

SUPPLEMENTAL NOTICE OF DEDICATORY INSTRUMENTS
for
POSSUM KINGDOM PROPERTY OWNERS ASSOCIATION

THE STATE OF TEXAS §
 §
 COUNTY OF PALO PINTO §

The undersigned, being the authorized representative of Possum Kingdom Property Owners Association (the "Association"), a property owners' association as defined in Section 202.001 of the Texas Property Code, hereby supplements instruments entitled "Notice of Dedicatory Instruments for Possum Kingdom Property Owners Association", "Supplemental Notice of Dedicatory Instruments for Possum Kingdom Property Owners Association" and "Supplemental Notice of Dedicatory Instruments for Possum Kingdom Property Owners Association" recorded in the Official Public Records of Real Property of Palo Pinto County, Texas under Clerk's File Nos. 2020-00007296, 2021-00001515 and 2021-00002947 (the "Notice") was filed of record for the purpose of complying with Section 202.006 of the Texas Property Code.

Additional Dedicatory Instrument. In addition to the Dedicatory Instruments identified in the Notice, the following document is a Dedicatory Instrument governing the Association.

- **Amended and Restated Bylaws of Possum Kingdom Property Owners Association.**

A true and correct copy of such Dedicatory Instrument is attached to this Supplemental Notice.

This Supplemental Notice is being recorded in the Official Public Records of Real Property of Palo Pinto County, Texas for the purpose of complying with Section 202.006 of the Texas Property Code. I hereby certify that the information set forth in this Supplemental Notice is true and correct and that the copy of the Dedicatory Instrument attached to this Supplemental Notice is a true and correct copy of the original.

Executed on this 19th day of May, 2021.

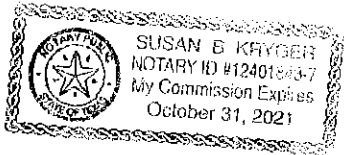
**POSSUM KINGDOM PROPERTY
OWNERS ASSOCIATION**

By: _____


Cliff Davis, authorized representative

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

BEFORE ME, the undersigned notary public, on this 19th day of May, 2021 personally appeared Cliff Davis, authorized representative of Possum Kingdom Property Owners Association, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and in the capacity therein expressed.



[Handwritten Signature]
Notary Public in and for the State of Texas

AMENDED AND RESTATED BYLAWS
OF
POSSUM KINGDOM PROPERTY OWNERS ASSOCIATION
(a Texas nonprofit corporation)

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AMENDED AND RESTATED BYLAWS
OF
POSSUM KINGDOM PROPERTY OWNERS ASSOCIATION

ARTICLE I

NAME, PRINCIPAL OFFICE AND REGISTERED AGENT

Section 1.1 **Name.** The name of the corporation is POSSUM KINGDOM PROPERTY OWNERS ASSOCIATION (the "Association"), a Texas nonprofit corporation.

Section 1.2 **Principal Office.** The principal office of the Association shall be located at 19669 N. State Highway 16, Graford, TX 76449.

Section 1.3 **Registered Agent.** The Association shall have and continuously maintain in the State of Texas a registered agent whose office is identical with such registered office, as required by the TBOC. The registered office may be, but need not be, identical to the principal office in the State of Texas, and the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 2.1 **Definitions.** The following terms shall have the meanings set forth below:

"**Act.**" The Texas Residential Property Owners Protection Act, Title 11, Chapter 209 of the Texas Property Code, as amended from time to time.

"**Board of Directors.**" Those individuals serving as Directors pursuant to Article *N* of these Bylaws and their successors as duly elected and qualified from time to time.

"**Capital Expenditures.**" Expenses in excess of \$5000.00

"**Code.**" The Internal Revenue Code of 1986, as amended.

"**Common Areas.**" All real property (including the Improvements thereon) owned and administered by the Association for the common use and enjoyment of the Owners.

"**Declaration.**" The Declaration of Covenants, Conditions and Restrictions for The Hills Above Possum Kingdom Lake, and all recorded amendments thereto.

"**Director.**" A member of the Board of Directors.

"Manager." Any professional manager or management company with whom the Association contracts for the day-to-day management and administration of the Association.

"Member." All present and future Owners of any Lot (as defined in the Declaration).

"Minute Book." The minute book of the Association, which shall contain the minutes of all annual and special meetings of the Members of the Association and the Board of Directors and all resolutions of the Board of Directors.

"President." The officer of the Association having the duties described in Section 5.4 of these Bylaws.

"Quorum." Means ten percent (10%) of the total votes of the Members in the Association.

"Secretary." The officer of the Association having the duties described in Section 5.6 of these Bylaws.

"TBOC." The Texas Business Organizations Code, as amended from time to time.

"Treasurer." The officer of the Association having the duties described in Section 5.7 of these Bylaws.

"Vice President." The officer of the Association having the duties described in Section 5.5 of these Bylaws.

Any capitalized term that is not defined in this Section shall have the meaning set forth in the Declaration.

Section 2.2 **Interpretation.** In the event of a conflict of interpretation between the provisions set forth in these Bylaws and the Declaration, the Declaration shall govern. If the Code is hereafter amended or changed, both the Declaration and these Bylaws shall be interpreted in a manner which conforms to the provisions of the Code with respect to nonprofit entities, it being the intention to preserve the status of the Association as a bona fide nonprofit entity.

ARTICLE III

ASSOCIATION: MEMBERSHIP MEETINGS, QUORUM, VOTING, PROXIES

Section 3.1 **Place of Meetings.** All annual and special meetings of the Members shall be held at the principal office of the Association or at another suitable and convenient place permitted by law and fixed by the Board of Directors from time to time and designated in the notices of the meetings.

Section 3.2 **Annual Meetings.** Annual meetings of the Members shall be held in March each year on a date as shall be fixed by the Board of Directors by written notice to the

Members. The Members may transact any business that may properly come before the meeting.

Section 3.3 **Notice of Annual Meetings.** The Secretary shall provide written notice of annual meetings to each Member by mail directed to the most recent post office address provided to the Association by such Member, as shown on the records of the Association. This notice shall be mailed not less than ten (10) or more than sixty (60) days before the date of the meeting. The notice shall state the date, time and place of the meeting, the purpose or purposes thereof and the items on the agenda, including the specific nature of any proposed amendment or change to the Governing Documents.

Section 3.4 **Special Meeting.** A special meeting of the Members of the Association may be called by the President, a majority of the Directors, or upon presentation to the Secretary of a petition stating the specific purpose of the special meeting, which petition has been signed by Members having not less than ten percent [10%] of the aggregate votes entitled to be cast at such meeting.

Section 3.5 **Notice of Special Meetings.** The Secretary shall provide written notice of any special meeting of the Members of the Association to each Member in the manner provided in Section 3.3 of these Bylaws. The notice shall state the same items required by Section 3.3 of these Bylaws for notices of annual meetings. No business shall be transacted at any special meeting except as stated in the notice thereof.

Section 3.6 **Waiver of Notice.** Waiver of notice of a meeting of the Association shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Association, either before or after such meeting. Attendance at a meeting shall be deemed a waiver of any objection as to notice of the time, date, and place thereof, unless a specific objection as to the lack of proper notice is given at the time the meeting is called to order. Attendance at a meeting also shall be deemed a waiver of notice of all business transacted at such meeting unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 3.7 **Agenda.** The agenda at all meetings of the Members shall include: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) approval of the minutes of the preceding meeting; (d) reports of officers and committees; (e) election of Directors, (f) unfinished business; (g) new business; and (h) adjournment.

Section 3.8 **Adjournment of Meetings.** The presence at the meeting of the Members entitled to cast, or of proxies entitled to cast, absentee ballots and electronic ballots (as approved by the Board) entitled to cast, one-tenth (1/10th) of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Certificate of Formation, the Declaration, or these Bylaws. If; however, such quorum shall not be present or represented at any meeting, the Board of Directors or the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or be represented. In such event a meeting is adjourned for failure to attain a quorum, the quorum requirement for the recalled meeting shall be fifty percent (50%) of the number of Members required to constitute a quorum at the last adjourned meeting. The Members have the power to adjourn and recall the meeting as many times as it takes to achieve

a quorum by reducing the quorum requirement each time by fifty percent (50%).

Section 3.9 **Membership and Voting.** Every Owner shall automatically be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Each member shall be entitled to cast a number of votes equal to such Owner's Allocated Interest with respect to any matter on which members of the Association are entitled to vote. Any matter described in these Declaration or in the Governing Documents as requiring approval by a stated percentage or a majority of the Owners shall be calculated on the basis of the Allocated Interests, unless otherwise required by the Act. In cases where more than one Person owns a fee interest in a Lot, all such Persons shall arrange among themselves for one of their number to exercise the voting rights attributable to such Lot. Membership of a Member in the Association shall automatically terminate when such Member ceases to be an Owner; provided, however, that such termination shall not release or relieve such Member from any liability or obligation under the Declaration that was incurred during such Member's period of ownership of a Lot.

Section 3.10 **List for Voting.** The Secretary shall be responsible for maintaining, at the principal office of the Association, an updated list of Members and their last known addresses as provided by each Member in such form and containing such other information as required by the TBOC. The list shall also show opposite each Member's name the address of the Lot owned. The list shall be revised by the Secretary to reflect changes in the ownership of the Lots occurring prior to the date of the annual or special meeting. The list shall be open to inspection by all Members and other Persons lawfully entitled to inspect the list during regular business hours up to the date of the annual or special meeting. The Secretary shall also keep current and retain custody of the Minute Book.

Section 3.11 **Proxies.** Votes may be cast by written proxy or by ballot. Written proxies may be submitted by United States mail, delivered to the office of the Association, delivered directly to the Secretary or delivered in such other manner as directed by the Association. A proxy vote shall be defined as a written vote submitted by a Member which either states the specific vote of the Member with respect to the issues, resolutions or election being voted on by the Members at the annual or special meeting or which is written permission for the Board of Directors or a specific Director to exercise the Member's vote as the Board of Directors or the specific Director sees fit. A proxy shall be valid for the meeting specified in the proxy or any valid continuation of such meeting. Each proxy shall be revocable unless otherwise expressly provided therein to be irrevocable. No proxy will be valid after 11 months from the date of its execution unless otherwise provided therein. A Member may not revoke a proxy except by giving actual written notice of revocation to the Person presiding over the meeting.

Section 3.12 **Quorum.** Ten percent (10%) of the total votes of the Members constitutes a quorum with respect to any matter on which Members are entitled to vote.

Section 3.13 **Action Without a Meeting.** Any action which may be taken by the vote of the Members at a regular or special meeting, other than the election of Directors, may be taken without a meeting if done in compliance with relevant provisions of the TBOC. If an action is taken without a meeting, the Secretary shall distribute a written ballot to every Member entitled to vote on the matter. The ballot shall set forth the proposed action, provide an opportunity to

specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the

Association. Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the Quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the proposal at a regular or special meeting authorizing the action.

ARTICLE IV

BOARD OF DIRECTORS: NUMBER, POWERS, DUTIES

Section 4.1 **Governing Body; Composition.** The affairs of the Association will be governed by a Board of Directors, each of whom has one (1) equal vote. Each Director must be a Member. In the case of a Member which is not a natural person, any officer, director, partner, member, manager, employee, or fiduciary of such Member is eligible to serve as a director unless otherwise specified by written notice to the Association signed by such Member, provided, that no Member may have more than one (1) such representative on the Board of Directors at a time.

Section 4.2 **Number and Term of Directors.** The Board will be comprised of five (5) positions, unless the number of positions on the Board is increased by amendment to these Bylaws. The Association may not have less than three Board positions in accordance with Texas Business and Organizations Code Section 22.204(a) or its successor statute. The term of each Director elected by the Members will be two (2) years. The term of each Director will expire at the annual meeting held in the second year after the year in which the Director is elected. Any reduction in the number of positions on the Board cannot result in a sitting Board member's position whose term has not been expired from losing a position on the Board.

Section 4.3 **Nomination and Election Procedures.** All Members have the right to run for a position on the Board. Each year, prior to the date of the annual meeting of the Members or election for the Board and in the time prescribed by law, the Association will solicit candidates for the Board in accordance with Texas Property Code Section 209.00593 (or its successor statute). The notice will specify a date by which a Member must submit his/her name as a candidate for election to the Board. The date for a Member to submit his/her name as a candidate may not be earlier than the tenth (10th) day after the date the Association provides the solicitation notice. The notice may be mailed to each Member or provided by: (a) posting the notice in a conspicuous manner reasonably designed to provide notice to the Members in a place located on the Association's Common Area or, with the owner's consent, on private property located within the Association; or (b) on an Internet website maintained by the Association, and by sending notice by e-mail to each Member who has registered an e-mail address with the Association. The Association must be notified by the Member who desires to run for a position on the Board, not by another Member, to confirm the Member's desire to run for election and to serve on the Board. All Members who notify the Association by the stipulated deadline will be candidates whose names will appear on any ballot and directed proxy (if applicable) that is provided to the Members. The Association is not required to allow nominations from the floor for Board positions at a meeting of the Members. Nominations from the floor at a meeting of the Members will be

allowed at the discretion of the Board. If the Board allows nominations from the floor at an election meeting of the Members, the meeting notice will state that nominations from the floor will be accepted. A candidate may also submit a one letter size page, one side printed only document with resume and/or biographical information to the Association by the specified date. If provided by the candidate, the candidate's resume/biographical information may, at the discretion of the Board, be provided to the Members at any pre-election candidate forum and/or with the notice of annual meeting sent to all Members and/or be made available on the Association's website. If candidate resumes/biographical information are distributed to or made available to the Owners in any manner, the Association will provide all resume/biographical information provided by all candidates.

Section 4.4 Election of Directors. Unless the election is conducted solely by absentee ballot as provided in these Bylaws, the election of the Board will be conducted at the annual meeting of the Association or in such other manner allowed by law and approved by the Board. At such election, each Member, or the Member's proxy holder (if applicable) may cast, with respect to each vacancy, as many votes as the Member is entitled to exercise under the provisions of these Bylaws and the Declaration. Unless otherwise determined by the Board, voting for Directors will be by written and signed ballots. Only the ballot approved by the Board will be used in the election of Directors. In the event of an uncontested race (i.e., the number of candidates is equal to or less than the number of open Board positions), written and signed ballots will not be required and the candidate(s) will be placed on the Board without the necessity of a vote. Cumulative voting is not permitted. The candidate(s) receiving the most votes will be elected to the open position(s). If the terms of the open Board positions are not the same, the candidate(s) with the most votes will fill the longer term(s). The winning candidate(s) will take office at the conclusion of the Member meeting at which the Director was elected or when the election results are announced. Tie votes between two persons will be decided by coin toss. In the event of a tie vote between three or more persons, the vote will be decided by placing the names of the persons in a container and drawing a name(s). The name(s) drawn first will be declared the winner. The resolution of all tie votes will be overseen by the Association's Secretary or by such other person designated by the Board. The Board may designate the Association's managing agent to oversee the resolution of tie votes.

Section 4.5 Removal of Directors. Any Director may be removed from the Board, with or without cause, by the affirmative vote of a majority of the total number of votes of the Members in the Association at a special meeting called for that purpose or at an annual meeting for which the removal of a Director(s) is on the meeting notice. In the event of the removal of a Director under this provision, a successor for the removed Director will be appointed by a majority of the remaining Directors or, if applicable, by the sole remaining Director. A Director whose removal is proposed will be given the opportunity to be heard at the removal meeting. If the Board is presented with written documented evidence from a database or other record maintained by a governmental law enforcement authority that a Board member 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 Board member is immediately ineligible to serve on the Board and will, therefore, be immediately removed. Any Director elected by the Members may be removed by a vote of a majority of the remaining Directors as the result of the Director's failure, without just cause, to attend three (3) consecutive, regularly scheduled meetings of the Board. "Just cause" means any event that, in the reasonable, good faith judgment of the Board, prevents

a Director from attending a meeting and includes, without limitation, death or serious injury to a member of the Director's family or other person with whom the Director has a long-term relationship, a mental or physical ailment or impairment that prevents the Director from attending a meeting, and any mandatory business engagement related to the Director's livelihood and/or employment. Notwithstanding any other language in these Bylaws: (a) as stated in this section, the removal of a Director by a vote of the Members requires a majority of the total number of votes in the Association (and not a majority of a quorum of Members voting in person, by proxy, or any other means allowed by statute); and (b) any provision regarding a reduction in the quorum requirement is not applicable to a meeting to remove a Director.

Section 4.6 **Vacancies on the Board.** A vacancy on the Board arising because of death, resignation, removal or otherwise will, unless otherwise determined by the Board, be filled by a majority of the remaining Directors though less than a quorum or, when applicable, by a sole remaining Director. Any Director so appointed will hold office for the unexpired term of his or her predecessor. If by reason of death, resignation, or otherwise, the Association has no Directors in office, any Member of the Association may call a special meeting of Members for the purpose of electing a Board.

Section 4.7 **Proper Administration of Affairs of the Association.** Subject to the Governing Documents, the Board of Directors shall have and exercise all powers and duties necessary for the proper administration of the affairs of the Association. In the performance of its duties as the governing body of the Association, subject to limitations set forth in the Declaration, the Board of Directors shall have all powers set forth in the Act (except as otherwise provided in the Governing Documents), and in addition to those powers and duties set forth in the Act, the Certificate of Formation and the Declaration, the Board of Directors shall have the powers and duties enumerated below. Each Director individually and the Board of Directors collectively shall perform the duties and powers of the Board of Directors in good faith as a fiduciary of the Association, in a manner which the Director believes to be in the best interest of the Association and with the care of a person of ordinary prudence under similar circumstances, including reasonable inquiry, skill and diligence. All Board members would take an oath of office and sign a Conflict of Interest Statement at the beginning of their term.

Section 4.8 **Duties.** The duties of the Board of Directors shall include:

(a) preparing and adopting, in accordance with related provisions of the Declaration and these Bylaws, an annual budget establishing each Owner's share of the Common Expenses;

(b) determining the Common Expenses and any other charges comprising the operating expenses of the Association, establishing the amount of General Assessments, as the same may increase or decrease, and assess the same against the Members in accordance with the provisions of the Declaration and these Bylaws;

(c) levying and collecting, in addition to General Assessments, Special Assessments in amounts which the Board of Directors deems proper, whenever the Board of Directors is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs or additional capital expenses or because of emergencies subject to the limitations specified in the Declaration;

(d) providing for the operation, maintenance, management, insurance, cleaning, sanitation, renewal, replacement, care and upkeep of the Common Areas and all property, real or personal, of the Association;

(e) collecting delinquent Assessments against any Lot and the Owner thereof, whether by suit or otherwise and to abate any nuisance and enforcing the terms of the Declaration and the observance of the Rules by injunction or other legal action or means which the Board of Directors may deem necessary or appropriate;

(f) designating, hiring, and dismissing the personnel necessary to carry out the rights and responsibilities of the Association and where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties;

(g) depositing all funds received on behalf of the Association in a bank depository which it shall approve and using such funds to operate the Association, provided any reserve funds may be deposited, in the Board of Directors' best business judgment, in depositories other than banks;

(h) establishing operating, escrow and other accounts in the name of the Association as the Board of Directors may deem appropriate from time to time;

(i) maintaining the Common Areas;

(j) maintaining a reserve fund out of General Assessments;

(k) contracting for repairs, additions, and improvements to or alterations of the Common Area in accordance with the Governing Documents;

(l) making and enforcing compliance with the Rules relative to the operation, use and occupancy of the Property, including, but not limited to, penalties to be levied for violations of these Bylaws, the Declaration and the Rules which the Board of Directors shall adopt, and to amend the same from time to time as and when approved by appropriate resolutions which shall be binding on the Owners and occupants of the Lots, their successors in title and assigns. All Governing Documents and any Amendments upon the adoption thereof shall be made available to all members on the official POA website.

(m) obtaining and carrying property and liability insurance and fidelity bonds, as provided herein and/or in the Declaration, paying the cost thereof, and filing and adjusting claims, as appropriate;

(n) paying the costs of all services rendered to the Association;

(o) keeping books with detailed accounts of the receipts and expenditures of the Association in accordance with generally accepted accounting principles;

(p) causing a complete review of the books and accounts of the Association to be made by a competent independent public accountant at the end of each fiscal year and at any other time or times deemed necessary;

using and expending any sums collected from General Assessments and Special Assessments for the operation, maintenance, renewal, care and upkeep of the Common Areas;

(q) making available to any Owner, and the holders, insurers, and guarantors of any Mortgage on any Lot, current copies of the Governing Documents and all other books, records, and financial statements of the Association as provided in Section VIII of these Bylaws;

(r) permitting utility suppliers to use portions of the Common Area reasonably necessary to the ongoing development or operation of the Development;

(s) indemnifying a director, officer or ACC or committee member, or former director, officer or ACC or committee member of the Association to the extent such indemnity is required or permitted under the TBOC or the Governing Documents;

(t) assisting in the resolution of disputes between Owners and others without litigation as may be set forth herein and/or in the Declaration;

(u) paying all taxes and assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Member or otherwise properly chargeable to the Member; and

(v) establishing a form of estoppel certificate acceptable to the Association for delivery to prospective Lot purchasers and lenders.

Section 4.9 **Powers:**

(a) employing and dismissing personnel of the Association, and purchasing or arranging for those services, machinery, equipment, tools, materials and supplies as, in the opinion of the Board of Directors, may from time to time be necessary for the proper operation and maintenance of the Common Areas;

(b) entering into contracts for professional management of the Development and the Association, at such prices and upon such terms as may be determined by the Board of Directors, to perform those duties and services which the Board of Directors may lawfully delegate;

(c) employing or retaining and receiving advice from professional counsel and consultants, including, but not limited to, landscape architects, architects, engineers, planners, biologists, lawyers and accountants, which the Board of Directors may deem necessary for any proper purposes of the Association, and fix the compensation for professional advice or services, including, but not limited to, those hereinbefore or hereinafter referred to in these Bylaws. The Board of Directors shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (i) one or more officers or employees of the Association whom the Board of Directors reasonably believes to be reliable and competent in the matter presented;

(ii) counsel, public accountants or other Persons as to the matters which the Board of Directors reasonably believes to be within the professional or expert competence of this Person; and (iii) a committee of the Board of Directors duly designated in accordance with law, as to matters within its designated authority, which committee the Board of Directors reasonably believes to merit confidence. The Board of Directors shall not be considered to be acting in good faith if it has knowledge concerning the matter in question that would cause this reliance to be unwarranted;

(d) naming as a trustee, on behalf of the Association, the Association's authorized representative, including any trustee with which the Association may enter into any insurance trust agreement or any successor to this trustee (each of which shall be referred to herein as the "Insurance Trustee"), to be given exclusive authority to negotiate losses under any policy providing property insurance coverage. The Association or any Insurance Trustee or substitute Insurance Trustee designated by the Association shall have the exclusive power to act as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses, execution of releases of liability and the execution of all documents and the performance of all other acts necessary to accomplish these purposes;

(e) establishing depositories for the funds of the Association with the bank or banks as shall be designated from time to time by the Board of Directors and in which monies of the Association shall be deposited. Withdrawal of monies shall be only by check signed by those Persons who are authorized by the Board of Directors to sign checks on behalf of the Association;

(f) investing monies of the Association in any investments which the Board of Directors deems to be reasonably prudent;

(g) borrowing and repaying monies and give notes, mortgages or other security upon the terms which are deemed reasonable by the Board of Directors;

(h) acquiring by purchase, gift, annexation or lease, real or personal property, if, at any time in the future, the Board of Directors deems it to be proper and not inconsistent with the terms hereof to do so;

(i) granting and reserving easements, leases, licenses or concessions where necessary or desirable for utilities, routes of ingress and egress, or any other purpose, over the Common Areas; and

(j) doing all things incidental and necessary to the accomplishment of the foregoing.

Section 4.10 **Management Agent.** The Board may, but is not required to, employ for the Association a professional management agent or agents, or manager, at a compensation rate established by the Board, to perform such duties and services as the Board shall authorize.

Section 4.11 **Management Certificate.** The Association shall record in the County a certificate, signed and acknowledged by an officer of the Association stating:

- (a) the name of the Development;
- (b) the name of the Association;
- (c) the location of the Development;
- (d) the recording data for the Declaration;
- (e) the mailing address of the Association, or the name and mailing address of the Person managing the Association; and
- (f) other information the Association considers appropriate.

A new certificate shall be recorded within 30 days after the Association receives notice of a change in any of the information listed in this Section 4.11.

Section 4.12 Accounts and Reports. The following management standards of performance shall be followed unless the Board of Directors by resolution specifically determines otherwise:

- (a) cash or accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by a member of the Board of Directors or the Manager from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise;
- (e) any financial or other interest which a member of the Board of Directors or the Manager may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;
- (f) commencing at the end of the fiscal quarter in which the first Lot is sold and closed, financial reports shall be prepared for the Association each fiscal quarter (such financial statements shall include an income statement reflecting all income and expense activity for the preceding period on a cash or accrual basis and may include such other reports as deemed necessary by the Board of Directors);
- (g) an annual financial report shall be made available to all Members within 120 days after the close of the fiscal year. Such annual report may be prepared on an audited, reviewed or compiled basis, as the Board of Directors determines; provided, however, upon written request

of any holder, guarantor or insurer of any first Mortgage on a Lot, the Association shall provide an audited financial statement; and

(h) all financial reports shall be kept at the principal office of the Association for at least three years after the closing of each fiscal year.

Section 4.13 **Borrowing.** The Association shall have the power to borrow money for any legal purpose; provided, however, if the proposed borrowing is for the purpose of making discretionary capital improvements and the total amount of such borrowing, together with all other debt incurred within the previous 12 month period, exceeds or would exceed ten percent of the budgeted gross expenses of the Association for that fiscal year, the Board of Directors shall obtain the approval of Members representing at least 51% of the total Allocated Interests prior to borrowing such money.

ARTICLE V

OFFICERS

Section 5.1 **Officers.** The officers of the Association shall be a President, one or more Vice Presidents, a Secretary and Treasurer. The same individual may not hold the offices of President and Secretary. The Secretary may be eligible to hold the office of Treasurer. The President and Treasurer must also be Directors. The Secretary need not be a Director.

Section 5.2 **Election Term of Office and Vacancies.** The officers of the Association will be elected annually from within and by the Board at the first meeting of the Board held after the annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board.

Section 5.3 **Removal.** Any officer may be removed by a majority vote of the Board, at a duly called meeting of the Board, at which a quorum is present, whenever in its judgment the best interests of the Association will be served thereby. The Board may fill any vacant officer position in the open session of a properly noticed Board meeting.

Section 5.4 **President.** The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members of the Association and the Board of Directors. The President shall have the general powers and duties usually vested in the office of the president of a community association, including the power to appoint committees from time to time as he may deem appropriate to assist in the conduct of the affairs of the Association, provided, however, no such committee shall have the right to exercise the full authority of the

Board of Directors. The President shall be an ex-officio, non-voting member of all standing committees, if any. The President shall execute deeds, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal when a seal is required, except when these documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof shall be delegated by the Board of Directors to another Officer or agent of the Association.

Section 5.5 **Vice President.** In the absence of the President or in the event of the President's inability or refusal to act, a Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all of the restrictions upon the President. Any Vice President shall have only such powers and perform only such duties as the Board of Directors may from time to time prescribe or as the officers may from time to time delegate.

Section 5.6 **Secretary.** The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members of the Association and record all votes and the minutes of all meetings and proceedings, including resolutions, in the Minute Book. The Secretary shall perform the same duties for any committees when required. The Secretary shall have charge of the Minute Book, the records of the Association and any papers which the Board of Directors shall direct the Secretary to keep; shall perform all duties incident to the office of Secretary, including sending notices of meetings to the Members, the Directors and members of any committees, and shall perform any other duties which may be prescribed by these Bylaws or by the Board of Directors or the President. The Secretary shall also have custody of the corporate seal and shall affix the same to any instrument requiring it when authorized by the Board of Directors and shall attest or certify the same when appropriate. The Secretary shall keep, or cause to be kept, at the principal office of the Association, a membership register showing the following: (a) the names and addresses of all Directors; (b) the names and addresses of all Members as provided by the Members; (c) the Lot that is owned by each Member; and (d) the vote of each Member. The Secretary shall prepare, execute and cause the recordation of amendments to the Declaration on behalf of the Association except when the preparation, execution and recordation thereof shall be delegated by the Board of Directors to another officer or agent of the Association. Nothing shall prohibit the functions of the Secretary to be delegated to an agent of the Association provided this delegation is approved by resolution of the Board of Directors. The delegation of the duties of the Secretary shall not relieve the Secretary from any responsibility related to overseeing and reviewing any duties performed by the agent.

Section 5.7 **Treasurer.** The Treasurer shall have the responsibility for the Association's funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies, checks and other valuable effects in the name of and to the credit of the Association in those depositories which may be designated from time to time by the Board of Directors. The Treasurer shall disburse the funds of the Association, as the Treasurer may be ordered to do from time to time by the Board of Directors or by the President, and shall render to the President and the Directors at the regular meetings of the Board of Directors, or whenever they or either of them shall require, an account of his transactions as Treasurer and of the financial condition of the Association. Nothing shall prohibit the functions of the Treasurer to be delegated to an agent of the Association provided this delegation is approved by resolution of the Board of Directors. The delegation of the duties of the Treasurer shall not relieve the Treasurer from any responsibility related to overseeing and reviewing any duties performed by the agent.

Section 5.8 **Compensation.** The officers of the Association shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

ARTICLE VI

OPEN BOARD MEETINGS

Section 6.1 **Open Board Meetings.** All board meetings shall be held in compliance with Section 209.0051 of the Texas Property Code.

Section 6.2 **Organizational Meetings.** Immediately following each annual meeting of the Members, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers and transaction of other business.

Section 6.3 **Regular Meetings of the Board of Directors.** Regular meetings of the Board may be held at such time, date, and place as will be determined from time to time by a majority of the Directors. The frequency of regular meetings will be as deemed necessary and appropriate by the Board or as otherwise required by the applicable governing documents. Notice of each regular meeting will be given to all Members as required by law. The Board may participate in and hold a regular or special meeting by means of:

- a. conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other; or
- b. another suitable electronic communications system, including video conferencing technology or the Internet, only if:
 - i. each Director entitled to participate in the meeting consents to the meeting being held by means of that system; and
 - ii. the system provides access to the meeting in a manner or using a method by which each Director participating in the meeting can communicate concurrently with each other participant;
 - iii. all Directors may hear and be heard by every other Director;
 - iv. except for any portion of the meeting conducted in executive session, all Members in attendance at the meeting may hear all Directors and Members are allowed to listen using any electronic or telephonic communication method used or expected to be used by a Director to participate; and
 - v. the notice of the meeting includes instructions for Members to access any communication method required to be accessible under subsection iv above.

Participation in a meeting by conference telephone or similar communication or video conferencing technology or the Internet will constitute presence in person at such meeting except where a Director participates in the meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened. The Board may take action outside of a meeting, including voting by electronic or telephonic means, without prior notice to the Members, if each Director is given a reasonable opportunity to express the Director's opinion to all other Directors and to vote. Any action taken without notice to the Members must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or

special Board meeting. Provided further that, the Board may not take action without prior notice to the Members on any matter prohibited by law to be taken without prior notice to the Members, unless done in an open meeting for which prior notice was given to the Members.

Section 6.4 Special Meetings of the Board of Directors. Special meetings of the Board will be held when called by the President or by a majority of the Directors then in office. The notice will specify the date, time, and place of the meeting and the nature of any special business to be considered. The notice will be given to each Director by anyone of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by facsimile, or (d) if authorized by statute, by email. All such notices will be given or sent to the Director's address, email, or facsimile number as shown on the records of the Association. Notices sent by first class mail will be deposited into a United States mailbox, at least three (3) days before the time set for the meeting. Notices given by personal delivery, email, or facsimile will be delivered or given at least three (3) days before the time set for the meeting. The provisions in Article VI, Section 6.5, relating to notice to the Members will be applicable to a special meeting of the Board.

Section 6.5 Notice of Board Meetings. The Board will give Members notice of Board meetings (regular and special), including the date, hour, place, and general subject of the Board meeting, including a general description of any matter to be brought up for deliberation in closed executive session. A notice of meeting will be:

- a. mailed to all Members at least ten (10) days before the date of the meeting; or
- b. provided at least 72 hours before the meeting by:
 - i. being posted in a conspicuous location, either in or on a Common Area or, with the owner's consent, on conspicuously located privately owned property within the Association, or on the Association's website; and
 - ii. being emailed to all Members who have registered their email addresses with the Association.

It is a Member's responsibility to register and keep an updated email address with the Association.

Section 6.6 Waiver of Notice. With respect to any meeting of the Board of Directors, whether regular or special, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving the required notice. All written waivers shall be filed in the Minute Book of the Association or made a part of the minutes of the meeting. Participation by a Director at any meeting of the Board of Directors shall likewise constitute a waiver by him of the required notice, unless the participation is for the express purpose of objecting to the transaction of business at the meeting on the grounds that the meeting has not been lawfully called or convened. If all Directors are present at any meeting of the Board of Directors, no notice of the meeting shall be required and any business may be transacted at the meeting except as prohibited by law or these Bylaws.

Section 6.7 Consent in Writing. Any action by the Board of Directors, including any action involving a vote on a fine, damage assessment, or suspension of a right of a particular Member before the Member has an opportunity to attend a meeting of the Board of Directors to present the Member's position on the issue, may be taken without a meeting if

all of the Directors shall unanimously consent in writing to the action. Such written consent shall be filed in the Minute Book. Any action taken by such written consent shall have the same force and effect as a unanimous vote of the Directors.

Section 6.8 **Records.** The Board of Directors shall cause a complete record of all of its acts and the corporate affairs of the Association to be kept and to present a general report thereof to the Members at each annual meeting of the Members of the Association or at any special meeting of the Members of the Association where a general report is requested in writing by one-third of the Members entitled to vote.

Section 6.9 **Quorum of Board of Directors.** At all duly convened meetings of the Board of Directors, at least 51% of the Directors must be present to constitute a Quorum for the transaction of business, except as otherwise expressly provided in these Bylaws. The vote of a majority of the Directors present at the meeting at which a Quorum is present shall be the act of the Board of Directors.

Section 6.10 **Open Meetings.** Meetings of the Members and the Board of Directors shall be open to all Members. Subject to applicable law, the Board of Directors shall have the right to adjourn a meeting and reconvene in private, closed executive session to consider any actions involving personnel, pending litigation, contract negotiations, or enforcement actions, or upon the request of an affected party, or to consider matters that are confidential in the opinion of the Board of Directors; provided, however, the Board of Directors shall announce the general nature of the business to be considered in such executive session prior to adjourning the meeting.

Section 6.11 **Executive Session.** The Board may adjourn a regular or special Board meeting and reconvene in a closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of individual Members, and matters that are to remain confidential by request of the affected parties and agreement of the Board. Following an executive session, any decision made in executive session will be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual Members, violating any privilege, or disclosing any 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 executive session. If the executive session is held at the end of a properly noticed Board meeting, the oral summary of the actions taken in the executive session may be presented at the next properly noticed Board meeting.

Section 6.12 **Action Without a Formal Meeting.** The Board may take action outside of a meeting, including voting by electronic or telephonic means, without prior notice to Members, if each Board member is given a reasonable opportunity to express the Board member's opinion to all other Board members and to vote. The reasonable opportunity for a Board member to express an opinion and vote will be not less than twenty-four (24) hours or more than seventy-two (72) hours. The President will determine the time period for the Board members to express an opinion and vote in accordance with the time frame described above. If the Board President is unwilling or unable to determine such time period, a majority of the Directors then in office will determine the time period. Any action taken without notice to Members under this section must be summarized orally, including an explanation of any known actual or estimated

expenditures approved at the meeting, and documented in the minutes of the next regular or special Board meeting. The Board may not, unless done in an open meeting for which prior notice was given to all Members in accordance with Section 12 of this Article, consider or vote on:

- a. fines;
- b. damage assessments;
- c. initiation of foreclosure actions;
- d. initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
- e. increases in Assessments;
- f. levying of special assessments;
- g. appeals from a denial of architectural control approval;
- h. a suspension of a right of a particular Owner before the Owner has an opportunity to attend a Board meeting to present the Owner's position, including any defense, on the issue;
- i. lending or borrowing money;
- j. the adoption or amendment of a dedicatory instrument;
- k. 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%);
- l. the sale or purchase of real property;
- m. the filling of a vacancy on the Board;
- n. the construction of capital improvements other than the repair, replacement or enhancement of existing capital improvements; or the election of an officer.

ARTICLE VII

ANNUAL BUDGETS, ASSESSMENTS AND CAPITAL EXPENDITURES

Copies of the proposed budget setting forth the proposed annual Common Expenses, proposed reserves and proposed Assessments for the next fiscal year of the Association shall be prepared by the Board of Directors and distributed to all Members at least 30 days prior to the beginning of each fiscal year of the Association and shall be available to all Members for inspection during regular business hours at the Association's office. If the proposed budget is subsequently amended before the Assessments are made, a copy of the amended budget shall also be distributed and made available for inspection. Reserve funds shall include reasonable amounts to be credited, allocated or accumulated for replacement of those Common Areas that require replacement, renovation or rehabilitation periodically. Subject to the provisions of the Declaration, nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time and in its sole discretion, to levy a Special Assessment in the event that the budget as originally adopted shall appear to be insufficient to pay the cost of the operation or management of the Property or in the event of emergencies. All expenses in excess of \$5000.00 will be considered capital expenditures and shall be approved by the Board.

ARTICLE VIII

ASSOCIATION BOOKS AND RECORDS

The Association shall keep or cause to be kept (a) detailed financial records of the Association in sufficient detail to enable the Association to prepare a resale certificate in accordance with the provisions of the Act; (b) the name and mailing address of each Owner of a Lot; (c) voting records, proxies and correspondence relating to all amendments to the Declaration; and (d) the minutes of all meetings of the Members of the Association and the Board of Directors. All books and records of the Association shall be available for inspection by the Owners, Mortgagees, and their respective agents and representatives, during normal business hours. All books and records of the Association shall be kept in accordance with generally accepted accounting principles, consistently applied, and shall be audited at least once a year by an independent certified public accountant. If requested in writing by a Member or Mortgagee, the Association shall furnish such requesting Member or Mortgagee copies of the audited financial statements of the Association within 90 days following the end of each fiscal year of the Association. The Board of Directors shall further make available for the inspection by Members, Mortgagees, and their respective agents and representatives, during normal business hours, the current version of the Governing Documents and all other documents affecting the Association, the Owners, or the Property, as well as all amendments thereto and revisions thereof. For purposes of this paragraph, "available" shall mean available for inspection, upon reasonable advance request of not less than 24 hours, during regular business hours at the office of the Association or the office of a Manager of the Association. The cost of any copies shall be reimbursed to the Association at a rate set by the Board of Directors.

ARTICLE IX

WINDING UP AND TERMINATION

Upon winding up of the Association, the real and personal property of the Association shall be distributed pursuant to the provision of the Certificate of Formation or, if no such provision is made, distributed to one or more organizations which are exempt from taxation under Section 501(c)(3) of the Code.

ARTICLE X

MISCELLANEOUS

Section 10.1 **Fiscal Year.** The fiscal year of the Association shall be the calendar year unless the Board of Directors shall determine otherwise.

Section 10.2 **Amendments by Board of Directors.** These Bylaws may be amended from time to time by the affirmative vote of 51% of the Directors present at a meeting of Directors at which a Quorum is present. Members must be given notice of any meeting of the Directors for the purpose of amending the Bylaws not less than ten or more than 20 days preceding the date of the meeting. Any such notice shall include the specific amendment or

**CERTIFIED FILED AND RECORDED
OFFICIAL PUBLIC RECORDS**



Janette Green

Janette K. Green Palo Pinto County Clerk

Palo Pinto County, TX

05/21/2021 10:39 AM

Fee: \$118.00

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