rights

On each matter submitted to the membership for a vote, a member or the developer shall be entitled to one (1) vote for the first lot owned by such member or the developer and, in the event a member owns more than one (1) lot, such member or the developer shall be entitled to one (1) more vote thereby entitling a member or the developer who owns more than one (1) lot to a total of two votes.

In the event fee title to any subdivided lot subject to assessment is owned by more than one person, the vote of a majority of such owners shall constitute the votes allocable to such lot or lots, and any dispute as to what constitutes a majority of such owners shall be determined by the President of the Association, and such determination shall be final

No member against whom a delinquent payment exists on any assessment levied as herein provided or any other amount due to the Association shall be entitled to vote until all such delinquent payments have been paid in full.

Any matter submitted to the membership for a vote (with the exception of the amendment of these bylaws) shall require the affirmative vote of a simple majority of the membership, unless otherwise provided herein.

Members may cast their votes either in person or by a written proxy duly appointing a person to cast such member's vote at the meeting of the members.

Article Four
Amendment of By-Laws

Any amendments or changes to these bylaws must be approved by a vote of two-thirds of the members entitled to vote approving such amendments or changes.

Article Five
Meeting of Members

An annual meeting of the members shall be held on the third Sunday in the month of April in each year beginning with the year of 1996, at the hour of 1:00 o'clock P.M. for the purpose of electing directors and for the transaction of such other business as may come before the meeting. Should the election of directors not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as possible.

A special meeting of the members may be called by the President, a majority vote of the Board of Directors, or by petition signed by at least fiftyone percent (51%) of the voting membership entitled to vote as herein provided.

The Board of Directors may designate any place in Freestone County, Texas as the place of meeting for any annual meeting or for any special meeting called as set out above.

Written or printed notice stating the place, day and hour of any meeting of the members shall be delivered either personally or by mail, to each member entitled to vote at such meeting not less than 14 nor more than 30 days before the day of such meeting, by or at the direction of the President or the Secretary, or the officers or persons calling the meeting. Such notice shall be mailed to the address of the member provided to the Association.

In case of a special meeting and when required by statute or by these bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited with the United States Postal Service in a postage prepaid wrapper addressed to the member at his/her address as it appears on the records of the Association. In the event any lot subject to assessment shall be owned by two or more persons, such persons shall designate one of their number to receive notices hereunder stating the address of such person, and delivered to the Secretary of the Association, failing which such persons or entities shall be deemed to have waived any required notice under the terms of these bylaws.

One-fourth (1/4) of the members shall constitute a quorum at an annual or special meeting of the Association. If a quorum is not present at any meeting of the members, a majority of the members present may adjourn the meeting from time to time without further notice. Any member who has duly executed his proxy shall be deemed present at any meeting of the members when the person duly authorized to vote such proxy shall be present at such meeting.

Article Six

Board of Directors

The affairs of the corporation shall be managed by its Board of Directors. Directors shall be voting members of the Association.

The number of Directors shall be five (5). Three (3) Directors shall be elected on even years and two (2) Directors shall be elected on odd years. A Director may not serve more than one (1) two (2) year term with a mandatory one (1) year lapse in subsequent terms. At least three (3) members of the Board of Directors shall also be officers of the corporation.

A regular annual meeting of the Board of Directors shall be held without other notice than by these bylaws immediately after, and at the same place as the annual meeting of the members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without other notice than such resolution.

Special meetings of the Board of Directors may be called by or at the request of the President of the Association or by a majority of the directors. The person or persons authorized to call a special meeting of the board may fix any place in Freestone County, Texas as the place for holding such special meetings.

Notice of any special meeting of the Board of Directors shall be given at least four (4) days prior to the date of the meeting by written notice delivered personally or sent by mail or telegram to each director at his address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited with the United States Postal Service in a prepaid envelope addressed to such director. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. The affairs of the Association shall be governed by the Board of Directors in accordance with the Articles of Incorporation, these Bylaws, and the nonprofit Texas Business Corporation Act, which are incorporated herein by reference.

The act or vote of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law or these bylaws.

Any vacancy occurring in the Board of Directors shall be filled by the Board of Directors at a special meeting called for such purpose. A director selected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Any director elected by the membership may be removed with or without cause at a special meeting of the members by the affirmative vote of threefourths (3/4) of the members entitled to vote, present in person or by proxy at such meeting and entitled to vote for the election of such directors.

The directors of the Association shall not be entitled to any compensation for service as a director unless such

compensation is specifically authorized by a majority vote of the members of the Association entitled to vote.

In addition to the responsibilities required by statute of a board of directors, the Board of Directors shall be responsible for the following:

1. The maintenance and operation of the properties and facilities of the Southern Oaks Subdivision or for improvement thereof, including but not limited to the construction and reconstruction, improvement and maintenance of roads, swimming pool, clubhouse, parks and other improvements and for the security systems, patrol or guards within the subdivision and for such other uses as may be approved by the Board of Directors.
2. Employing and dismissing all personnel necessary to carry on the maintenance and operation of the Association and its properties or assets.
3. Adopting and publishing Rules and Regulations governing the activities of the Association and uses of the property owned by, operated or leased by the Association.
4. Construing these bylaws and the rules and regulations governing the use of Association property.
5. To make rules and regulations concerning the conduct of Association members and guests while using or occupying Association property, including but not limited to rules concerning speed limits on roads within the subdivision, times of operation of the swimming pool and the conduct of members or guests while using the swimming pool or adjoining areas, and use of the clubhouse and adjoining facilities (including use fees for the clubhouse) and boat ramps.
6. To make such other rules and regulations not within the bylaws as it may deem necessary or advisable for the protection of members' property values and members' health and safety.
7. To fix and impose penalties against any member for the violations of these bylaws and Restrictions and Covenants for Southern Oaks Subdivision as duly recorded in Volume 681, Page 722, Volume 684, Page 803 and Volume 688, Page 879 of the Real Property Records of Freestone County, Texas.
8. To suspend any member or restrict membership privileges of any member for any cause deemed sufficient after due notice and hearing has been provided to such member.
9. To take action on behalf of any member to enforce these bylaws or the Restrictions and Covenants for Southern Oaks Subdivision, provided however, the directors shall not be required to take such action on behalf of a member until such time as the member has made arrangements to compensate the Board of Directors for any expenses involved in enforcing the bylaws or the Restrictions and Covenants.

Any of the above enumerated additional responsibilities may be delegated by the Board of Directors to the Officers of the Association.

Absence of any Board member from three (3) consecutive meetings unless excused by the President of the Association in writing, or unless satisfactory explanation is made to the Board of Directors at the next regular

meeting after the last such absence, shall be determined a resignation from the Board, which vacancy shall thereupon be filled by appointment of a new director.

Article Seven Officers

The officers of the Association shall be a President, VicePresident and SecretaryTreasurer.

The officers of the Association shall be elected by the Board of Directors at their annual meeting as set out above for a term of one (1) year. Only members of the Association not in default of any of their obligations to the Association may be officers.

Officers of the Association (when acting as officers of the Association) shall receive no compensation unless specifically authorized by a majority vote of the Association members.

Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Association would be served thereby.

A vacancy in any office because of death, resignation, removal disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

The President of the Association shall be the principal executive officer of the Association and shall ,in general, supervise and control all of the business and affairs of the Association at the direction of the Board of Directors. He shall preside at all meetings of the members and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors supported by proper resolution, any deeds, mortgages, bonds, contracts, or other instrument which the Board of Directors has authorized to be executed; and in general he shall perform all duties incident to the Office of President and such other duties as may be prescribed by the Board of Directors from time to time.

In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all of the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him by the President or the Board of Directors.

The SecretaryTreasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected by the Board of Directors; and, in general, perform all the duties incident to the office of the Secretary-Treasurer and such other duties as may be, from time to time, assigned by the President of the Association or by the Board of Directors. The SecretaryTreasurer is specifically given the authority and duty of keeping the books of account on assessments as provided by these Bylaws and the Restrictions and Covenants of Southern Oaks Subdivision, and to issue notices over his signature of the amount due by any member for assessments. The records of the SecretaryTreasurer are subject to audit by the Board of Directors or an individual or entity appointed by the Board of Directors for such purpose. An individual member of the Association may conduct an audit of the SecretaryTreasurer's records upon paying to

the Association the estimated cost as determined by the Board of Directors, of the conduct of such audit. The SecretaryTreasurer shall prepare and submit an official financial statement to be presented at the annual meeting of the members. The SecretaryTreasurer shall keep the minutes of the meetings of the members and of the Board of Directors in one or more official books provided for that purpose; see that all notices are duly given in accordance with the provisions of the Bylaws or as required by law; be custodian of the Association records; keep a register of the mailing address of each member which shall be furnished to the Secretary-Treasurer by such member; shall perform all the duties incident to the office of SecretaryTreasurer.

Article Eight Committees

Such committees as may be deemed advisable or necessary may be designated and appointed by a resolution duly adopted by a majority of the Board of Directors at a meeting at which a quorum of directors is present. Membership on such committees may be, but need not be, limited to directors of the Association. The Board of Directors shall determine the term of office of committee members, its chairmanship, procedure for filling vacancies, quorum and other rules.

A Nominating Committee of three members (not on the Board) will be appointed by the Board ninety (90) days before the Annual Meeting. The purpose of this Committee will be to pick a slate of nominees for the Board to be presented at the Annual Meeting. The slate will be mailed to members 14 to 30 days before the meeting. Voting will be carried out according to Article Three of these ByLaws.

Article Nine Dues and Assessments

The fund created by the assessments shall be used to cover expenses incurred in the maintenance and operation of the properties and facilities of the subdivision or for Community improvement thereon, including but not limited to the construction and reconstruction, improvement and maintenance of roads, swimming pool, clubhouse parks, and other improvements for the security systems patrol or guards at the subdivision and for such other uses as may be approved by the Board of Directors of the Association.

The assessment shall be Six Dollars (\$6.00) per month to each owner of only one lot and an assessment of Four Dollars (\$4.00) per month for any number of lots in excess of one, said assessment shall be payable annually on the first (1st) day of January of each year. The assessment charge for a lot purchased during the calendar year shall be prorated from the date of purchase to the end of the calendar year.

The assessment is payable to the Association at its office in Freestone County, Texas or such other address as may be fixed by the Association from time to time. Such charges and assessments are to be secured by an assessment lien upon said lots if not paid within sixty (60) days of the due date and such assessment lien may be imposed and foreclosed by the Association acting as the successor to the Architectural Control Committees created under the terms of the Restrictions and Covenants as recorded in Volume 681, Page 722, Volume 684, Page 803 and Volume 688, Page 879 of the Real Property Records of Freestone County, Texas.

The assessment charges may be raised or reduced by an affirmative vote of $\frac{3}{4}$ of the members of the Association. This can only be done at a meeting called for that specific purpose.

The assessment charges shall extend for the life of the Association or the Restrictions and Covenants as recorded in Volume 681, Page 722, Volume 684, Page 803, and Volume 688, Page 879 of the Real Property

Records of Freestone County, Texas, whichever shall be greater.

The Treasurer of the Association shall, upon the commencement of any assessments, prepare a roster of the membership, the lots owned, and the assessments applicable thereto, which roster shall be kept in the office of the Association, and shall be open to inspection by any member. Written notice of the initial assessment and of any subsequent changes therein shall be sent to every member subject thereto. The Treasurer shall upon written demand at any time furnish to any member liable for any assessment, a certificate in writing as to the status of any lot with respect to assessments. A reasonable charge may be made by the Treasurer pursuant to a resolution of the Board of Directors for the issuance of such certificate.

If the assessments provided in this Article are not paid on the date when due, then such assessment shall become delinquent, and shall together with such interest thereon and cost of collection thereof as hereinafter provided, become a continuing lien on the property of the member which shall bind such property in the hands of the then owner, his heirs, devisees, personal representative and assigns. The personal obligation of the owner or owners to pay such assessment however, shall remain his personal obligation for the statutory period and shall pass to his successors in title, if such assessments are not paid in full to the Association upon the passage of title. If the assessments is not paid within sixty (60) days after the due date, the assessment shall bear interest from the due date at the rate of 10% percent per annum, and the Association may bring an action at law against the owner personally obligated to pay the same or to foreclose the lien against the property, and in such event, there shall be added to the amount of such assessment and interest, reasonable attorney's fees and costs of any suit. No owner may waive or otherwise escape liability for the assessments provided herein by nonusage of the property subject to the control and management of the Association, or by abandonment of his property. Further, each member shall be required to pay assessments whether or not any building has been constructed, or is being constructed, upon his lot.

In the event that the maximum rate of interest allowed to be charged under the laws of the State of Texas shall fall below 10% for past due assessments of the nature as those discussed above, such lesser maximum rate shall immediately and without any further action of the Board of Directors or the membership become the rate of interest to be charged on past due assessments.

Any member owing any dues or assessments which are more than sixty (60) days delinquent shall not be entitled to use any of the properties of the Association, nor shall such member be entitled to any privileges of membership in the Association, provided however, a member shall be entitled to the use of the roads owned by the Association even though such member is delinquent in the payment of any dues and assessments.

The lien on any lot securing payment of the assessments provided for herein or any installment thereof shall be subordinate to the lien of any mortgage or mortgages placed upon the property prior to the due date of such assessment or any installment thereof. Upon foreclosure, or any other proceeding in lieu of foreclosure, any assessment thereafter becoming due shall become the obligation of the purchaser or other titleholder of such property, and shall constitute a lien thereon.

Article Ten

Contracts, Checks, Deposits and Funds

The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in

the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select, provided however, such funds must be deposited with an institution insured by the Federal Deposit Insurance Corporation or other like entity backed by the full faith and credit of the government of the United States.

The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Association.

Article Eleven
Waiver of Notice

Whenever any notice is required to be given under the provision of law, or under the provisions of the Articles of Incorporation or by these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Executed this 25th day of February, 1995.

Terry L. Mitchell
Secretary