

**BYLAWS**  
**OF**  
**NORTHLAKE HILLS, SECTION ONE PROPERTYOWNERS ASSOCIATION, INC.**  
*A Texas Non-Profit Corporation*

These Bylaws govern the affairs of NorthLake Hills, Section One Propertyowners Association, Inc., a nonprofit corporation.

**ARTICLE I**

**GENERAL**

**Section 1. Definitions.** In addition to words and terms defined in other provisions of these Bylaws, the following words, when used in these Bylaws, unless the context shall prohibit, shall have the following meanings:

(a) **“Additional Land(s)”** shall mean lands added to the scheme of the NorthLake Hills, Section One Property Association, pursuant to Article III of the Declaration, as defined below, and as may be amended from time to time.

(b) **“Architectural Control Committee” or “ACC” or “Committee”** shall mean the committee created pursuant to Article VI of the Declarations.

(c) **“Articles”** shall mean the Articles of Incorporation of NorthLake Hills, Section One Property Owners Association, Inc., which have been filed in the office of the Secretary of State of the State of Texas, and as amended from time to time.

(d) **“Assessment” or “Assessments”** shall mean such assessments as may be approved and levied by the Propertyowner’s Association, and shall include Annual, Special and Special Individual Assessments. No such Assessments are imposed by these Bylaws.

(e) **“Association Property”** shall mean all real or personal property now or hereafter owned by or leased to the NorthLake Hills, Section One Propertyowner’s Association.

(f) **“Association” or “Propertyowner’s Association”** shall mean the NorthLake Hills Propertyowner’s Association, Inc., a Texas nonprofit corporation, which Declarant shall cause to be incorporated.

(g) **“Board”** shall mean the Board of Directors of the Association.

(h) **“Bylaws”** shall mean the Bylaws of the Association, which may be adopted by the Board, and as amended from time to time.

(i) **"Common Areas"** shall mean any property designated, whether now or at a later date, as common green space, common areas, recreational easements, greenbelts, open spaces, landscape reserves, or private streets, entry way structures, or access gates, and any accompanying mechanical devices, on any recorded plat of NorthLake Hills, situated in the Property with any and all improvements that are now or may hereafter be constructed thereon and any land conveyed, leased, dedicated or assigned by Declarant or any other property owner to the Association.

(j) **"Committee member"** shall refer to any member of the Architectural Control Committee

(k) **"County"** shall mean the County of Travis, a Texas political subdivision of the State of Texas.

(m) **"Declarant"** shall mean Sandy Creek Investors, Ltd., a Texas limited partnership, its duly authorized representatives and any of its assignees under the pertinent provisions of the Declaration.

(n) **"Declarations"** or "Conditions" shall mean the Covenants, Deed Restrictions and Conditions, collectively, as each may be amended and supplemented from time to time, dated June 26, 1997, and recorded on July 2, 1997, in Volume 12968, Page 1139, re-filed in Volume 13001, Page 1151 of the Real Property Records of Travis County.

(o) **"Deed Restrictions"** shall mean those restrictions contained in the Declarations above, as they may be amended and supplemented from time to time.

(p) **Development Area:** shall mean any part of the Development (less than the whole) which Development Area may be subject to Development Area Declarations in addition to being subject to this Declaration. Owners of property within a designated Development Area shall comprise the Development Area Subassociation, ("Subassociation"), as defined herein.

(q) **"Governmental Authority"** shall mean the United States of America, the State of Texas, the County, the City, and any other political or governmental subdivision in which the Property is located, in whole or part, and any other political subdivision, agency or instrumentality exercising jurisdiction over the Property.

(r) **"Governmental Requirements"** shall mean all laws, statutes, codes, ordinances, rules and regulations of any government authority applicable to the Property and/or the use, enjoyment, operation, maintenance or ownership of the Property.

(s) **"Improvement"** shall mean every structure and all appurtenances thereto of every type and kind, including, but not limited to, site clearing, buildings, outbuildings, storage sheds, patios, tennis and sport courts, swimming pools, garages, storage buildings, playscapes, tree houses, swing sets, fences, screening walls and retaining walls, stairs, steps, porches, mailboxes, walkways, driveways, decks, landscaping, poles, signs, exterior

air conditioning, water softener fixtures or equipment, exterior lighting fixtures and equipment and polls, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennae, aerials, satellite dishes, wind generators, solar collectors, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television and other utilities.

(t) **"Lot"** or **"Lots"** shall mean each subdivided lot designated on a duly authorized, approved and recorded plat for the Property or any portion thereof.

(u) **"Member"** shall mean any Person holding membership rights in the Propertyowners' Association.

(v) **"Mortgage"** shall mean any deed of trust or mortgage covering any Lot or any other portion of the Property given to secure the payment of a debt.

(w) **"Mortgagee"** shall mean the holder of any Mortgage.

(x) **"Owner"** shall mean a Person, including, but not limited to, Declarant, holding a fee simple interest in any Lot, but shall not mean a Mortgagee until and unless any such Mortgagee acquires and owns a fee simple interest in the subject Lot.

(y) **"Person"** shall mean any individual, corporation, partnership (general or limited), joint venture, trust (or trustee), executor, administrator, guardian, association, estate or other entity having the legal right to hold title to real property.

(z) **"Plans"** or **"Plans and Specifications"** shall mean and include all architectural and engineering plans for construction of any improvements in the Subdivision.

(aa) **"Property"** or **"Subdivision"** shall mean and refer to all real property located in the subdivision known as NorthLake Hills, Section One Subdivision, the map or plat of which is recorded in Book 99, Pages 129-134, Plat Records of Travis County, Texas, as well as any additions of land thereto, in accordance with Article III of the Declarations.

(bb) **"Restrictions"** shall mean the , Deed Restrictions of the Association contained in the Declaration in effect (as any may be amended from time to time).

(cc) **"Rules"** shall mean the rules and regulations adopted by the Board as the same may be amended from time to time.

(dd) **Subassociation:** shall mean any nonprofit Texas corporation or unincorporated association organized and established by Declarant pursuant to or in connection with a Development Area Declaration, as herein provided. The Subassociation shall be formed to carry out the affairs that are specific to the Development Area, and may be empowered by Declarant or the Association to collect assessments for maintenance and improvement of Common Areas within the Development Area used exclusively by members of the Subassociation.

**Section 2. Other Definitions.** Other terms are defined in other provisions of these Bylaws or within the Declarations and shall have the meanings set forth in such other provisions of these Bylaws or Declarations.

**Section 3. Principal Office.** The Association's principal office in Texas will be located at 18700 FM 1431, Jonestown, Texas 78645. The Association may have such other offices as the Board may determine. The Board may change the location of any office of the Association.

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**Section 4. Registered Office and Registered Agent.** The Association will maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board may change the registered office and the registered agent as permitted in the Texas Non-Profit Corporation Act.

## **ARTICLE II**

### **PROPERTYOWNERS ASSOCIATION**

**Section 1 Duties of the Association.** The Association shall have the duties of assessing, regulating, operating, maintaining, and managing Common Areas within the Property, which are not being specifically assessed, regulated, operated, maintained, and managed by a Subassociation formed pursuant to a Development Area Declaration. The Association shall be charged with enforcement of the Deed Restrictions contained in the Declaration for all Property within the Association in accordance with the enforcement provisions therein, whether or not such Property lies within a Development Area.

**Section 2. Members.** Each Owner of a Lot in the Subdivision shall automatically become a member of the Association. Membership shall be appurtenant to and shall run with the property interest, which qualifies the Owner thereof for membership. Membership may not be severed from, or in any way transferred, pledged, mortgaged, or alienated except together with title to such property interest, and then only to the transferees of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void. Whenever the legal ownership of any Lot passes from one person to another, by whatever means, no instrument transferring membership in the Association is necessary, and no certificate of membership will be issued. Membership in a Subassociation, where one is formed pursuant to a Development Area Declaration shall be in addition to, and not in lieu of, membership in the Association.

**Section 3. Voting Rights.** The right to cast votes, and the number of votes which may be cast, for election of Members to the Board of the Association and on all other matters to be voted on by the Members shall be calculated as follows:

- (a) The Owner (excluding Declarant) of each Lot shall have one (1) vote for each Lot so owned. If there is more than one Owner of a Lot, all such Owners shall be Members, and the vote for such Lot may be exercised as the Owners thereof



mutually agree; provided, however, in no event shall more than one vote per Lot be cast.

(b) Declarant shall have five (5) votes for each Lot owned by Declarant.

Any Member, including Declarant, may give a revocable written proxy to any person authorizing such person to cast all or any portion of the Member's votes on any matter. Such written proxy shall be executed in writing by the Member or by his duly authorized attorney in fact, but no such proxy shall be valid for a period of greater than eleven (11) months. The cumulative system of voting shall not be allowed at any vote of the Members. The rights of any Member to cast votes on Association matters shall automatically be suspended during any period of time when such Member is not in good standing in the Association. Any Owner may collaterally assign his voting rights hereunder to the Mortgagee of a first Mortgage affecting the Lot or Lots owned by such Owner, which said assignment shall not be effective until written notice thereof is actually received by the Association, together with evidence of such assignment.

**Section 4. Annual Meetings.** There shall be an annual meeting of the Members of the Association at a time and place set by the Board; provided, however, that such meetings shall be held on a day other than Saturday, Sunday or a holiday. Written notice of each annual meeting of the Association shall be delivered to all Members not less than ten (10) nor more than twenty (20) days prior to the date fixed for any such meeting. All notices of meetings shall be addressed to each Member at his address as it appears on the books and records of the Association. The President of the Association, or in his absence, the Vice President of the Association, shall call meetings of the Association to order and act as chairman of such meetings. In the absence of both officers, any Member entitled to vote or any proxy of any such Member, shall call the meeting to order, and a chairman of the meeting shall be elected by the Members present.

**Section 5. Special Meeting.** Special meetings of the Members of the Association may be called from time to time by the President of the Association, a majority of the directors duly elected to the Board, or by Members having at least ten percent (10%) of the votes entitled to be cast at such a meeting. Said special meetings shall be called by written notice mailed or personally delivered not less than ten (10) nor more than fifty (50) days prior to the date fixed for such special meeting. Any notice of a special meeting shall specify date, time and place of the meeting and the matters to be considered. Unless otherwise designated by the Board, all special meetings shall take place at the principal office of the Association.

**Section 6. Quorum.** Members holding sixty-six percent (66%) of the votes of all Members entitled to be cast, represented in person or by legitimate proxy, shall constitute a quorum at any legally constituted meeting of the Association. If any meeting of the Association cannot be organized because a quorum is lacking, then by a major vote of the Members present, either in person or by proxy, the meeting may be adjourned and reconvened not more than seven (7) days from the date on which such meeting was to have been held originally, and the required quorum at such meeting shall be one-half (1/2) the required quorum at the immediately preceding meeting. This procedure shall be continued until a quorum has been obtained; provided, however, that such reduced quorum shall not be applicable at a subsequent meeting held more than sixty

(60) days following the originally scheduled meeting. If notice of a meeting adjourned hereunder was required hereunder, notice of reconvening of the adjourned meeting, including all specific information required to be included in the notice of the adjourned meeting, shall be delivered as provided herein not less than three (3) days prior to the date fixed for the reconvened meeting.

**Section 7.        Notice.** Any notice which shall be given to a Member with respect to any meeting or any other purpose shall be deemed to have been properly delivered when personally delivered or when deposited in the United States mail with postage prepaid and addressed to the Member's address as it appears in the records of the Association. Any notice required or permitted to be given to a Member hereunder may be waived by execution of a written waiver by such Member.

**Section 8.        Action by Unanimous Consent.** Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting, if a consent in writing, specifying the action so taken, is signed by all of the Members. A unanimous consent signed by all the Members shall have the same force and effect as a unanimous vote at a meeting of the Association.

**Section 9.        Powers and Authority of the Association.** Subject to such limitations and restrictions as are set forth in the Declarations, the Association shall have the powers set forth in the Declarations, the Association shall have the powers of a Texas nonprofit corporation, including, but not limited to, all powers provided under the provisions of the Texas Non-Profit Corporation Act, as amended from time to time, or any successor act or statute. It shall further have the power to do and perform any and all of the Association's duties set forth in the pertinent provisions of the Declarations and any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers granted to it by the laws of the State of Texas or by the Declarations. Without in any way limiting the generality of the two preceding sentences, the Association, and the Board acting on behalf of the Association, shall have the power and authority at all times as follows:

- (a) To enter upon any Lot at any time in an emergency, or in a non-emergency after twenty-four (24) hours written notice, without being liable to any Owner, for the purpose of enforcing the Declarations or for the purpose of maintaining or repairing any area, improvement or other facility to conform to the Declarations, and the expense incurred by the Association in connection with the entry upon any Lot and the maintenance and repair work conducted thereon shall be a personal obligation of the Owner of the Lot entered upon and shall be secured immediately by a lien upon the Lot entered upon and the Improvements thereon. The Association shall have the power and authority from time to time, in its own name and on its own behalf, or in the name of and on behalf of any Owner who consents thereto, to commence and maintain actions and suits to enforce, by mandatory injunction or otherwise, or to restrain and enjoin, any breach or threatened breach of the Declarations by any Owner of a Lot. The Association is also authorized to settle claims, enforce liens and take all such actions, as it may deem necessary or expedient to enforce the Declarations as applicable.

- (b) To retain and pay for the services of a Manager to manage and operate the Association, to the extent deemed advisable by the Board. To the extent permitted by law, the Association and the Board may delegate any duties, powers and functions to the Manager. The Members hereby release the Association and the members of the Board from liability for any omission or improper exercise by the Manager of any such duty, power or function so delegated.
- (c) To retain and pay for legal and accounting services necessary or proper in the operation of the Association.
- (d) To obtain and pay for any other property and services, and to pay any other taxes or assessments, which the Association or the Board is, required to secure or to pay for pursuant to applicable law or the terms of the Declaration.
- (e) To create Subassociations within the Association, pursuant to a Development Area Declaration, for the purpose of carrying out the affairs that are specific to a certain Development Area. Such Subassociations may be empowered to collect assessments for maintenance and improvement of Common Areas within the Development Area that are used exclusively by members of the Subassociation.
- (f) To enter into contracts with any person, including, but not limited to, Declarant, to carry out the purposes and Duties of the Association on such terms and provisions as the Board shall determine.

**Section 10. Maintenance.** The Association, acting by and through the Board shall have, perform, satisfy and observe each and every one of the duties and obligations imposed on the Association under the provisions of the Declarations and these Bylaws, including, but not limited to, the duties imposed under the pertinent provisions of the Declarations.

**Section 11. Power to Indemnify and to Purchase Indemnity Insurance.** The Association, acting through the Board, shall indemnify and may reimburse and/or advance expenses and/or purchase and maintain insurance, including errors and omission policies of insurance, or any other arrangement on behalf of any person who is or was a director or officer of the Association against any liability asserted against such person and incurred by such person in such a capacity or arising out of his status as such a person to the maximum extent permitted by Article 1396 § 2.22A of the Texas Non-Profit Corporation Act, as such Act may from time to time be amended (without regard, however, to Section Q of such Article with respect to officers of the Association who are not directors of the Association). Further, the Association, acting through the Board, may indemnify and/or reimburse and/or advance expenses and/or purchase and maintain insurance, including errors and omission policies of insurance, or any other arrangement on behalf of any person, other than any person who is a director of the Association, who is or was an officer, employee or agent of the Association or a member of the Architectural Control Committee, or is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trustee, employee benefit plan or other enterprise, against any liability asserted against such person and incurred by such person in such a capacity or



arising out of his status as such a person, to such extent (or, in the case of officers of the Association, to such further extent), consistent with applicable law, as the Board may from time to time determine. The provisions of this Section 11 shall not be deemed exclusive of any other rights to which any such person may be entitled under any Bylaw, agreement insurance policy, vote of Members or otherwise. All costs and expenses of the insurance and other arrangements described herein shall be covered by Assessments.

### **ARTICLE III**

#### **BOARD OF DIRECTORS**

**Section 1.        Number.** The number of members (the “**Directors**”) which shall constitute the initial Board is three (3). The number of Directors may be increased or decreased, but never below three (3), from time to time by amendment of the Bylaws, but no decrease shall have the effect of shortening the term of any incumbent Director.

**Section 2.        Election Term and Classification.** The entire Board shall at all times be divided into two classes as provided below. Except as otherwise provided below, each director shall be elected for, and shall serve, a term of two (2) years; provided, however the initial Board named in the Articles shall serve until their successors are elected at the first annual meeting of Members. Initially, one such class shall consist of two (2) Directors and the other class shall consist of one (1) Director. In the event that there are at any time more than three (3) Directors, the Directors shall be divided equally into two classes if there is an even number of Directors, or, if there is an odd number of Directors, the Directors shall be divided in such a manner that there is one more Director in one class than the other class. The Directors elected at the first annual meeting of Members shall be divided into classes by random selection or such other means as the Directors so elected may deem advisable, with the class consisting of two (2) Directors to be designated to serve for a term of two (2) years, and the class consisting of one (1) Director to serve for a term of one (1) year. Hereafter the Director or Directors of each respective class shall be elected for two-year terms upon the expiration of their respective terms of office.

**Section 3.        Duties and Authority.** The Board, including the initial Board, shall perform the duties of the Association and manage the affairs of the Association, and the Board shall have such powers, duties, functions, authority and responsibility as shall be specified in the Declarations or these Bylaws or as may be delegated to it from time to time by the Members, including but not limited to the following:

- (a) Election of officers of the Association as hereinafter provided.
- (b) Administration of the affairs of the Association.
- (c) Keeping or causing to be kept sufficient books and records with a detailed accounting of the receipts and expenditures of the Assessments. Both the books and vouchers accrediting the entries made thereon shall be available for inspection by all Owners at convenient hours on working days that shall be set and announced for general knowledge.



- (d) At the election of the Board, engaging the services of a Manager who may be delegated any of the duties and responsibilities of the Association that are to be performed by the Board pursuant to the Declarations or these Bylaws with respect to managing, maintaining and operating any areas and Improvements as are or shall become the responsibility of the Board, upon such terms and for such compensation and with specific duties and authority as the Board may approve or as may be specified in a contract of employment executed by the Board on behalf of the Association.
- (e) Promulgating rules and regulations as provided in these Bylaws, not in conflict with the Declarations or these Bylaws.
- (f) Providing insurance in accordance with the provisions of Section 11 of Article II of these Bylaws.
- (g) Delegating any of its duties, powers and authority to the Manager employed by the Board.
- (h) Adopting an annual budget and assessing and collecting from the Owners of Lots any approved Assessments as provided in Article V herein.
- (i) Providing for the designation, hiring and removal of employees and other personnel, including bookkeepers and accountants, and engaging or contracting for the services of others, and in general making purchases of labor, material and/or services.
- (j) Authorizing the President or any Vice President to convey, lease or sublease all or any of real or personal property now or hereafter owned by or leased to the Association and Improvements thereto, to grant easements across the Association Property, and to encumber the same.
- (k) Performing, satisfying, observing and carrying out all duties, powers, obligations and responsibilities of the Board under the provisions of the Declarations and to all such acts and things as may be necessary and appropriate to perform, satisfy, observe and carry out any and all such duties, powers, obligations and responsibilities.
- (l) In general, the Board shall have all such duties, rights and authority to do all such acts and things as are not by the Declarations or these Bylaws directed to be done or exercised exclusively by the Owners or the Association which shall be necessary or reasonably required for the successful and orderly administration, management and operation of the development established by the Declarations. (m)  
The initial members of the Board shall have the authority to appoint the initial members of the ACC. The initial members of the ACC shall hold membership until either (1) Declarant has sold 70% or more of the Lots owned by

Declarant, and at that time the Association votes to remove a Committee member and replace that Committee member with one elected by the Association, or (2) the Committee member resigns or cannot fulfill his duties due to severe illness or death., in which case the Association shall be vested with the authority to either elect or appoint a replacement Committee member.

**Section 4. Contractual Authority.** With respect to the performance of the obligations the Association hereunder, the Board shall have the right to contract for all goods, services and insurance, and the exclusive right and obligation to perform the functions of the Association, except as otherwise provided herein.

**Section 5. Maintenance Contracts.** The Board, on behalf of the Association, shall have the full power and authority to contract with any person or entity (including without limitation the Declarant) for performance, on behalf of the Association, of services which the Association is otherwise required to perform pursuant to the terms hereof, such contracts to be at competitive rates and otherwise upon such terms and conditions and for such consideration as the Board may deem proper or advisable and in the best interest of the Association. The Board shall also have the full power and authority, but not the obligation, to contract with any Owner(s) to provide maintenance, repair or replacement service, or any combination thereof, through the Association for any portion of the Property.

**Section 6. Organizational Meeting.** The first organizational meeting of the Board shall be held without notice within six months of the filing of the Articles of Incorporation. The first meeting of each newly elected Board shall be held without notice immediately following the annual meeting of the Association at the same place, unless by unanimous consent of the Directors then elected and serving, such time or place shall be changed.

**Section 7. Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board members, but, at least two (2) such meetings shall be held during the fiscal year. Notice of the date, time and place of regular meetings shall be given to each Board member personally or by mail, telephone or telegraph, at least three (3) days prior to the day designated for such meeting.

**Section 8. Special Meetings.** Special Meetings of the Board may be called by the President and shall be called by the Secretary on the written request of two (2) Board members. Notice of any special meeting of the Board shall be given to each Board member at least three (3) days before the date of the meeting.

**Section 9. Notice.** Absent actual notice, proper notice shall be deemed to have been given of any special meeting of the Board if notice in writing, or by telephone or telegraph message shall have been sent to either the usual business or residence of the Board member entitled to receive notice not less than three (3) days preceding the date of the meeting.

**Section 10. Waiver of Notice.** Before or after any meeting of the Board, any Board member may waive notice of the time, date, place and purpose of such meeting by execution of a waiver thereof in writing, and such waiver shall be deemed equivalent to the giving of such notice.

Attendance by a member of the Board shall be deemed as a waiver of the required notice of such meeting. If all the members of the Board are present at any meeting, no notice thereof shall be required and any business may be transacted at such meeting.

**Section 11. Quorum.** At all meetings of the Board, a majority of the members of the Board shall constitute a quorum for the transaction of business, and the acts and decisions of the majority of the Board members present at any duly called meeting at which a quorum is present and of which notice was properly given or waived shall be the acts of the entire Board.

**Section 12. Action By Unanimous Consent.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting, if a consent in writing, specifying the actions so taken, is signed by all of the members of the Board. A unanimous consent signed by all of the Directors shall have the same force and effect as a unanimous vote at a meeting of the Directors.

**Section 13. Vacancies.** Vacancies in the Board caused by any reason other than an increase in the authorized number of Directors or the removal of a Board member shall be filled for the unexpired term by a vote of the majority of the remaining Board members, even though they may constitute less than a quorum.

**Section 14. Resignation.** Any member of the Board may resign at any time by giving written notice of resignation to the President or any other officer of the Association.

**Section 15. Removal By Association.** At any regular or annual meeting or at any special meeting called for that purpose, the Association may by a majority vote remove any one or more members of the Board, with or without cause, provided that a successor or successors shall then and there be elected to fill the vacancy or vacancies thus created, for the unexpired term of the Board member or members removed. Any Board member whose removal has been proposed shall be given an opportunity to be heard at such meeting.

**Section 16. Compensation.** The members of the Board shall receive no compensation for their services as such, except that if the Manager or any other employee of the Association is a member of the Board, he may be paid for the services as Manager or employee, as appropriate, including performance of the duties of his office.

## **ARTICLE IV**

### **OFFICERS**

**Section 1. Officers.** The officers of the Association shall consist of a President, a Vice President, a Secretary and a Treasurer, each of whom shall be elected by the Board at its annual meeting. Any two or more offices may be held by the same person, except the offices of the President and the Secretary may not be held by the same person. ~~The President and Vice President shall be elected from among the members of the Board. The Secretary and Treasurer, may, but are not required to be, elected from among the members of the Board.~~ The Board shall have full authority to remove any officer from office, with or without cause, by the vote of a



majority of the members of the entire Board at any time and to elect his successor at any regular meeting of the Board or at any special meeting called for that purpose.

**Section 2.        Duties.** The duties of the officers of the Association shall be as follows:

- (a)        The President shall be the chief executive officer of the Association, and shall have general and active management and control of the business and affairs of the Association, and shall see that all orders and resolutions of the Board and Association are carried into effect. He shall call annual and special meetings of the Association and Board in accordance with law and these Bylaws and shall preside at all such meetings. He shall appoint, discharge and fix the compensation of agents and employees other than those appointed by the Board. The President shall also execute contracts, conveyances and other documents on behalf of the Association. He shall perform such other duties as may be prescribed from time to time by the Board.
- (b)        In the absence of the President or when it is inconvenient for the President to act, the Vice President shall perform the duties and exercise the powers of the President. At any time when the Vice President is performing a duty or exercising a power of the President, any third party dealing with the Association may assume conclusively that the President was absent and that the Vice President was authorized to act in his place. He shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe, or as the President may from time to time delegate.
- (c)        The Secretary shall attend all meetings of the Board and of the Association and shall record all business transacted and resolutions passed at such meetings in the minute book to be kept for that purpose and he shall perform like duties for standing committees, if any, when required. He shall give, or cause to give, notice of all meetings of the Association and regular and special meetings of the Board, and he shall perform such other duties as the Board may from time to time prescribe, or as the President may from time to time delegate. The Secretary shall, at least ten (10) days before each meeting of the Members, make a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with address of, and the number of votes held by each, which list for a period of ten (10) days prior to such meeting shall be kept on file at the registered office of the Association and shall be subject to inspection by any Member at any time during usual business hours. The Board may, if it deems it advisable, from time to time, designate one or more persons as Assistant Secretaries, who may perform the duties and exercise the powers of the Secretary when the Secretary is absent or it is inconvenient for him to act. Any third person dealing with the Association may presume conclusively that any Assistant Secretary acting in the capacity of the Secretary was duly authorized to act. They shall perform such other duties and have such other powers as the Board may from time to time prescribe, or as to the President or Secretary may from time to time delegate.

- (d) The Treasurer shall be responsible for the custody of corporate funds and securities, shall keep full and accurate accounts and records of receipts, disbursements and other transactions and books belonging to the Association and shall deposit all funds and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The Treasurer shall disburse funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the Board whenever they may require it an account of all his transactions as Treasurer and of the financial condition of the Association. The Treasurer shall perform such other duties and have such other authority as the Board may from time to time prescribe, or as the President may from time to time delegate. The Board may, from time to time if it deems advisable, designate one or more persons as Assistant Treasurers who may perform the duties and exercise the powers of the Treasurer if the Treasurer is absent or it is inconvenient for him to act. Any third person dealing with the Association shall be entitled to presume conclusively that any Assistant Treasurer, acting in the capacity of Treasurer, was duly authorized to do so. The Treasurer and/or Assistant Treasurers shall prepare a roster of the Members and the Assessments applicable thereto, and a record of the payment of such Assessments, and such records shall be kept at the principal offices of the Association and shall be open to inspection by any Member at any reasonable time during business hours. They shall perform such other duties and have such other powers as the Board may from time to time prescribe, or as the President or Treasurer may from time to time delegate.

**Section 3. Terms and Vacancies.** The officers of the Association shall hold office until their successors are elected or appointed and qualified, or until their death, resignation or removal from office. Any vacancy occurring in any office of the Association by death, resignation, removal or otherwise, may be filled by the Board.

**Section 4. Compensation of Officers.** The officers shall receive no compensation for their services as such, except that if the Manager or any other employee of the Association holds any office he may be paid for the services as Manager, including performance of the duties of his office.

## **ARTICLE V**

### **ASSESSMENTS AND CHARGES**

**Section 1. Assessments.** Declarant, for each Lot owned by it within the Property, hereby covenants, and each Member and every Owner of a Lot, by acceptance of a deed thereto, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay to the Association: (1) Annual Assessments or charges;

(2) Special Assessments, such Assessments to be fixed, established, and collected from time to time as hereinafter provided, and (3) Special Individual Assessments levied against individual owners to reimburse the Association for extra or unusual costs incurred by the Association for curing the Owner's violation of a restrictive covenant contained in this Declaration, as hereinafter provided If authorized by a vote of a majority of the members of the Association, the Association (or an independent entity or agency which may be designated by the Association to receive such monies) may levy, collect and receive Assessments, Special Assessments, and Special Individual Assessments.

**Section 2. Creation of the Lien and Personal Obligation of Assessments.** In the event the Members of the Association vote to impose Assessments, whether annual, special or special individual, the Assessments, together with interest, collection costs, and reasonable attorney's fees, shall be a charge on the Lot and shall be secured by a continuing lien herein reserved and retained in favor of the Association upon the Lot against which each such Assessment is made. Each such Assessment, together with interest, collection costs, and reasonable attorney's fees, shall also be the personal obligation of the person who was the Owner of such Lot at the time when the Assessment fell due. The personal obligation for delinquent Assessments shall not pass to an Owner's successors in title unless expressly assumed by the successor, but shall be secured by the above-referenced continuing lien on the Lot so transferred as security for the delinquent obligation of the prior Owner, and may be enforced against such Lot notwithstanding any such conveyance.

**Section 3. Maintenance Fund.** If the Association elects to impose and collect Assessments, the Board shall establish a fund (the "**Maintenance Fund**") into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the functions of the Association under the Declarations. The funds of the Association must be used solely for purposes related to the areas and improvements owned by, leased to, or required to be maintained by the Association, or subject to the restrictions for maintenance or operation by the Association or otherwise for purposes authorized or required by the Declarations, as same may from time to time be amended.

**Section 4. Purpose of Annual Assessments.** In the event the Association elects to impose and collect Assessments, such Assessments shall be used exclusively to promote the pleasure, recreation, health, safety and welfare of the residents of the Property, , including, without limitation, the maintenance, improvements, operation, administration and management of the Common Areas, maintenance of the landscaping along the property line of the Lots bordering interior roads and/or Reed Parks Road, and the payment of taxes, assessments and other charges of this state, or of any other taxing or assessing authority levied against the Common Areas and for carrying out the purposes of the Association as stated herein. Any imposed annual assessments shall include an adequate reserve fund for repairs and replacements to the Common Areas and facilities thereon.

**Section 5. Special Assessments for Capital Improvements and Deficits.** In addition to any agreed upon annual Assessments, the Association may by majority vote levy in any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, any deficit created by an excess of expenditures of the Association over receipts



for the previous year, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Areas, including fixtures and personal property related thereto.

**Section 6. Special Individual Assessments.** The Association may levy Special Individual Assessments whenever the Association or the Board is entitled to reimbursement by, or to charge, the Owner of any Lot or Townhouse Unit with any costs or expenses incurred with respect to the subject Owner, Lot, or Townhouse Lot.

**Section 7. Uniform Rate of Assessments.** The Association must levy annual and special assessments at a uniform rate for all Lots in accordance with the determination by the Board of the number of Assessment Units assigned to that particular category of Lot, either residential, commercial, townhouse, or otherwise, pursuant to Article V, Section 5 of the Declarations. Assessments may be collected on a monthly, quarterly, semi-annual, or annual basis, as determined by the Board.

**Section 8. Assessments of Development Area Declaration** If a Subassociation is created by Declarant or the Association for the purpose of maintaining and improving Common Areas used exclusively by residents of a certain Development Area, pursuant to a Development Area Declaration, then only the members within such Subassociation shall be responsible for paying Assessments for the maintenance and improvement of such Common Areas, and no other Association member shall incur such costs. However, membership in a Subassociation does not relieve such member in any way of the obligation to pay Association Assessments for Common Areas not included in a designated Development Area.

**Section 9. Common Properties Exempt.** All Common Areas and all portions of the Property owned or otherwise dedicated to any political subdivision or municipal utility district (excluding portions of public or private utility easements located upon or within the boundaries of Lots, which shall not be exempt), shall be exempt from any Assessments and any liens created, reserved and/or contemplated by the Association when adopting any Assessments.

**Section 10. Limited Obligation of Declarant to Pay Assessments:** Notwithstanding anything herein to the contrary, Declarant will not be obligated to pay Annual Assessments, except in the case where actual annual expenses of the Association exceed the total amount of Annual Assessments payable for the subject year by all other Owners, but in no case will Declarant be liable for any amount greater than the total actual expenses of the Association for the subject year multiplied by a fraction, the numerator of which is the Assessment units owned by Declarant; the denominator of which is the total number of Assessment units in the Subdivision at the time of the Assessment.

## **ARTICLE VI**

### **MISCELLANEOUS**

**Section 1.        Resolutions.** Resolutions, rules and regulations adopted by the Board from time to time, pursuant to the Declarations or these Bylaws or in the exercise of its duties which do not amend these Bylaws need not be filed for record in the County Clerk's office, but the records thereof shall be kept in the minute book.

**Section 2.        Amendment by the Association.** These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by majority vote at any meeting of the Association at which a quorum is present. The Members may by like vote delegate all or a portion of their powers regarding the Bylaws to the Board.

**Section 3.        Amendment by the Board.** The Board may alter, amend and repeal such Bylaws, and adopt new Bylaws, by a vote of a majority of the authorized number of directors.

**Section 4.        Declaration.** The Association shall at all times be subject to, and operated in conformity with, the terms of the Declarations and any amendments to the Declarations recorded in the Real Property Records of Travis County, Texas, which Declarations and any amendments to the Declarations are incorporated as a part hereof. Should any provision of these Bylaws conflict with the provisions of the Declarations, the applicable provision of the Declarations shall control.

**Section 5.        Fiscal Year.** The fiscal year of the corporation shall be fixed by the Board.

**Section 6.        Invalid Provisions.** If any part of these Bylaws is held invalid or inoperative for any reason, the remaining parts, as far as is possible and reasonable, shall remain valid and operative.

**Section 7.        Headings.** The headings used in these Bylaws are for convenience only and do not constitute matter to be construed in the interpretation of these Bylaws.

**Section 8.        Gender.** Whenever the context requires, all words in these Bylaws in the male gender shall be deemed to include the female gender, all singular words shall include the plural and all plural words shall include the singular.

The undersigned hereby certifies that the foregoing is a true and correct copy of the Bylaws of the NorthLake Hills, Section One Propertyowners' Association, Inc., a Texas non-stock non-profit corporation (the "**Corporation**") adopted by the Corporation as of the 15th day of July, 1997.

Beth Altman, Secretary