

COPY

BYLAWS OF MOUNTAIN CREST COMMUNITY ASSOCIATION

This is to certify that the attached bylaws are the current bylaws for the Mountain Crest Community Association for the Mountain Crest subdivision, Sections 1 through 4, in Hays County, Texas.

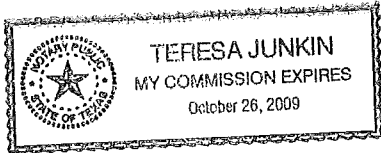
Phyllis Spruiell, Sec.
Phyllis Spruiell, Secretary

Ron Burns
Ron Burns, President

STATE OF TEXAS §
 §
COUNTY OF HAYS §

On this day personally appeared Phyllis Spruiell, Secretary of the Mountain Crest Community Association who is known to me by an identification card bearing her photograph and signature to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the instrument for the purposes and considerations expressed in it.

SUBSCRIBED AND SWORN TO BEFORE ME on the 15 day of ^{April} ~~March~~, 2009, to certify which witness my hand and official seal.

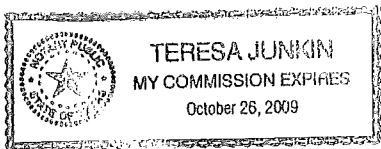


Teresa Junkin
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF HAYS §

On this day personally appeared Ron Burns, President of the Mountain Crest Community Association who is known to me by an identification card bearing his photograph and signature to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the instrument for the purposes and considerations expressed in it.

SUBSCRIBED AND SWORN TO BEFORE ME on the 15 day of ^{April} ~~March~~, 2009, to certify which witness my hand and official seal.



Teresa Junkin
Notary Public, State of Texas

BYLAWS
OF
MOUNTAIN CREST COMMUNITY ASSOCIATION

A Texas Non-Profit Corporation

ADOPTED: March 12, 1996

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 MOUNTAIN CREST COMMUNITY ASSOCIATION
 A Texas Non-Profit Corporation

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BYLAWS OF
MOUNTAIN CREST COMMUNITY ASSOCIATION
(A Texas Non-Profit Corporation)

ARTICLE I
NAME

Section 1.01. Name. The name of this Corporation shall be MOUNTAIN CREST COMMUNITY ASSOCIATION (hereinafter called the "Association").

ARTICLE II
OFFICES

Section 2.01. Registered Office. The registered office of the Association shall be as designated with the Secretary of State of the State of Texas, as it may be changed from time to time.

Section 2.02. Other Offices. The Association may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Association may require.

ARTICLE III
PURPOSES

Section 3.01. Purposes. The purpose or purposes for which the Association is organized are to act as agent for the owners of property in Mountain Crest Subdivision, located in Hays County, Texas, including the Mountain Crest Subdivision, Unit One, as shown on the map or plat recorded in Volume 4, pages 115-116, of the Plat Records of Hays County, Texas; the Mountain Crest Subdivision, Unit Two, as shown on the map or plat recorded in Volume 6, page 313, of the Plat Records of Hays County, Texas; the Mountain Crest Subdivision, Unit Three, as shown on the map or plat recorded in Volume 7, Page 105, of the Plat Records of Hays County, Texas, and for any and all other property which is accepted by the Association for similar purposes (collectively, the "Subdivision"), those purposes being as follows:

- (a) to exercise all of the power and privileges and perform all of the duties and obligations of the Association as set forth in the reservations, restrictions and covenants which cover the Subdivision, filed of record in the Real Property Records and the Official Public Records of Hays County, Texas, including, without limitation, the reservations, restrictions and covenants appearing of record in Volume 605, pages 419-436, Real Property Records of Hays County, Texas; the reservations, restrictions and covenants appearing of record in Volume 936, pages 410-426, Official Public Records of Hays County, Texas; the reservations, restrictions and covenants appearing of record in Volume 1162, pages 801-819, Official Public Records of Hays County, Texas; the reservations, restrictions and covenants appearing of record in Volume 1209, pages 276-299, Official Public Records of Hays County, Texas; and the reservations, restrictions and covenants appearing of record applicable to other property which is accepted by the Association as part of the Subdivision (hereinafter sometimes referred to as "Restrictions");
- (b) to affix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Restrictions; and, as agent, pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of the Association including all licenses, taxes or governmental charges levied or imposed against the property of the Association and to make disbursements, expenditures and payments on

behalf of the owners of lots in the Subdivision (the "Owners") as required by the Restrictions and the Bylaws of the Association; and to hold, as agent for the Owners, reserves for periodic repairs and capital improvements to be made by and through the Board of Directors of the Association;

- (c) to acquire by gift, purchase or otherwise, to own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or to otherwise dispose of real or personal property in connection with the affairs of the Association subject to the limitations, if any, set forth in the Restrictions; including, without limitation, roads, streets, a water system, drainage facilities, common areas, parks, playgrounds, and utilities;
- (d) to borrow money, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or personal property as security for money borrowed or debts incurred subject to the limitations, if any, set forth in the Restrictions;
- (e) to provide general sanitation and cleanliness of recreational areas, common areas and landscape areas in the Subdivision;
- (f) to provide upkeep and maintenance of recreational areas, common areas and of lots in the Subdivision as provided in the Restrictions;
- (g) to enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of the Subdivision in accordance with the Restrictions;
- (h) to enter into a contract with the owner of the water system serving the Subdivision to pay the Water Availability Fees and any Special Group Assessments to the owner of the water system upon the terms set forth in the contract; and
- (i) to have and to exercise any and all powers, rights and privileges a corporation organized under the Texas Non-Profit Corporation Act ("TNPCA"), may now or hereafter exercise.

Section 3.02. Lots. Lot shall mean a residential lot in the Subdivision as defined in the Restrictions, including a lot as defined in the reservations, restrictions and covenants relating to additional property accepted as part of the Subdivision pursuant to Section 3.01. Lots shall mean the lots in the Subdivision.

Section 3.03. Parties. All present or future Owners and tenants or future tenants of any Lots, or any other person who might use in any manner the facilities of the Subdivision are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of all or any portion of a Lot, or the mere act of occupancy of all or any portion of a Lot will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

ARTICLE IV MEMBERSHIP

Section 4.01. Membership. Each and every Owner of a Lot shall automatically become a member of the Association ("Member"), and must remain a Member in Good Standing (as defined in Section 4.02) of the Association during such Owner's period of ownership of such Lot. Such membership shall be appurtenant to each Lot and may not be severed from or held separately therefrom. The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Restrictions during the period of ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

Section 4.02. Member in Good Standing. A Member of the Association shall be considered to be a Member in Good Standing ("Member in Good Standing") and eligible to vote if such Member:

- (a) has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for hereunder;
- (b) does not have a lien filed by the Association against his or her Lot;
- (c) has discharged other obligations to the Association as may be required of Members hereunder; and
- (d) has met the proof of ownership requirement, if any, provided for in Section 12.01 of these Bylaws.

The Board shall have sole responsibility and authority for determining the Good Standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) days' prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting any or all of the four requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of this Section shall be declared by the Board to be not a Member in Good Standing and unless the time requirement required hereunder is specifically waived by the Board in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board.

Section 4.03. Voting Rights in the Association. Only Members in Good Standing shall be entitled to vote, and voting membership shall be decreased by the number of Members who are not Members in Good Standing to determine the votes entitled to be cast in elections governed by these Bylaws, such determination of the total number of Members in Good Standing to be as of the date of which a vote is taken. The vote of the majority of those votes entitled to be cast by the Members in Good Standing present or voting by legitimate proxy at a duly called meeting shall be sufficient for the transaction of any business, unless otherwise provided by law and except for an amendment to the Restrictions by the Members as provided in the Restrictions.

Each Member shall have one vote on all matters except when authorizing Special Group Assessments or modifying the Restrictions. When authorizing Special Group Assessments or modifying the Restrictions, Members may have less or more than one vote but the total votes of all Members may not exceed the total number of Lots. On these matters the Members shall vote as follows: (1) if a Lot is owned by more than one Member, such Lot Members shall vote their interest based upon their fractional ownership in said Lot; and (2) if a Member owns more than one Lot, said Member shall vote his or her interest by aggregating his or her total Lot ownership (including fractional Lot ownership).

Section 4.04. Cumulative Voting. At all meetings of the Association voting shall not be cumulative.

Section 4.05. Quorum. Any number of Members attending any Members' meeting, in person or by proxy, called by the Board of Directors shall constitute a quorum for voting on matters brought before the Association at meetings of Members called by the Board. The Members in Good Standing present at a duly organized meeting may continue to transact business until adjournment and the Members may transact business at a meeting even though there may be less than 10% of the Members present.

Section 4.06. Proxies. Votes may be cast in person or by proxy.

ARTICLE V
ASSOCIATION RESPONSIBILITIES AND
MEETINGS OF MEMBERS

Section 5.01. Association Responsibilities. The Members will constitute the Association which will have the responsibility of administering and enforcing the covenants, conditions and restrictions contained in the Restrictions, including the collection and disbursement of charges and assessments created therein, through a Board of Directors. In the event of any dispute or disagreement between any Members relating to the Subdivision, or any questions of interpretation or application of the provisions of the Restrictions, Articles of Incorporation or these Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Members, subject to the right of Members to seek other remedies provided by law after such determination by the Board.

Section 5.02. Place of Meeting. Meetings of the Association shall be held at such suitable place, convenient to the Members, as the Board of Directors may determine.

Section 5.03. Annual Meetings. Annual meetings of the Association shall be held on or before forty-five (45) days after the expiration of the prior fiscal year at the request of any Member to the Board. Until so requested the Board is not required to call an annual meeting but may do so. At such meetings after the expiration of the term of the original Directors, there may be elected by ballot of the Members a Board of Directors in accordance with the requirements of Article VI of these Bylaws if the Members vote to elect Directors. The Members may also transact such other business of the Association as may properly come before them.

Section 5.04. Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by a majority of Members and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

Section 5.05. Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote at such meeting, at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

ARTICLE VI
BOARD OF DIRECTORS

Section 6.01. Number, Qualification and Selection. The affairs of the Association shall be governed by a Board of Directors consisting of the three (3) persons delineated in the Articles of Incorporation of the Association whose initial terms shall expire September 1, 1997. The Board may appoint additional Directors, or may fill the unexpired term of any Director.

Until the Members at an annual meeting of the Association vote to have Directors elected by the Members of the Association, the Board of Directors shall elect their successors. At the first annual meeting after the annual meeting at which the Members vote to have the Members appoint Directors, and at each annual meeting thereafter, the Members shall select Directors for the succeeding term.

Unless otherwise provided in the Articles of Incorporation, the number of Directors that shall constitute the entire Board of Directors shall be determined from time to time by resolution of the Board of Directors (provided that no decrease in the number of Directors that would have the effect of shortening the term of an

incumbent Director may be made by the Board of Directors). If the Board of Directors makes no such determination, the number of Directors shall be the number set forth in the Articles of Incorporation as the number of Directors constituting the initial Board of Directors. Each Director shall hold office for the term for which he or she is elected and thereafter until his or her successor shall have been elected and qualified, or until his or her earlier death, resignation or removal.

Directors need not be residents of the State of Texas.

Section 6 Powers and Duties. The powers of the Association shall be exercised by or under the authority of, and the business and affairs of the Association shall be managed under the direction of, the Board of Directors.

Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done solely for the benefit of the Subdivision and for the mutual and reciprocal benefit of Members:

- (a) to set, collect and disburse the Maintenance Charge in any fiscal year or portion thereof for the following purposes:
 - (i) the employment of personnel or independent contractors;
 - (ii) the employment of legal, accounting, engineering, architectural or other independent professional services, including any services required to provide architectural review for any building or other development plans proposed for a Lot;
 - (iii) the purchase of a policy or policies of insurance insuring the Association against any liability to the public, Owners, or occupants incidental to operation of the Association, as deemed necessary and prudent by the Board;
 - (iv) anything which the Board deems appropriate and proper in fulfilling its obligations and responsibilities under the terms of the Restrictions or by law or which, in its reasonable opinion, shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Restrictions;
- (b) to expend Special Group Assessments collected pursuant to the Restrictions and Section 13.04 of these Bylaws;
- (c) to expend Special Member Assessments collected pursuant to Section 13.05 of these Bylaws;
- (d) to collect the Water Availability Fees and pay the same to the owner of the water system serving the Subdivision;
- (e) to enter into agreements or contracts with insurance companies with respect to insurance coverage for recreational areas and common areas and improvements thereon and other property of the Association;
- (f) to enter into contracts with utility companies with respect to utility installation, consumption and services matters;
- (g) to borrow funds to pay any costs of operation, secured by assignment or pledge of rights against Owners for current, delinquent or future assessments, as the Board may determine in its sole discretion to be necessary and appropriate;

- (h) to enter into contracts for goods and services or other Association purposes, provide services it deems proper, maintain one or more bank accounts, and generally to have all the powers necessary or incidental as may be required for prudent operation and management of the Association;
- (i) to sue or to defend in any court of law on behalf of the Association;
- (j) to provide for and accumulate reserve funds to be used for repairs, replacement and/or maintenance, in such amounts and for such purposes as may reasonably be determined by the Board to be necessary and appropriate;
- (k) to make, or cause to be made, any tax returns, reports, or other filings required by Federal, State, or local governmental authorities;
- (l) to make reasonable rules and regulations for the use of the Subdivision, including, but not limited to, the roads, streets, recreational areas and common areas, as the Board deems necessary and appropriate and create a high level of environmental and aesthetic quality within the Subdivision;
- (m) to make available to each Owner within one hundred fifty (150) days after the end of any Association fiscal year a written annual report on financial affairs of the Association for the year preceding and, upon written request of at least one-third (1/3) of the Members in Good Standing, to have such report audited by an independent certified public accountant selected by the Board, which audited report, if required, shall be completed and made available to each Member no later than one hundred fifty (150) days after such request is received by the Board. The cost of preparing and distributing such audit shall be paid by the Association from the Maintenance Charge;
- (n) to adjust the amount, collect and use any insurance proceeds to repair or replace any damaged or lost property, or to reimburse persons or entities entitled to receive reimbursement for injury, damage or losses and, if said insurance proceeds are insufficient to provide full reimbursement as may be required, the Board may act to obtain the funds required in such manner as prescribed in the Restrictions;
- (o) to enforce the provisions of the Restrictions, and to seek damages and/or equitable relief or other remedial action from any Owner for violation of these Restrictions or any of its individual provisions;
- (p) to contract with any Owner(s) and any other person, including, without limitation, any person who owned most of the Lots or a member of the Board of Directors, for performance of or provision of services which the Association is otherwise obligated or permitted to perform, including the provision of water service for the Subdivision, and the maintenance of the roads, streets, common areas, and recreational areas, such contracts to be upon such terms and conditions, and for such considerations, as the Board may deem advisable. The Board also shall have full power and authority, but not an obligation, to contract with any Owner(s) to provide maintenance, repair or replacement service, or any combination thereof, through the Association for an individual Lot; and
- (q) to delegate the powers enumerated above to the President, or any committee, if permitted by the TNPCA and the Articles of Incorporation.

Section 6.03. No Waiver of Rights. The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Restrictions, the Bylaws or the rules and regulations adopted pursuant thereto, shall not constitute or

be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same thereafter.

Section 6.04. Quorum: Required Vote for Director Action. Unless otherwise required by law or provided in the Articles of Incorporation or these Bylaws, a majority of the total number of Directors fixed by, or in the manner provided in, the Articles of Incorporation or these Bylaws shall constitute a quorum for the transaction of business of the Board of Directors, and the act 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.

Section 6.05. Meetings; Order of Business. Meetings of the Board of Directors may be held at such place or places as shall be determined from time to time by resolution of the Board of Directors. At all meetings of the Board of Directors business shall be transacted in such order as shall from time to time be determined by the President, or in his or her absence by the Vice-President, or by resolution of the Board of Directors.

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 on the ground that the meeting is not lawfully called or convened.

Section 6.06. Election and Term of Office. At the expiration of the initial term of office of each respective Director, his or her successor shall be elected to serve a term of one (1) year. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.

Section 6.07. Vacancies. Vacancies in the Board of Directors caused by death, resignation or disqualification, i.e., by any reason other than the removal of a Director by a vote of the Association, shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association held for such purpose.

Section 6.08. Annual Meetings. The annual meeting of the Board of Directors shall be held at a time and place designated by the resolution of the Board of Directors.

Section 6.09. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as shall be designated from time to time by resolution of the Board of Directors. Notice of such regular meetings shall not be required.

Section 6.10. Special Meetings. Special meetings of the Board of Directors may be called by the President or, on the written request of any one Director, by the Secretary, in each case on at least 24 hours personal, written, telegraphic, facsimile mail, cable or wireless notice to each Director. Such notice, or any waiver thereof, need not state the purpose or purposes of such meeting, except as may otherwise be required by law or provided for by the Articles of Incorporation or these Bylaws.

Section 6.11. Compensation. Directors, as such, shall not receive any salary or compensation for their services as Directors; provided, that nothing contained herein shall be construed to preclude any Director from receiving compensation which is not excessive for personal services (rendered in other than a "Director" capacity) which are reasonable and necessary in carrying out the Association's purposes.

Section 6.12. Presumption of Assent. A Director who is present at a meeting of the Board of Directors at which action on any Association matter is taken shall be presumed to have assented to the action unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 6.13. Action by Written Consent or Telephone Conference. Any action permitted or required by the TNPCA, the Articles of Incorporation or these Bylaws to be taken at a meeting of the Board of Directors or any committee designated by the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all the members of the Board of Directors or committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting and may be stated as such in any document or instrument filed with the Secretary of State, and the execution of such consent shall constitute attendance or presence in person at a meeting of the Board of Directors or any such committee, as the case may be. Subject to the requirements of the TNPCA, the Articles of Incorporation or these Bylaws for notice of meetings, unless otherwise restricted by the Articles of Incorporation, members of the Board of Directors, or members of any committee designated by the Board of Directors, may participate in and hold a meeting of the Board of Directors or any committee of Directors, as the case may be, by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such meeting shall constitute attendance and presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 6.14. Proxies. A Director may vote only in person. Proxy voting by Directors shall not be allowed.

ARTICLE VII COMMITTEES

Section 7.01. Designation; Powers. The Board of Directors, by resolution adopted by a majority of the Board of Directors, may designate from among its members one or more committees, each of which shall be comprised of one or more of its members, and may designate one or more of its members as alternate members of any committee, who may, subject to any limitations imposed by the Board of Directors, replace absent or disqualified members at any meeting of that committee. Any such committee, to the extent provided in such resolution or in the Articles of Incorporation or Bylaws shall have and may exercise all of the authority of the Board of Directors, subject to the limitations set forth in the TNPCA or below.

No committee of the Board of Directors shall have the authority of the Board of Directors in reference to:

- (1) amending the Articles of Incorporation;
- (2) amending, altering or repealing the Bylaws of the Association or adopting new Bylaws of the Association;
- (3) filling vacancies in the Board of Directors;
- (4) filling vacancies in or designating alternate members of any such committee;
- (5) filling any directorship to be filled by reason of an increase in the number of Directors;
- (6) electing or removing officers of the Association or members or alternate members of any such committee;
- (7) fixing the compensation of any member or alternate members of such committee; or
- (8) altering or repealing any resolution of the Board of Directors that by its terms provides that it shall not be so amendable or repealable.

Section 7.02. Procedure; Meetings; Quorum. Any committee designated pursuant to Section 7.01 of this Article shall choose its own president and secretary, shall keep regular minutes of its proceedings and report the same to the Board of Directors when requested, shall fix its own rules or procedures, and shall meet at such times and at such place or places as may be provided by such rules, or by resolution of such committee or of the Board of Directors. At every meeting of any such committee, the presence of a majority of all the members thereof shall constitute a quorum, and the affirmative vote of a majority of the members present shall be necessary for the adoption by it of any resolution.

Section 7.03. Dissolution. The Board of Directors may dissolve any committee at any time, unless otherwise provided in the Articles of Incorporation or these Bylaws.

ARTICLE VIII OFFICERS

Section 8.01. Number, Titles and Term of Office. The officers of the Association shall be a President and a Secretary and such other officers as the Board of Directors may from time to time elect or appoint, including one or more Vice Presidents (any one or more of whom may be designated Executive Vice President or Senior Vice President), a Treasurer, one or more Assistant Treasurers and one or more Assistant Secretaries. Each officer shall hold office until his or her successor shall be duly elected and shall qualify or until his or her death or until he or she shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same person. Officers shall be Directors.

Section 8.02. Salaries. The salaries or other compensation, if any, of the officers and agents of the Association shall be fixed from time to time by the Board of Directors.

Section 8.03. Removal. Any officer or agent or member of a committee elected or appointed by the Board of Directors may be removed, either with or without cause, by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent or member of a committee shall not of itself create contract rights.

Section 8.04. Vacancies. Any vacancy occurring in any office of the Association may be filled by the Board of Directors.

Section 8.05. Powers and Duties of the President. The President shall be the chief executive officer of the Association. Subject to the control of the Board of Directors, the President shall have general executive charge, management and control of the properties, business and operations of the Association with all such powers as may be reasonably incident to such responsibilities and he or she may agree upon and execute all leases, contracts, evidences of indebtedness and other obligations in the name of the Association. The President shall preside at all meetings of the Board of Directors; and the President shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the Board of Directors.

Section 8.06. Vice Presidents. The Vice President(s), if any, shall perform such duties and have such powers as the Board of Directors may from time to time prescribe. In addition, in the absence of the President, or in the event of his or her inability or refusal to act, (i) a Vice President designated by the Board of Directors or (ii) in the absence of such designation, the Vice President who is present and who is senior in terms of time as a Vice President of the Association, shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President.

Section 8.07. Treasurer. The Treasurer, if any, shall have responsibility for the custody and control of all the funds and securities of the Association, and he or she shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the Board of Directors. He or she shall perform all acts incident to the position of Treasurer subject to the control of the President and

the Board of Directors; and the Treasurer shall, if required by the Board of Directors, give such bond for the faithful discharge of his or her duties in such form as the Board of Directors may require.

Section 8.08. Assistant Treasurers. Each Assistant Treasurer, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the President, the Board of Directors, or the Treasurer. The Assistant Treasurers shall exercise the powers of the Treasurer during that officer's absence or inability or refusal to act.

Section 8.09. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors in books provided for that purpose; he or she shall attend to the giving and serving of all notices; he or she may in the name of the Association affix the seal (if any) of the Association to all contracts of the Association and attest thereto; he or she may sign with the other appointed officers all certificates for shares of capital stock of the Association; he or she shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to inspection of any Director upon application at the office of the Association during business hours; he or she shall have such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the President or the Board of Directors; and he or she shall in general perform all duties incident to the office of Secretary, subject to the control of the President and the Board of Directors.

Section 8.10. Assistant Secretaries. Each Assistant Secretary, if any, shall have the usual powers and duties pertaining to his or her office, together with such other powers and duties as designated in these Bylaws and as from time to time may be assigned to him or her by the President or the Board of Directors or the Secretary. The Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability or refusal to act.

ARTICLE IX INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

Section 9.01. Right to Indemnification. Subject to the limitations and conditions as provided in this Article IX, each person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative (hereinafter a "proceeding"), or any appeal in such a proceeding or any inquiry or investigation that could lead to such a proceeding, by reason of the fact that he or she, or a person of whom he or she is the legal representative, is or was a Director or officer of the Association or while a Director or officer of the Association 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 foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise shall be indemnified by the Association to the fullest extent permitted by the TNPCA, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Association to provide broader indemnification rights than said law permitted the Association to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements and reasonable expenses (including, without limitation, attorneys' fees) actually incurred by such person in connection with such proceeding, and indemnification under this Article IX shall continue as to a person who has ceased to serve in the capacity which initially entitled such person to indemnity hereunder. The rights granted pursuant to this Article IX shall be deemed contract rights, and no amendment, modification or repeal of this Article IX shall have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment, modification or repeal. It is expressly acknowledged that the indemnification provided in this Article IX could involve indemnification for negligence or under theories of strict liability.

Section 9.02. Advance Payment. The right to indemnification conferred in this Article IX shall include the right to be paid or reimbursed by the Association the reasonable expenses incurred by a person of the type entitled to be indemnified under Section 9.01 who was, is or is threatened to be made a named defendant or respondent in a proceeding in advance of the final disposition of the proceeding and without any determination as to the person's ultimate entitlement to indemnification; *provided, however,* that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding, shall be made only upon delivery to the Association of a written affirmation by such Director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under this Article IX and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined that such indemnified person is not entitled to be indemnified under this Article IX or otherwise.

Section 9.03. Indemnification of Employees and Agents. The Association, by adoption of a resolution of the Board of Directors, may indemnify and advance expenses to an employee or agent of the Association to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Directors and officers under this Article IX; and, the Association may indemnify and advance expenses to persons who are not or were not Directors, officers, employees or agents of the Association but who are or were serving at the request of the Association as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person to the same extent that it may indemnify and advance expenses to Directors under this Article IX.

Section 9.04. Appearance as a Witness. Notwithstanding any other provision of this Article IX, the Association may pay or reimburse expenses incurred by a Director or officer in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

Section 9.05. Nonexclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article IX shall not be exclusive of any other right which a Director or officer or other person indemnified pursuant to Section 9.03 of this Article IX may have or hereafter acquire under any law (common or statutory), provision of the Articles of Incorporation of the Association or these Bylaws, agreement, or otherwise.

Section 9.06. Insurance. The Association may purchase and maintain insurance, at its expense, to protect itself and any person who is or was serving as a Director, officer, employee or agent of the Association 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 foreign or domestic corporation, partnership, joint venture, proprietorship, employee benefit plan, trust or other enterprise against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under this Article IX.

Section 9.07. Savings Clause. If this Article IX or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Association shall nevertheless indemnify and hold harmless each Director, officer or any other person indemnified pursuant to this Article IX as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article IX that shall not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE X
MISCELLANEOUS PROVISIONS

Section 10.01. Fiscal Year. The fiscal year of the Association shall be such as established from time to time by the Board of Directors.

Section 10.02. Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Association. The Secretary shall have charge of the seal (if any). If and when so directed by the Board of Directors, duplicates of the seal may be kept and used by the Treasurer, if any, or by any Assistant Secretary or Assistant Treasurer.

Section 10.03. Notice and Waiver of Notice. Whenever any notice is required to be given by law, the Articles of Incorporation or these Bylaws, except with respect to notices of special meetings of Directors (with respect to which the provisions of Section 5.04 apply), said notice shall be deemed to be sufficient if given (a) by telegraphic, facsimile mail, cable or wireless transmission or (b) by deposit of same in a post office box in a sealed prepaid wrapper addressed to the person entitled thereto at his or her address as it appears on the records of the Association, and such notice shall be deemed to have been given on the day of such transmission or mailing, as the case may be.

Whenever notice is required to be given by law, the Articles of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

Section 10.04. Resignations. Any Director, member of a committee or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 10.05. Facsimile Signatures. In addition to the provisions for the use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Association may be used whenever and as authorized by the Board of Directors.

Section 10.06. Books and Records. The Association shall keep books and records of account and shall keep minutes of the proceedings of its Board of Directors and each committee of its Board of Directors. The Association shall keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of the original issuance of shares issued by the Association and a record of each transfer of those shares that have been presented to the Association for registration of transfer. Any books, records, and minutes may be in written form or in any other form capable of being converted into written form within a reasonable time.

Section 10.07. Interested Directors. A contract or transaction between the Association and one or more of its Directors, Officers, or Members, or between the Association and any other corporation, partnership, association, or other organization in which one or more of its directors, officers, or members are Directors, Officers, or Members, or have a financial interest, is not void or voidable solely for that reason, solely because the Director, Officer, or Member is present at or participates in the meeting of the Board of Directors or committee of the Board of Directors or of the Members that authorizes the contract or transaction, or solely because the Director's, Officer's, or Member's votes are counted for that purpose, if:

- (a) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors, the committee of the Board of Directors, or the Members, and the Board of Directors, committee of the Board of Directors, or Members in good faith and with ordinary care authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors or Members, even though the disinterested Directors or Members are less than a quorum;

- (b) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the persons entitled to vote on the contract or transaction, and the contract or transaction is specifically approved in good faith and with ordinary care by vote of the disinterested persons; or
- (c) the contract or transaction is fair to the Association when it is authorized, approved, or ratified by the Board of Directors, a committee of the Board of Directors, or the members.

ARTICLE XI AMENDMENTS

Section 11.01. Amendments. The Board of Directors may amend or repeal the Association's Bylaws, or adopt new Bylaws.

ARTICLE XII EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE

Section 12.01. Proof of Ownership. Any person, on becoming an Owner of a Lot, shall furnish to the Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in the Lot, which copy shall remain in the files of the Association. A Member shall not be deemed to be in Good Standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

Section 12.02. Registration of Mailing Address. The Owner or several Owners of a Lot shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons to be used by the Association. Such registered address of an Owner or Owners shall be deemed to be the mailing address of the Lot owned by said Owner or Owners unless a different registered address is furnished by such Owner(s) to the Board of Directors within fifteen (15) days after transfer of title, or after a change of address; and such registration shall be in written form and signed by all of the Owners of a Lot or by such persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

ARTICLE XIII ASSESSMENTS AND LIENS

Section 13.01. Purpose of Assessments. The Assessments levied hereunder by the Association shall be used exclusively for the purpose of protecting and promoting the comfort, collective mutual enjoyment, health, safety and welfare of the Owners of Lots, including, but not limited to, the following:

- (a) the maintenance, repair or replacement of the water system, roads, streets, drainage improvements, street lights, security gates, landscaping, and any and all recreational area and common area improvements, including, but not limited to, landscaped areas and easements, along with the cost of any associated management or supervisory services, fees, labor, equipment, and materials;
- (b) the special maintenance, repair or replacement of improvements located in recreational areas, common areas or on Lots as provided for in the Restrictions;
- (c) the design, purchase and installation of any recreational area or common area improvements;

- (d) the purchase of insurance coverage relating to recreational areas and common areas and any improvements thereon, and other property of the Association;
- (e) the carrying out of duties of the Board as provided herein and in the Restrictions and Articles of Incorporation of the Association;
- (f) the carrying out of purposes of the Association as stated herein and in its Restrictions and Articles of Incorporation; and
- (g) the carrying out of all other matters set forth or contemplated in the Restrictions.

Section 13.02. Maintenance Charge. The Maintenance Charge for each fiscal year shall be determined by the Board annually. The Maintenance Charge shall be at the rate set forth in the Restrictions unless the Board otherwise provides.

Section 13.03. Water Availability Fee. The Water Availability Fee shall be collected at the rate assessed in the Restrictions, and shall be paid to the owner of the water system for the availability of water to the Lots. The Water Availability Fee shall not be funds of or income to the Association and the Water Availability Fee shall be the property of the owner of the water system serving the Subdivision. In levying and collecting the Water Availability Fee the Association shall be the agent of the owner of the water system serving the Subdivision.

Neither the Members nor the Board may reduce the Water Availability Fee established in the Restrictions and the Water Availability Fee shall be collected and paid to the owner of the water system serving the Subdivision in order to assure a dependable supply of water.

Section 13.04. Special Group Assessments. In addition to the Maintenance Charge and the Water Availability Fee provided for herein and in the Restrictions, the Association by vote of its Members as provided for in Section 4.03 of these Bylaws may levy in and for any year a Special Group Assessment on any Owner subject to a Maintenance Charge in accordance with the provisions of these Bylaws and the Restrictions for the purpose of:

- (a) defraying the cost of any new construction or reconstruction, unexpected repair or replacement of capital improvements for the Subdivision, including the necessary fixtures and personal property related thereto;
- (b) defraying the cost of repairs or replacements resulting from an uninsured loss or damage or insured loss or damage where there are insufficient insurance proceeds as provided for in the Restrictions; and
- (c) responding to unusual or emergency needs of the Association as may be expected to occur from time to time.

Special Group Assessments shall be allocated and prorated among the Owners at the date each such Special Group Assessment is levied in the same manner as the Maintenance Charge is allocated and prorated among the Lots under the Restrictions.

Section 13.05. Special Member Assessments. In addition to the Maintenance Charge and any Special Group Assessments, the Association, by vote of its Board, may levy a special assessment ("Special Member Assessment") on any Member subject to a Maintenance Charge for the purpose of:

- (a) defraying, the cost of any unexpected damage or loss requiring maintenance, repairs, or replacement of improvements serving the Subdivision or with a Lot not owned by the Member causing such damage or loss, which damage or loss has been determined by the Board to

have been caused, either directly or indirectly, by the willful or negligent acts of such Member, or its agent, occupant or visitor. In reaching a decision to levy such Special Assessment upon any Member, the Board shall first determine, in its sole discretion, that reasonable evidence exists to support a determination that said damage or loss was caused, directly or indirectly by a particular Member, or its agent, occupant or visitor. Prior to making such determination, the Board shall inform such Member of its findings and afford the Member the reasonable opportunity (not less than seven (7) days to (i) introduce evidence regarding such damage or loss and the cause thereof, or (ii) remedy such loss or damage:

- (b) reimbursing the Association for any and all direct or indirect costs incurred by the Association with regard to the maintenance, repair or replacement of landscaping or site improvements on any particular Lot owned by such Member, when:
- (i) it has been determined by the Board that the maintenance, repair or replacement of site improvements associated with such Member's Lot has been neglected to the point where conditions existing on such Lot are not in conformance with the maintenance obligations set forth in the Restrictions;
 - (ii) the Member owning such Lot shall have been informed in writing of deficiencies found to exist and shall have been afforded a specific and reasonable period of time (not less than seven (7) days) to respond to said notice and/or remedy such deficiencies, the determination of what constitutes a reasonable period of time for remedial action to be made by the Board in its sole discretion;
 - (iii) those deficiencies determined by the Board and reported in writing to the Member owning such Lot are not fully corrected within the time period established by the Board for such corrective action to be completed; and
 - (iv) due to the failure of the Member owning such Lot to take corrective action within the period of time established by the Board, it has been necessary or appropriate for the Association to contract for, initiate or complete such corrective action to meet the maintenance requirements of the Subdivision. In the event such Member shall start corrective action on a Lot after such work to be done or either contracted for such work to be done or actually accomplished such work in whole or in part, such Member shall be obligated to the Association for the reimbursement of any costs actually incurred by the Association, including: release from contract settlements; design, legal or other professional fees; labor, equipment, materials or guarantees required to accomplish corrective work; management or supervisory services; and any other costs directly or indirectly attributable to the work.

Section 13.06. Payment of Maintenance Charge and Water Availability Fee. The Maintenance Charge and Water Availability Fee provided for herein shall commence and be due and payable as provided in the Restrictions.

Section 13.07. Payment of Special Assessments. Special Group Assessments or Special Member Assessments shall be due and payable in full thirty (30) days following the date at which any such assessment is set by the Board in the resolution adopting such assessment, except that, if it is specifically determined by the Board that any such assessment is to be paid instead in deferred installments, then the payment dates and amounts of such installments shall be fixed in the resolution authorizing such assessment.

Section 13.08. Enforcement and Personal Obligation of Owners For Payment of Assessments. The Maintenance Charge, Water Availability Fee, Special Group Assessments, and Special Member Assessments provided for herein shall be the personal and individual debt of the Owner of a Lot covered by such assessments. No Owner may, for any reason, exempt himself or herself from liability for such assessments

levied in accordance with the provisions of the Restrictions and these Bylaws. In the event that any assessment or installment thereof is not paid when due, and remains unpaid for a period of thirty (30) days thereafter, then the unpaid amount of any such assessment or installment thereof shall become delinquent and shall, together with interest thereon as herein provided and costs of collection thereof, become a continuing personal obligation and debt of the non-paying Owner secured by a self-executing lien on the Lot, including all improvements thereon, to which such assessment or installment thereof pertains. The Association shall have the right to reject any partial payment of any assessment or installment thereof and demand full payment thereof, or the Association may, in its sole discretion, elect to accept any such partial payment on account only, without in so doing waiving any rights established hereunder with respect to any remaining balance due.

The obligation of any Owner to pay any assessment imposed on a Lot during such Owner's period of ownership shall remain his or her personal obligation, and a sale or other transfer of title to such Lot shall not release such former owner from said liability notwithstanding an assumption of liability by the purchaser or transferee. The lien for any unpaid assessments shall be unaffected by any sale or transfer of full or partial ownership interest in a Lot and shall continue in full force and effect. In the event of full or partial sale or transfer of an ownership interest in a Lot, it shall be the sole obligation of the Owner selling or transferring such interest (and not the Association) to disclose to any buyer or transferee that an unpaid assessment and associated lien against the ownership interest exist prior to that date at which such sale or transfer is to be consummated. A copy of such notice shall be sent to the Association at the same time. Upon written request, the Association shall provide an Owner with a statement reflecting the amount of any unpaid or delinquent assessments with respect to a Lot owned by said Owner.

The unpaid amount of any assessment shall bear interest from its due date at ten percent (10%) per annum or the maximum legal rate of interest then prevailing, which ever is lesser. In addition, the Board may elect to retain the services of an attorney of its choice for the purpose of collecting any unpaid assessment and interest charges thereon, and/or to foreclose the lien against the property subject thereto and/or to pursue any other legal or equitable remedy which the Association may have and there shall be added to the amount of unpaid assessment and interest charges thereon, any and all collection costs incurred by the Association, whether judicial or non-judicial, and including, but not limited to, reasonable attorney fees and costs of legal suit.

Section 13.09. Lien and Foreclosure. Upon delinquency, all sums assessed in the manner provided in these Bylaws, together with all interest costs as herein provided, shall be secured by the lien provided for under Section 13.08 of these Bylaws and the Restrictions. As further evidence and notice of such assessment lien, the Association may prepare a written notice of such lien setting forth the amount of delinquent indebtedness, the name of the Owner of property covered by such lien, and a description of the property. Such notice, shall be signed by a duly authorized Officer of the Association and shall be recorded in the office of the County Clerk of Hays County, Texas, or such other place as may be required by law for the recording of liens affecting real property at such time as such notice is recorded. Such lien for payment of assessments shall attach from the date such payment becomes delinquent and may be enforced after recording said notice through (i) foreclosure of such lien on the Lot and any improvements thereon in like manner as a mortgage on real property, (ii) suit against the Owner personally obligated to pay the assessment and/or (iii) foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or non-judicial, the Owner shall be required to pay the costs, expenses and reasonable attorneys' fees incurred by the Association. The Association shall have the power to bid on the property being foreclosed.

Section 13.10. Lien Subordination. Any lien established as provided for in these Bylaws, shall be subordinate and inferior to any mortgage or deed of trust for purchase money for a Lot or in favor of any bank, savings and loan association, insurance company, pension fund, or other similar financial institution or other lender approved by the Board; *provided, however,* that such subordination shall apply only to the assessments which have become due and payable prior to a foreclosure sale (whether public or private) of any such Lot pursuant to the terms and conditions of any such mortgage or deed of trust. Such foreclosure sale shall not

relieve any new Owner taking title at such sale from liability for the amount of any assessments thereafter becoming due or from a lien arising from any such subsequent assessment.

At the time any mortgage financing or refinancing is obtained for any Lot, which will be superior to any existing or future assessment lien of the Association, the Owner of such Lot shall within thirty (30) days prior to the consummation of any such mortgage or financing deliver to the Association written notice, identifying the lender making such mortgage loan in terms of its full legal name, its current address and telephone number, and the name of an officer or other person within the entity who is responsible for that particular loan account. Upon the written request of any such lender holding a superior lien on any Lot as provided herein, the Association shall report to such lender any unpaid assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative, elect to report delinquent assessments to such mortgage lenders.

Section 13.11. Common Areas Exempt. All recreational areas and common areas dedicated on a recorded plat or otherwise, shall be exempted from any assessments and any lien created herein.

Section 13.12. Notice of Lien or Suit. An Owner shall give notice to the Association of every lien or encumbrance upon his or her Lot other than for taxes and assessments, and notice of every suit or other proceeding which may affect the title to his or her Lot and such notice shall be given within five (5) days after the Owner has knowledge thereof.

Section 13.13. Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's liens filed against other site improvements for labor, materials, services or other products incorporated in the Owner's site improvements.

ARTICLE XIV ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

Section 14.01. Abatement and Enjoinment. The violation of any rule or regulation, or the breach of any Bylaw, or the breach of any provision of the Restrictions, shall give the Board of Directors the right, in addition to any other rights set forth in the Restrictions or herein, (i) to enter the Lot in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors shall not be deemed guilty in any manner of trespass; and to expel, remove and put out, using such force as may be necessary in so doing, without being liable to prosecution or any damages therefor; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XV ARCHITECTURAL COMMITTEE

Section 15.01. Architectural Committee. The Board shall establish and maintain an Architectural Committee in accordance with the Restrictions.

- (a) Function of Architectural Committee. No site improvements shall be erected, constructed, placed, altered, removed, maintained, or permitted to remain on any portion of the Subdivision until plans and specifications, in such form and detail as the Architectural Committee (subject to the requirements of the Restrictions) may deem necessary, shall have been submitted to the Architectural Committee and approved by it in writing as to:
- (i) architectural character;
 - (ii) compatibility with the Subdivision standards, as well as with other existing or proposed developments on Lots;

- (iii) extent and quality of landscaped areas proposed for a particular Lot;
- (iv) exterior signing and lighting; and
- (v) compliance with any other requirement for the Subdivision or individual Lots pursuant to the Restrictions.

The Architectural Committee shall have the authority to select and employ professional consultants to assist it in discharging its duties, the cost of such consultants to be paid by the Owner of any Lot for which plans and specifications have been submitted for approval. The Owner of any such Lot shall be responsible for paying the full costs of each and every review when due, whether or not submitted plans and specifications are approved by the Architectural Committee. Any decision of the Architectural Committee shall be final, conclusive and binding upon an applicant. The Architectural Committee shall establish administrative procedures including, but not limited to, designating a person and place to receive formal submissions.

- (b) Interpretation. Approval of plans and specifications for any site improvements shall be based upon a determination by the Architectural Committee as to whether or not in its judgment such plans and specifications adequately meet objectives established for the Subdivision with regard to environmental and aesthetic excellence, as well as meeting certain functional and other requirements created by the Restrictions, and these Bylaws. Further, in reaching such decision, the Architectural Committee shall consider not only the appropriateness of specific site improvements proposed on a particular Lot, but also how said site improvements, if developed in the manner intended, would likely relate to and affect those site improvements either existing on or intended for other Lots, and conformity to both the specific and general intentions of the Restrictions. The Architectural Committee shall have full power and authority to make any such subjective judgments and to interpret the intent and provisions of the Restrictions and these Bylaws in such manner and with such results as such Architectural Committee may, in its sole discretion, deem appropriate. In dealing with matters and decisions which the Architectural Committee may determine, in its sole discretion, require special consideration, it may employ the services of a qualified consultant or consultants for the purpose of advising the Architectural Committee with regard to a particular decision, such consultant to be selected by the Architectural Committee. Any recommendations made by any such consultant shall be reasonably considered by the Architectural Committee in arriving at a decision or action to which such consultant recommendations directly relate, but shall not be binding on such committee.
- (c) Failure of Architectural Committee to Act. Should the Architectural Committee fail to either approve or disapprove such plans and specifications, or to reject them as being incomplete or otherwise inadequate, within sixty (60) days after receipt thereof, it shall be conclusively presumed that such committee has approved such plans and specifications. If any plans and/or specifications are submitted in a form which is not sufficiently complete or are otherwise determined inadequate the Architectural Committee may approve or disapprove portions thereof either conditionally or unconditionally, and reject the balance.
- (d) Limitation of Liability. The person or persons executing the Restrictions, the Association, the Board or any of its members, and the Architectural Committee or any of its members shall not, individually or in combination, be liable for damages or otherwise to anyone submitting plans or specifications for approval or to any Owner of a Lot or any other person affected by an action taken with respect to such a submission by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications submitted.

ARTICLE XVI
CONFLICTING OR INVALID PROVISIONS

Section 16.01. Conflicting or Invalid Provisions. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the provisions of the TNPCA or any other Texas law, such Act or law shall control; and should any part of these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

ARTICLE XVII
NOTICES

Section 17.01. Notices. All notices to Members of the Association shall be adequately given if given in accordance with Section 5.05 or given by delivering the same to an Owner of a Lot in person or by depositing the notice in the U.S. Mail, postage prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association. If an Owner shall fail to give an address to the Secretary for mailing of such notices, all such notices shall be sent to the Lot of such Owner, and all Owners shall be deemed to have been given notice of the meetings upon the proper mailing of the notices to such addresses irrespective of the actual receipt of the notices by the Owners.