

BYLAWS  
OF  
THE LR  
HOMEOWNERS ASSOCIATION, INC.

(A Texas Property Owners Association)

ARTICLE 1

INTRODUCTION

1.1. PURPOSE OF BYLAWS. These Bylaws provide for the governance of the association of owners known as THE LR HOMEOWNERS ASSOCIATION, INC. ("Association"), for the planned community located in Bexar County, Texas, according to the plat recorded in Volume 9569, Page 180 in the Deeds and Plats Records of Bexar County (the "Property").

1.2. PARTIES TO BYLAWS. All present or future owners of any lot and all other persons who use or occupy in any manner any lot within the Property are subject to these Bylaws and the other governing documents as defined below. Acquisition or occupancy of any lot will signify that these Bylaws are accepted, ratified, and will be strictly followed.

1.3. DEFINITIONS. The following words and phrases shall have specified meanings when used in these Bylaws:

- a. **"Director"** means a director of the Association.
- b. **"Declaration"** means the Declaration of Covenants, Conditions and Restrictions ("Declaration") of LIMESTONE RANCH, a planned unit development.
- c. **"Governing documents"** means, collectively, the Declaration, these Bylaws, the Certificate of Formation of the Association, and the rules, regulations, guidelines and policies of the Association (if any), as any of these may be adopted or amended from time to time.
- d. **"Majority"** means more than 50 percent.
- e. **"Member"** means a member of the Association, each member being an owner of a fee or undivided fee interest in any lot located in LIMESTONE RANCH as further defined in the Declaration, unless the context indicates that a member means a member of the board of directors or a member of a committee of the Association.
- f. **"Officer"** means an officer of the Association. "President," "Secretary," "Treasurer," and "Vice-President" have the usual meanings.
- g. **"TBOC"** means the Texas Business Organizations Code.

Any terms not specifically defined herein shall have the meanings given in the Declaration.

1.4. NONPROFIT PURPOSE. The Association is not organized for profit.

1.5. COMPENSATION. A director, officer, member, or resident shall not be entitled to receive any pecuniary profit for the operation of the Association, and no funds or assets of the Association may be paid as a salary or as compensation to, or be distributed to, or inure to the benefit of a director, officer, member, or resident; provided, however:

a. that reasonable compensation may be paid to a director, officer, member, or resident for services rendered to the Association in other capacities; and

b. that a director, officer, member, or resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided such expense has been approved by the board.

1.6. APPLICABLE LAW AND CHANGE IN STATUS. The Association is organized under and governed by the TBOC. So long as the Association is incorporated, it will be subject to Chapter 22 of Title 2 of the Code (Texas Nonprofit Corporations). During any period in which the Association is not incorporated or loses its corporate status, it will be subject to Chapter 252 of Title 6 of the Code (Unincorporated Nonprofit Associations) and these Bylaws shall continue to be effective as a governing document of the Association.

1.7. GENERAL POWERS AND DUTIES. The Association, acting through the board, shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property as may be required or permitted by the governing documents and State law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the governing documents or applicable law.

## ARTICLE 2

### BOARD OF DIRECTORS

2.1. NUMBER AND TERM OF OFFICE. The initial board shall consist of three persons as provided in the Certificate of Formation. Thereafter, commencing with the first annual meeting of the members, the board shall consist of five persons. The number of directors may be changed by amendment of these Bylaws, but shall not be less than three. Subject to Section 2.2, upon election, each director shall serve a term of two years. A director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent, death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed.

2.2. STAGGERED TERMS. Not more than two candidates shall be elected to 2-year terms at each annual meeting of members. To establish staggered terms, at the first annual meeting of the members the candidates receiving the highest number of votes shall be elected to a 2-year term and the candidate(s) receiving the lowest number of votes shall be elected to a 1-year term. This process shall be repeated at the subsequent annual meeting(s) of members until each director has been elected to a 2-year term. Should the board ever be elected en masse thereafter, the same process will be used to re-establish staggered terms.

2.3. QUALIFICATION. No person shall be eligible for election or appointment to the

board unless such person is a member of the Association or is appointed under Section 5.6 of the Declaration.

2.3.1. Entity Member. If a lot is owned by a legal entity, such as a partnership or corporation, limited liability company, or other legal entity, any officer, partner, manager, member or employee of that entity shall be eligible to serve as a director and shall be deemed to be a member for the purposes of this Section. If the relationship between the entity member and the director representing it terminates, that directorship shall be deemed vacant.

2.3.2. Co-Owners. Co-owners of a single lot may not serve on the board at the same time. Co-owners of more than one lot may serve on the board at the same time, provided the number of co-owners serving at one time does not exceed the number of lots they co-own.

2.3.3. Delinquency, Violation. No member may be elected or appointed as a director if any assessment against the member or his lot is more than thirty (30) days delinquent, or the member or his lot is in violation of any provision of the governing documents, provided the member has been given notice of the delinquency or violation and a reasonable opportunity to cure it. Such notice and opportunity to cure shall comply with the governing documents and any applicable law.

2.4. ELECTION. Directors shall be elected by the members commencing with the first annual meeting of the members. The election of directors shall be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by written consent in accordance with Section 4.15 of these Bylaws.

2.5. VACANCIES. Vacancies on the board caused by any reason, except the removal of a director by a vote of the Association, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the board. Each director so elected shall serve out the remaining term of his predecessor.

## 2.6. REMOVAL OF DIRECTORS.

2.6.1. Removal by Members. At any annual meeting or special meeting of the Association, any one or more of the directors may be removed with or without cause by members representing at least two-third of the votes present in person or by proxy at such meeting, and a successor shall then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

2.6.2. Removal by Directors. A director may be removed by a vote of at least a majority of the other directors at a meeting called for that purpose for the following reasons:

a. The director's assessments have been delinquent for at least 90 days or have been delinquent at least twice during the preceding 12 months, provided such director was given notice of the delinquency and a reasonable opportunity to cure. Such notice and opportunity to cure shall comply with the governing documents and any applicable law.

b. The director is in violation of any provision of the governing documents, provided the member has been given notice of the violation and a reasonable opportunity to cure it. Such notice and opportunity to cure shall comply with the governing documents and any applicable law.

c. The director is an adverse party to the Association, the board or any committee of the Association in any pending or threatened litigation other than any suit filed by the Association solely to effect removal of the director.

## 2.7. MEETINGS OF THE BOARD.

2.7.1. Organizational Meeting of the Board. Within 10 days after the annual meeting, the directors shall convene an organizational meeting for the purpose of electing officers. The time and place of such meeting shall be fixed by the board and announced to the directors.

2.7.2. Regular Meeting of the Board. Regular meetings of the board may be held at such time and place as shall be determined, from time to time, by the board, but at least one such meeting must be held each calendar year. Notice of regular meetings of the board shall be given to each director, personally or by telephone or by written communication (including facsimile or electronic message) or any combination of such methods, at least three days prior to the date of such meeting.

2.7.3. Special Meetings of the Board. Special meetings of the board may be called by the president or, if he is absent or refuses to act, the secretary, or by any two directors. At least three days notice shall be given to each director, personally or by telephone or by written communication (including facsimile or electronic message) or any combination of such methods, which notice shall state the place, time, and purpose of such meeting.

2.7.4. Conduct of Meetings. The president shall preside over all meetings of the board and the secretary shall keep, or cause to be kept, a record of all resolutions adopted by the board and a record of all transactions and proceedings occurring at such meetings.

2.7.5. Quorum. At all meetings of the board, a majority of directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the board. If less than a quorum is present at any meeting of the board, the majority of those present may adjourn the meeting from time to time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

2.7.6. Open Meetings. Regular and special meetings of the board shall be open to members of the Association, subject to the following provisions to the extent permitted by applicable law:

a. Members who are not directors may not participate in any deliberations or discussions unless the board expressly so authorizes at the meeting.

b. No audio or video recording of the meeting may be made except by the board or with the board's prior express consent.

c. The board may prohibit attendance by any member or other party who disrupts the meeting or has disrupted prior meetings or interferes with the conduct of board business.

- d. Executive sessions are not open to members or other parties.

2.7.7. Executive Session. The board may adjourn any meeting and reconvene in executive session to confer with the Association's legal counsel, to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar or sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session. The board is not required to make or maintain any minutes or other written reports of the executive sessions.

2.7.8. Alternative Forms of Meetings. Members of the board or any committee of the Association may participate in and hold meetings of the board or committee by means of a conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the internet, or any combination, if the telephone or other equipment or system permits each person participating in the meeting to communicate with all other persons participating in the meeting. Participation in such meeting shall constitute presence in person at the 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. If voting is to take place at the meeting, the board or committee holding the meeting must: (i) implement reasonable measures to verify that every person voting at the meeting by means of remote communications is sufficiently identified; and (ii) keep a record of any vote or other action taken.

2.7.9. Action Without a Meeting. Any action required or permitted to be taken by the board at a meeting may be taken without a meeting, as follows:

- a. If all of the directors individually or collectively consent in writing to such action, the written consent shall have the same force and effect as a unanimous vote.

- b. If at least a majority of the directors individually or collectively consent in writing to such action, the written consent shall have the same force and effect as approval by a majority of the directors at a meeting. Prompt notice of the action so approved must be delivered to each non-consenting director.

- c. Written consents must state the date of each director's signature, must be received by the Association within 60 days after the earliest signature date, and must be filed with the minutes of board meetings.

2.7.10. Minutes. The written report of any board meeting does not constitute the minutes of the meeting until approved by the board at a subsequent meeting. The minutes must report the actions taken by the board but need not report or recite the substance of discussion.

2.8. LIABILITIES AND STANDARD OF CARE. In performing their duties, the directors are required to exercise certain standards of care and are subject to certain liabilities, including but not limited to the following provisions of State Law: TBOC 22.221, 22.226, and 22.235.

2.9. POWERS AND DUTIES. The board shall have all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Property. The board may do all such acts and things except those which, by law or the governing documents are

reserved to the members and may not be delegated to the board. Without prejudice to the general and specific powers and duties set forth in laws or the governing documents, or such powers and duties as may hereafter be imposed on the board by resolution of the Association, the powers and duties of the board shall include, but shall not be limited to, the following:

2.9.1. Appointment of Committees. The board, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the board with its responsibilities. The resolution shall establish the purposes and powers of each committee created, provide for the appointment of its members, as well as chairman, and shall provide for reports, termination, and other administrative matters deemed appropriate by the board. Members of committees shall be appointed from among the owners and residents. The board may not appoint a committee to act in its place in managing the affairs of the Association.

2.9.2. Manager. The board may employ a manager or managing agent for the Association, at a compensation established by the board, to perform duties and services authorized by the board.

2.9.3. Fines, Penalties. The board may levy fines or other penalties for each day or occurrence that a violation of the governing documents persists after notice and hearing, provided the amount of the fine or the penalty does not exceed that necessary to ensure compliance with the governing documents.

2.9.4. Ex-Officio Directors. The board may, from time to time, designate one or more persons as ex-officio members of the board.

### ARTICLE 3

#### OFFICERS

3.1. DESIGNATION. The principal officers of the Association shall be the president, the secretary, and the treasurer. The board may elect or appoint one or more vice-presidents and such other officers and assistant officers as it deems necessary. The president and secretary shall be directors. Other officers may, but need not, be members or directors. Any two offices may be held by the same person, except the offices of president and secretary. If an officer is absent or unable to act, the board may appoint a director to perform the duties of that officer and to act in place of that officer, on an interim basis.

3.2. ELECTION OF OFFICERS. The officers shall be elected no less than annually by the directors at the organizational meeting of the board and shall hold office at the pleasure of the board. Except for resignation or removal, officers shall hold office until their respective successors have been designated by the board.

3.3. REMOVAL AND RESIGNATION OF OFFICERS. A majority of directors may remove any officer, with or without cause, at any regular meeting of the board or at any special meeting of the board called for that purpose. A successor may be elected at any regular or special meeting of the board called for that purpose. An officer may resign at any time by giving written notice to the board. Unless the notice of resignation states otherwise, it is effective when received by the board and does not require acceptance by the board. The resignation or removal of an officer who is also a director does not constitute resignation or removal from the board.

3.4. STANDARD OF CARE. In performing their duties, the officers are required to exercise the standards of care provided by Section 22.235 of the TBOC.

3.5. DESCRIPTION OF PRINCIPAL OFFICES.

3.5.1. President. As the chief executive officer of the Association, the president: (i) presides at all meetings of the Association and of the board; (ii) has all the general powers and duties which are usually vested in the office of president of a corporation organized under the laws of the State of Texas; (iii) has general supervision, direction, and control of the business of the Association, subject to the control of the board; and (iv) sees that all orders and resolutions of the board are carried into effect.

3.5.2. Vice-President. The vice-president, if any, acts in place of the president in event of the president's absence, inability, or refusal to act. The vice-president also exercises and discharges any duty required of the vice-president by the board.

3.5.3. Secretary. The secretary: (i) keeps the minutes of all meetings of the board and of the Association; (ii) has charge of such books, papers, and records as the board may direct; (iii) maintains a record of the names and addresses of the members for the mailing of notices; and (v) in general, performs all duties incident to the office of secretary.

3.5.4. Treasurer. The treasurer: (i) is responsible for Association funds; (ii) keeps full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepares all requires financial data and tax returns; (iv) deposits all monies or other valuable effects in the name of the Association in such depositories as may from time to time be designated by the board; (v) prepares the annual and supplemental budgets of the Association; (vi) reviews the accounts of the managing agent on a monthly basis in the event such managing agent is responsible for collecting and disbursing Association funds; and (vi) performs all the duties incident to the office of treasurer.

3.6. AUTHORIZED AGENTS. Except when the governing documents require execution of certain instruments by certain individuals, the board may authorize any person to execute instruments on behalf of the Association. In the absence of board designation, the president and the secretary shall be the only persons authorized to execute instruments on behalf of the Association.

## ARTICLE 4

### MEETINGS OF THE ASSOCIATION

4.1. ANNUAL MEETING. An annual meeting of the Association shall be held during the fourth calendar quarter of each year. At annual meetings the members shall elect directors in accordance with these Bylaws. The members may also transact such other business of the Association as may properly come before them.

4.2. SPECIAL MEETINGS. It shall be the duty of the president to call a special meeting of the Association if directed to do so by a majority of the board or by a petition signed by members

representing at least 50 percent of the votes in the Association. Such meeting shall be held within 30 days after the board resolution or receipt of petition. The notice of any special meeting shall state the time, place, and purpose of such meeting. No business, except the purpose stated in the notice of the meeting, shall be transacted at a special meeting.

4.3. PLACE OF MEETINGS. Meetings of the Association shall be held at the Property or at a suitable place convenient to the members, as determined by the board.

4.4. NOTICE OF MEETINGS.

4.4.1. General Requirements. Subject to Section 4.4.2., at the direction of the board, written notice of the place, date, and time of the meetings of the Association shall be given to an owner of each lot at least 10 days but no more than 60 days prior to such meeting. Notices shall identify the type of meeting as annual or special, and shall state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the board.

4.4.2. Notice Exception. Individual notice of the regular annual meeting of the Association is not required if (i) the time and place of the meeting is largely unchanged from year to year, and (ii) information about the time and place of the meeting is routinely available to all members, such as by repetitive posting on the Association's official website or repetitive announcements in the Association's newsletter. This exception to notice applies only to regular annual meetings of the members and not to any special meeting. Individual notice is required if the time or place of the regular annual meeting changes.

4.5. ELIGIBILITY. Every member is entitled to attend Association meetings and to be counted towards a quorum, even if the member is ineligible to vote or to stand for election to the board.

4.5.1. Meeting Notice. An owner of each lot as of the record date, as determined under Section 4.6.1, is eligible to receive notices of meetings of the Association.

4.5.2. Voting. The board may determine that a member may not vote at a meeting of the Association if the member's financial account with the Association is in arrears on the record date, provided (i) the ineligibility applies to every member whose financial account is delinquent, and (ii) each ineligible member is given notice of the arrearage and an opportunity to become eligible. The board may specify the manner, place, and time for payment for purposes of restoring eligibility.

4.6. RECORD DATES. Because the ownership of lots may change during a year, the ownership as of the record date is used to produce the membership list for use in connection with the meeting.

4.6.1. Determining Voting Eligibility. The board shall fix a date as the record date for determining the members entitled to vote at a meeting of the Association. The record date may not be more than 60 days before the date of a meeting of the Association at which members will vote.

4.6.2. Determining Rights Eligibility. The board may fix a date as the record date for determining the members entitled to exercise any rights other than those described in the preceding paragraph. The record date may not be more than 60 days before the date of the action for which eligibility is required, such as nomination to the board.

4.6.3. Adjournments. A determination of members entitled to notice of or to vote at a meeting of the Association is effective for any adjournment of the meeting unless the board fixes a new date for determining the right to notice or the right to vote. The board must fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date more than 90 days after the record date for determining members entitled to notice of the original meeting.

4.7. VOTING MEMBERS LIST. After setting a record date for the notice of a meeting, the board shall prepare and make available an alphabetical list of the names of all members for purposes of receiving notice of the meeting and a list or way of identifying all members who are eligible to vote at the meeting. The list shall include the address of each voting member and the number of votes each voting member is entitled to cast at the meeting. Not later than the second business day after the date notice is given of a meeting for which a list was prepared, and continuing through the meeting, the list of voting members shall be available for inspection by members entitled to vote at the meeting for the purpose of communication with other members concerning the meeting. The Association shall make the list of voting members available at the meeting. A voting member or voting member's agent or attorney is entitled on written demand to inspect and, at the member's expense, to copy the list at any time during the meeting or an adjournment of the meeting.

4.8. QUORUM; LACK OF QUORUM.

4.8.1. Quorum. At any meeting of the Association, the presence in person or by proxy of members entitled to cast at least 10% of the votes that may be cast for election of the board shall constitute a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of members constituting a quorum.

4.8.2. Lack of Quorum. If a quorum is not present at any meeting of the Association for which proper notice was given, members representing at least a majority of the votes present at the meeting, although not constituting a quorum, may vote to recess the meeting for not more than 24 hours in order to attain a quorum, provided the place of the meeting remains as stated in the notice. If such recessed meeting is then adjourned without attainment of a quorum, notice of a new meeting for the same purposes within 15 to 30 days may be given to an owner of each lot, at which re-called meeting the quorum requirement is lowered to half the number of lots required for the first call of the meeting.

4.9. VOTES. The vote of members representing at least a majority of the votes cast at any meeting at which a quorum is present shall be binding upon all members for all purposes, except when a higher percentage is required by these Bylaws. There shall be no cumulative voting.

4.9.1. Co-Owned Lots. If a lot is owned by more than one member, the vote for that lot shall be cast as follows: (i) if only one of the multiple owners of a lot is present at a meeting of the Association, that person may cast the vote or votes allocated to that lot; or (ii) if more than one of the multiple owners is present, the vote or votes allocated to that lot may be cast only in accordance with the owners' unanimous agreement. Multiple owners are in unanimous agreement if one of the multiple owners casts the votes allocated to a lot and none of the other owners makes prompt protest to the person presiding over the meeting.

4.9.2. Entity-Owner Lots. If a lot is owned by an entity, such as a corporation, limited

liability company, partnership or other legal entity, the vote for that lot may be cast by an officer, manager, managing member, partner or other person designated in the governing documents of the entity in the absence of the entity's written appointment of a specific person to exercise its vote. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of the entity is qualified to vote.

4.9.3. Association-Owned Lots. Votes allocated to a lot owned by the Association may be counted towards a quorum only, and may not be voted.

4.10. PARTICIPATION. Members may participate in person or by proxy at meetings of the Association. A member who participates is deemed "present" and may be counted towards a quorum unless the member participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

4.11. PROXIES. Votes may be cast in person or by written proxy. To be valid, each proxy shall (i) be signed and dated by a member or his attorney-in-fact; (ii) identify the lot to which the vote is appurtenant; (iii) identify the person or position (such as the president of the board) in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the purpose or meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the secretary or to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the board. Unless the proxy specifies a shorter or longer time, it terminates 11 months after the date of its execution. Perpetual or self-renewing proxies are permitted, provided they are revocable. To revoke a proxy, the granting member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or scheduled shall be valid when such meeting reconvenes.

4.12. CONDUCT OF MEETINGS. The president, or any person designated by the board shall preside over meetings of the Association. The secretary shall keep, or cause to be kept, the minutes which shall record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting.

4.13. ORDER OF BUSINESS. Unless the notice of meeting states otherwise, the order of business at meetings of the Association shall be as follows:

- Determine votes present by roll call or check-in procedure
- Announcement or quorum
- Proof of notice of meeting
- Reading and approval of minutes of preceding meeting
- Reports
- Election of directors (when required)
- Unfinished or old business
- New business

4.14. ADJOURNMENT OF MEETING. At any meeting of the Association, a majority of the members present at that meeting, either in person or by proxy, may adjourn the meeting to another time and place.

4.15. ACTION WITHOUT MEETING. Subject to board approval, any action which may be

the board shall, from time to time, distribute copies of the current and complete rules, regulations, guidelines and policies to an owner of each lot and, if the board so chooses, to non-member residents.

## ARTICLE 6

### ENFORCEMENT

6.1. ACTIONS REQUIRING NOTICE AND HEARING. Before taking any of the below-described actions, the Association must give written notice and an opportunity for a hearing according to the requirements of this Article and the notice and hearing requirements of applicable law, such as Chapter 209 Texas Property Code. The following actions by or with the approval of the board, the Association, or the Architectural Control Committee or any other committee of the Association, require notice and hearing as provided by this Article:

- a. Suspension of use of a common area.
- b. Imposition of a fine for violation of any provision of the governing documents, other than fines, interest, or collection fees charged for delinquent accounts.
- c. Charging an owner or a lot for property damage.
- d. Filing suit against an owner other than a suit related to the collection of assessments or foreclosure of the Association's assessment lien.

6.2. NOTICE. The required written notice must contain (1) the date the violation notice is prepared or mailed; (2) a statement that not later than the 30th day after the date the owner receives the notice, the owner may request a hearing to discuss and verify facts and resolve the matter in issue, pursuant to this Article and applicable law, such as Section 209.007 Texas Property Code; (3) a statement of how or where the request for hearing should be made or delivered; (4) a statement that if the hearing is before a committee or any body other than the board, the owner has the right to appeal the decision to the board by written notice to the board; (5) a statement that the owner may be liable for reimbursement of attorneys fees and costs if the violation continues or the damage is not paid by a stated date; and (6) the following contents applicable to violations or damage claims, as the case may be:

6.2.1. Notice of Violation. In the case of a violation of a provision of the governing documents, the written notice must also contain the following: (1) a description of the violation; (2) a reference to the rule, regulation or provision of the governing documents that is being violated, if applicable; (3) a description of the action required to cure the violation; (4) the amount of the fine or charge to be levied, the nature of the common area suspension, and/or the abatement action to be taken; (5) unless the owner was given notice and a reasonable opportunity to cure a similar violation within the preceding 6 months, a statement that the owner may avoid the fine or suspension by curing the violation in a reasonable period of time, which may be specified in the notice.

6.2.2. Notice of Damage. In the case of property damage for which the Association seeks reimbursement or imposition of a charge on the owner or the lot, the written notice must also contain

taken by a vote of the members at a meeting of the Association may also be taken without a meeting by written consents. The board may permit members to vote by ballots delivered by any method allowed by applicable law, which may include hand delivery, mail, fax, electronic messaging (such as email or electronic balloting) or any combination of these. Written consents by members representing at least a majority of votes in the Association, or such higher percentage as may be required by the governing documents, constitutes approval by written consent. This Paragraph may not be used to avoid the requirement of an annual meeting.

4.16. MEETINGS BY REMOTE COMMUNICATIONS. Members of the Association may participate in and hold meetings of the Association by means of a remote electronic communications system, including videoconferencing technology or the internet (such as electronic town halls, conference telephone or similar communications equipment), by means of which all persons participating in the meeting can communicate concurrently. Participation in the meeting constitutes presence in person at the 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. By acquiring an interest in a lot, each owner automatically consents to the use of communication technology to effect meetings of the Association, provided the owners of at least 75 percent of the lots in the Property have access to the form of technology chosen by the board, and further provided that the Association arranges a place or method of participation for those who do not have the technology.

## ARTICLE 5

### RULES

5.1. RULES. The board shall have the right to establish and amend, from time to time, reasonable rules, regulations, guidelines and/or policies for: (i) the administration of the Association and the governing documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the Property; and (iii) the health, comfort, and general welfare of the residents; provided, however, that such rules, regulations, guidelines and/or policies may not be in conflict with law or the governing documents. The board shall, at all times, maintain the then current and complete rules, regulations, guidelines and/or policies in a written form which can be copied and distributed to the members.

5.2. ADOPTION AND AMENDMENT. Any rule, regulation, guideline or policy may be adopted, amended, or terminated by the board, provided that the rule, regulation, guideline or policy and the requisite board approval are properly recorded as a resolution in the minutes of the meeting of the board.

5.3. NOTICE AND COMMENT. The board shall give written notice to an owner of each lot of any amendment, termination, or adoption of a rule, regulation, guideline or policy, or shall publish same in a newsletter, the Association's website or any medium which is circulated or made available to the members, at least 10 days before the effective date of such rule regulation, guideline or policy. The board may, but shall not be required, to give similar notice to residents who are not members. Any member or resident so notified shall have the right to comment orally or in writing to the board on the proposed action.

5.4. DISTRIBUTION. Upon request from any member or resident, the board shall provide a current and complete copy of the rules, regulations, guidelines and policies. Additionally,

(1) a description of the property damage and (2) the amount of the Association's claim against the owner or the lot.

6.2.3. Notice to Resident. In addition to giving the violation notice to the owner, the board may also give a copy of the notice to the non-owner resident, if the board deems it appropriate.

6.2.4. Receipt of Notice. Unless applicable law provides otherwise, any notice given to an owner pursuant to this Article will be deemed received by the owner (1) on personal delivery to the owner or to a person at the owner's address, or (2) on the third business day after the notice is deposited with the U.S. Postal Service, addressed to the owner at the most recent address shown on the Association's records, whether or not the owner actually receives the notice.

### 6.3. HEARING

6.3.1. Request for Hearing. To request a hearing, an owner must submit a written request within 30 days after receiving the Association's written notice. Within 10 days after receiving the owner's request for a hearing, and at least 10 days before the hearing date, the Association will give the owner notice of the date, time, and place of the hearing. If the Association or the owner requests a postponement of the hearing, the hearing will be postponed for up to 10 days. Additional postponements may be granted by agreement of the parties.

6.3.2. Pending Hearing. Pending the hearing, the board may continue to exercise the Association's other rights and remedies for the violation, as if the declared violation were valid. The owner's request for a hearing suspends only the action described in the Association's written notice.

6.3.3. Attendance. The hearing may be held with or without the presence of the owner or the owner's representative.

6.3.4. Hearing. The hearing may be held in a closed or executive session of the board. At the hearing, the board will consider the facts and circumstances surrounding the violation. The owner may attend the hearing in person, or may be represented by another person or written communication.

6.3.5. Minutes of Hearing. The minutes of the hearing must contain a statement of the results of the hearing and the amount of fine or charge, if any, imposed, or abatement or suspension action, if any, authorized. A copy of the notice and request for hearing should be placed in the minutes of the hearing. If the owner appears at the hearing, the notice requirement will be deemed satisfied.

6.4. ACTIONS EXEMPT FROM NOTICE AND HEARING REQUIREMENTS. As a general rule, every action other than the above-described actions requiring notice and hearing are impliedly exempt from the requirements of this Article. As permitted by applicable law, such as Section 209.007 of Texas Property Code, the following actions are expressly exempt:

a. A temporary suspension of a person's right to use common areas if the temporary suspension is the result of a violation that occurred in a common area and involved a significant and immediate risk of harm to others in the Property. The temporary suspension is effective until the board makes a final determination on the suspension action after following the notice and hearing procedures prescribed by this Article.

- b. A lawsuit in which the Association seeks a temporary restraining order or temporary injunctive relief,
- c. A lawsuit filed by the Association that includes foreclosure as a cause of action.
- d. The collection of delinquent assessments.

6.5. IMPOSITION OF FINE. Within 30 days after levying the fine or authorizing the abatement, the board must give the owner notice of the levied fine or abatement action. If the fine or action is announced at the hearing at which the owner is actually present, the notice requirement will be satisfied. Otherwise, the notice must be in writing.

6.5.1. Amount. The board may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The board may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation. If the board allows fines to accumulate, it may establish a maximum amount for a particular fine, at which point the total fine will be capped.

6.5.2. Type of Fine. If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, weekly, or monthly). If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

6.5.3. Miscellaneous. The Association is not entitled to collect a fine from an owner to whom it has not given notice and an opportunity to be heard. The Association may not charge interest on unpaid fines. The Association may not foreclose its assessment lien on a debt consisting solely of fines.

6.6. REIMBURSEMENT OF EXPENSES AND LEGAL FEES. In addition to any other rights set forth in the governing documents for violation of a provision of the governing documents, the board may levy and collect individual assessments for reimbursement of reasonable fees and expenses, including without limitation legal fees, incurred by the Association to enforce the governing documents, including the collection of delinquent assessments, subject to the following conditions:

6.6.1. Notice. The Association must give the owner written notice that the owner will be liable for reimbursement of any such fees and expenses incurred by the Association if the delinquency or violation continues after a date certain that is stated in the notice. This notice requirement does not apply to legal fees incurred by the Association in connection with the Association's counterclaim in a lawsuit to which an owner is a plaintiff. '

6.6.2. Hearing. If legal fees are incurred by the Association for an action requiring notice and hearing, the owner is not liable for reimbursement of legal fees incurred (1) before the date by which the owner must request a hearing, if the owner does not request a hearing, or (2) before conclusion of the hearing, if the owner does request a hearing.

6.6.3. Records. By written request, an owner may obtain from the Association copies of any invoices for charges, including legal fees, for which the Association seeks reimbursement.

6.6.4. Foreclosure. In connection with a nonjudicial foreclosure of the Association's assessment lien, applicable law, such as Chapter 209 of the Texas Property Code, may establish a limit for the amount of attorneys fees that the Association may include in its lien.

6.7. ADDITIONAL ENFORCEMENT RIGHTS. Notwithstanding the notice and hearing requirement, the board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the governing documents which, in the board's opinion, are (1) self-evident, such as vehicles parked illegally or in violation of posted signs; (2) threatening to life or property; or (3) repeat violations of the same provision by the same owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the governing documents for certain violations, such as nonpayment of assessments.

## ARTICLE 7

### OBLIGATIONS OF THE OWNERS

7.1. NOTICE OF SALE. Any owner intending to sell or convey his lot or any interest therein must give written notice to the Association of his intention, together with (1) the address or legal description of the lot being conveyed, (2) the name and address of the intended purchaser, (3) the name, address, and phone number of the title company or attorney designated to close the transaction, (4) names and phone numbers of real estate agents, if any, representing seller and purchaser, and (5) scheduled date of closing. An owner will furnish this information to the board at least 10 business days before the scheduled date of closing or conveyance. The requirements of this Section may be satisfied by giving the Association a copy of an accepted sales contract in connection with the owner's request to the Association for a resale certificate.

7.2. PROOF OF OWNERSHIP. Any person, on becoming a member of the Association, shall furnish to the Association evidence of ownership in the lot, which copy shall remain in the files of the Association. This requirement may be satisfied by receipt of a copy of the recorded deed or a board-approved form that is completed and acknowledged by a title company or attorney at time of conveyance of the lot or any interest therein. The Association may refuse to recognize a person as a member unless this requirement is first met.

7.3. OWNERS' INFORMATION. Within 30 days after acquiring an ownership interest in a lot, the owner must provide the Association with the owner's mailing address; the names of all co-owners; the names of any tenants; and the name, address, and telephone number of any person managing the lot as agent of the lot owner. An owner must notify the Association within 30 days after he has notice of a change in any information required by this Section, and must provide the information on request by the Association from time to time. If an owner fails to maintain a current mailing address with the Association, the address of that owner's lot shall be deemed to be his mailing address Association for mailing of monthly statements, notices, demands, and all other communications.

7.4. REGISTRATION OF MORTGAGEES. Within 30 days after granting a lien against his lot, the owner must provide the Association with the name and address of the holder of the lien and the loan number. The owner must notify the Association within 30 days after he has notice of a change in the information required by this Section. Also, the owner will provide the information on request by the Association from time to time.

7.5. ASSESSMENTS. All members shall be obligated to pay assessments imposed by the Association to meet the common expenses.

7.68. COMPLIANCE WITH DOCUMENTS. Each member shall comply with the provisions and terms of the governing documents, and any amendments thereto. Further, each member shall always endeavor to observe and promote the cooperative purposes for which the subdivision was established.

## ARTICLE 8

### ASSOCIATION RECORDS

8.1. RECORDS. The Association shall use its best efforts to keep the following records:

- a. Minutes or a similar record of the proceedings of the meetings of the board.
- b. Names and mailing addresses of the members, the currency and accuracy of the information being the responsibility of the members.
- c. Financial records and books of account for the Association, kept in a manner consistent with generally accepted accounting principles.
- d. Copies of income tax returns prepared for the Internal Revenue Service.
- e. Copies of the governing documents and all amendments to any of these. Also, for at least four years, a record of all votes or written consents by which amendments to the governing documents were approved.

8.2. INSPECTION OF BOOKS AND RECORDS. Books and records of the Association shall be made available for inspection and copying pursuant to Sections 22.351 and 22.353 of the TBOC and Section 209.005 Texas Property Code.

8.2.1. Proper Purpose. The board may require a member to submit a written demand for inspection, stating the purpose for which the member will inspect the books and records. The board has the following rights: (1) to determine whether the member's purpose for inspection is proper; (2) to deny the request if the board determines that the member's purpose is not proper; (3) if granting the request, to identify which books and records are relevant to the member's stated purpose for inspection.

8.2.2. Copies. A member, at member's expense, may obtain photocopies of books and records for which the board grants the right of inspection. The board has the right to retain possession of the original books and records, to make copies requested by the member, and to charge the member a reasonable fee for copying.

8.2.3. Member's Agent. A member's inspection of the books and records may be assisted or performed by the member's agent, accountant, or attorney.

8.2.4. Records of Attorneys and Accountants. The files and records of an attorney or accountant who performs services for the Association are not records of the Association, are not subject to inspection by members, and are not subject to production in a legal proceeding.

8.3. RESALE CERTIFICATES. Any officer may prepare, or cause to be prepared, assessment estoppel certificates or resale certificates pursuant to applicable law, such as Chapter 207 of the Texas Property Code, titled Disclosure of Information by Property Owners Associations. The Association may charge a reasonable fee for assembling, preparing and delivering such certificates, and may refuse to furnish such certificates until the fee is paid. Any unpaid fees may be assessed against the lot for which the certificate is furnished. The Association may delegate the responsibility for a resale certificate to its managing agent, if any.

8.4. MANAGEMENT CERTIFICATE. As required by applicable law, such as Section 209.004 of the Texas Property Code, the Association will maintain a current management certificate in the public records of the county in which the Property is located. When the Association has notice of a change in any information in the recorded certificate, the Association will prepare a restated or amended certificate and deliver it to the county clerk for filing. Absent gross negligence, the Association is not liable for a delay or failure to record a certificate. The Association may delegate the responsibility for a management certificate to its managing agent, if any.

8.5. MEMBERSHIP LIST. The board must maintain a comprehensive list of Association members for compliance with the Code as well as the governing documents. The Association must make the membership list available to any owner on written request, and may charge a reasonable fee for cost of copying and delivering the owners list.

8.5.1. Types of Information. At a minimum, the Association must maintain for each lot the name and mailing address of at least one owner, and a description of the lot owned (if different from the mailing address). The Association may also maintain, as an Association record, additional contact information for owners, such as phone numbers, fax numbers, email addresses, places of employment, emergency contact information, managing agents, mortgage information, and any other items of information provided by owners or obtained by the Association.

8.5.2. Source of Ownership Information. In compiling the ownership or membership list, the Association may rely on any combination of (1) public records, such as tax rolls, (2) documentation provided by title insurance companies, (3) self-reporting by owners and residents, and (4) any other reasonably reliable and customary source of ownership information. The maintenance of ownership records shall not be construed to require the Association to affirmatively investigate or research title to a lot or any other information customarily maintained by the Association.

8.5.3. Information Available to Members. Membership information to be maintained by the Association is similar to what is typically available to the public on the website of the appraisal district or other governmental authorities, and may not be considered confidential, private, or protected information as between the Association and its members. Neither the Association nor a member of the Association may sell or otherwise market the Association's membership information without the express prior consent of the owners. Each owner, by acquiring an ownership interest in a lot, acknowledges that the owner's contact information is a record of the Association that is available to all members of the Association.

## ARTICLE 9

### NOTICES

9.1. CO-OWNERS. If a lot is owned by more than one person, notice to one co-owner shall be deemed notice to all co-owners. Similarly, notice to one resident of a lot is deemed notice to all residents of the lot.

9.2. DELIVERY OF NOTICES. Any written notice required or permitted by these Bylaws may be given personally, by mail, by facsimile transmission by email, or by any other method permitted by applicable law, such as the Texas Business Organizations Code. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or electronic correspondence. The notice must be sent to the party's last known address as it appears on the records of the Association at the time of transmission. If an owner fails to give the Association an effective address, the notice may be sent (1) to the address of the owner's lot and/or (2) to the owner's address shown on the then-current property tax rolls for the lot; provided, however, this provision shall not be construed as requiring the Association to affirmatively investigate property tax records. If the Association properly transmits the notice, the owner is deemed to have been given notice whether or not he actually receives it.

9.3. WAIVER OF NOTICE. Whenever any notice is required to be given to an owner, member, or director, a written waiver of the notice, signed by the person entitled to such notice, whether before or after the time stated in the notice, shall be equivalent to the giving of such notice. Attendance by a member or director at any meeting of the Association or board, respectively, shall constitute a waiver of notice by such member or director of the time, place, and purpose of such meeting. If all members or directors are present at any meeting of the Association or board, respectively, no notice shall be required and any business may be transacted at such meeting.

## ARTICLE 10

### INDEMNIFICATION

10.1. GENERAL. The purpose of this Article is to mandate some of the permissive provisions of Chapter 8 of the Code, and to indemnify Association leaders whether or not the Association is incorporated at the time indemnification is needed. The definitions of Chapter 8 of the Code are hereby incorporated by reference, without regard to the corporate status of the Association. As used in this Article, "Association leader" means a person who is a current or former officer or director of the Association, or a current or former committee chair or committee member of the Association.

10.2. MANDATORY INDEMNIFICATION. The Association will indemnify an Association leader who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was an Association leader, if the following determinations are made.

10.2.1. Determinations. It must be determined that the person acted in good faith, and that:

- a. the person reasonably believed (i) in the case of conduct in the person's official capacity, that the person's conduct was in the Association's best interest, or (ii) in any other case, that the person's conduct was not opposed to the Association's best interests;
- b. in the case of a criminal proceeding, the person did not have a reasonable cause to believe the person's conduct was unlawful;
- c. with respect to expenses, the amount of expenses other than a judgment is reasonable; and
- d. indemnification should be paid.

10.2.2. Effect of Proceeding Termination. A person does not fail to meet the determination standard solely because of the termination of a proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent.

10.2.3. How Determinations Are Made. If all of the directors are disinterested and independent, as defined in the Code, the determinations required under this Section will be made by a special legal counsel selected by the board. Otherwise, the determinations will be made by the owners of a majority of lots in the Property, other than lots owned by persons who are not disinterested and independent as defined in the Code, or by a special legal counsel selected by those owners.

10.3. EXCEPTIONS TO MANDATORY INDEMNIFICATION. A person who is found liable to the Association or is found liable because the person improperly received a personal benefit is not entitled to indemnification under this Article if, in a legal proceeding, the person has been found liable for: (i) willful or intentional misconduct in the performance of the person's duty to the Association, (ii) breach of the person's duty of loyalty owed to the Association, or (iii) an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the Association. In all other instances, indemnification of a person who is found liable to the Association is limited to reasonable expenses actually incurred by the person in connection with the proceeding, excluding a judgment, a penalty, a fine, or any other type of sanction. A person indemnified by the Association is considered to have been found liable in relation to a claim, issue, or matter only if the liability is established by an order, including a judgment or decree of a court, and all appeals of the order are exhausted or foreclosed by applicable law.

10.4. EXPENSES. The indemnification provided by this Article covers reasonable expenses and costs, such as legal fees, actually and necessarily incurred by the indemnified person in connection with a qualified claim.

10.4.1. Advancement of Expenses. The Association may pay or reimburse reasonable expenses incurred by an indemnified person who was, is, or is threatened to be made a respondent in a proceeding in advance of the final disposition of the proceeding without making the determinations required under the Section above titled "Mandatory Indemnification," after the Association receives a written affirmation by the person of the person's good faith belief that the person has met the standard of conduct necessary for indemnification under this Article, and a written undertaking by or on behalf of the person to repay the amount paid or reimbursed if the final determination is that the person has not met that standard or that indemnification is prohibited by this Article. The required written undertaking must be an unlimited general obligation of the person

but need not be secured and may be accepted by the Association without regard to the person's ability to make repayment.

10.4.2. Witness Expenses. The Association may pay or reimburse reasonable expenses incurred by an Association leader, member, employee, agent, or other person in connection with that person's appearance as a witness or other participation in a proceeding at a time when the person is not a respondent in the proceeding.

10.5. INDEMNIFICATION OF OTHER PERSONS. Subject to the same limitations, determinations, and exceptions for Association leaders, the Association may indemnify and advance expenses to a person who is not otherwise covered by this Article's indemnification as provided by (1) a provision in a governing document of the Association, (2) a contract to which the Association is a party, (3) common law, (4) a board resolution, or (5) a resolution approved by the Association's members. A person indemnified under this Section may seek indemnification or advancement of expenses from the Association to the same extent that an Association leader may seek indemnification or advancement of expenses under this Article.

## ARTICLE 11

### AMENDMENTS TO BYLAWS

11.1. AMENDMENTS BY BOARD. Although the general authority for amending the Bylaws resides with the members of the Association under Section 11.2, the following amendments may be made by the board without a vote of the members, provided the proposed amendment has the prior unanimous approval of the directors: (i) to correct mistakes in the Bylaws, (ii) to conform the Bylaws to changes in controlling law applicable to any topic addressed in these Bylaws, (iii) to change the name of the Association, and (iv) to restate previously amended Bylaws for the sole purpose of incorporating the amendments into the body of the Bylaws.

11.2. AMENDMENT BY MEMBERS. All other amendments to these Bylaws must be approved by the members according to the terms of this Article.

11.2.1. Proposals. The Association shall provide or make available to an owner of each lot a detailed description, if not exact wording, of any proposed amendment. Such description shall be included in the notice of any annual or special meeting of the Association if such proposed amendment is to be considered at said meeting.

11.2.2. Consents. An amendment to these Bylaws must be approved either: (i) by a majority of votes present, in person or by proxy, at a properly called meeting for which a quorum is obtained, or (ii) by written consents under Section 4.15 of owners representing a majority vote of the total lots of the Association. This Section, however, may only be amended by approval of owners representing a majority vote of the total lots of the Association.

11.2.3. Effective. To be effective, each amendment must be in writing, reference the name of the subdivision and the Association, be signed by at least two officers acknowledging the requisite approval of members, and notice of the amendment must be provided to an owner of each lot at least 10 days before the amendment's effective date. Such notice may be in any form allowed under Article 9 and must either provide the owner with a copy of the amendment or instructions for obtaining a copy. The amendment must be recorded in the office of the county clerk for which the

subdivision is located.

## ARTICLE 12

### GENERAL PROVISIONS

12.1. CONFLICTING PROVISIONS. If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, such conflicting Bylaws provision shall be null and void, but all other provisions of these Bylaws shall remain in full force and effect. In the case of any conflict between the Certificate of Formation of the Association and these Bylaws, the Articles shall control. In case of any conflict between these Bylaws and the Declaration, the Declaration shall control.

12.2. SEVERABILITY. Invalidation of any provision of these Bylaws, by judgment or court order, shall in no way affect any other provision which shall remain in full force and effect.

12.3. CONSTRUCTION. The effect of a general statement shall not be limited by the enumerations of specific matters similar to the general. Whenever possible, each provision of these Bylaws will be interpreted in a manner as to be meaningful, effective and valid.

12.4. FISCAL YEAR. The fiscal year of the Association shall be set by resolution of the board, and is subject to change from time to time as the board shall determine. In the absence of a resolution by the board, the fiscal year shall be the calendar year.

12.5. WAIVER. No restriction, condition, obligation, or covenant in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

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**CERTIFICATE**

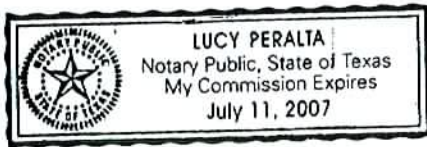
I HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the Bylaws of THE LR HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation, as adopted by the initial Board of Directors at its organizational meeting on the 3 th day of May, 2006.

IN WITNESS WHEREOF, I hereunto set my hand this the 3 th day of May, 2006.

By: *Dana Green*  
DANA GREEN, President

THE STATE OF TEXAS     §  
  §  
COUNTY OF KENDALL    §

Before me, the undersigned authority, on this \_\_\_th day of \_\_\_\_\_ 2006, personally appeared DANA GREEN, President of THE LR HOMEOWNERS ASSOCIATION, INC., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same on behalf of the Association.



*Lucy Peralta*  
Notary Public, The State of Texas

After recording, please return to:  
Dana Green  
505 Madison Oak Drive  
San Antonio, Texas 78258