

BYLAWS OF LONDON TOWNE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE 1- DEFINITIONS

1.1. Declaration. "Declaration" means the Declaration of Restrictive Covenants dated February 22, 2021, and filed for record in the real property records of Nueces County, Texas, including any amendments that may be made from time to time in accordance with its terms.

1.2. Manager. "Manager" means any professional manager or management company with whom the Association contracts for the day-to-day management of the Subdivision or the administration of the Association.

1.3. Subdivision. "Subdivision" means London Towne, Unit 1, a subdivision in Nueces County, Texas, according to the Plats, including the land, all improvements and structures on the land, and all easements, rights, and appurtenances to the land, as more particularly described in the Declaration.

1.4. Other Terms. Other defined terms used in these Bylaws have the meaning given them in the Declaration, which is incorporated by reference and made a part of these Bylaws.

ARTICLE 2- APPLICABILITY OF BYLAWS

2.1. Corporation. The provisions of these Bylaws constitute the Bylaws of London Towne Homeowners' Association, Inc., a Texas nonprofit corporation ("Association").

2.2. Applicability. The provisions of these Bylaws are applicable to the Subdivision as defined above.

2.3. Personal Application. All present or future Owners, present or future tenants, their employees, or other Persons that use the facilities of the Subdivision in any manner are subject to the regulations set forth in these Bylaws. The acquisition or rental of any of the Lots of the Subdivision, or the act of occupancy of any of the Lots, will signify that these Bylaws are accepted and ratified and will be complied with by the purchaser, tenant, or occupant.

ARTICLE 3- OFFICES

3.1. Principal Office. The principal office of the Association will be located at 5337 Yorktown Blvd. Suite 10D, Corpus Christi, Texas. The location of the principal office may be changed from time to time by the Board.

3.2. Registered Office and Registered Agent. The Association will have and will continuously maintain in the State of Texas a registered office and a registered agent whose office will be the same as the registered office, as required by the Texas Business Organizations Code. The registered office may be, but need not be, the same as the principal office of the corporation. The address of the registered office may be changed from time to time by the Board.

ARTICLE 4- QUALIFICATIONS FOR MEMBERSHIP

4.1. Membership. Every Owner of a Lot will automatically be a Member of the Association. Membership will be appurtenant to and may not be separated from ownership of a Lot. Each Member will be entitled to cast one (1) vote for each Lot owned with respect to any matter on which members of the Association are entitled to vote. In cases where more than one Person owns a fee interest in a Lot, all such Persons will arrange among themselves for one of

them to exercise the voting rights attributable to their Lot. Membership of a Member in the Association will automatically terminate when the Member ceases to be an Owner. The termination, however, will not release or relieve the Member from any liability or obligation under the Restrictions that was incurred during the Member's period of ownership of a Lot.

4.2. Proof of Member. The rights of membership will not be exercised by any Person until satisfactory proof has been furnished to the Secretary of the Association that the Person is qualified as a Member. This proof may consist of a copy of a duly executed and acknowledged deed or title-insurance policy evidencing ownership of a Lot. A deed or policy will be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

4.3. No Additional Qualifications. The sole qualification for membership will be the ownership of a Lot. No initiation fees or dues will be assessed against any Person as a condition of membership except the assessments, levies, and charges specifically authorized under the Certificate of Formation or the Declaration.

4.4. Certificates of Membership. The Board may provide for the issuance of certificates evidencing membership in the Association in such form as may be determined by the Board. All certificates evidencing membership will be consecutively numbered. The name and address of each Member and the date of issuance of the certificate will be entered on the records of the Association and maintained by the Secretary of the Association at the registered office of the Association.

ARTICLE 5- VOTING RIGHTS

5.1. Allocation. Voting rights will be allocated among the Members on the basis of the formulas and allocations set forth in the Declaration.

5.2. Manner of Voting. At all meetings of Members, each Member, subject to Article 4, may vote in person, by a legitimate proxy in form approved by the Board, by absentee ballot, or by electronic ballot. proxies must be in writing and filed with the Secretary of the Association before any Member may vote by proxy. Every proxy will be revocable and will automatically cease on conveyance by the Member of the Member's Lot or on receipt of notice by the Secretary of the Association of the death or judicially declared incompetence of the Member. No proxy will be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy.

5.3. Quorum. Except as otherwise specifically provided in the Declaration or the Certificate of Formation, the presence, either in person, by proxy, by absentee ballot, or by electronic ballot, at any meeting of Members entitled to cast at least fifty percent (50%) of the total voting power of the Association will constitute a quorum for any action; however, an absentee or electronic ballot may be counted as a Member present and voting for the purpose of establishing a quorum only for items appearing on the ballot. In the absence of a quorum at a meeting of Members, a majority of those Members present in person or by proxy may adjourn the meeting to a time no less than five (5) days or more than thirty (30) days from the meeting date.

5.4. Required Vote. The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, by absentee ballot, or by electronic ballot, at a meeting at which a quorum is present will be the act of the Members, unless the vote of a greater number

is required by statute, the Declaration, or the Certificate of Formation; however, an absentee or electronic ballot may not be counted, even if properly delivered, if the Member actually attends the meeting to vote in person and does so cast a vote at the meeting, and may not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the exact language on the absentee or electronic ballot. A nomination taken from the floor in a board member election is not considered an amendment to the proposal for the election.

5.5. Absentee Ballots. A solicitation for votes by absentee ballot must include (1) an absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action, (2) instructions for delivery of the completed absentee ballot, including the delivery location, and (3) the following language: "By casting your vote via absentee ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail."

5.6. Electronic Ballots. An electronic ballot means a ballot (1) given by electronic mail, fax, or posting on an Internet website, (2) for which the identity of the Member submitting the ballot can be confirmed, and (3) for which the Member may receive a receipt of the electronic transmission and receipt of the Member's ballot. If an electronic ballot is posted on an Internet website, a notice of the posting will be sent to each Member with instructions on obtaining access to the posting on the website.

ARTICLE 6- MEETINGS OF MEMBERS

6.1. Annual Meeting. The first meeting of the Members of the Association will be held on a date chosen by the first board of directors within the first year after their election. After the first meeting, the annual meeting of the Members of the Association will be held on the date chosen by the First Board of Directors within the first year after their election, and each subsequent regular annual meeting of the Members shall be held on the same day of each year thereafter. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following that is not a legal holiday.

6.2. Special Meeting. Special meetings of the Members may be called by the President of the Association, by the Board, or by Members representing at least fifty percent (50%) of the total voting power of the Association unless otherwise required by law.

6.3. Place. Meetings of the Members will be held within the Subdivision or at a meeting place as close to the Subdivision as possible, as permitted by law and specified by the Board in writing.

6.4. Notice of Meetings. Written notice of all Members' meetings will be given by or at the direction of the Secretary of the Association or such other Persons as may be authorized to call the meeting, by mailing, e-mailing, or personally delivering a copy of the notice at least ten (10) but no more than sixty (60) days before the meeting to each Member entitled to vote at the meeting. The notice must be addressed to the Member's address or e-mail address last appearing on the books of the Association or supplied by the Member to the Association for the purpose of notice.

The notice must specify the place, day, time, and, for special meetings, general subject of the meeting.

6.5. Order of Business. The order of business at all meetings of the Members will be as follows:

- (a) Roll call.
- (b) Proof of notice of meetings or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Election of directors.
- (e) Reports of officers.
- (f) Reports of committees.
- (g) Unfinished business.
- (h) New business.

6.6. Action Without Meeting. Any action that must or may be taken at a meeting of the Members, other than the election of Directors, may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by the requisite number or voting power of the Members and filed with the Secretary of the Association. A Member can consent to an action to be taken by electronic mail (e-mail). Consent by e-mail is considered to be written, signed, and dated for the purposes of this Section if the e-mail sets forth or is delivered with information from which the Association can determine that the e-mail was transmitted by the Member and the date on which the Member transmitted the e-mail. The date of the e-mail is the date on which the consent was signed. Consent given by e-mail may not be considered delivered until the consent is reproduced in paper form and the paper form is delivered to the Association at its registered office in this state or its principal place of business, or to an officer or agent of the Association having custody of the book in which proceedings of Member meetings are recorded. Consent given by e-mail may be delivered to the principal place of business of the Association or to an Officer or agent of the Association having custody of the book in which proceedings of Member meetings are recorded to the extent and in the manner provided by these Bylaws. Any photographic, fax, or similarly reliable reproduction of a consent in writing signed by a Member may be substituted or used instead of the original writing for any purpose for which the original writing could be used, if the reproduction is a complete reproduction of the entire original writing.

6.7. Unanimous Consent. Except as required by law, any action required to be or which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof and then delivered to the secretary of the Association for inclusion in the minute book of the Association.

ARTICLE 7- BOARD OF DIRECTORS

7.1. Governing Body; Composition. The affairs of the Association will be governed by a Board of Directors ("Board"). Each Director will have one equal vote. In the case of a Member

that is not a natural Person, any officer, director, partner, member, manager, employee, or fiduciary of the Member will be eligible to serve as a Director unless otherwise specified by written notice to the Association signed by the Member, provided that no Member may have more than one representative on the Board at a time.

7.2. Number. The number of Directors of the Association will be three (3). The number of Directors authorized will be fixed as the Board may from time to time designate, or if no designation has been made, the number of Directors will be the same as the number of members of the initial Board as set forth in the Certificate of Formation. No decrease in the number of Directors will have the effect of shortening the term of any incumbent Director.

7.3. Term. The First Board of Directors shall be elected on the date set out by a date determined by the Association. At that time, the Members shall elect one (1) Director for a term of one (1) year, and (1) Director for a term of two (2) years and one (1) Director for a term of three (3) years. These Directors collectively constitute the First Board of Directors. At each annual meeting thereafter, the Members shall elect one (1) Director for a term of three (3) years and may serve an unlimited number of consecutive terms.

7.4. Residency. All Directors shall at all times directly own or have an ownership interest in a Lot located in the subdivision.

7.5. Removal. Directors may be removed, with or without cause, by the Members at a special meeting of the Members duly called for that purpose. Notice of the meeting must be given to all Directors. If the Board is presented with written, documented evidence from a database or other record maintained by a law enforcement authority that a Director was convicted of a felony or crime involving moral turpitude not more than 20 years before the date the Board is presented with the evidence, the Director is immediately ineligible to serve on the Board, automatically considered removed from the Board, and prohibited from future service on the Board.

7.6. Vacancies. If the office of any Director becomes vacant for any reason, the remaining Directors will choose a successor to fill the unexpired term of the directorship being vacated at a special meeting called for that purpose. At the expiration of the term of his or her position on the Board, any successor Director chosen by the remaining Directors or by the Members will be reelected or his or her successor will be elected in accordance with these Bylaws. Any directorship to be filled by reason of an increase in the number of Directors will be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

7.7. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in performance of his duties.

7.8. Powers and Duties. The Board will have the powers and duties, and will be subject to the limitations on these powers and duties, as enumerated in the Restrictions.

7.9. Nomination and Election of Directors.

(a) **Nomination.** Members may appoint a nomination committee for the purpose of soliciting Members to serve as a member of the Board and presenting to the Members before the annual meeting a list of all the interested Members. Nominations may also be made from the floor

at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors and two (2) or more Members of the Association who are not Directors. The Nominating Committee shall be appointed by the Board of directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members only.

At least ten (10) days before the Association disseminates any ballots to Members for purposes of voting in an election of a Director, the Association will provide Members notice soliciting candidates interested in running for a position on the Board and containing instructions and deadlines for an eligible candidate to notify the Association of the candidate's request to be placed on the ballot. Only Members may be nominated and elected or appointed to the Board.

(b) Election. Directors are elected at the annual meeting of Members. Members or their proxies may cast, in respect to each vacant directorship, as many votes as they are entitled to exercise under the provisions of the Declaration. Election to the Board of Directors shall be by secret written ballot. The nominees receiving the highest number of votes will be elected. Cumulative voting is prohibited.

7.10. Standard of Care. Except as otherwise provided in the Declaration, elsewhere in these Bylaws, or in the Act, the Board will act in all instances on behalf of the Association if in the good-faith judgment of the Board the action is reasonable. Each member of the Board is liable as a fiduciary of the Owners for the Board member's acts or omissions.

7.11. Manager. If the Board determines that it is in the Association's best interest to hire a Manager for the Subdivision to facilitate management of the Subdivision or the administration of the Association, the Board may delegate to a Manager responsibility for matters of a routine nature, renewable by agreement of the parties for successive one-year (1-year) periods only. The Manager will be subject to termination by either party with or without cause and without payment of a termination fee on no more than thirty (30) days' written notice. After a Manager has been appointed, no decision by the Association to manage its own affairs without a Manager will be effective unless and until approved by Members holding at least sixty-seven percent (67%) of the votes at the meeting called to consider the matter with the written consent of at least fifty-one percent (51%) of the Mortgagees.

ARTICLE 8- OFFICERS

8.1. Enumeration of Officers. The Officers of the Association will be a President, a Secretary, and a Treasurer and may include one or more Vice Presidents, Assistant Secretaries, or Assistant Treasurers. The Board may, by resolution, create any other offices it deems necessary or desirable.

8.2. Term. The Officers of the Association will be elected annually by the Board and each will hold office for one (1) year, unless the Officer resigns, is removed, or is otherwise disqualified to serve, and until his successor is elected and qualified.

8.3. Resignation; Removal. Any Officer may resign at any time by giving written notice to the Board. A resignation will take effect on the date notice is received or at any later time specified in the notice, the acceptance of such resignation shall not be necessary to make it effective. Any Officer may be removed from office by the Board whenever, in the Board's judgment, the Association's best interests would be served by the removal, except that the Board will have no authority to remove, and cannot remove, any Officer elected by Declarant.

8.4. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.5. Multiple Offices. Any two or more offices may be held by the same Person, except that the same Person may not hold the offices of President and Secretary.

8.6. Compensation. No Director shall receive compensation for any service he may render to the Association, However, any Director may be reimbursed for his actual expenses incurred in performance of his duties.

8.7. Duties, Obligations, and Authority of the Officers.

(a) It shall be the duty of the Board of Directors to:

(1) Cause to be kept a complete record of all its acts and cooperate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by Members holding thirty-three percent (33%) of the votes entitled to be cast.

(2) Supervise all offices, agents and employees of the Association, and to see that their duties are property performed.

(3) As more fully provided in the Declaration, to:

(a) Fix the amount of the annual assessment against each Lot at least fifteen (15) days in advance of each annual meeting.

(b) Bill a Lot Owner for an entire year's assessment in advance, if the Board determines that it is in the Association's best interest to do so, when such Lot has been late in paying assessments; and

(c) Foreclose the lien against any Lot for which assessments are not paid by the due date and/or to bring an action at law against the Owner personally obligated to pay the same.

(4) Issue, or to cause an appropriate officer to issue, upon demand by any person a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid and has been signed by an officer of the Association, such certificates shall be conclusive evidence of such payment.

- (5) Procure and maintain adequate liability and hazard insurance on all property owned by the Association;
- (6) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deep appropriate; and
- (7) Cause the Common Area and any easement areas to be improved and maintained.

(b) The duties of the officers are as follows:

(1) President. The President of the Association will perform the following duties:

(a) Preside over all meetings of the Members and of the Board and see that orders and resolutions of the Board are carried out.

(b) Sign as President all deeds, contracts, and other instruments in writing that have been first approved by the Board, unless the Board, by duly adopted resolution, has additionally authorized the signature of another Officer and shall have the power to co-sign all checks and promissory notes.

(c) Call meetings of the Board whenever he deems it necessary in accordance with the Association Rules and on notice as required by the Declaration.

(d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge any other duties as may be required of him by the Board.

(f) Prepare, execute, certify, and have recorded all amendments to the Declaration made by the Association.

(2) Vice President. The Vice President of the Association will perform the following duties:

(a) Act in the place of the President in the event of the President's absence, inability, or refusal to act. The Vice-President shall have the power to co-sign all checks.

(b) Exercise and discharge any other duties as may be required of the Vice President by the Board, and in connection with any additional duties, the Vice President will be responsible to the President.

(3) Secretary. The Secretary of the Association will perform the following duties:

(a) Keep a record of all meetings and proceedings of the Board and of the Members.

(b) Keep the seal of the Association and affix it on all papers requiring the seal.

(c) Serve notices of meetings of the Board and the Members required either by law or by these Bylaws.

(d) Keep appropriate current records showing the Members together with their addresses.

(e) Sign as Secretary all deeds, contracts, and other instruments in writing that have been first approved by the Board if the instruments require a second signature by the Association, unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.

(f) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

(4) Treasurer. The Treasurer of the Association will perform the following duties:

(a) Receive and deposit in a bank or banks, as the Board may from time to time direct, all of the funds of the Association. Sign all checks and promissory notes of the Association.

(b) Be responsible for and supervise the maintenance of books and records to account for the Association's funds and other Association assets. Cause an annual review of the Association books to be made at the completion of each fiscal year by a public accountant who is not associated with the Association if it is deemed necessary and advisable by the Board.

(c) Disburse and withdraw funds as the Board may from time to time direct and in accordance with prescribed procedures.

(c) Prepare and distribute the financial statements for the Association required by the Declaration. In coordination with the Board, prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular Annual Meeting, and deliver a copy of each to the members.

8.8. Powers of Directors. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of any easement area, the Common Area and Limited Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) Suspend the voting rights and right to use of the recreational facilities, if any, of a member during any period in which such Member shall be in default in the payment of any assessment levied by the Association or failure to comply with the Association's request for designation of a voting Member as allowed in Articles of Incorporation. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) Exercise for the Association all powers, duties and authority vested in or delegated to

this Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;

(d) Declare the office of a Member of the Board of Directors to be vacant in the event such Members shall be absent from three (3) regular meetings of the Board of Directors in any given year;

(e) Employ a manager or such other employees as they deem necessary, and to prescribe their duties; and

(f) Retain the services of an attorney, accountant, or such other independent professionals or contractors as they deem necessary.

8.9. Qualification. Only Members will be qualified to serve as Officers of the Association, except for the office of Secretary, which need not be held by a Member.

8.10. Special Appointment. The Board may elect such other officers as the affairs of the Association may require each of whom shall hold office for such a period, have such authority, and perform such duties as the Board may, from time to time, determine.

8.11. Committees. The Board of Directors may appoint a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purposes.

8.12. Standard of Care. Except as otherwise provided in the Certificate of Formation, these Bylaws, or the Declaration, each Officer is liable as a fiduciary of the Owners for the Officer's acts or omissions.

ARTICLE 9- NO PERSONAL LIABILITY; INDEMNIFICATION

9.1. No Personal Liability. To the fullest extent permitted by applicable law, a Director or Officer will not be liable to the Association or its Members for monetary damages for any act or omission in the Director's or Officer's capacity as such, except that this Section does not eliminate or limit the liability of a Director or Officer to the extent the Director or Officer is found liable for any of the following:

(a) A breach of the Director's or Officer's duty of loyalty to the Association or its Owners.

(b) An act or omission not in good faith that constitutes a breach of duty of the Director or Officer to the Association or an act or omission that involves intentional misconduct or a knowing violation of the law.

(c) A transaction from which the Director or Officer received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's or Officer's office.

(d) An act or omission for which the liability of a Director or Officer is expressly provided by an applicable statute.

Any repeal or amendment of this Section by the Members of the Association will be prospective only and will not adversely affect any limitation on the personal liability of a Director

or Officer arising from an act or omission occurring before the time of the repeal or amendment. In addition to the circumstances in which a Director or Officer is not personally liable as set forth in the foregoing provisions of this Section, a Director or Officer will not be liable to the Association or its Members to the extent as permitted by any law enacted after these Bylaws, including but not limited to any subsequent amendment to the Texas Business Organizations Code.

9.2. Indemnification. The Association will indemnify any Person who was, is, or is threatened to be made a named defendant or respondent in a proceeding (as defined in Section 9.5) because the Person (a) is or was a Director or Officer of the Association or (b) 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, to the fullest extent that a corporation may grant indemnification to a Director or Officer under the Texas Business Organizations Code, as it exists or may later be amended. This right will be a contract right that will run to the benefit of any Director or Officer who is elected and accepts the position of Director or Officer of the Association or elects to continue to serve as a Director or Officer of the Association while this Section is in effect. Any repeal or amendment of this Section will be prospective only and will not limit the rights of any Director or Officer or the obligations of the Association with respect to any claim arising from or related to the services of a Director or Officer in any of the foregoing capacities before any repeal or amendment of this Section. This right will include the right to be paid or reimbursed by the Association for expenses incurred in defending any proceeding in advance of its final disposition to the maximum extent permitted under the Texas Business Organizations Code, as it exists or may later be amended. If a claim for indemnification or an advancement of costs of defense under these Bylaws is not paid in full by the Association within ninety (90) days after a written claim has been received by the Association, the claimant may bring suit against the Association to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant will also be entitled to be paid the expenses of prosecuting the claim. It will be a defense to any action that the indemnification or advancement of costs of defense is not permitted under the Texas Business Organizations Code, but the burden of proving this defense will be on the Association. Neither the failure of the Association (including the Board or any committee of the Board, special legal counsel, or Members) to have made its determination before the commencement of an action nor an actual determination by the Association (including the Board or any committee of the Board, special legal counsel, or Members) that the indemnification or advancement is not permissible will be a defense to the action or create a presumption that the indemnification or advancement is not permissible. If any Person having a right of indemnification under the foregoing provisions dies, the right will inure to the benefit of his or her heirs, executors, administrators, and personal representatives.

9.3. Rights Not Exclusive. The rights conferred in Section 9.2 are not exclusive of any other right that any Person may have or later acquire under any statute, these Bylaws, the Certificate of Formation, any resolution of Owners or Directors, by agreement, or otherwise.

9.4. Mandatory Indemnification. THE ASSOCIATION MAY ADDITIONALLY INDEMNIFY ANY PERSON COVERED BY THE GRANT OF MANDATORY INDEMNIFICATION TO SUCH FURTHER EXTENT AS IS PERMITTED BY LAW AND MAY INDEMNIFY ANY OTHER PERSON TO THE FULLEST EXTENT PERMITTED BY

LAW. TO THE EXTENT PERMITTED BY THEN APPLICABLE LAW, THE GRANT OF MANDATORY INDEMNIFICATION TO ANY PERSON UNDER THIS ARTICLE WILL EXTEND TO PROCEEDINGS INVOLVING THE NEGLIGENCE OF THE PERSON.

9.5. Definition of Proceeding. As used in these Bylaws, the term "proceeding" means any threatened, pending, or completed action, suit, or proceeding (whether civil, criminal, administrative, arbitrative, or investigative); any related appeal; and any inquiry or investigation that could lead to such an action, suit, or proceeding.

9.6. Other. Contracts or other commitments made by the Board, the Officers, or the Manager will be made by these Persons as agents for the Owners, and the Board, the Officers, and the Manager will have no personal responsibility on any contract or commitment (except as Owners), and the liability of any Owner on a contract or commitment will be limited to the proportionate share of the total liability that each Owner shares with respect to Assessments.

ARTICLE 10- MEETINGS OF DIRECTORS

10.1. Regular Meetings. Regular meetings of the Board will be held quarterly at a place within the Subdivision or at any other place permitted by law and designated at any time by resolution of the Board, at a time as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next business day which is not a legal holiday. Notice of the time and place of regular meetings will be posted at a prominent place within the Common Area and Facilities.

10.2. Special Meetings. Special meetings of the Board will be held when called by written notice signed by the President of the Association or by any two (2) Directors at a place within the Subdivision or at any other place permitted by law and designated at any time by resolution of the Board. The notice will specify the time and place of the meeting and the nature of any special business to be considered. Written notice of a special meeting must be given to each Director not less than three (3) days or more than fifteen (15) days before the date fixed for the meeting. The written notice must be delivered personally, sent by mail, or sent by fax to each Director at the Director's address as shown in the records of the Association. A copy of the notice will be posted in a prominent place or places in the Common Area and Facilities of the Subdivision at least three (3) days before the date of the meeting.

10.3. Quorum. A quorum for the transaction of business by the Board will be a majority of the number of Directors constituting the Board as fixed by these Bylaws. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

10.4. Voting Requirement. The act of a majority of Directors present in person or by proxy at a meeting at which a quorum is present at the time of the act will be the act of the Board unless any provision of any of the Restrictions requires the vote of a greater number.

10.5. Action Without Meeting. Any action involving routine or administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by the requisite number or voting power of the Directors and filed with the Secretary of the Association. A Director can consent to an action to be taken by

electronic mail (e-mail). Consent by e-mail is considered to be written, signed, and dated for the purposes of this Section if the e-mail sets forth or is delivered with information from which the Association can determine that the e-mail was transmitted by the Director and the date on which the Director transmitted the e-mail. The date of the e-mail is the date on which the consent was signed. Consent given by e-mail may not be considered delivered until the consent is reproduced in paper form and the paper form is delivered to the Association at its registered office in this state or its principal place of business, or to an officer or agent of the Association having custody of the book in which proceedings of Director meetings are recorded. Consent given by e-mail may be delivered to the principal place of business of the Association or to an Officer or agent of the Association having custody of the book in which proceedings of Director meetings are recorded to the extent and in the manner provided by these Bylaws. Any photographic, fax, or similarly reliable reproduction of a consent in writing signed by a Director may be substituted or used instead of the original writing for any purpose for which the original writing could be used, if the reproduction is a complete reproduction of the entire original writing.

10.6. Open Meetings. Regular and special meetings of the Board will be open to all Members of the Association; however, Members who are not members of the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of a quorum of the Board.

10.7. Executive Session. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, contract negotiations, enforcement actions, confidential communications with the Association's attorneys, matters involving the invasion of privacy of individual Members, other business of a confidential nature involving a Member, and matters requested by the involved parties to remain confidential. The nature of any business to be considered in executive session will first be announced in open session. Any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual owners, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in the executive session.

10.8. Meeting Minutes. The Board will keep a record of each regular or special meeting of the Board in the form of written minutes of the meeting. The Board will make meeting records, including approved minutes, available to the Members for inspection and copying on written request to the Manager at the address appearing on the most recently filed management certificate, or if there is not a Manager, to the Board.

10.9. Notice to Members. Except for actions taken by the Board without a meeting under Section 10.5, Members will be given notice of the date, time, place, and general subject of all regular or special meetings of the Board, including a general description of any matter to be brought up for deliberation in executive session. Except for any portion of a meeting conducted in executive session, if a meeting is held by telephone conference or other electronic communication, notice will include instructions for how Members will access any telephonic or electronic communication. The notice must be (1) mailed to each Member no earlier than sixty (60) days and no later than ten (10) days before the meeting, or (2) provided at least seventy-two (72) hours

before the start of the meeting by (a) posting the notice in a conspicuous manner reasonably designed to provide notice to the Members (i) in a prominent place or places in the Common Area and Facilities of the Subdivision or, with the consent of the applicable Owner, on other conspicuously located privately owned property within the Subdivision, or (ii) on any Internet website maintained by the Association or other Internet media, and (b) sending the notice by electronic mail (e-mail) to each Member who has registered an e-mail address with the Association. Each Member must keep an updated e-mail address registered with the Association. If the Board recesses a regular or special meeting of the Board to continue the following regular business day, the Board is not required to post notice of the continued meeting if the recess is taken in good faith and not to circumvent the notice requirements of this Section. If a regular or special meeting of the Board is continued to the following regular business day, and on that following day the Board continues the meeting to another day, the Board will give notice of the continuation in at least one manner prescribed by this Section within two (2) hours after adjourning the meeting being continued. Any action taken without notice to the Members under this Section must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the applicable regular or special meeting, and documented in the minutes of the next regular or special meeting of the Board. Despite anything in these Bylaws to the contrary, the Board may not, unless done in an open meeting for which prior notice was given to the Members under this Section, consider or vote on (1) fines, (2) damage assessments, (3) initiation of foreclosure actions, (4) initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety, (5) increases in Assessments, (6) levying of special Assessments, (7) appeals from a denial of Architectural Committee approval, (8) a suspension of a right of a particular Owner before the Owner has an opportunity to attend a meeting of the Board to present the Owner's position, including any defense, on the issue, (9) lending or borrowing money, (10) the adoption or amendment of a dedicatory instrument, (11) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than ten percent (10%), (12) the sale or purchase of real property, (13) the filling of a vacancy on the board, (14) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements, or (15) the election of an officer.

ARTICLE 11- BOOKS AND RECORDS

11.1. Maintenance. Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees will be kept at the Association's registered office or principal office in the State of Texas. A record containing the names and addresses of all Members entitled to vote will be kept at the Association's registered office or principal office in the State of Texas.

11.2. Inspection. Records kept under Section 6.04(c) of the Declaration will be available for inspection and copying by any Member or any Director for any proper purpose upon the terms and conditions and subject to the requirements of Texas Property Code section 209.005 (or any successor statute). The books, records, financial statements and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member, or the holders of first mortgages that are secured by a Lot. The records kept shall be available for inspection by any Member or the holders of first mortgages that are secured by Lots in the project at the principal office of the Association, where copies may be purchased at a reasonable cost. In the event the Board has an audited statement of the Association, it shall make same available to all first mortgage holders who submit a written request of same and pay a reasonable cost therefor. Although the

Board may not deem necessary an annual audit statement, any holder of a first mortgage shall be allowed to have an audited statement prepared at its own expense.

ARTICLE 12- GENERAL PROVISIONS

12.1. Amendment of Bylaws. These Bylaws may be amended, altered, or repealed at a regular or special meeting of the Members by the affirmative vote in person or by proxy of Members representing two-thirds (2/3) of the Members; however, these Bylaws will not be amended or otherwise changed or interpreted so as to be inconsistent with the Declaration. Despite the preceding sentence, the percentage of affirmative votes necessary to amend a specific clause or provision will not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision. Further, the Members may not meet to adopt an amendment or other change to these Bylaws unless the Association or Board has given to each Owner a document showing the specific amendment or other change that would be made to the Bylaws no earlier than sixty (60) days and no later than ten (10) days before the date of the meeting. The information is considered to have been given to an Owner on the date the information is personally delivered to the Owner, as shown by a receipt signed by the Owner, or on the date shown by the postmark on the information after it is deposited in the U.S. mail with a proper address and postage paid. If any proposed amendment to these Bylaws would affect less than all of the Lots, the amendment will not be effective without the consent of the Owners of those Lots adversely affected by the amendment.

12.2. Assessments. As more fully provided in the Declaration, each member is obligated to pay to the association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any Assessments which are not paid by the due date shall be delinquent.

12.3. Corporate Seal. The Association may have a seal as established by the Board of Directors. However, the use of such corporate seal is not necessary to validate any acts of, or documents or legal instruments signed by, the Association.

12.4. Fiscal Year. The fiscal year of the Association shall be established by the Board of Directors.

12.5. Notices.

(a) Any notice, demand, or other communication required to be given or to be served on any Person must be in writing. Unless otherwise required by law, the notice, demand, or other communication must be delivered to the Person to whom the notice is directed (1) in person, with written receipt received, (2) by U.S. mail, registered or certified, (3) by a nationally recognized overnight delivery service, (4) by e-mail, or (5) by any other method required or permitted under the Declaration, Certificate of Formation, or Bylaws. Notices, demands, or other communications delivered by U.S. mail will be deemed given and received when deposited, properly addressed and with proper postage, with the U.S. Postal Service. If delivery is by e-mail, the notice will be deemed to have been given when the message is transmitted to the proper e-mail address. The address or e-mail address at which a Person is given notice may be changed from time to time by notice in writing given by the Person to the Association.