

**BYLAWS**

**BYLAWS**  
**OF**  
**NORTH PARK, SECTION ONE HOMEOWNERS ASSOCIATION, INC.**  
**A Texas Non-Profit Corporation**

**ARTICLE I**  
**GENERAL**

**Section 1. Association and Declaration.**

North Park, Section One Homeowners Association, Inc. (the Association) is a non-profit corporation . The principal office of the Association shall be located in Travis County, State of Texas. The Certificate of Incorporation was filed in the Office of the Secretary of State of the State of Texas on June 23, 1994. The Association is the Association defined in, and charged with the duties and vested with the powers set forth in, the Declaration (as defined below).

**Section 2. Definitions.**

In addition to words and terms defined in other provisions of these Bylaws and except as otherwise expressly provided in these Bylaws, words and terms defined in the Declaration are used in these Bylaws as defined in the Declaration. As used in these Bylaws, the term Declaration means that certain Declaration of Covenants, Conditions and Restrictions for North Park, Section One, and recorded at Volume 12075, Page 139 of the Real Property Records of Travis County, Texas, as amended by those certain recorded at Volume 12157, Page 752 and Volume 12190, Page 138 in the Real Property Records of Travis County, Texas and as such instrument may from time to time be further amended or supplemented.

**Section 3. Other Definitions.**

Other terms are defined in other provisions of these Bylaws and shall have the meanings set forth in such other provisions of these Bylaws.

**Section 4. Fiscal Year.**

The fiscal year of the Association shall begin on the first day of January and end on the thirty-first day of December for every year, except that the first fiscal year shall begin on the date of incorporation.

**ARTICLE II**  
**OWNERS ASSOCIATION**

**Section 1. Members.**

Any Person upon becoming an Owner shall automatically become a Member of the Association. Membership shall be appurtenant to and shall run with the property interest, which qualifies the Owner thereof for membership. Membership may not be severed from, or in any way transferred, pledged, mortgaged, or alienated except together with title to such property interest.

**Section 2. Manager.**

“Manager” shall mean the person, firm, or corporation, if any, holding membership privileges in the Association as provided in the Declaration.

**Section 3. Voting Rights.**

Subject to the provisions of Section 7 of this Article II, the right to cast votes, and the number of votes which may be cast, for election of Members to the Board of the Association and on all other matters to be voted on by the Members shall be calculated by allowing the Owner of each Lot to have one (1) vote for each Lot so owned. If there is more than one Owner of a Lot, all such Owners shall be Members, and the vote for such Lot may be exercised as the Owners thereof mutually agree; provided, however, in no event shall more than one vote per Lot be cast. Proxies allow Members in good standing, who cannot attend meetings in person, to exercise their right to vote. Absentee ballots allow landlords and homeowners who can not attend to cast an informed vote.

**Section 4. Annual Meetings.**

There shall be an annual meeting of the Members of the Association to occur after Memorial Day and before Labor Day at a time and place set by the Board. Written notice of each annual meeting of the Association shall be mailed to all Members not less than ten (10) nor more than thirty (30) days prior to the date fixed for any such meeting. All notices of meetings shall be addressed to each Member at their respective property's address or the address as it appears on the books and records of the Association. It is the responsibility of the owner to notify the Association of any change in mailing address if other than the property address. Any notice shall specify date, time, place of the meeting and the agenda of the matters to be considered. The President of the Association, or in his absence, the Vice President of the Association, or in their absence, the Treasurer of the association, shall call meetings of the Association to order and act as chairman of such meetings. In the absence of these officers, any Member entitled to vote shall call the meeting to order, and a chairman of the meeting shall be elected by the Members present provided a quorum exists.

**Section 5. Special Meeting.**

Special meetings of the Members of the Association may be called from time to time by the President of the Association, a majority of the directors duly elected to the Board, or by Owners having at least ten percent (10%) of the votes entitled to be cast at such a meeting. Said special meetings shall be called by written notice mailed not less than ten (10) nor more than thirty (30) days prior to the date fixed for such special meeting. Any notice of a special meeting shall specify time, date and place of the meeting and the agenda of the matters to be considered.

**Section 6. Quorum.**

Homeowners holding twenty three percent (23%) of the votes of all homeowners entitled to be cast, represented in person, by validated proxy, or by absentee ballot, shall constitute a quorum at any legally constituted meeting of the Association. If any meeting of the Association cannot be organized because a quorum is lacking, then by a majority vote of the Members present, the meeting may be adjourned and reconvened not less than ten (10) nor more than thirty (30) days from the date on which such meeting was to have been held originally. Notice of reconvening of the adjourned meeting, including all specific information required to be included in the notice of the adjourned meeting, shall be mailed as provided herein not less than seven (7) days nor more than thirty (30) days prior to the date fixed for the reconvened meeting.

**Section 7. Voting.**

The election of officers shall be determined by candidates receiving the most votes. The act, approval or disapproval of the Members, as the case may be, with respect to all other matters voted, or to be voted, on or by the Members shall be determined by the vote of the majority (fifty (50) percent plus one (1)) of the aggregate votes entitled to be cast by the Members present or represented by validated proxy or by absentee ballot at a legally constituted meeting at which a quorum of the Members is present, except where a vote by a greater percentage is required pursuant to other provisions of this Declaration, the Articles, the Bylaws or a Governmental Requirement.

(a) Voting by Proxy.

Any Member in good standing may give a revocable written proxy to any Member in good standing authorizing such Member to cast all or any portion of the Member's vote. The Member or his duly authorized attorney shall execute such written proxy in fact. Members transferring their proxies must print their name, address, date, and sign their proxies. Eligible Members receiving proxies must print their name and address on such proxies. No Member in good standing shall hold more than two and one half percent (2.5%) of the eligible voting Members in proxies. Original proxies are to be turned over to the Secretary for validation from thirty (30) minutes prior to call of meeting up to the time of the call of meeting as published in the agenda or until a quorum is established, whichever occurs later. Valid proxies may be used only for the published agenda and may not be used for any new business. Members present will vote such new business, unless such business requires a quorum and the Members present do not constitute a quorum. At the adjournment or continuance of meeting, all proxies will be terminated and filed by the Secretary.

(b) Voting by Absentee Ballot.

Subject to the provisions of Section 4 and Section 5 of this Article II, the Board will distribute a written agenda and a detailed absentee ballot. Ballots shall be mailed to all Members not less than ten (10) nor more than thirty (30) days prior to the date fixed for any such meeting. The sealed return envelope containing the ballot must be returned to the HOA by US mail and shall remain unopened until the counting of the votes. The Secretary shall make a mail pickup for last minute ballots no more than one (1) hour before scheduled meeting. Absentee ballots shall be valid only for such meeting or subsequent adjourned meeting thereof. A record of such absentee ballots shall be made in the minutes of the meeting.

The cumulative system of voting shall not be allowed at any vote of the Members. The rights of any Member to cast votes on Association matters shall automatically be suspended during any period of time when such Member owes any past due Assessments to the Association. Any Owner may collaterally assign his voting rights hereunder to the Mortgagee of a first Mortgage affecting the Lot of Lots owned by such Owner, which said assignment shall not be effective until written notice thereof is actually received by the Association, together with evidence of such assignment.

**Section 8. Notice.**

Any notice that shall be given to a Member with respect to any meeting or any other purpose shall be deemed to have been properly delivered when deposited in the United States mail with postage prepaid and addressed to the Members address as it appears in the records of the Association. Any notice required or permitted to be given to a Member hereunder may be waived by execution of a written waiver by such Member.

**Section 9. Action By Unanimous Consent.**

Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting, if a consent in writing, specifying the action so taken, is signed by all of the Members. A unanimous consent signed by all the Members shall have the same force and effect as a unanimous vote at a meeting of the Association.

**Section 10. Powers and Authority of the Association.**

Subject to such limitations and restrictions as are set forth in the Declaration, the Association shall have the powers of a Texas non-profit corporation, including, but not limited to, all powers provided under the provisions of the Texas Non-Profit Corporation Act, as amended from time to time, or any successor act or statute. It shall further have the power to do and perform any and all of the

Associations duties set forth in Article V of the Declaration and any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers granted to it by the laws of Texas or by any other provisions of the Declaration. Without in any way limiting the generality of the two preceding sentences, the Association, and the Board acting on behalf of the Association, shall have the power and authority at all times to do, perform, carry out, realize upon, observe and satisfy the powers and authority of the Association and the Board set forth in Article V of the Declaration.

**Section 11. Duties of the Association.**

The Association, acting by and through the Board shall have, perform, satisfy and observe each and every of the duties and obligations imposed on the Association under the provisions of the Declaration and these Bylaws, including, but not limited to, the duties imposed under the provisions of the Declaration.

**Section 12. Power to Indemnify and to Purchase Indemnity Insurance.**

The Association, acting through the Board, shall indemnify and may reimburse and/or advance expenses and/or purchase and maintain insurance, including errors and omission policies of insurance, or any other arrangement on behalf of any person who is or was a director or officer of the Association against any liability asserted against such person and incurred by such person in such a capacity or arising out of his status as such a person to the maximum extent permitted by Article 1396 § 2.22A of the Texas Non-Profit Corporation Act, as such Act may from time to time be amended (without regard, however, to Section Q of such Article with respect to officers of the Association who are not directors of the Association). Further, the Association, acting through the Board, may indemnify and/or reimburse and/or advance expenses and/or purchase and maintain insurance, including errors and omission policies of insurance, or any other arrangement on behalf of any person, other than any person who is a director of the Association, who is or was an officer, employee or agent of the Association or a member of the Architectural Committee, or is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trustee, employee benefit plan or other enterprise, against any liability asserted against such person and incurred by such person in such a capacity or arising out of his status as such a person, to such extent (or, in the case of officers in the Association, to such further extent), consistent with applicable law, as the Board may from time to time determine. The provisions of this Section 12 shall not be deemed exclusive of any other rights to which any such person may be entitled under any Bylaw, agreement, insurance policy, vote of Members or otherwise. All costs and expenses of the insurance and other arrangements described herein shall be covered by Assessments.

**ARTICLE III**

**BOARD OF DIRECTORS**

**Section 1. Number.**

The number of members (the Directors) which shall constitute the initial Board is five (5). The number of Directors may be increased or decreased, but never below three (3), from time to time by amendment of the Bylaws, but no decrease shall have the effect of shortening the term of any incumbent Director. The members of the Board shall be five (5) officers set forth in Article IV.

**Section 2. Election Term and Classification.**

Each Director shall be elected for, and shall serve a term of one (1) year for the offices of President, Vice President and Parliamentarian. The Secretary and Treasurer shall be elected for, and shall serve a term of two (2) years in alternating succession whereas the terms of the Secretary and Treasurer shall only overlap one (1) year. At the first annual meeting held after approval of these Bylaws, the

Secretary shall be elected for a term of one (1) year and the Treasurer shall be elected for a term of two (2) years. No Director shall serve on the Board for more than five (5) consecutive years without a two (2) year period of absence from the Board.

**Section 3. Nomination.**

Nominations for election to the Board of Directors shall be made by a nominating committee, but nominations may also be made from the floor at the annual meeting. The Board shall select a nominating committee from those members of the Association in good standing expressing interest in participation no later than Memorial Day each year to serve until its annual meeting for Board elections has been completed. The Nomination Committee shall set a deadline for submission of nominations. It shall be the duty of the Nomination Committee to verify that all candidates nominated for each office shall be a Member of the Association in good standing and then gather the names of those verified candidates and publish a preliminary ballot announcing those names. All verified candidates shall be informed of any and all personal disclosure requirements necessary to assume the duties as a Board member if elected, and it shall be the responsibility of the outgoing Board to oversee completion of any and all such disclosures.

**Section 4. Duties and Authority.**

The Board, including the initial Board, shall perform the duties of the Association and manage the affairs of the Association, and the Board shall have such powers, duties, functions, authority and responsibility as shall be specified in the Declaration or these Bylaws or as may be delegated to it from time to time by the Members, including but not limited to the following:

- (a) Administration of the affairs of the Association in accordance with the Texas Property Code, Code for Non-Profit organizations, the Declaration and these Bylaws, and any other applicable documents as amended and recorded.
- (b) Keeping or causing to be kept sufficient books and records with a detailed accounting of the receipts and expenditures of the Assessments. Both the books and vouchers accrediting the entries made thereon shall be available for inspection by all Owners at convenient hours on working days that shall be set and announced for general knowledge.
- (c) Keeping or causing to be kept a detailed inventory documenting the items and location of items belonging to the Association. Such inventory, books, and records shall be fully surrendered to the succeeding Board in its entirety, including, but not limited to office equipment, supplies, any and all documents, bank statements and receipts within one (1) week of the election of the subsequent Board.
- (d) At the election of the Board, engaging the services of a Manager who may be delegated any of the duties and responsibilities of the Association that are to be performed by the Board pursuant to the Declaration or these Bylaws with respect to managing, maintaining and operating any areas and Improvements as are or shall become the responsibility of the Board, upon such terms and for such compensation and with specific duties and authority as the Board may approve or as may be specified in a contract of employment executed by the Board on behalf of the Association.
- (e) Promulgating rules and regulations as provided in Section 1 of Article VI of these Bylaws, not in conflict with the Declaration or these Bylaws.
- (f) Providing insurance in accordance with the provisions of Section 11 of Article II of these Bylaws.

- (g) Delegating any of its duties, powers and authority to the Manager employed by the Board.
- (h) Adopting an annual budget pursuant to Section 3 of Article V herein assessing and collecting from the Owners their respective Assessments as provided in Article V herein.
- (i) Adopting Assessments as provided in Article V below.
- (j) Providing for the designation, hiring and removal of employees and other personnel, including bookkeepers and accountants, and engaging or contracting for the services of others, and in general making purchases of labor, material and/or services.
- (k) Authorizing the President with approval of the Association to convey, lease or sublease all or any of real or personal property now or hereafter owned by or leased to the Association and Improvements thereto, to grant easements across the Association Property, and to encumber the same.
- (l) Performing, satisfying, observing and carrying out all duties, powers, obligations and responsibilities of the Board under the provisions of the Declaration and to all such acts and things as may be necessary and appropriate to perform, satisfy, observe and carry out any and all such duties, powers, obligations and responsibilities.
- (m) Granting any Director reimbursement for their actual real expenses incurred in the performance of their duties providing that prior approval has been granted by unanimous consent of the Board.

In general, the Board shall have all such duties, rights and authority to do all such acts and things as are not by the Declaration or these Bylaws directed to be done or exercised exclusively by the Owners or the Association which shall be necessary or reasonably required for the successful and orderly administration, management and operation of the development established by the Declaration.

**Section 5. Contractual Authority.**

With respect to the performance of the obligations of the Association hereunder, the Board shall have the right to contract for all goods, services and insurance, and the exclusive right and obligation to perform the functions of the Association, except as otherwise provided herein.

**Section 6. Maintenance Contracts.**

The Board, on behalf of the Association, shall have the full power and authority to contract with any person or entity for performance, on behalf of the Association, of services which the Association is otherwise required to perform pursuant to the terms hereof, such contracts to be at competitive rates and otherwise upon such terms and conditions and for such consideration as the Board may deem proper or advisable and in the best interest of the Association. The Board shall also have the full power and authority, but not the obligation, to contract with any Owner(s) to provide maintenance, repair or replacement service, or any combination thereof, through the Association for any portion of the Property.

**Section 7. Organizational Meeting.**

The first meeting of each newly elected Board shall be held without notice immediately following the annual meeting of the Association at the same place, unless by unanimous consent of the Directors then elected and serving, such time or place shall be changed.

**Section 8. Regular Meetings.**

Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board members, but at least two (2) such meetings shall be held during the fiscal year. Notice of the date, time and place of regular meetings shall be given to each Board member personally or by mail, telephone or e-mail, at least three (3) days prior to the day designated for such meeting.

**Section 9. Special Meetings.**

Special Meetings of the Board may be called by the President and shall be called by the Secretary on the written request of three (3) Board members. Notice of any special meeting of the Board shall be given to each Board member personally or by mail, telephone or e-mail at least three (3) days before the date of the meeting.

**Section 10. Notice.**

Absent actual notice, proper notice shall be deemed to have been given of any special meeting of the Board if notice in writing, or by telephone or telegraph message shall have been sent to either the usual business or residence address of the Board member entitled to receive notice not less than three (3) days preceding the date of the meeting.

**Section 11. Waiver of Notice.**

Before or after any meeting of the Board, any Board member may waive notice of the time, date, place and purpose of such meeting by execution of a waiver thereof in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board shall be deemed as a waiver of the required notice of such meeting. If all the members of the Board are present at any meeting, no notice thereof shall be required and any business may be transacted at such meeting.

**Section 12. Quorum.**

At all meetings of the Board a majority of the members of the Board shall constitute a quorum for the transaction of business, and the acts and decisions of the majority of the Board members present at any duly called meeting at which a quorum is present and of which notice was properly given or waived shall be the acts of the entire Board.

**Section 13. Action By Unanimous Consent.**

Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting, if a consent in writing, specifying the actions so taken, is signed by all of the members of the Board. A unanimous consent signed by all of the Directors shall have the same force and effect as a unanimous vote at a meeting of the Directors.

**Section 14. Vacancies.**

Vacancies in the Board caused by any reason other than an increase in the authorized number of Directors or the removal of a Board member shall be filled for the unexpired term by the runner-up candidates from the previous election, where possible, by a vote of the majority of the remaining Board members, even though they may constitute less than a quorum. Each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Association or special meeting called for that purpose.

**Section 15. Resignation.**

Any member of the Board may resign at any time by giving written notice of resignation to the President or any other officer of the Association.

**Section 16. Removal By Association.**

At any regular or annual meeting or at any special meeting called for that purpose, the Association may by a majority vote remove any one or more members of the Board, who have not fulfilled the duties of their office, provided that a successor or successors shall then and there be elected to fill the vacancy or vacancies thus created, for the unexpired term of the Board member or members removed. Any Board member whose removal has been proposed shall be given an opportunity to be heard at such meeting.

**ARTICLE IV**  
**OFFICERS**

**Section 1. Officers.**

The officers of the Association shall consist of a President, a Vice President, a Secretary, a Treasurer, and a Parliamentarian. These officers shall serve as the Board of Directors, and serve the term set fourth in Article III Section 2.

**Section 2. Duties.**

The duties of the officers of the Association shall be as follows:

(a) The President.

The President shall be the chief executive officer of the Association, and shall have general and active management and control of the business and affairs of the Association, and shall see that all orders and resolutions of the Board and Association are carried into effect. He shall call annual and special meetings of the Association and Board in accordance with law and these Bylaws and shall preside at all such meetings. The President shall execute board-approved contracts, conveyances and other documents on behalf of the Association. He shall maintain and keep current the official records and filings for the Association including the amended list of officers. He shall perform such other duties as may be prescribed from time to time by the Board.

(b) The Vice President

In the absence of the President or when it is inconvenient for the President to act, the Vice President shall perform the duties and exercise the powers of the President. At any time when the Vice President is performing a duty or exercising a power of the President, any third party dealing with the Association may presume conclusively that the President was absent and that the Vice President was authorized to act in his place. He shall perform such other duties and have other authority and powers as the Board may from time to time prescribe, or as the President may from time to time delegate.

(c) The Secretary

The Secretary shall attend all meetings of the Board and of the Association and shall record all business transacted and resolutions passed at such meetings in the minute book to be kept for that purpose and he shall perform like duties for standing committees, if any, when requested. He shall give, or cause to be given, notice of all meetings of the Association and regular and special meetings of the Board, and he shall perform such other duties as the Board may from time to time prescribe, or as the President may from time to time delegate. The Secretary shall, at least two (2) days before each meeting of the Members, make a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with address of, and the number of votes held by each, which list for a period of two (2) days prior to such meeting shall be kept on file and shall be subject to inspection by any Member at a mutually agreed upon time and place. The Board may, if it deems it advisable, from time to time, designate one or more persons as Assistant Secretaries, who may perform the

duties and exercise the powers of the Secretary when the Secretary is absent or it is inconvenient for him to act. Any third person dealing with the Association may presume conclusively that any Assistant Secretary acting in the capacity of the Secretary was duly authorized to act. They shall perform such other duties and have such other powers as the Board may from time to time prescribe, or as the President or Secretary may from time to time delegate. The Secretary shall be intermediary for issuing and filing Resale Certificates, Notice to File Lien, Liens and Lien Releases as prescribed by the Texas Property Code. The Secretary (or such other person designated by the Secretary) shall keep or cause to be kept a record of all incoming and outgoing North Park Homeowners' Association communications.

(d) The Treasurer

The Treasurer shall be responsible for the custody of corporate funds and securities, shall maintain current, true and accurate financial records and records of receipts, disbursements and other transactions and books belonging to the Association. The Treasurer shall deposit all funds 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 disburse 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 whenever they may require it an account of all his transactions as Treasurer and of the financial condition of the Association. The Treasurer shall perform such other duties and have such other authority as the Board may from time to time prescribe, or as the President may from time to time delegate. The Board may, from time to time if it deems advisable, designate one or more persons as Assistant Treasurers who may perform the duties and exercise the powers of the Treasurer if the Treasurer is absent or it is inconvenient for him to act. Any third person dealing with the Association shall be entitled to presume conclusively that any Assistant Treasurer, acting in the capacity of Treasurer, was duly authorized to do so. The Treasurer and/or Assistant Treasurers shall prepare a roster of the Members and the Assessments applicable thereto, and a record of the payment of such Assessments, and such records shall be kept and shall be open to inspection by any Member at a mutually agreed upon time and place. They shall perform such other duties and have such other powers as the Board may from time to time prescribe, or as the President or Treasurer may from time to time delegate.

(e) The Parliamentarian

The Parliamentarian shall rule on issues of the rules of order at meetings of the Association.

**Section 3. Terms and Vacancies.**

The officers of the Association shall hold office until their successors are elected or appointed and qualified, or until their death, resignation or removal from office. Any vacancy occurring in any office of the Association by death, resignation, removal or otherwise, may be filled by the Board so long as a majority of the Board members have been elected. A special meeting must be called to have an election to maintain an elected majority on the Board. A vacancy of any office may be declared by the Board in the event that a Board member is absent from three (3) consecutive Board meetings, or if the Board rules that said member has violated articles of the Declaration or these Bylaws. Such vote shall be carried by majority vote of the Board.

**Section 4. Compensation of Officers.**

The officers shall not receive any pay, gifts, rewards or other remuneration for their services as such.

## ARTICLE V

### ASSESSMENTS AND CHARGES

#### **Section 1. Assessments.**

The Association (or an independent entity or agency which may be designated by the Association to receive such monies) shall levy, collect and receive Regular Assessments and Special Assessments in accordance with the provisions of Article V of the Declaration. Assessments for the purpose stated in Article V of the Declaration and levied pursuant to the provisions of Section 7.03 of the Declaration are referred to as Regular Assessments. Any other Assessments assessed and levied by the Board are referred to as Special Assessments. Special Assessments are composed of Special Group Assessments and Special Individual Assessments.

##### (a) Special Assessments

Special Assessments levied for costs incurred by the Board or the Association which ordinarily would be covered by Regular Assessments but which were either not anticipated or not included in the Budget that formed the basis of Regular Assessments for a calendar year are referred to as Special Group Assessments.

##### (b) Special Individual Assessments

Special Assessments for any of the costs that result from (i) requests of the Owner of a Lot for approval by the Architectural Committee of the plans and specifications for any Improvements to be placed on such Lot and the performance of the Architectural Committees duties and obligations with respect to such approval, (ii) the negligence or willful misconduct of an Owner, or any costs or liabilities of the Association incurred as the result of the actions or omissions of an Owner, (iii) the failure or refusal of an Owner to comply with or satisfy any of the requirements and provisions of the Declaration, or (iv) any costs or expenses for which the Association or the Board under any provision of the Declaration is entitled to reimbursement by, or to charge to, the Owner of any Lot are referred to as Special Individual Assessments.

#### **Section 2. Maintenance Fund and Assessments.**

The Board shall establish a maintenance fund into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the duties and obligations of the Association as represented in the approved Association Annual Budget or in a Special Group Assessment. The maintenance fund shall be established from Assessments levied by the Association and any other revenues and income of the Association. In particular and without limiting the purposes for which Assessments may be assessed and levied, Regular Assessments levied by the Association shall be used for the payment of the costs of (a) maintenance and replacement as necessary of the Association Property; (b) hazard insurance in connection with the Association Property and public liability insurance for the Association with respect to liabilities arising from damages or injuries sustained or occurring on the Association Property; (c) labor, equipment (including the expense of leasing any equipment) and material required for, and management and supervision of, the Association Property; (d) carrying out the duties of the Association and the Board, as set forth in the Declaration; (e) carrying out the purposes of the Association as stated in the Declaration; (f) taxes, if any, on any portion of the Association Property; (g) any and all reasonable expenses associated with the management and operation of the Association, (h) any and all bank or other financial institution fees relating to the Associations accounts and interest on short term loans to the Association; (i) the general operating and administrative expenses of the Association; and (j) any other purposes required by the Declaration. Any non-emergency purchase or capital expenditure which has not been disclosed in the itemized annual budget which is in excess of two and one half percent (2.50%) of the projected annual income of that year shall require prior approval by majority vote at any meeting of the Association at which a quorum is present.

**Section 3. Regular Assessments.**

Regular Assessments shall be levied on each Owner of each Lot, and shall be imposed by the Board regularly and not later than the last day of the previous fiscal year. Prior to the beginning of each calendar year the Board shall adopt a budget (a Budget) based upon (i) anticipated expenses to be incurred by the Association during the forthcoming calendar year , which said expenses shall include only expenditures for the approved purposes set forth in Article V of the Declaration; plus (ii) a reasonable provision for contingencies and appropriate replacement reserves; less (iii) any expected surplus or income anticipated to be received from any other source(s). The Board shall set the Regular Assessments annually for each calendar year based on the budget approved and adopted in accordance with the provisions of Article V of the Declaration and this Section 3. The proposed budget itemizing the anticipated expenses will be presented to the membership in a formal or informal meeting of the Association, as prescribed herein.

(a) An Informal Meeting

The Board shall present the proposed itemized budget at an informal meeting which does not have to be a legally constituted meeting of the Association when the proposed budget does not increase the regular assessment more than twelve percent (12%) over the previous years regular assessment. Owners will not have the right to vote for or against the proposed Budget. Any Owner may attend the meeting in which the Board will approve or disapprove the proposed Budget.

(b) A Formal Meeting

The Board shall present the proposed itemized budget at a formal meeting of the Association when the proposed budget results in an increase of the regular assessment more than twelve percent (12%) over the previous years regular assessment. Such a proposed budget shall require approval of the members representing twenty three percent (23%) of the members entitled to vote at such meeting.

When the Board has approved a Budget for a calendar year , Regular Assessments sufficient to pay the estimated net expenses of the Association for such calendar year , as itemized in the Budget for the subject calendar year , shall then be levied by the Association on each Owner of each Lot, and the amount of such Regular Assessments as determined by the provisions of this Article shall be final and binding so long as such determination is made in good faith. The Board may increase or decrease the Regular Assessments each year from the prior year as the Association deems necessary. At the end of any given calendar year, any surplus sums held by the Association (whether from Assessments collected from Owners or from other sources of income, revenue or monies) will be applied by the Association to reduce the Assessments needed to be levied for the projected costs and expenses of the Association shown in the Budget for the following year. In the event that prior to the commencement of any calendar year after the initial Budget has been approved and adopted by the Board, a Budget has not been approved for that particular year, then Regular Assessments will be levied by the Association on each Owner of each Lot based upon the Budget for the prior year until such time as a Budget for the current year has been approved, at which time Regular Assessments will be adjusted and revised to the extent necessary for the amount of the Regular Assessments for the subject calendar year to comply with the provisions of Section 7.03 of the Declaration and this Section 3 regarding levying Regular Assessments based on each calendar years approved Budget. All Regular Assessments shall be due and payable to the Association, with respect to Regular Assessments for the calendar year in which the Assessment Commencement Date for a Development Subdivision occurs, within thirty (30) days after being levied by the Association, and, with respect to all subsequent Regular Assessments for each such Development Subdivision, at the beginning of the calendar year for which such Regular Assessments are payable; provided, however, that the Board, at its election, may permit all or any portion of the Regular Assessments levied for any full or partial calendar year to be payable in equal monthly installments on or before the first day of each month of the

subject calendar year, or in such other manner as the Board may designate in its sole and absolute discretion.

**Section 4. Special Assessments.**

In addition to the Regular Assessments provided for above, the Association may levy Special Assessments for the purposes provided in Article V and, in particular, Section 7.04, of the Declaration. The Board may set, assess and levy Special Group Assessments at any time after the incurrence by the Association of costs of the nature intended to be covered by the Regular Assessments but which were not anticipated and therefore were not included in the Budget that formed the basis of Regular Assessments for the year in which such unanticipated or not included costs were incurred or arose. Special Group Assessments shall be allocated and assessed against the Lots in the same manner as are Regular Assessments. The Board may set, assess and levy Special Individual Assessments from time to time as the Association or the Board incurs costs for any purposes for which Special Individual Assessments may be set, assessed and levied, as set forth in Article V of the Declaration. The Special Individual Assessments shall be assessed only against (i) the Owner or Owners from whom the Board is entitled to payment or reimbursement in accordance with the provisions of the Declaration, and (ii) the Lot owned by the Owner or Owners with respect to whom the subject Special Individual Assessments may be assessed and levied.

**Section 5. Date of Commencement of Assessments; Due Dates.**

Regular Annual Assessments provided for herein are due and payable in advance on the thirty-first (31<sup>st</sup>) day of the fiscal year in accordance with the provisions of the Declaration, and shall be payable in the manner provided in the Declaration. The due date or dates, if to be paid in installments, of any Special Group Assessment or Special Individual Assessment shall be set by the Board not earlier than 30 days after notice of such Assessment is given to the affected Owner or Owners. Where an Owners obligation to pay Assessments first arises after the commencement of the year or other period for which an Assessment was levied, such Assessment shall be in a prorated amount proportionate to the fraction of the year or other period remaining after said date.

**Section 6. Duties of the Board and of the Owners with Respect to Assessments.**

In the event a revision to the amount or rate of the Regular Assessments, or the establishment of a Special Group Assessment or a Special Individual Assessment, the Board shall fix the amount of such Assessment against each Lot, and the applicable due date(s) for each Assessment at least 30 days in advance of such date or period and shall, at that time, prepare a roster of the Lot and Assessments applicable thereto which shall be kept and shall be open to inspection by any Owner at a mutually agreed upon time and place. Written notice of each Assessment shall be delivered or mailed to every Owner subject thereto.

In the event of a sale of any Lot, it shall be the sole obligation of the selling Owner (and not the Association) to disclose to any buyer whether or not there are any unpaid Assessments of Assessments imposed for violations of the Declaration on the property. A copy of such disclosure notice shall be delivered to the Board when it is given. Upon written request, the Board shall furnish to any Owner a certificate in writing signed by an officer of the Association setting forth whether any applicable Assessments have been paid. Such certificate shall be conclusive evidence of the payment for any Assessment therein stated to have been paid.

**Section 7. Interest on Unpaid Assessments.**

All assessments, whether made pursuant to this Article or any other Article, if not paid by designated due date, shall be deemed delinquent and in default. In the event of default in the payment of any Assessment, the Owner of the Lot against which such Assessment was levied shall be obligated to

pay interest at the rate provided in Section 7.05 of the Declaration from the due date thereof together with all costs and expenses of collection, including without limitation reasonable attorneys fees.

**Section 8. Liens to Secure Assessments; Enforcement of Lien; Payment of Assessment Upon Sale of Lot; Personal Liability for Assessments.**

Under the terms of Section 7.06 of the Declaration, the Assessments imposed against each Lot are the personal and individual debt of the Owner of the subject Lot. Under the terms of Section 7.06 of the Declaration, the Association is granted a continuing lien and charge on the Lot owned by each such Owner and all Improvements. Reference is made to Section 7.06 of the Declaration for the terms and conditions of such continuing lien and charge, each Owners personal liability for Assessments, the enforcement and foreclosure of such continuing lien and charge and the respective rights, powers, duties and obligations of the Association, the Board and the Owner of each Lot with respect to the subject continuing lien and charge.

**ARTICLE VI**

**MISCELLANEOUS**

**Section 1. Resolutions.**

Resolutions, Rules and Regulations adopted by the Board from time to time, pursuant to the Declaration or these Bylaws or in the exercise of its duties which do not amend these Bylaws need not be filed for record in the County Clerks office, but the records thereof shall be kept in the minute book.

**Section 2. Amendment by the Association.**

These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by majority vote at any meeting of the Association at which a quorum is present. The Members may by like vote delegate all or a portion of their powers regarding the Bylaws to the Board.

**Section 3. Declaration.**

The Association shall at all times be subject to, and operated in conformity with, the terms of the Declaration and any amendments to the Declaration recorded in the Real Property Records of Travis County, Texas, which Declaration and any amendments to the Declaration are incorporated as a part hereof. Should any provision of these Bylaws conflict with the provisions of the Declaration, the applicable provision of the Declaration shall control.