

# AMENDED AND RESTATED BYLAWS OF HOLLY LAKE RANCH ASSOCIATION

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# AMENDED AND RESTATED BYLAWS OF HOLLY LAKE RANCH ASSOCIATION

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## PREAMBLE

**WHEREAS**, Holly Lake Ranch Association adopted Bylaws of Holly Lake Ranch Association (the "Association") on November 19, 1987, which Bylaws were amended on July 2, 1992, July 2003 and September 15, 2003 (the "Original Bylaws"); and September 27, 2012, July 8, 2014 and December 5, 2015; (added 2018)

**WHEREAS**, the Association desires to amend and restate the Original Bylaws in order to, among other things: bring existing Bylaws into compliance with governing documents, provide for a feasible and realistic method of replacing Board members, prevent a majority of the Board being elected in a single year, mandate expanded member communication especially as to financial information, protect the ability of members to vote via the traditional paper ballot, and to make certain changes solely for the purpose of consistency or clarification; (added 2018)

**WHEREAS**, under the Articles of Incorporation, the Association was incorporated as a Texas non-profit corporation, subject to the Texas Nonprofit Corporation Act; (added 2018)

**WHEREAS**, the purpose of the Association as set forth in the Articles of Incorporation was to be an owner's membership association with a representative form of governance with all powers vested in the Board of Directors, for the purpose of maintaining and developing common or recreational facilities for the beneficial use and enjoyment of the owners; (added 2018)

**WHEREAS**, the Articles of Incorporation provided the Board of Directors the ability to charge such fees and assessments as may be necessary to fulfil their fiduciary duty to maintain the property, such responsibility further amplified in the subsequent Separation Agreement with Silverleaf; (added 2018)

**WHEREAS**, the Board of Directors has the fiduciary duty of obedience to abide by the applicable documents of the Association, as well as all applicable State and Federal laws; and (added 2018)

**WHEREAS**, under the Articles of Incorporation and as specifically referenced therein as to Article 1396-2.02 of the Texas Non-Profit Corporation Act, the Board of Directors has the power and the fiduciary responsibility to make and alter Bylaws not inconsistent with the

Articles of Incorporation and to exercise all powers necessary or appropriate to affect any or all purposes for which the corporation is organized. The failure to exercise such powers and fiduciary responsibilities could result in potential malfeasance charges, along with Orange Lake repercussions for the failure to maintain HLRA as a first-class property as required under Article X hereof; (added 2018)

**NOW, THEREFORE,** the Original Bylaws are hereby amended and restated as follows and shall hereinafter be referred to as the "Bylaws": (added 2018)

## **Article 1: Name, Registered Office, and Purpose**

### **Section 1-Name and Registered Office**

The Holly Lake Ranch Association is a Property Owners' Association, hereafter referred to as "the Association," incorporated as a Texas Nonprofit Corporation with the registered principal office located at 220 Holly Lodge Circle, Holly Lake Ranch, Texas 75765, or such other address as the Board may establish by notice to all members.

### **Section 2- Purpose**

These Bylaws shall govern the Association and its members and facilitate the fulfillment of the purposes provided in the Articles of Incorporation. (Revised 2018)

## **Article II: Membership and Related Matters**

### **Section 1 - Membership**

Except as otherwise provided in these Bylaws, ownership of a lot or lots (individually, a "Lot" or, if more than one Lot, the "Lots") in any HLR subdivision (hereinafter all lot subdivisions in the HLR development are collectively referred to as the "Subdivision") is required in order to qualify for membership in the Association. Any person upon becoming an owner of a Lot in the Subdivision (an "Owner") shall become a member of the Association and be subject to these Bylaws. Such membership shall terminate without any formal action by the Association whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association or these Bylaws during the period of such ownership and membership, or impair any rights or remedies which the Association may have against such former Owner and member. The Board of Directors of the Association may establish additional classes of membership from time to time, and may specify and designate the rights, obligations and privileges of such additional classes of membership, subject, however, to the consent of a simple majority of the members casting votes in an association-wide referendum.

### **Section 2 - Voting Rights**

Voting rights under the Bylaws are based on lot ownership. For all voting purposes, multiple owners of a lot or lots shall be considered one member, therefore only one member of a multiple owned lot or lots shall be entitled to vote. When multiple owners of a lot or lots exist, a decision shall be made among the multiple owners as to which owner is the voting member. This decision shall be conveyed to the General Manager of HLRA in the form of a Voter Designation form. This form must be signed by all co-owners to be valid. If multiple voters have no valid Voter Designation form on file at HLRA, then the vote of the member casting his or her vote first shall be deemed the vote of the member. All voting rights specified under the bylaws follow the rule of one vote per member, regardless of the number of lots owned. (Revised 2018)

### **Section 3 - Suspension of Privileges**

The General Manager, on behalf of the Board of Directors of the Association, may suspend the privileges of a Member for non-payment of dues or any other indebtedness owed by the Member to the Association. Member privileges may also be suspended, including but not limited to Trash Collection, for any violations of the Association's Subdivision Restrictions, Bylaws, Rules and Regulations, Architectural Control Committee guidelines or for conduct inimical to the best interests of the Association. The Board of Directors of the Association, at its sole discretion, shall determine what constitutes misconduct and shall have the authority to enforce the provisions of this section. Any Member whose privileges have been suspended shall not be admitted to the Association's facilities. Any suspended Member refusing to leave the Association's facilities upon request to do so may be forcibly removed therefrom without liability to the Association or to the person or persons removing such member. Suspension of privileges does not relieve the Member of payment of dues and other obligations of membership. The Association shall have the right to pursue any and all means of collection permitted by the Law.

### **Section 4 - Reinstatement of Suspended Privileges**

The Board of Directors, by the affirmative vote of a majority of the members of the Board, may reinstate such Member's privileges upon payment of past dues or any other indebtedness owed by the Member to the Association or by a written Settlement Agreement (Agreement) mutually agreed to and signed by the member and the General Manager on behalf of the Board of Directors establishing a payment plan for past dues or any other indebtedness owed by the Member to the Association as set forth in the Agreement. If, at any time, the member is non-compliant to the terms and conditions of the payment plan as set forth in the Agreement, the Board of Directors, at their sole discretion, may immediately reinstate the suspension of privileges of the Member. (Revised 2018)

### **Section 5 - Transfer of Membership**

Membership in this Association is transferable only in connection with the transfer of the Lot by the member; however, no such transfer is valid unless the proposed transfer is submitted to the Board of Directors in writing and approved by a majority vote of the Board of Directors. No such transfer shall become effective until the Director serving as Secretary

of the Association is notified of the transfer in writing. The Secretary shall thereafter direct the General Manager to record the transfer in the membership book.

## **Article III: Meeting of Members**

### **Section 1 - Place and Time of Meetings**

Meetings of the members shall be held at a time and place designated by the Board of Directors.

### **Section 2 – Annual Meetings**

The Association shall hold the following two (2) annual meetings of the members: (Revised 2018)

- (a) **Annual Election Meeting** The “Annual Election Meeting” will be on the first Saturday of December until the October 2020 meeting. Effective as of October 2020, an “Annual Election Meeting” shall be held on the first Saturday of October for the purpose of announcing the results of the election for the Board of Directors, and the qualification and installation of the incoming Board members as provided in Section 5 of this Article; provided, however, that prior to 2020 the “Annual Election Meeting” shall coincide with the “Annual Meeting”. (Added 2018)
- (b) **Annual Meeting** The “Annual Meeting” shall be held on the first Saturday of December for the purpose of presenting and approving the budget. Provided, however, at any such annual meeting, the Board may present, discuss and vote on other matters. (Added 2018)

### **Section 3 - Special Meetings**

Special meetings of the members may be called by the President; the Board of Directors; or by the votes of one third (1/3) of the members. (Revised 2018)

### **Section 4 - Notice of Meetings**

Written or printed notice of a meeting of the members shall be required and shall state the place, day and hour of the meeting and, for a special meeting, the purpose or purposes for which the meeting is called.

- (a) **Notice for Special Meeting of the Members** For members who are entitled to vote at such meeting, the notice shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Board of Directors, the Secretary, or the officer or person calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the books of the Association, with postage thereon paid.

- (b) **Notice for the Annual Meetings of the Members** Members shall be notified as to each of the two (2) Annual Meetings in the Association publication two months before the date of the meetings, and such notice shall also be posted on the bulletin boards at the entrances to HLR no later than seventy-two (72) hours prior to the respective meeting. (Revised 2018)

## **Section 5 – Voting**

The votes of the Members may be cast or given by any or a combination of the following methods: (Revised 2018)

- (a) In person or by proxy at a meeting of the Association; or
- (b) By paper ballot furnished by the Association; or
- (c) By absentee ballot; or
- (d) By electronic ballot; or
- (e) By any method of representative or delegated voting provided by a dedicatory instrument.

Provided, however, the electronic ballot may not be utilized to the exclusion of the paper ballot until such year following the year in which the members voting electronically exceeds sixty-seven percent (67%) of the total number of members that voted. (Added 2018)

All of the required provisions of these methods of voting, verification, tabulations and including notices shall be in accordance with Texas Property Code Chapter 209. (Revised 2018)

## **Section 6 - Proxies**

At any meeting of the members, a member entitled to vote may vote in person or by proxy executed in writing by the member or his duly authorized attorney in fact. A proxy is revocable and expires eleven (11) months from the date of its execution, unless otherwise provided in the proxy. A proxy may not be irrevocable for longer than 11 months. (Added 2018)

## **Section 7 - Cumulative Voting**

No member shall be entitled to cumulate his vote at any election of the Association. (Revised 2018)

# **Article IV: Board of Directors**

## **Section 1 – Management**

The business and affairs of the Association shall be managed by its Board of Directors, who may exercise all such powers of the Association and do all such lawful acts and things as are permitted by statute or by the Articles of Incorporation or by these Bylaws; provided,

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however, the Board of Directors may not take any of the following enumerated actions without the approval of a majority of the members voting in a binding referendum: (Revised 2018)

- (a) Any capital improvement (including but not limited to new construction or refurbishment of existing facilities) with an estimated cost provided by a competent contractor or professional designer, in excess of one hundred and fifty thousand (\$150,000) dollars.
- (b) Any action which shall result in a change to the platted boundaries of HLR, any increase in the total number of lots, and any increase in the total memberships available, or any action which would otherwise materially dilute the interest of the membership.
- (c) Any action which shall result in a change to the Recreational Easements held by HLRA and duly recorded and filed in the Official Public Records of Wood County.
- (d) Levy an assessment for additional or new amenities.

## **Section 2 - Meetings**

### **(a) Regular Meetings**

A regular meeting shall be held at least quarterly, including the Annual Meeting of the members, at such time and place as the Board of Directors shall determine. The meetings of the Board of Directors that are open to the members may include business transacted, officers elected, reports considered and any other business. Additionally, the Board of Directors and/or their designated representatives shall, mid-year hold a Town Hall type of meeting for all members, solely for the purpose of fully informing them as to the financial status of the Association and providing them the opportunity for comment and input. At this meeting there shall be included on the agenda, but not limited to, the status of the current operating budget, Capital Expense Funds, any other designated or restricted funds, and known, anticipated and/or projected expenditures for the ensuing five (5) year period, over and above operating expenses. The goal of the Association is to operate on a financially sound basis with full disclosure and understanding by both the members and the Board of Directors as to any anticipated adjustment needs with respect to income and expenses. (Revised 2018)

### **(b) Special Meetings**

A special meeting of the Board of Directors may be held upon the call of the President or any two (2) Directors of the Board for the transaction of any business of the Board of Directors.” (Revised 2018)

- (c) **Electronic Meetings** The Board may meet by any method of communication, including electronic and telephonic, without prior notice to members, only if such meeting is conducted in accordance with the requirements of the Texas Property Code, Section 209.0051. (Revised 2018)

**Issues That Require Prior Notice to Members** In accordance with the Texas Property Code, the Board shall not, without prior notice to members, consider or vote on the following items:

- (1) Fines;
- (2) Damage assessments;
- (3) Initiation of foreclosure actions;
- (4) Initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;
- (5) Increases in assessments;
- (6) Levying of special assessments;
- (7) Appeals from a denial of architectural control approval;
- (8) A suspension of a right of a particular member before the member has an opportunity to attend a Board meeting to present the member’s position, including any defense, on the issue;
- (9) Lending or borrowing money;
- (10) The adoption or amendment of a dedicatory instrument;
- (11) The approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than ten (10) percent;
- (12) The sale or purchase of real property;
- (13) The filling of a vacancy on the Board of Directors;

(14) The construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or

(15) The election of an officer.

(a) **Open Meetings** Regular and Special Board meetings shall be open to members, subject to the right of the Board to adjourn a Board meeting and reconvene in closed executive session to consider actions involving:

(1) Personnel

(2) Pending or threatened litigation

(3) Contract negotiations

(4) Enforcement actions

(5) Confidential communications with the Members' Association's attorney, or

(6) Matters that are to remain confidential by request of the affected parties and agreement of the Board

(b) **Executive Session** Following an executive session, any decision made in the executive session shall be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual members, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary shall include a general explanation of expenditures approved in executive session.

(c) **Minutes of Meetings** The Secretary shall prepare minutes of the Board's actions at all regular and special meetings of the Board and shall make these minutes available to the membership.

### **Section 3 - Place and Manner of Conducting Meetings**

(a) **Place of Meetings** Except for a meeting held by electronic or telephonic means as provided for herein, all Board meetings shall be held in Wood County or in a county that is adjacent to Wood County.

(b) **Manner of Conducting Meetings** Meetings may be conducted in person or by electronic or telephonic means as provided by the Texas Property Code, Chapter 209.

#### **Section 4 - Notice**

Notice for all meetings shall be provided in accordance with the Texas Property Code, Chapter 209.

#### **Section 5 - Quorum: Majority Vote**

At all meetings of the Board of Directors, the presence of a majority of the Board of Directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Board of Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may otherwise specifically be provided by statute, the Articles of Incorporation or these Bylaws. If a quorum shall not be present at any meeting of the Board of Directors, the members of the Board of Directors present thereat may adjourn the meeting from time to time without notice other than by announcement at the meeting until a quorum be present.

#### **Section 6 - Designation**

The Board of Directors by resolution adopted by a majority of the members of the Board of Directors in office may designate one or more committees of the Board of Directors, each of which committees shall consist of one (1) or more members of the Board of Directors, which committees, to the extent provided by such resolution, shall have and exercise the authority of the Board of Directors in the management of the Association; provided, however, the designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual member of the Board of Directors of any responsibility imposed upon it or him by law. All policies promulgated by Committees must be approved by at least three (3) Directors prior to their publication to the members.

#### **Section 7 - Number; Qualification; Election; Term**

The number of members of the Board of Directors of the Association shall be five (5) representing the members of the Association. The members of the Board of Directors shall be elected during the designated election period prior to the annual meetings of the members except as provided elsewhere herein, and each member of the Board of Directors elected shall hold office until his successor is elected and qualified. The terms of office will be as described in subparagraphs (a) thru (c), or as may be provided elsewhere and as modified under Article III, Section 2(a): (Revised 2018)

- (a) For the year 2018, three Board positions will be filled. The one individual elected having the highest number of votes shall have a term of two (2) years and 10 months (December 2018 until October 2021). The two (2) individuals elected receiving the second (2<sup>nd</sup>) and third (3<sup>rd</sup>) highest number of votes shall have a term of one year (1) and 10 months (December 2018 until October 2020). (Revised 2018)
- (b) For the year 2019 and every year thereafter, two Board positions will be filled, with the individual elected with the majority of votes having a three (3) year term. The

individual elected receiving the second (2<sup>nd</sup>) highest number of votes shall have a two (2) year term. (Revised 2018)

- (c) In the event of a tie it shall be resolved by a majority vote of those Board members not up for election. Thereafter, the term of office of each elected member of the Board of Directors will be three (3) or two (2) years as defined in subparagraph (b) above. Each member of the Board of Directors may serve an unlimited number of successive terms. Any vacancy occurring in the Board of Directors may be filled in accordance with Article IV, Section 12 herein. (Revised 2018)

### **Section 8- Authority**

The Board of Directors shall have the authority to promulgate from time to time such rules and regulations governing the usage of the common and recreational facilities of the Association as the Board of Directors shall deem necessary. The Board of Directors shall have the authority to establish fines and/or penalties for the violation of any such rules and regulations and to enforce, through the judicial process if necessary, any fines or penalties so established.

### **Section 9 - Indemnification; Compensation**

The Association shall indemnify any member of the Board of Directors, officer or employee, or any former member of the Board of Directors, officer or employee of the Association against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a member of the Board of Directors, officer or employee (whether or not a member of the Board of Directors, officer or employee at the time such costs or expenses are incurred by or imposed upon him) except in relating to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of duty. The Association may also reimburse any member of the Board of Directors, officer or employee the reasonable costs of settlement of any action, suit or proceeding if it shall be found by a majority of the members of the Board of Directors not involved in the matter in controversy, whether or not a quorum, that it was to the interest of the Association that such settlement be made and that such member of the Board of Directors, officer, or employee was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive to any other rights which such Director, officer or employee may be entitled by law or under any bylaw, agreement or otherwise.

### **Section 10- Removal of a Director**

A Director may be removed from office as provided by these Bylaws.

- A. A Director may be removed from office, with or without cause, by the persons entitled to elect, designate, or appoint the director. An action to remove an elected director shall be in accordance with the process described in the paragraphs below.

Association members shall have the right to remove a Director by presenting a written petition stating its purpose, and the name of the Director sought to be recalled to the entire Board of Directors. Upon presentation of the written petition, the petitioners shall be limited to a forty-five (45) day period to obtain and affix to the petition the required "signature threshold" for recall of the Director. The "signature threshold" shall be as follows: (Revised 2018)

If the Director to be removed was elected as of his current term, the "signature threshold" shall be the number of votes such Director received plus one (1);

If the Director was appointed for his current term, the "signature threshold" shall be the number of votes that the elected Director received for his current term plus (1).

- B. The written petition, (or copies of the petition), to which such signatures shall be added shall contain the printed name, address of record, signature of each petitioner and date signed for the purpose of verification. Multiple Directors shall not be joined on a single petition. (Revised 2018)
- C. Upon presentation to the Board of the completed petition within the forty-five (45) day period, the Board shall have the opportunity to verify the signatures, and if the "signature threshold" is deemed sufficient, a Special Meeting of the members will be held within twenty (20) days of receipt of the completed petition. Any Director subject to recall shall be given an opportunity to state his response to the recall petition at the Special Meeting. Within *thirty (30)* days following the Special Meeting, the members who signed the petition shall have the opportunity to reconsider and remove their names from or members who have not signed the petition can add their names to the petition. Within ten (10) days thereafter, if the "signature threshold" is still satisfied: (Revised 2018)
1. The board shall call for an Association-wide vote by the members of the Association within thirty (30) days thereafter, to determine by simple majority of those voting if the Director in question shall be removed from office.
  2. In the event that the Director is removed in accordance with the above paragraphs, such vacancy shall be filled in accordance with Article IV, Section 12.

## **Section 11 - Automatic Removal of a Director**

If the Board is presented with written, documented evidence from a data base or other

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records 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. (Revised 2018)

## **Section 12 - Vacancies**

A vacancy in a Board position that is due to an involuntary removal or recall by members of the Association must be filled by an election of the members of the Association. The Board will direct the Election Committee to hold the election at the earliest reasonable date. A vacancy in the Board of Directors due to resignation, death or disability may be filled by appointment of the remaining Board of Directors for the unexpired term of the vacant position. (The nonprofit Association Act ART. 1396-2.16 and Texas Property Code Section 209.00593)

## **Article V: Notices**

### **Section 1 - Method**

Whenever under the provisions of the statutes, the Articles of Incorporation or these Bylaws, notice is required to be given to any member of the Board of Directors and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing by mail, postage prepaid, addressed to such member of the Board of Directors at such address as appears on the books of the Association. Any notice required or permitted to be given by mail shall be given at the time when such notice is deposited in the United States mail, as aforesaid. All members of the Board of Directors must be notified in writing no less than ten (10) days prior to a board meeting where changes in the bylaws are to be voted on. A typed written copy of any changes must be submitted to each Director with this notice. (Revised 2018)

### **Section 2- Waiver**

Whenever any notice is required to be given to any member of the Board of Directors or member of the Association under the provisions of the statutes, the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in the notice, shall be deemed equivalent to the giving of such notice. Attendance of a member of the Board of Directors at a meeting shall constitute a waiver of notice of such meeting except where a member of the Board of Directors attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## **Article VI: Officers**

### **Section 1 - Number; Election; Term**

The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, who shall be members of and chosen by the Board of Directors at its annual, or annual election meeting beginning in October 2020, and shall serve for and during the period until the next annual or annual election meeting of the Board of Directors, or until their successors shall have been chosen and qualified. Any person chosen as one of these officers may be eligible for re-election. (Revised 2018)

### **Section 2 - Others**

Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors.

### **Section 3- President**

The President shall be the chief executive officer of the Association, shall preside at all meetings of the Board, shall have the responsibility for the execution and accomplishment of all orders and resolutions of the Board, and shall be primarily responsible for the accomplishment of the purposes and discharge of the duties and responsibilities imposed upon the Board of Directors. He shall also execute, with the prior approval of the Board of Directors, all conveyance of lands, bonds, mortgages, notes, securities, and other documents, except where required by law or otherwise to be signed and executed by all members of the Board, and except in instances where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Board.

### **Section 4 - Vice President**

The Vice President shall, in the absence or disability of the President, perform the duties and exercise the power of the President, and shall perform such other duties as the Board of Directors shall prescribe from time to time.

### **Section 5 - Secretary**

The Secretary shall keep the minutes of all meetings of the Board of Directors and shall be the custodian of all books and records of the Board, excepting those relating to the funds and properties of the Association. In the event of his absence from a meeting of the Board or his inability to perform his duties, the President may designate a temporary substitute.

### **Section 6 - Treasurer**

The Treasurer shall be the custodian of all funds and properties of the Association, and of all books and records pertaining to such funds and properties. The Treasurer shall prepare an annual financial report prior to each annual meeting of the Board of Directors relating to the fiscal affairs of the Board of Directors, in such form and containing such information as may be from time to time directed by the Board of Directors. The Treasurer shall also prepare such other financial records and reports as may be requested by the Board of Directors. He shall also keep and retain all funds and properties of the Association in such



depositories and he shall be a cosigner on all financial contracts and bank accounts of the Association.

### **Section 7 - Removal**

An officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

### **Section 8 - Vacancies**

A vacancy in any office, because of death, resignation, or disqualification may be filled by the Board of Directors for the unexpired portion of the term.

## **Article VII: Contract, Checks, Deposits and Funds**

### **Section 1 - Contracts**

The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances.

### **Section 2 - Checks, Drafts or Orders for Payment**

All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution by the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by two of the following three: Treasurer or President of the Board or General Manager of the Association, in accordance with the Financial Policy and Procedures on file with Wood County.

### **Section 3 - Deposits**

All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

### **Section 4 - Gifts**

The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or device for the general purposes, or for any special purpose, of the Association.

## **Article VIII: Dues and Assessments**

## **Section 1 - Annual Dues**

Each member of the Association shall be assessed an annual maintenance fee in the form of dues. Dues are calculated on a per lot basis, with grandfathered combined-lot agreements continuing to be honored. Dues may be paid either annually or in monthly installments. Dues shall be paid to the Association, or its designee, at its registered office.

## **Section 2 - Change of Dues**

The Board of Directors may from time to time change the amount of annual dues payable to the Association by the members but in no event shall dues be increased in a given year to exceed ten percent (10%) of the dues charged for the previous year. The members shall be notified at least thirty (30) days prior to such change, and the reason therefore.

## **Section 3 - Assessments**

The Board, as part of its fiduciary responsibility as outlined in the Preamble to this document, shall retain the authority and responsibility to impose assessments essential to fulfill the purpose of maintaining the property as mandated under the Articles of Incorporation. This includes any amounts levied to meet the requirements of a court order or mandated by law. The Board will be required to explain why, in its opinion, that the failure to impose this type of assessment would jeopardize the ability of the Association to meet its financial obligations. This detailed explanation is to be presented by the Board at a Town Hall meeting of the members of the Association, to be held at least 30 days prior to Board action, except in the case of an emergency. Assessments requiring approval by a majority vote of the members are outlined in Article IV. (Added 2018)

## **Section 4 - Special Individual Assessments**

In addition to any Special Assessments or Dues, the Board may levy individual assessments against any member which may include: (Added 2018)

- (a) Reimbursement of costs incurred to bring a member or his property into compliance with all applicable governing documents, rules and regulations of the Association;
- (b) interest, late charges and related costs related to any delinquency;
- (c) reimbursement for any damages caused by the member or his family, his guest, or lessee to any Association maintained property, irrespective of whether such was the result of an accidental, willful or negligent act;
- (d) any unpaid fines levied against the member or his family, his guest, or lessee;
- (e) any legal fees or direct costs incurred by the Association that otherwise would not have been incurred were it not for an act or initiative, or lack thereof, of the member to the extent such are not precluded elsewhere or by governmental regulations.

## **Article IX: Miscellaneous**

### **Section 1 - Fiscal Year**

The Board of Directors shall determine the Association's fiscal year.

### **Section 2 - Corporation Seal**

The Board of Directors shall provide a corporate seal of a style which they shall determine.

### **Section 3 - Amendments**

The Board of Directors shall have the power to alter, amend, or repeal these Bylaws or adopt new bylaws at any regular or special meeting of the Board of Directors.

### **Section 4 - Rules and Regulations**

The Board of Directors shall promulgate rules and regulations and enforce same with respect to the safe and orderly usage of the facilities, recreational properties and the Association's programs available to members, and their guests and families, and the Board of Directors shall exercise its discretion in suspending privileges, if necessary, in cases of violations of such rules and regulations by members, their guests, and their families.

### **Section 5 - Books and Records**

All records and books, including the financial records of the association, and the minutes of the meetings of the Board of Directors and of the membership, shall be kept at the principal office of the Association in accordance with statutory requirements.

### **Section 6- Open Records**

HLRA shall, in accordance with the terms of the Texas Property code 209.005, make the books and records of the Association open and reasonably available to an owner of property in the Association for examination, or to a person designated in writing signed by an owner as the owner's agent, attorney, or certified public accountant. A Records Production and Copying Policy shall be made available to property owners upon their request at the principal office of the Association and on file in the Official Public Records of Wood County, Texas.

### **Section 7 - Survival**

Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the Deed Restrictions or provisions of the laws of the State of Texas, the Articles of Incorporation, the Deed Restrictions, and such laws shall control; and should any part of these Bylaws be invalid for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

### **Section 8 - Effective Date**

The effective date of these Bylaws shall be July 12, 2018

## **Article X: Special Provisions Relating to Maintenance, Indemnification and Fees**

(Revised 2018)

### **Section 1 – Maintenance**

In return for Silverleaf's agreement to relinquish control of the Association and Silverleaf's Class "A" membership in the Association, the Association agrees that now and in the future the Association, in order to preserve the value of the Lots in the Subdivision, some of which may be owned by Silverleaf, and in order to preserve the value of Silverleaf's timeshare resort development which is located adjacent to the Subdivision and which is also known as "Holly Lake," shall at all times be required to maintain the Subdivision in the same manner as it is currently being maintained and to a First Class standard. The Association shall be responsible for the maintenance, landscaping, cleaning, clearing of snow and ice, repair, replacement, insuring and lighting (if any) of all common areas and amenities located in the Subdivision and the private driveways and parking areas in the Subdivision and shall pay all costs incurred in connection with fulfillment of such responsibilities. The Subdivision shall be maintained in good condition and repair, clean and free of rubbish and other hazards. Such maintenance shall include, but not be limited to, regular and timely removal of all litter, garbage, trash and waste, regular landscape maintenance (including mowing, pruning and trimming), watering, weed control, pest control, maintenance of exterior lighting and mechanical facilities in good working order, keeping walks, driveways and private roadways clean and in good repair, clearing of snow and ice from sidewalks and private roadways, striping driveways areas and repairing and repainting the exterior of common area improvements and amenities visible to neighboring properties and/or public view. The standard for such maintenance shall be that which would be equal in quality to at least a first-class property. The Association acknowledges that any violation of this provision regarding maintenance and repair of the Subdivision to a first-class standard will diminish the value of Silverleaf's adjoining timeshare resort. Accordingly, upon the occurrence of any such violation by the Association, Silverleaf shall provide written notice to the Association of the violation, and the Association shall have six (6) months from the date of the notice in which to cure the violation. Any disagreement with respect to whether the violation has been cured shall be resolved by mediation. If the Association fails to correct the violation and problem cannot be resolved by mediation, Silverleaf may elect to rescind these Bylaws and Reinstall the Original Bylaws whereby Silverleaf will become a Class "A" member again and will once again have control of the Board of Directors of the Association.

### **Section 2 – Indemnification**

The Association covenants and agrees to indemnify, save and hold harmless Silverleaf from and against any and all losses, liabilities (including reasonable attorney's fees and defense costs) claims or causes of action existing in favor of or asserted by any person or entity arising out of or related to the Association's management of or activities at the Subdivision. This indemnification does not protect Silverleaf from its own acts wherever they may occur.

### **Section 3 – Usage Fees**

Presently, Silverleaf pays the Association a fee based on a per member per year in return for which the Association permits the owners of timeshare interests at Silverleaf's adjoining timeshare development to use amenities, recreational facilities and common areas in the Subdivision. Silverleaf will continue to pay this fee in the future based upon the same basis as intended and in effect as of the date of the aforementioned agreement under this Article X so that the timeshare owners will continue to have the right to use the amenities, recreational facilities and common areas in the Subdivision. The Association agrees that it shall not be permitted to charge owners of timeshare interests at Silverleaf's adjoining resort any fees for the use of the recreational facilities. Amenities and common areas in the Subdivision unless such fees are also charged to members of the Association for such use; provided, however, the Association may charge timeshare owners at Silverleaf's adjoining timeshare resort \$45.00 per person, per round for golf green fees. In all other respects regarding usage fees, the owners of timeshare interests in Silverleaf's adjoining timeshare resort shall be treated the same as the Owners of the Lots in the Subdivision. These fees will be subject to change in accordance with changes in dues and other fees charged to members of the Association; provided, however, any changes in dues and other fees shall be uniformly applied so that members of the Association and the timeshare owners are treated equally.

### **Section 4 – Survival**

Notwithstanding anything to the contrary contained in these Bylaws, the foregoing special provisions regarding maintenance, indemnification and usage fees may not be altered, amended or repealed and shall remain in full force and effect and shall survive any such alteration, amendment or repeal unless the alterations, amendment or repeal is agreed to in advance and in writing by Silverleaf.