

## WESTSIDE HOA (/)

### HOMEOWNER'S ASSOCIATION BY-LAWS

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## BYLAWS OF WESTSIDE AT BUTTERCUP CREEK HOMEOWNERS ASSOCIATION, INC.

(A Texas Nonprofit Corporation)

## ARTICLE I - DEFINITIONS

1.1 Definitions. Capitalized terms used but not defined herein shall have the meanings given to them in the Supplemental Declaration of Covenants, Conditions and Restrictions for Westside at Buttercup Creek recorded in Volume 2576, Page 0669 of the Official Records of Williamson, County, Texas, as the same may be amended from time to time (the “Supplemental Declaration”), or if not defined in the Supplemental Declaration the terms shall have the meaning given to them in the Declaration of Covenants, Conditions and Restrictions for Westside at Buttercup Creek, recorded in Volume 2576, Page 0603, Official Records of Williamson County, Texas (the “Original Declaration”), as the same may be amended from time to time. References herein to the “Declaration” shall have the same meaning set forth in Section 9 of Article I of the Original Declaration.

## ARTICLE II - NAME

2.1 Name. The name of this Corporation shall be Westside at Buttercup Creek Homeowner's Association, Inc. (hereafter called the "Association")

### ARTICLE III - OFFICES

3.1 Registered Office. The registered office of the Association shall be as designated with the Secretary of State of the State of Texas, as it may be changed from time to time.

3.2 Other Offices. The Association may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Association may require.

### ARTICLE IV - APPLICATION

4.1 Application. All present or future Lot Owners, tenants, or future tenants of Buttercup Creek Phase IV, Sections 1 and 2, a subdivision of record in Williamson County, Texas, according to the map or plat of record in Cabinet K, Slides 324-328, Map Records of Williamson County, Texas (collectively referred to herein as "Lot" or "Lots") or any other person or entity who might use in any manner any facilities located on the Property (as those terms are used and defined in the Declaration) are subject to the provisions of any regulations set forth in these Bylaws. Acquisition, lease or rental of all or any portion of a Lot or occupancy of all or any portion of a Lot will, without necessity of further act, constitute an acceptance, approval and ratification of, and agreement to comply with, these Bylaws.

### ARTICLE V - MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, QUORUM, PROXIES

#### 5.1 Membership.

(a) Each and every Lot Owner shall automatically become, and, subject to the provisions hereof and of the provisions of the Declaration, shall remain a Member in Good Standing (as hereafter defined) of the Association during such Lot Owner's period of ownership of such Lot. Membership shall be appurtenant to and shall run with the ownership of the Lot that qualifies the Lot Owner thereof for membership. Membership in the Association may not be severed from the ownership of a Lot or in any way transferred, pledged, mortgaged, or alienated except with the title to the said Lot. Any attempt to make a prohibited severance, transfer pledge, mortgage or alienation shall be void and of no effect or notice whatsoever.

(b) The membership of a person or entity in the Association shall terminate automatically whenever

such person or entity ceases to be a Lot Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of ownership, and shall not impair any rights or remedies which the Association or any other Lot Owner has with regard to such former Lot Owner.

**5.2 Member in Good Standing.** A Member of the Association shall be considered to be a Member in Good Standing if such Member:

- (a) has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all Assessments or other charges levied by the Association then due and payable, as such Assessments or charges are provided for in the Declaration.
- (b) does not have an Assessment lien against such Members Lot(s), due to unpaid Assessments as set forth in the Declaration; and
- (c) has discharged other obligations to the Association as may be required of Members hereunder, under the Declaration.

Only Members in Good Standing are eligible to vote on any matter. The Board of Directors shall have sole responsibility and authority for determining the Good Standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) day prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting any or all of the three requirements stated herein above at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of this Article shall not be a Member in Good Standing and, unless the time requirement required hereunder is specifically waived by the Board in writing prior, to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board.

**5.3 Voting Rights in the association.** The Association shall have two (2) classes of voting membership:

- (a) **CLASS A.** The Class A members shall be all Owners of Assessable Tracts with the exception of the Declarant (unless and until its Class B Membership converts to Class A Membership as contemplated by Section 3 of Article II of the Declaration).

Each Class A member shall be entitled to the number of votes attributable to that portion of the Property owned by such Member, as determined in accordance with and subject to the provisions of Article II of the Declaration.

(b) CLASS B. The Class B member shall be the Declarant.

The Class B member shall be entitled to the number of votes as determined in accordance with and subject to the provisions of Article II of the Declaration. The Class B membership shall be terminated, and reinstated if applicable, pursuant to the provisions of Article II of the Declaration.

5.4 Motion Practice. The holder of more than one vote in Association matters may both make a motion and second such motion for any purpose during any proceeding of the Association.

5.5 Majority. As used in these Bylaws, the terms “majority of the Lot Owners” and “majority of the Members” shall mean those voting Members in Good Standing holding fifty-one percent (51%) of the votes of the Association.

5.6 Quorum. Members holding two-fifths (2/5) of the total votes entitled to be cast, represented in person or by proxy, shall constitute a quorum for voting on matters brought before the Association at meetings of Members called by the Board. In the event a quorum is not present, then notification of a meeting for the same purposes within ten (10) to thirty (30) days shall be sent by mail, at which meeting the number of Members in Good Standing represented in person or by proxy shall be sufficient to constitute a quorum. The Members in Good Standing present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members in Good Standing to leave less than a quorum.

5.7 Proxies. The vote of each Member may be cast by such Member or by proxy executed in writing by such Member or by such Member’s duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for more than eleven (11) months. All proxies must be filed with the secretary or Assistant Secretary of the Association before the appointed time of each meeting.

## ARTICLE VI - ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS

6.1 Association Responsibilities. The Members will constitute the Association which will have the responsibility of administering and enforcing the covenants, conditions and restrictions contained in the Declaration, including the collection and disbursement of charges and Assessments created therein,



through a Board of Directors. In the event of any dispute or disagreement between any Members relating to the Property, or any questions of interpretation or application of the provisions of the Declaration, Articles of Incorporation or these Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Members.

6.2 Place of Meeting. Meetings of the Association shall be held at such suitable place, deemed in good faith judgment of the Board to be reasonably convenient, to the Members as the Board of Directors may determine.

6.3 Annual Meeting. Annual meetings of the Association shall be held annually at such time as may be determined by the Board. The Members may transact such other business of the Association as may properly come before them. Failure to hold the annual meeting at the designated time shall not work a dissolution of the Association.

6.4 Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by a majority of Members in Good Standing and having been presented to the Secretary or Assistant Secretary of the Association for the purposes specified in the petition. The notice of any special meeting shall state the date, time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. No such meeting shall be held prior to the first annual meeting; thereafter, such special meetings shall be held within thirty (30) days after receipt by the President of such resolution or petition.

6.5 Notice of Meeting. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member in Good Standing entitled to vote at such meeting at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in Article XIX of these Bylaws shall be considered notice served.

6.6 Waiver of Notice. Before or after any meeting of the Members of the Association, any Member may, in writing, waive notice of such meeting and such waiver shall be equivalent to the giving of such notice.

## ARTICLE VII - BOARD OF DIRECTORS

7.1 Number, Tenure and Qualification. The affairs of the Association shall be managed by a Board of

Directors consisting of not less than three (3) persons, and initially consisting of the three (3) persons named in the Articles of Incorporation of the Association. The number of Directors may be increased or decreased, but to not less than three (3), from time to time by resolution of the Board of Directors or by due election of that number of Directors by the Members, but no decrease by the Board of Directors shall have the effect of shortening the term of any incumbent Director. Unless sooner removed in accordance with these Bylaws, members of the Board of Directors shall hold office until their successors shall have been elected and qualified. Any Member in Good standing is qualified to be a Director.

7.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property, having due regard (in good faith) for the character and quality of the area in which it is located. The Board of Directors may do all such acts and things except as by law or by these Bylaws or by the Declaration may not be delegated to the Board of Directors, provided that if a majority of the Directors do not agree on any matter before them, then such matter shall be submitted to the Members in Good Standing of the Association at any meeting of the Members, and a majority of those present shall decide such matter provided that a quorum is present.

7.3 Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following all of which shall be done solely for the benefit of the Property and for the mutual and reciprocal benefit of Members (as determined in the good faith judgment of the Board of Directors):

(a) to set, collect and disburse Assessments in any fiscal year or portion thereof for the following purposes:

(i) the employment of personnel or independent contractors;

(ii) the employment of legal, accounting, engineering, architectural or other independent professional services, including any services required to provide architectural review for any building or other development plans proposed for a Lot;

(iii) the purchase of a policy or policies of insurance insuring the Association against any liability to the public, Lot Owners, or occupants incidental to operation of the Association;

(iv) the purchase of fidelity bonds; and

(v) anything that the Board deems appropriate and proper in fulfilling its obligations and

- responsibilities under the terms of the Declaration or by law or which, in its reasonable opinion, shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declaration;
- (b) to expend Base Annual Assessments and Neighborhood Assessments, if any, collected pursuant to Article III of the Declaration for the purpose for which such Assessments were collected;
- (c) to expend Special Assessments collected pursuant to Article III of the Declaration for the purposes for which such Assessments were collected.
- (d) to enter into agreements or contracts with insurance companies with respect to insurance coverage for the Common Properties and Common Facilities in accordance with the Declaration;
- (e) to enter into contracts with utility companies (including providers of service in connection with water, sewer, gas, electric and other utilities) with respect to utility installation, consumption and services matters;
- (f) to borrow funds to pay any costs of operation, whether or not secured by assignment or pledge of rights against Lot Owners for current, delinquent and/or future Assessments, as the Board may determine in its sole discretion to be necessary and appropriate; provided, however, that the Board shall not be so authorized to borrow funds or secure such borrowings until such borrowing has been approved by a majority of the Members in Good Standing and then only on the terms approved by such Members in Good Standing.
- (g) to enter into contracts for goods and services or other Association purposes, provide services it deems proper, maintain one or more bank accounts, and generally to have all the powers necessary or incidental as may be required for prudent operation and management of the Association;
- (h) to sue (upon authorization of a majority of the Members in Good Standing) or to defend in any court of law on behalf of the Association, and to cause the Association to pay the costs and expenses (including attorney's fees judgments, fines and amounts paid in settlement) reasonably incurred in bringing such suit or defending an action on behalf of the Association;
- (i) to provide for and accumulate reserve funds to be used for repairs, replacement and/or maintenance, in such amounts and for such purposes as may reasonably be determined by the Board to be necessary and appropriate.
- (j) to make, or cause to be made, any tax returns, reports, or other filings required by federal, state or

local governmental authorities;

(k) to make reasonable rules and regulations for the use of the Property, as the Board deems necessary or appropriate, subject to approval by a majority of the Members;

(l) to keep books, records and annual reports of the financial activity of the Association, and to make such books, records and annual reports available for inspection by the Lot Owners, Mortgagees and insurers or guarantors of any Mortgage upon proper request during normal business hours;

(m) to adjust the amount, collect and use any insurance proceeds to repair or replace any damages or lost property, or to reimburse persons or entities entitled to receive reimbursement for injury, damage or losses, and, if said insurance proceeds are insufficient to provide full reimbursement as may be required, the Board may act to obtain the funds required in such manner as prescribed in the Declaration;

(n) to enforce the provisions of the Declaration, and to seek damages and/or equitable relief or other remedial action from any Lot Owner or any other person or entity for violation of this Declaration or any of its individual provisions;

(o) to contract with any Lot Owner(s), including, without limitation, the Declarant, for performance of services which the Association is otherwise obligated or permitted to perform, such contracts to be at competitive rates then prevailing for such services and upon such terms and conditions, and for such considerations, as the Board may deem advisable and in the best interest of the Association. The Board also shall have full power and authority, but not an obligation, to contract with any Lot Owner(s) to provide maintenance, repair or replacement service, or any combination thereof, through the Association for an individual Lot.

7.4 Vacancies. Vacancies in the Board of Directors caused by death, resignation, or disqualification (i.e. by any reason other than the removal of a Director by a vote of the Association or by an increase in the number of Directors) shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected and qualified. Vacancies caused by the increase in the number of Directors shall be filled by election at an annual meeting or at a special meeting of Members called for that purpose.

7.5 Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of Members entitled to vote, and a successor may be elected to fill the vacancy thus created.

7.6 Resignation of Directors. Any Director may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the Board of Directors, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

7.7 Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

7.8 Special Meetings. Special meetings of the Board of Directors may be called by the President or any Director on five (5) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

7.9 Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by such Director of the time and place and purpose thereof unless such Director attends such meeting for the express purpose of objecting to the transaction of any business at such meeting on the ground that such meeting has not been lawfully called and convened. If all of the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

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

7.11 Compensation. No member of the Board of Directors shall receive any compensation for acting as a Director of the Association. For purposes of this paragraph 7.11, compensation does not include any benefits received by a Director in the form, or by reason, of any indemnification, insurance coverage, reimbursement or waiver of liability as provided for in these Bylaws, the Declaration and the Articles of Incorporation.

## ARTICLE VIII - FISCAL MANAGEMENT

8.1 Accounts. The funds and expenditures of and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(a) Normal operating expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements (the “Operations Account”).

(b) Reserve for maintenance, repair and/or replacement relating to the Property which shall include funds for maintenance, repair or replacement required because of damage, wear or obsolescence (the “Reserve Account”).

8.2 Separate Accounts. Separate accounts shall be established as between the Operations Account and the Reserve Account, and any additional separate accounts may be established.

8.3 Fiscal Year. The fiscal year for the Association shall be the calendar year.

## ARTICLE IX - OFFICERS

9.1 Designation and Election of Officers. The Officers of the Association shall be elected annually by the Board of Directors, and shall consist of a President, a Vice President, both of whom shall at all times be a member of the Board, a Secretary, and a Treasurer. The Board of Directors may also elect an assistant Vice President and such other officers and Assistant Secretaries and Assistant Treasurers as the Board of Directors may from time to time designate as it deems necessary. Any two or more offices may be held by the same person, except the offices of President and Secretary. To the extent permitted by applicable law, each Officer shall hold office until such Officer’s successor has been elected or appointed.

9.2 Removal of Officers. Any Officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. The removal of an Officer shall be without prejudice to the contract rights, if any, of the Officer so removed. Election or appointment of an Officer shall not of itself create contract rights.

9.3 Resignation of Officers. Any Officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein, or, if no time is specified, at the time of its receipt by the Board of Directors, the President or the Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

9.4 Vacancies. Whenever any vacancies shall occur in any office by death, resignation, increase in the number of Officers of the Association, or otherwise, the same shall be filled by appointment by the Board of Directors. The Officer appointed to such vacancy shall hold office until a successor is elected.

9.5 President. The President shall be the chief executive officer of the Association, and shall preside at all meetings of the Association and of the Board of Directors. The President shall have all of the general powers and duties which are usually vested in the office of president of an association similar to the Association, including but not limited to the power to appoint committees from among the Members from time to time as the President may decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board.

9.6 Vice President. The Vice President shall have all of the powers and authority to perform all of the functions and duties of the President in the absence of the President or due to the President's inability for any reason to exercise such powers and functions or perform such duties, and also will perform any duties as director by the President or the Board.

9.7 Secretary. The Secretary shall keep all of the minutes of the meetings of the Board of Directors and the minutes of all meetings of the Association; have charge of and keep such books and papers as the Board of Directors may direct; and, in general, perform all of the duties incident to the office of Secretary and those duties as provided in these Bylaws.

The Secretary shall compile and keep up—to-date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

9.8 Assistant Vice President. The Assistant Vice President, if any, shall have all of the powers and authority to perform all of the functions and duties of the Vice President in the absence of the Vice President or in the event of the Vice President's inability for any reason to exercise such powers and functions or to perform such duties, and also will perform any duties as directed by the Vice President.

9.9 Assistant Secretary. The Assistant Secretary, if any, shall have all of the powers and authority to perform all of the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also will perform any duties as directed by the Secretary.

9.10 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. The Treasurer shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

9.11 Assistant Treasurer. The Assistant Treasurer, if any, shall have all of the powers and authority to perform all of the functions and duties of the Treasurer in the absence of the Treasurer or in the event of the Treasurer's inability for any reason to exercise such powers and functions or to perform such duties, and also will perform any duties as directed by the Treasurer.

## ARTICLE X - INDEMNIFICATION OF OFFICERS AND DIRECTORS

10.1 Indemnification. The Association shall indemnify any Officer or Director, committee member, employee, servant or agent of the Association, who was or is a named defendant or respondent or is threatened to be made a named defendant or respondent to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigate (whether or not by or in the right of the Association) by reason of the fact that such person is or was a Director, Officer, committee member, employee, servant or agent of the Association against all expenses (including but not limited to attorneys' fees and cost of the proceeding), judgments, penalties (including excise and similar taxes), fines and amounts paid in settlement actually and reasonably incurred by such person in connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed, in the case of conduct in such person's capacity, to be in the Association's best interest, and in all other cases, to be not opposed to the best interests of the Association; provided, that with respect to: (1) any criminal action or proceeding, such person had no reasonable cause to believe that such person's conduct was unlawful; or (2) any civil claim, issue or matter, such person shall not be adjudged guilty of willful or intentional misconduct in the performance of such person's duties to the Association by a court of competent jurisdiction. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, be determinative that such person had reasonable cause to believe that such person's conduct was unlawful, or that such person did not act in good faith or in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in



each specific case upon the determination that indemnification of such person is proper in the circumstances because the applicable standards of conduct as set forth herein have been met. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who are not named parties joined in such action, suit or proceeding; or (2) if such a quorum is not obtainable, by (a) independent legal counsel, selected by the Board, in a written opinion, or (b) the Members in Good Standing of the Association in a vote that excludes the vote of Directors who are named parties joined in the proceeding. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of a written affirmation by the person claiming such indemnification of such person's good faith belief in meeting the standard of conduct necessary for indemnification and a written undertaking by or on behalf of such person to repay all sums so advanced if it is subsequently determined that such person is not entitled thereto as provided in this Article.

To the extent that a Director, Officer, committee member, employee, servant or agent of the Association has been successful on the merits or otherwise in the defense of any action, suit or proceeding whether civil or criminal, such person shall be indemnified against such expenses (including attorneys' fees and costs of the proceeding) actually and reasonably incurred by such Director or Officer in connection therewith. Indemnification provided herein shall be exclusive of any and all other rights and claims to which those indemnified may be entitled as against the Association and every Director or Officer, committee member, employee, servant or agent thereof under any Bylaw resolution, agreement or law, and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer, committee member, employee, servant or agent thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provisions of this Article.

The Association may purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Association against any liability asserted against and incurred by the person in any such capacity, or arising out of the person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense subject to Special Assessment; provided however, that nothing contained in this Article X shall be deemed to obligate the Association to indemnify any Member or Lot Owner who is or has been a Director, Officer or committee member of the Association with respect to any

duties or obligations assumed or liability incurred by such Member or Lot Owner under and by virtue of the Declaration and these Bylaws that were assumed or incurred outside of the conduct specifically related to the fulfillment, of such Member's or Lot Owner's duties as an Officer, Director or committee member of the Association.

10.2 Other. The Members, Board of Directors, Officers or representatives of the Association shall enter contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Lot Owners).

## ARTICLE XI - AMENDMENTS TO BYLAWS

11.1 Amendments to Bylaws. These Bylaws may be amended in writing by the Board of Directors, as allowed by the Texas Non-Profit Corporation Act.

## ARTICLE XII - EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE

12.1 Proof of Ownership. Any person on becoming a Lot Owner, shall furnish to the Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with a fee simple interest or ownership in the Lot, which copy shall remain in the files of the Association. A Member shall not be deemed to be in Good Standing nor shall such Member be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

12.2 Registration of Mailing Address. The Lot Owner or Lot Owners of any Lot shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons to be used by the Association. Such registered address of a Lot Owner or Lot Owners shall be deemed to be the mailing address of the Lot owned by said Lot Owner or Lot Owners unless a different registered address is furnished by such Lot Owner(s) to the Board of Directors within fifteen (15) days after transfer of title, or after a change of address; and such registration shall be in written form and signed by all of the Lot Owners of the Lot or by such persons as are authorized by law to represent the interest of (all of) the Lot Owner(s) thereof.

## ARTICLE XIII - ASSESSMENTS AND LIENS

13.1 Purpose of Assessments. The Assessments levied by the Association shall be used exclusively to improve, beautify, maintain, manage and operate the Common Properties and Common Facilities,

and to pay taxes and insurance premiums thereon, and to promote the recreation, health, safety, convenience and welfare of the Members, such benefits to include, by way of illustration but not limitation: providing professional management services for the Common Facilities; providing patrol or watchman service; providing service contractors to manage and maintain recreational facilities; providing and maintaining lighting standards, fixtures and facilities; providing and maintaining all mechanical and electrical fixtures, plumbing equipment and drainage systems for the Common Properties and Facilities; fogging for insect control; providing garbage and rubbish pickup; maintaining the unpaved portion of, and any esplanades on, any street or right of way adjoining or serving the Property; maintaining landscaping and other improvements (including, without limitation, walls, retaining walls, monuments, signage and irrigation systems) contained within esplanades and cul—de—sacs in any public streets located within or serving the Property, or in any landscape reserves; enforcing the provisions contained in The Declaration; employing, at the request of the Modifications Committee and/or New Construction Committee, one or more architects, engineers, attorneys, or other consultants, for the purpose of advising such Committees in carrying out their duties and authority as set forth herein or, at the option of the Board of Directors of the Association, for the maintenance and/or improvement of the Common Properties or Facilities or for the benefit of the Members; installation and maintenance of street light and other lighting systems; publishing a neighborhood newsletter; providing animal control services; providing educational programs concerning environmental and endangered species laws and regulations. The foregoing uses and purposes are permissive and not mandatory, and the decisions of the Board of Directors of the Association shall be final as long as made in good faith and in accordance with the Bylaws of the Association and any applicable governmental laws, rules and regulations.

13.2 Maximum Base Annual Assessment. Prior to the conveyance of the first Lot to an Owner, the Association shall establish the amount of the Base Annual Assessment. Beginning on January 1 of the year immediately following the conveyance of the first Lot to an Owner, and as of each January 1 thereafter, the Board of Directors shall levy on each Assessable Tract and collect from the Owner thereof a Base Annual Assessment for each Building Plot, which shall be due and payable as provided hereinafter; provided, however, that prior to the date on which a recreation/community center on Common Properties of the Association has been constructed and is operating, if ever, the Board may, in its sole judgment and discretion, establish the Base Annual Assessment at an amount less than \$120.00 per Building Plot. Anything contained herein to the contrary or seemingly to the contrary notwithstanding, the Base Annual Assessments provided for herein shall be payable by the Owners of each of the Building Plots comprising Assessable Tracts within the boundaries of the Properties, in the manner hereinafter set forth.

(a) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Base Annual Assessment may be increased each year by not more than 10% of the maximum Base Annual Assessment in effect for the prior year (such percentage not to be cumulative from year to year) by the Board of Directors without a vote of the Members.

(b) From and after January 1 of the year immediately following the conveyance of the first Lot to an Owner, the maximum Base Annual Assessment may be increased by an amount in excess of 10% in a given year (over the maximum Base Annual Assessment permitted in the prior year) by the vote or written assent of holders of at least 51% of the votes present at a quorum of the Members present and voting at a meeting duly called and held for such purpose.

(c) The Board of Directors shall from time to time set, fix and levy the Base Annual Assessment at an amount not in excess of the maximum permitted herein.

**13.3 Special Assessments for Capital Improvements.** In addition to the Base Annual Assessments authorized by Section 13.2 hereinabove, the Association may levy against the Assessable Tracts in any calendar year one or more “Special Assessments” applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, purchase, acquisition, repair, or replacement of a capital improvement of the Association, including necessary fixtures and personal property related thereto, but any such special Assessment must be approved by Members entitled to cast not less than two—thirds (2/3) of the aggregate of the votes of a quorum of Members present and voting at a meeting thereof duly called and held for such purpose. The Special Assessment against every Assessable Tract shall be the same as the Special Assessment against every other Assessable Tract.

**13.4 Uniform Rate of Assessments.** The Association, by action of its Board of Directors, shall levy Base Annual Assessments against the Assessable Tracts to obtain funds reasonably anticipated to be needed for purposes stated in Section 13.1 above, including reasonable reserves for contingencies and for capital improvements, replacements, and repairs; provided, the Base annual Assessments shall be levied on a uniform basis as follows:

(a) Building Plots owned by Declarant or its designated successors and assigns which are “Declarants” as defined in the Declaration . . . . . None

(b) Building Plots conveyed by Declarant to builders for the purposes of constructing a residence thereon during the period of actual construction until substantially completed . . . . .  
100%

(c) Building Plots with completed residences occupied by individual (including corporate or other entity) homebuyers . . . . . 100%

13.5 Neighborhood Assessments. Each Neighborhood, which is designated as such by Declarant in the Supplemental Declaration that designates such area as a separate Neighborhood and/or that brings such Property within the jurisdiction of the Association, shall be subject to the Neighborhood Assessment, if any, specified, authorized or contemplated in such Supplemental Declaration to defray the costs of additional services and/or amenities to be provided by the Association that primarily or exclusively benefit the Owners of Lots within that Neighborhood. Furthermore, by vote of the Owners of ninety percent (90%) of the Lots within a Neighborhood (whether such vote is at a meeting of the Members or by written assent in a poll of the Members in the Neighborhood in question, so long as the ninety percent (90%) who voted in favor are Owners in that Neighborhood at the time the ninety percent (90%) is counted), such Owners may elect for their Neighborhood to have the Association provide services or amenities in excess of those being provided to all Neighborhoods and those specifically provided for in any Supplemental Declaration applicable to such Neighborhood. Upon so electing, all Owners in the Neighborhood (ninety percent (90%) of the Lot Owners in which have voted to request supplemental services) shall be assessed an annual Neighborhood Assessment based on the cost of the additional services and amenities, on a uniform basis within such Neighborhood. Owners in the Neighborhood who do not vote or who vote against such Neighborhood Assessment shall not be exempt from such Neighborhood Assessment, whether by their election not to participate in the supplemental services or otherwise. Nothing in The Declaration prohibits the Board of Directors from levying a different Neighborhood Assessment rate to the separate Neighborhoods. Neighborhood Assessments shall not be combined with Base Annual Assessments for purposes of determining the maximum permissible Base Annual Assessment under Section 13.2 hereof, nor separately be subject to the limitations of Section 13.2 hereof.

13.6 Declarant Assessment Liability. As long as there is a Class B Membership, Declarant shall be responsible only for any amount it has agreed in writing to pay to or on behalf of the Association. Declarant specifically disclaims any obligation to subsidize the Association generally or for any specific period of time.

13.7 Commencement of ase Annual Assessments; Due Dates. Subject to the provisions of Section 13.4 hereof, the Base Annual Assessment provided for herein shall commence on each Assessable Tract at such time as Lots on such Assessable Tract are finished and ready for home construction; provided, however, that the Base Annual Assessments shall not commence with respect to any Lot or Building Plot until such Lot or Building Plot becomes an Assessable Tract as defined in the Declaration. The

Base Annual Assessment on each Assessable Tract for the first year of such Assessment shall be due and payable on the day a Lot or Building Plot becomes an Assessable Tract, and shall be prorated for that year. After the first year, the Base Annual Assessment on such Assessable Tract for each such subsequent calendar year shall be due and payable on the first day of January in said year.

13.8 Commencement of Neighborhood Assessments and Special Assessments. Following the creation of a Neighborhood Assessment specific to a particular Neighborhood in excess of the Base Annual Assessments (whether created or authorized by Supplemental Declaration filed by Declarant or by vote of the Neighborhood Owners), the share thereof of each Owner in such Neighborhood shall be levied and collected by the Association on an annual, quarterly or semi-annual basis (at the option of the Board). Any Neighborhood Assessment authorized or created in a Supplemental Declaration filed by Declarant for that Neighborhood shall continue as to each Lot in that Neighborhood when such Lot becomes an Assessable Tract as herein defined, and the first payment shall be a prorated payment for the balance of the calendar year during which such Lot becomes an Assessable Tract, due upon invoicing by the Association. In the case of Neighborhood Assessments created or authorized by a vote of the Owners in the Neighborhood, the first Neighborhood Assessments shall be the partial calendar year remaining after the commencement of the supplemental services.

After the year of commencement of any Neighborhood Assessment with respect to a particular Lot, Neighborhood Assessments shall be payable in advance for each calendar year on the first day of January of such year or in advance quarterly or semi—annually as decided by the Board. The due date of any Special Assessment under Section 13.3 hereof shall be fixed in the resolution of the members of the Association authorizing or approving such Special Assessment.

13.9 Common Properties Exempt. All Common Properties as defined in Article I, Section 5 of the Declaration, and all portions of the Property owned, leased 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 the Assessments and liens created, reserved and/or contemplated herein.

13.10 Duties of the Board of Directors. The Board of Directors of the Association shall determine the amount to be levied as the Base Annual Assessment and Neighborhood Assessments against each Assessable Tract for each fiscal year, subject to the criteria and limitations set out in Section 13.2, 13.4 and 13.5 hereof. The Board of Directors of the Association shall cause to be prepared a roster of the Assessable Tracts showing the amount of each Assessment, which roster shall be kept in the office of Records of the Association and shall be open to inspection by any owner during the Association's

regular business hours. The Association shall upon demand at any time furnish to any Owner a certificate in writing signed by an officer or agent of the Association setting forth whether or not there are any unpaid Assessments against said Owner's Lot or Lots. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid, as to any third party who in good faith relies thereon to his economic detriment.

13.11 Effect of Non—Payment of Assessments; Remedies of the Association; Liens Securing Assessments. Any Base Annual Assessment, Neighborhood Assessment or Special Assessment not paid within thirty (30) days after the due date shall bear interest at the lesser of 10% per annum or the maximum per annum ceiling rate allowed by applicable usury laws from the due date until paid. The Association may bring an action at law against the Owner personally obligated to pay the same, foreclose the lien against the Building Plot, or pursue both such remedies to the extent not mutually exclusive. Interest, court and other collection costs and reasonable attorney's fees incurred in any such action shall be added to the amount of such Assessment or charge. Each such Owner, by his acceptance of a deed to a Building Plot, hereby expressly vests in the Association, or its agents, the right and power (i) to bring all actions against such Owner personally for the collection of such charges as a debt, and (ii) to enforce the aforesaid lien by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to Section 51.002, Tex. Prop. Code Ann. or its statutory successor provisions, and such Owner hereby expressly grants to the Association a private power of sale in connection with said lien. The lien provided for in this Section 13.11 shall be in favor of the Association and shall be for the benefit of all Building Plot Owners. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Properties or abandonment of his Building Plot.

13.12 Subordination of the Lien to Mortgages. The lien securing any Assessment provided for herein shall be subordinate to the lien of any mortgage(s) now or hereafter placed upon the Building Plot subject to the Assessment for the purpose of securing indebtedness incurred to purchase or improve such Building Plot; provided, however, that such subordination shall apply only to the Assessments which have become due and payable prior to a sale or transfer of such Building Plot pursuant to a decree of foreclosure or a foreclosure by trustee's sale under a deed of trust. Such sale or transfer shall not relieve such Building Plot from liability for any Assessment thereafter becoming due, nor from the lien securing any such subsequent Assessment. In addition to the automatic subordination provided for above: the Association, in the discretion of its Board of Directors, may voluntarily subordinate the lien securing any Assessment provided for herein to any other mortgage, lien or encumbrance, subject to such limitations, if any, as such Board may determine. No such voluntary subordination shall be effective unless given in writing by the Association upon a vote of the Board of Directors.

13.3 Exempt Property. The Assessments and liens created in this Article XIII shall apply only to Assessable Tracts. The remainder of the Properties shall not be subject thereto nor shall the Owners thereof (except Declarant) be entitled to the rights granted to Members in the Association.

## ARTICLE XIV - COMMITTEES

14.1 Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more other committees. Except as otherwise provided in such resolution, members of such committee or committees shall be Members in Good Standing of the Association, and the President of the Association shall appoint the members thereof. Such committee or committees shall be subject to the following provisions:

- (a) each member of a committee shall continue as such until the next annual meeting of the Members of the Association or until a successor is appointed unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof;
- (b) one member of each committee shall be appointed chairman of such committee by the President of the Association;
- (c) vacancies in the membership of a committee may be filled by appointments made in the same manner as provided in the case of the original appointments;
- (d) unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee; and
- (e) each committee may adopt rules for its own government not inconsistent with these Bylaws, the Declaration or with rules adopted by the Board of Directors.

## ARTICLE XV - NONPROFIT ASSOCIATION

15.1 Nonprofit Association. This Association is not organized for profit. No Member, member of the Board of Directors, Officer or person or entity from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or be distributed to, or inure to the benefit of any member of the Board of Directors, Officer or Member; provided, however, always (1) that reasonable compensation may be



paid to any Member, Director or Officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any Member, Director or Officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

## ARTICLE XVI - EXECUTION OF DOCUMENTS

16.1 Execution of Documents. The persons who shall be authorized to execute any and all contracts, documents, instruments of conveyance or encumbrances, including promissory notes, shall be the President or the Vice President of the Association.

## ARTICLE XVII - PROXY TO TRUST

17.1 Proxy to Trust. Lot Owners shall have the right to irrevocably constitute and appoint their Mortgagees as their true and lawful attorney to cast their vote(s) in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominees any and all rights, privileges, and powers that they have as Lot Owners under the Bylaws of this Association or by virtue of the Declaration. Such proxy shall become effective upon the filing of a notice by the beneficiary with the Secretary or Assistant Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of the failure, neglect, or refusal of the Association or the Lot Owners to carry out their duties as set forth in the Declaration. Such proxy shall be valid until such time as a release of the beneficiary's deed of trust as executed and a copy thereof delivered to the Secretary or Assistant Secretary of the Association, which shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Lot Owners or to impose upon the beneficiary of the deed of trust the duties and obligations of any Lot Owner.

## ARTICLE XVIII - CONFLICTING OR INVALID PROVISIONS

18.1 Conflicting or Invalid Provisions. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the provisions of the Texas Non-Profit Corporation Act or any other Texas law, such Act or law shall control; and should any part of these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative. Furthermore, should all or part of any Article of these Bylaws be in conflict with the provisions of the Declaration, the Declaration shall control.

## ARTICLE XIX - NOTICES

19.1 Notices. Any notice permitted or required to be given in writing by these Bylaws or the

Declaration may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third (3rd) day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person to the Association for the purpose of service of notices or to the residence of such person if no address has been given to the Association. Such address may be changed from time to time by notice in writing given by such person to the Association.

CEDAR PARK, TEXAS 78613, UNITED STATES 512.502.2114

BOARD@WESTSIDEHOA.ORG

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CEDAR PARK, TEXAS 78613, UNITED

STATES 512.502.2114 BOARD@WESTSIDEHOA.ORG (MAILTO:BOARD@WESTSIDEHOA.ORG)

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