TRV 2000138992
19 pgs

AFFIDAVIT AND NOTICE OF THE DEDICATORY INSTRUMENTS OF THE PRESTON OAKS OWNERS ASSOCIATION, INC.

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned authority, personally appeared Holly Trapp, who upon oath desposed and stated

1 My name is Holly Trapp and I am the current President of the Board of Directors of the Preston Oaks Owners Association, Inc , a Texas non-profit corporation (the "Association")

2 I have personal knowledge of the facts set forth below, which are all true and correct, am over 18 years of age, am competent to make this affidavit and have authority to do so on behalf of the Association

3 The Declaration of Covenants, Conditions and Restrictions, Preston Oaks, Phase One, Section A is recorded as Document No 9651456 Official Records of Travis County, Texas (the "Declaration") and the following documents have been recorded adding land to the Declaration First Notice of Addition of Land to Declaration of Covenants, Conditions and Restrictions, Preston Oaks, Phase One, Section B recorded as Document No 9702682, Official Records, Travis County, Texas, Second Notice of Addition of Land to Declaration of Covenants, Conditions and Restrictions, Phase 2, Section A, recorded as Document No 9751501, Official Records, Travis County, Texas, and Third Notice of Addition of Land to Declaration of Covenants, Conditions and Restrictions, Preston Oaks, Phase 2, Section A, recorded as Document No 9851080, Official Records, Travis County, Texas, all of which pertain to real property in Travis County, Texas described therein

4 The Association was incorporated as a Texas non-profit corporation on April 7, 1997, as evidenced by the Certificate of Incorporation issued by the Secretary of State on that date, which is attached to a copy of the Articles of Incorporation of the Association True and correct copies of that Certificate of Incorporation and the Articles of Incorporation of the Association are attached hereto and labeled as Exhibit "A"

5 The Association has adopted Bylaws consisting of 14 pages dated the 7th of April, 1997, a true and correct copy of which is attached hereto and labeled as Exhibit "B"

6 This Affidavit and Notice is being recorded in the Official Records of Travis County, Texas to comply with §202 006, Texas Property Code

THE PRESTON OAKS OWNERS ASSOCIATION, INC
(The "Association")

By _____
Holly Tirapp
President of the Board of Directors

SUBSCRIBED AND SWORN TO BEFORE ME this 18 day of April, 2000

PAM SCOMA
MY COMMISSION EXPIRES
October 26, 2002

_____
Notary Public, State of Texas

[SEAL]

Pam Scoma
Notary's Name Typed or Printed
Commission Expires 10/26/02

EXHIBIT "A"

The State of Texas

Secretary of State

CERTIFICATE OF INCORPORATION

OF

PRESTON OAKS OWNERS ASSOCIATION, INC.
CHARTER NUMBER 01440676

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS, HEREBY CERTIFIES THAT THE ATTACHED ARTICLES OF INCORPORATION FOR THE ABOVE NAMED CORPORATION HAVE BEEN RECEIVED IN THIS OFFICE AND ARE FOUND TO CONFORM TO LAW.

ACCORDINGLY, THE UNDERSIGNED, AS SECRETARY OF STATE, AND BY VIRTUE OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES THIS CERTIFICATE OF INCORPORATION.

ISSUANCE OF THIS CERTIFICATE OF INCORPORATION DOES NOT AUTHORIZE THE USE OF A CORPORATE NAME IN THIS STATE IN VIOLATION OF THE RIGHTS OF ANOTHER UNDER THE FEDERAL TRADEMARK ACT OF 1946, THE TEXAS TRADEMARK LAW, THE ASSUMED BUSINESS OR PROFESSIONAL NAME ACT OR THE COMMON LAW.

DATED APR. 7, 1997

EFFECTIVE APR. 7, 1997

Antonio O. Garza, Jr., Secretary of State

ARTICLES OF INCORPORATION

OF

PRESTON OAKS OWNERS ASSOCIATION, INC.

FILED
In the Office of the
Secretary of State of Texas
APR 0 7 1997
Corporations Section

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as incorporator of a corporation under the Texas Nonprofit Corporation Act, does hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I
Name

The name of the corporation is: Preston Oaks Owners Association, Inc. (hereinafter called the "Association").

ARTICLE II
Nonprofit Corporation

The Association is a nonprofit corporation.

ARTICLE III
Duration

The period of its duration is perpetual.

ARTICLE IV
Purpose and Powers of the Association

The Association is organized in accordance with, and shall operate for nonprofit purposes pursuant to, the Texas Nonprofit Corporation Act, and does not contemplate pecuniary gain or profit to its members. The Association is formed for the sole purpose of exercising all of the powers and privileges, and performing all of the duties and obligations, of the Association as set forth in the Declaration of Covenants, Conditions, and Restrictions - Preston Oaks, dated April 4, 1997 and filed for record in the Real Property Records of Travis County, Texas, as the same may be amended from time to time (the "Declaration").

ARTICLE V
Registered Office; Registered Agent

The street address of the initial registered office of the Association is 4515 Seton Center Parkway, #200, Austin, Texas 78759. The name of its initial registered agent at such address is Terry E. Mitchell.

ARTICLE VI
Board of Directors

The number of directors constituting the initial Board of Directors of the Association is three (3) and the names and address of the persons who are to serve as the initial directors are:

NAME	ADDRESS
Terry E. Mitchell	4515 Seton Center Parkway Suite 200 Austin, Texas 78759
Steve Herring	4515 Seton Center Parkway Suite 200 Austin, Texas 78759
Bryan Rome	4515 Seton Center Parkway Suite 200 Austin, Texas 78759

ARTICLE VII
Incorporator

The name and street address of the incorporator is:

NAME	ADDRESS
Sharon L. Campbell	4515 Seton Center Parkway Suite 200 Austin, Texas 78759

Sharon L. Campbell

Sharon L. Campbell, Incorporator

EXHIBIT "B"

BYLAWS

OF

PRESTON OAKS OWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Preston Oaks Owners Association, Inc., hereinafter referred to as the "Association" The principal office of the Association shall be located at 4515 Seton Center Parkway, #200, Austin, Texas 78759, but meetings of members and directors may be held at such places within the State of Texas, County of Travis, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in these Bylaws shall have the meanings hereinafter specified:

Section 2.1. Articles. "Articles" shall mean the Articles of Incorporation of Preston Oaks Owners Association, Inc., which will be filed in the office of the Secretary of State of the State of Texas, as the same may from time to time be amended.

Section 2.2. Assessment. "Assessment" or "Assessments" shall mean assessment(s) levied by the Association under the terms and provisions of the Declaration.

Section 2.3. Association. "Association" shall mean and refer to Preston Oaks Owners Association, Inc.

Section 2.4. Association Property. "Association Property" shall mean all real or personal property now or hereafter owned by the Association, including without limitation, all easement estates, licenses, leasehold estates and other interests of any kind in and to real or personal property which is now or hereafter owned or held by the Association.

Section 2.5. Association Restrictions. "Association Restrictions" shall mean the Declaration as the same may be amended from time to time, together with the Articles, Bylaws, Committee Rules, and Association Rules from time to time in effect.

Section 2.6. Association Rules. "Association Rules" shall mean the rules and regulations adopted by the Board pursuant to the Declaration, as the same may be amended from time to time.

Section 2.7. Board. "Board" shall mean the Board of Directors of the Association.

Section 2.8. Bylaws. "Bylaws" shall mean the Bylaws of the Association which may be adopted by the Board and as from time to time amended.

Section 2.9. Declarant. "Declarant" shall mean Continental Homes of Austin, L. P , a Texas limited partnership, and its duly authorized representatives or its successors or assigns; provided that any

assignment of the rights of Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

Section 2.10. Declaration. "Declaration" shall mean the "Declaration of Covenants, Conditions, and Restrictions - Preston Oaks," dated April 11, 1997 and recorded in the Real Property Records of Travis County, Texas, as the same may be amended from time to time.

Section 2.11. Lot. "Lot" or "Lots" shall mean any parcel or parcels of land within the Property, together with all improvements located thereon.

Section 2.12. Manager. "Manager" shall mean the person, firm, or corporation, if any, employed by the Association pursuant to the Declaration and delegated the duties, powers, or functions of the Association.

Section 2.13. Member. "Member" or "Members" shall mean any person(s), entity or entities holding membership privileges in the Association as provided in the Declaration.

Section 2.14. Mortgage. "Mortgage" or "Mortgages" shall mean any mortgage(s) or deed(s) of trust covering any portion of the Property given to secure the payment of a debt.

Section 2.15. Mortgagee. "Mortgagee" or "Mortgagees" shall mean the holder or holders of any lien or liens upon any portion of the Property

Section 2.16. Owner. "Owner" or "Owners" shall mean the person(s), entity or entities, including Declarant, holding a fee simple interest in any Lot, but shall not include the Mortgagee of a Mortgage.

Section 2.17. Property "Property" shall mean and refer to that tract or parcel of land situated in Travis County, Texas which is more fully described in the Declaration.

ARTICLE III
PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized in accordance with, and shall operate for nonprofit purposes pursuant to, the Texas Nonprofit Corporation Act, and does not contemplate pecuniary gain or profit to its members. The Association is formed for the sole purpose of exercising all of the powers and privileges, and performing all of the duties and obligations, of the Association as set forth in the Declaration, as the same may be amended from time to time. Without limiting the generality of the foregoing, the Association is organized for the following general purposes.

(a) to assure the upkeep, maintenance, improvement and administration of the common area and facilities of the Association, if any, and all lands, improvements, security devices, and other real or personal property owned by or leased to the Association, including all sidewalks and pathways located within the "Property" (as such term is defined in the Declaration);

(b) to assure the upkeep, maintenance, improvement and administration of any additional property which may in the future be acquired by or placed under the control of the Association pursuant to the Declaration, as amended from time to time;

(c) to enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of the Property in accordance with the Bylaws of the Association and the Declaration, as amended from time to time;

(d) to promote the health, safety and welfare of the residents of the Property in accordance with the Declaration, as amended from time to time;

(e) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association arising under the Declaration, as amended from time to time;

(f) to enforce applicable provisions of the Declaration (as amended from time to time), the Bylaws and any rules and regulations of the Association, and any other instruments for the management and control of the Property including, without limitation, the power

(i) to fix, levy, collect and enforce payment, by any lawful means, of all charges or assessments imposed pursuant to the terms of the Declaration, as amended from time to time;

(ii) to contract for and to pay for water, sewer, garbage removal, landscaping, gardening, and all other utilities or services to and all maintenance of the Association Property;

(iii) to employ personnel reasonably necessary for the administration and operation of the Association, and to discharge the powers and duties of the Association arising under the Declaration, as amended from time to time, including the employment of accountants and/or attorneys, if appropriate; and

(iv) to pay all office and other expenses incident to the conduct of the business of the Association, including all insurance expenses, licenses, taxes and special tax or utility assessments which are or would become a lien on any portion of the Property over which the Association has authority to exercise control;

(g) to have and to exercise any and all powers, rights and privileges, including delegation of powers as permitted by law, which the Association may now or hereafter have or exercise in accordance with the Texas Non-Profit Corporation Act including, without limitation, the power;

(i) to acquire additional real or personal property and to add to the Property pursuant to the Declaration, as amended from time to time;

(ii) to acquire (by purchase, grant or otherwise), annex and merge, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, with the assent of two-thirds (2/3) of each class of Members present at a meeting duly called for such purpose;

(iii) to indemnify officers and directors to the fullest extent permitted by applicable law as more particularly described in the Bylaws of the Association;

(iv) to borrow money, and, with the assent of two-thirds (2/3) of each class of Members present at a meeting duly called for such purpose, mortgage, pledge, or assign any or all of its real or personal property as security for money borrowed or debts incurred in accordance with the terms and conditions of the Declaration, as amended from time to time; and

(v) to act in the capacity of principal, agent, joint venturer, partner, or otherwise.

The foregoing statement of purposes shall be construed as a statement of both purposes and powers, and the purposes and powers stated in each of the foregoing clauses shall not be limited or restricted by reference to or inference from the terms and provisions of any other such clause, but shall be broadly construed as independent purposes and powers. The Association is organized in accordance with and shall operate for nonprofit purposes pursuant to the Texas Non-Profit Corporation Act and no pecuniary gain or profit to its members is contemplated hereby.

ARTICLE IV
MEMBERSHIP

There shall be two classes of membership for purposes of voting on any Association matter. The Class A Members shall include each owner (excluding Declarant under the Declaration) of a lot within the Property and each such owner shall have one (1) vote for each lot owned. The Class B Member shall be Declarant and Declarant shall have three (3) votes for each lot owned by Declarant. The Class B Membership shall convert to a Class A Membership upon the earlier to occur of (i) Declarant owns less than twenty-five percent (25%) of the Property, or (ii) ten (10) years from the date of the Declaration. Membership may not be severed from or in any way transferred, pledged, mortgaged, or alienated except together with the title to the qualifying property interest, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

ARTICLE V
MEETING OF MEMBERS

Section 5.1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association. Thereafter, the annual meeting of the Members shall be held at such time as the Board may determine.

Section 5.2. Special Meetings. Special meetings of the Members may be called at any time by the President or the Board of Directors, or upon written request of either class of Members who are entitled to vote twenty-five percent (25%) or more of the votes of said class

Section 5.3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) and no more than fifty (50) days before such meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5.4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of the total votes of each class of membership shall constitute a

quorum for any action, except as otherwise provided in the Articles, the Declaration, or these Bylaws. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 5.5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 5.6. Voting Rights. The right to cast votes, and the number of votes which may be cast, for election of Members to the Board of Directors of the Association and on all other matters to be voted upon by the Members, shall be in accordance with Article VI, Section 6.03 of the Declaration.

Section 5.7. Majority Vote; Withdrawal of Quorum. When a quorum is present at any meeting of the Members, the vote of the holders of a majority of the votes, present in person or represented by proxy, shall decide any question brought before such meeting unless the question is one upon which by express provision of a statute of the State of Texas, the Articles or these Bylaws, a different vote is required, in which case such express provision shall govern and control the deciding of such question. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members leaving less than a quorum.

ARTICLE VI
ACTION WITHOUT MEETING

Any action required by law to be taken at any annual or special meeting of the members of the Association, or any action that may be taken at any annual or special meeting of the members of the Association, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the number of Members of the Association having the total number of votes necessary to enact the action taken, as determined under the Declaration or these Bylaws.

ARTICLE VII
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 7.1. Number. The affairs of the Association shall be managed by a Board of three (3) Directors until the first annual or subsequent meeting, at which time the number of members of the Board of Directors may be changed by resolution of the Directors; provided, however, the minimum number of Directors shall be three (3).

Section 7.2. Term of Office. At the first annual meeting the Members shall elect one (1) Director for a term of three (3) years, one (1) Director for a term of two (2) years, and one (1) Director for a term of one (1) year; and at each annual meeting thereafter the Members shall elect the Directors for a term of three (3) years to fill each expiring term.

Section 7.3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association entitled to cast votes pursuant to Section 5.6 of these Bylaws. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve until the next annual meeting of the Members.

Section 7.4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 7.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VIII
NOMINATION AND ELECTION OF DIRECTORS

Section 8.1. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or nonmembers.

Section 8.2. Election. Election to the Board shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE IX
MEETINGS OF DIRECTORS

Section 9.1. Regular Meetings. Regular meetings of the Board shall be held annually or such other frequency as determined by the Board, without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should the meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday

Section 9.2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 9.3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

ARTICLE X
LIMITATION OF DIRECTOR LIABILITY

A Director of the Association shall not be personally liable to the Association for monetary damages for any act or omission in his capacity as a director, except to the extent otherwise expressly provided by a statute of the State of Texas. Any repeal or modification of this Article shall be

prospective only, and shall not adversely affect any limitation of the personal liability of a director of the Association existing at the time of the repeal or modification.

ARTICLE XI
POWERS AND DUTIES OF THE BOARD

Section 11.1. Powers. The Board shall have power to undertake any of the following actions to the extent and only to the extent that such actions are undertaken in furtherance of the sole purposes of the Association as set forth in the Articles and the Declaration:

(a) adopt and publish the Association Rules, including regulations governing the use of the Association Property and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the Association Property during any period in which such Member shall be in default in the payment of any Assessment levied by the Association, or after notice and hearing, for any period during which an infraction of the Association Rules exists;

(c) exercise for the Association all powers, duties and authority vested in or related to this Association and not reserved to the membership by other provisions of the Association Restrictions;

(d) declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(e) employ such employees as they deem necessary, and to prescribe their duties;

(f) as more fully provided in the Declaration, to:

(i) fix the amount of the Assessments against each Lot in advance of each annual assessment period and any other assessments provided by the Declaration; and

(ii) foreclose the lien against any property for which Assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(g) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid and to levy a reasonable charge for the issuance of these certificates (it being understood that if a certificate states that an Assessment has been paid, such certificate shall be conclusive evidence of such payment);

(h) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(i) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate,

(j) appoint the members of the Architectural Committee as provided in the Declaration;

(k) establish reasonable membership or transfer fees; and

(l) exercise such other and further powers as provided in the Declaration.

Section 11.2. **Duties.** It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by either class of Members who are entitled to cast twenty-five percent (25%) of the votes for such class; and

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

ARTICLE XII
OFFICERS AND THEIR DUTIES

Section 12.1. **Enumeration of Offices.** The officers of this Association shall be a President and one Vice-President, who shall at all times be members of the Board, a Secretary and a Treasurer, and such other officers as the Board may from time to time create by resolution.

Section 12.2. **Election of Officers.** The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 12.3. **Term.** The officers of this Association shall be elected annually by the Board and each shall hold office for two (2) years unless he resigns sooner, or shall be removed, or otherwise disqualified to serve.

Section 12.4. **Special Appointments.** The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 12.5. **Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President, or the Secretary Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12.6. **Vacancies.** A vacancy in any office may be filled through appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces

Section 12.7. **Multiple Offices.** The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 12.4.

Section 12.8. **Duties.** The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall cosign all checks and promissory notes.

(b) Vice President. The Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President or the Board.

(c) Secretary The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall cosign all checks and promissory notes of the Association; keep proper books of account in appropriate form such that they could be audited by a public accountant whenever ordered by the Board or the membership; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members. In the event no Treasurer is then serving, the President shall be empowered with the Treasurer's duties.

ARTICLE XIII
OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board may, by resolution adopted by affirmative vote of a majority of the number of Directors fixed by these Bylaws, designate two or more Directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and of carrying out and implementing any instructions or any policies, plans, programs and rules theretofore approved, authorized and adopted by the Board.

ARTICLE XIV
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Association Restrictions shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XV
ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association Assessments which are secured by a continuing lien upon the property against which the Assessments are made. Assessments shall be due and payable in accordance with the Declaration. If any Assessment is not paid before becoming delinquent, the Owner responsible for the payment thereof shall be required by the Board to pay interest at a rate of six percent (6%) per annum on such Assessment from the due date thereof and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot or Lots owned by such Owner, and all costs and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by nonuse of the Association Property or abandonment of his Lot or Lots. Notwithstanding any provision herein to the contrary, the Association may only levy Assessments (regular or special) to defray costs which are incurred in furtherance of the duties of the Association as set forth in the prescribed law, or set forth in the articles of these Bylaws or the Declaration.

ARTICLE XVI
CORPORATE SEAL

The Association may, but shall have no obligation to, have a seal in a form adopted by the Board.

ARTICLE XVII
AMENDMENTS

Section 17.1. These Bylaws may be amended, at a regular or special meeting of the Members, by a majority vote of a quorum of all the Members of the Association.

Section 17.2. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XVIII
DISSOLUTION

The Association may be dissolved upon the written consent of not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes substantially similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such substantially similar purposes.

ARTICLE XIX
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 19.1. Definitions. In this Article XIX.

(a) *"Indemnitee"* means (i) any present or former director, advisory director or officer of the Association; (ii) any person who, while serving in any of the capacities referred to in clause (i)

hereof, served at the Association's request as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; and (iii) any person nominated or designated by (or pursuant to authority granted by) the Board of Directors or any committee thereof to serve in any of the capacities referred to in clauses (i) or (ii) hereof.

(b) *"Official Capacity"* means (i) when used with respect to a director, the office of director of the Association, and (ii) when used with respect to a person other than a director, the elective or appointive office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

(c) *"Proceeding"* means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding

Section 19.2. **Indemnification.** The Association shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement, and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding in which he was, is or is threatened to be named a defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his serving or having served, or having been nominated or designated to serve, in any of the capacities referred to in Section 19.1(a), if it is determined in accordance with Section 19 4 that the Indemnitee (i) conducted himself in good faith, (ii) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests, and (iii) in the case of any criminal Proceeding, had no reasonable cause to believe that his conduct was unlawful; *provided, however*, that in the event that an Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee, the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the Proceeding and (ii) shall not be made in respect of any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. Except as provided in the immediately preceding proviso to the first sentence of this Section 19 2, no indemnification shall be made under this Section 19 2 in respect of any Proceeding in which such Indemnitee shall have been (i) found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, or (ii) found liable to the Association. The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (i), (ii) or (iii) in the first sentence of this Section 19 2. An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees and disbursements of attorneys for the Indemnitee

Section 19.3. Successful Defense. Without limitation of Section 19 2 and in addition to the indemnification provided for in Section 19 2, the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in Section

19 1(a), if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

Section 19.4. Determinations. Any indemnification under Section 19 2 (unless ordered by a court of competent jurisdiction) shall be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (ii) if such a quorum cannot be obtained, then by a majority vote of all directors (in which designation directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (iii) by special legal counsel selected by the Board or a committee thereof by vote as set forth in clauses (i) or (ii) of this Section 19 4 or, if the requisite quorum of all of the directors cannot be obtained therefor and such committee cannot be established, by a majority vote of all of the directors (in which directors who are named defendants or respondents in the Proceeding may participate); or (iv) by the Members in a vote that excludes the directors who are named defendants or respondents in the Proceeding Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (iii) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 19 4 that the Indemnitee has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

Section 19.5. Advancement of Expenses. Reasonable expenses (including court costs and attorneys' fees) incurred by an Indemnitee who was or is a witness or who is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in Section 19 4, after receipt by the Association of (i) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association under this Article XIX and (ii) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Article XIX. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it may be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this Article XIX, the Association may pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

Section 19.6. Employee Benefit Plans. For purposes of this Article XIX, the Association shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him of his duties to the Association also imposes duties on or otherwise involves services by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Association.

Section 19.7. Other Indemnification and Insurance. The indemnification provided by this Article XIX shall (i) not be deemed exclusive of, or to preclude, any other rights to which those seeking

indemnification may at any time be entitled under the Articles, any law, agreement or vote of Members or disinterested directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity, (ii) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, and (iii) inure to the benefit of the heirs, executors, and administrators of such a person.

Section 19.8. Notice. Any indemnification of or advance of expenses to an Indemnitee in accordance with this Article shall be reported in writing to the Members with or before the notice or waiver of notice of the next meeting of the Members or with or before the next submission to the Members of a consent to action without a meeting and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

Section 19.9. Construction. The indemnification provided by this Article XIX shall be subject to all valid and applicable laws, including, without limitation, Article 2.02-1 of the Texas Business Association Act, and, in the event this Article XIX or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article XIX shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

Section 19.10. Continuing Offer, Reliance, etc. The provisions of this Article XIX (i) are for the benefit of, and may be enforced by, each Indemnitee of the Association the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Indemnitee, and (ii) constitute a continuing offer to all present and future Indemnitees. The Association, by its adoption of these Bylaws, (i) acknowledges and agrees that each Indemnitee of the Association has relied upon and will continue to rely upon the provisions of this Article XIX in becoming, and serving in any of the capacities referred to in Section 19.1(a) hereof, (ii) waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees, and (iii) acknowledges and agrees that no present or future Indemnitee shall be prejudiced in his right to enforce the provisions of this Article XIX in accordance with their terms by any act or failure to act on the part of the Association.

Section 19.11. Effect of Amendment. No amendment, modification or repeal of this Article XIX or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitees to be indemnified by the Association, nor the obligation of the Association to indemnify any such Indemnitees, under and in accordance with the provisions of this Article XIX as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE XX
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Dated this 7th day of April, 1997.

Terry E. Mitchell, Director

Steve Herring, Director

Bryan Rome, Director

Ret:

PS Property Management Co. Inc.
P. O. Box 936
Pflugerville, TX 78691

Recorders Memorandum-At the time of recordation this instrument was found to be inadequate for the best reproduction because of illegibility, carbon or photocopy, discolored paper, etc All blockouts, additions and changes were present at the time the instrument was filed and recorded

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

08-30-2000 11 26 AM 2000138992
STRONGL $45 00
DANA DEBEAUVOIR ,COUNTY CLERK
TRAVIS COUNTY, TEXAS

TRV 2012063399
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RESOLUTION TO FILE DEDICATORY INSTRUMENTS
FOR
Preston Oaks Owners Association, Inc.

WHEREAS Texas Property Code § 202.006(a) has become effective January 1, 2012, requiring associations to file all dedicatory instruments, as defined by Texas Property Code § 202.001(1), in the official public records of the county or counties wherein they are located.

WHEREAS, failing the filing of the same, the Association's various dedicatory instruments would not be enforceable.

BE IT RESOLVED, that the following attached documents be caused to be filed in the official public records of the county or counties wherein the Association is located.

To the extent any of the attached dedicatory instruments conflict with any previous guidelines, rules, covenants, or restrictions, the dedicatory instruments filed herewith shall control.

This resolution was passed by a unanimous vote of the Board of Directors of the Association on the date set forth below to be effective January 1, 2012.

Executed this the 21st day of March, 2012.

By: Sharon Talley

Name: Sharon Talley

Title: POHOA President

STATE OF TEXAS)
)
COUNTY OF TRAVIS)

This instrument was acknowledged before me on this the 21st day of March, 2012, by Sharon Talley, POHOA President of and for the Association, for the purposes therein expressed.

TEANG UY PHOU
Notary Public
STATE OF TEXAS
Commission Exp. 05-25-2015

Notary Public, State of Texas

AFTER RECORDING PLEASE RETURN TO:

Goodwin Management, Inc.
11149 Research Blvd., Suite100
Austin, Texas 78759

ARTICLES OF INCORPORATION

OF

PRESTON OAKS OWNERS ASSOCIATION, INC.

FILED
In the Office of the
Secretary of State of Texas

APR 0 7 1997

Corporations Section

The undersigned natural person, being of the age of eighteen (18) years or more, a citizen of the State of Texas, acting as incorporator of a corporation under the Texas Nonprofit Corporation Act, does hereby adopt the following Articles of Incorporation for such corporation:

ARTICLE I
Name

The name of the corporation is: Preston Oaks Owners Association, Inc. (hereinafter called the "Association").

ARTICLE II
Nonprofit Corporation

The Association is a nonprofit corporation.

ARTICLE III
Duration

The period of its duration is perpetual.

ARTICLE IV
Purpose and Powers of the Association

The Association is organized in accordance with, and shall operate for nonprofit purposes pursuant to, the Texas Nonprofit Corporation Act, and does not contemplate pecuniary gain or profit to its members. The Association is formed for the sole purpose of exercising all of the powers and privileges, and performing all of the duties and obligations, of the Association as set forth in the Declaration of Covenants, Conditions, and Restrictions - Preston Oaks, dated April 4, 1997 and filed for record in the Real Property Records of Travis County, Texas, as the same may be amended from time to time (the "Declaration").

ARTICLE V
Registered Office; Registered Agent

The street address of the initial registered office of the Association is 4515 Seton Center Parkway, #200, Austin, Texas 78759. The name of its initial registered agent at such address is Terry E. Mitchell.

ARTICLE VI
Board of Directors

The number of directors constituting the initial Board of Directors of the Association is three (3) and the names and address of the persons who are to serve as the initial directors are:

NAME	ADDRESS
Terry E. Mitchell	4515 Seton Center Parkway Suite 200 Austin, Texas 78759
Steve Herring	4515 Seton Center Parkway Suite 200 Austin, Texas 78759
Bryan Rome	4515 Seton Center Parkway Suite 200 Austin, Texas 78759

ARTICLE VII
Incorporator

The name and street address of the incorporator is:

NAME	ADDRESS
Sharon L. Campbell	4515 Seton Center Parkway Suite 200 Austin, Texas 78759

Sharon L. Campbell

Sharon L. Campbell, Incorporator

The State of Texas

Secretary of State

CERTIFICATE OF INCORPORATION

OF

PRESTON OAKS OWNERS ASSOCIATION, INC.
CHARTER NUMBER 01440676

THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS, HEREBY CERTIFIES THAT THE ATTACHED ARTICLES OF INCORPORATION FOR THE ABOVE NAMED CORPORATION HAVE BEEN RECEIVED IN THIS OFFICE AND ARE FOUND TO CONFORM TO LAW.

ACCORDINGLY, THE UNDERSIGNED, AS SECRETARY OF STATE, AND BY VIRTUE OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES THIS CERTIFICATE OF INCORPORATION.

ISSUANCE OF THIS CERTIFICATE OF INCORPORATION DOES NOT AUTHORIZE THE USE OF A CORPORATE NAME IN THIS STATE IN VIOLATION OF THE RIGHTS OF ANOTHER UNDER THE FEDERAL TRADEMARK ACT OF 1946, THE TEXAS TRADEMARK LAW, THE ASSUMED BUSINESS OR PROFESSIONAL NAME ACT OR THE COMMON LAW.

DATED APR. 7, 1997

EFFECTIVE APR. 7, 1997

THE STATE OF TEXAS

Antonio O. Garza, Jr., Secretary of State

BYLAWS

OF

PRESTON OAKS OWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is Preston Oaks Owners Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be located at 4515 Seton Center Parkway, #200, Austin, Texas 78759, but meetings of members and directors may be held at such places within the State of Texas, County of Travis, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in these Bylaws shall have the meanings hereinafter specified:

Section 2.1. Articles. "Articles" shall mean the Articles of Incorporation of Preston Oaks Owners Association, Inc., which will be filed in the office of the Secretary of State of the State of Texas, as the same may from time to time be amended.

Section 2.2. Assessment. "Assessment" or "Assessments" shall mean assessment(s) levied by the Association under the terms and provisions of the Declaration.

Section 2.3. Association. "Association" shall mean and refer to Preston Oaks Owners Association, Inc.

Section 2.4. Association Property. "Association Property" shall mean all real or personal property now or hereafter owned by the Association, including without limitation, all easement estates, licenses, leasehold estates and other interests of any kind in and to real or personal property which is now or hereafter owned or held by the Association.

Section 2.5. Association Restrictions. "Association Restrictions" shall mean the Declaration as the same may be amended from time to time, together with the Articles, Bylaws, Committee Rules, and Association Rules from time to time in effect.

Section 2.6. Association Rules. "Association Rules" shall mean the rules and regulations adopted by the Board pursuant to the Declaration, as the same may be amended from time to time.

Section 2.7. Board. "Board" shall mean the Board of Directors of the Association.

Section 2.8. Bylaws. "Bylaws" shall mean the Bylaws of the Association which may be adopted by the Board and as from time to time amended.

Section 2.9. Declarant. "Declarant" shall mean Continental Homes of Austin, L. P., a Texas limited partnership, and its duly authorized representatives or its successors or assigns; provided that any

assignment of the rights of Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

Section 2.10. Declaration. "Declaration" shall mean the "Declaration of Covenants, Conditions, and Restrictions - Preston Oaks," dated April 11, 1997 and recorded in the Real Property Records of Travis County, Texas, as the same may be amended from time to time.

Section 2.11. Lot. "Lot" or "Lots" shall mean any parcel or parcels of land within the Property, together with all improvements located thereon.

Section 2.12. Manager. "Manager" shall mean the person, firm, or corporation, if any, employed by the Association pursuant to the Declaration and delegated the duties, powers, or functions of the Association.

Section 2.13. Member. "Member" or "Members" shall mean any person(s), entity or entities holding membership privileges in the Association as provided in the Declaration.

Section 2.14. Mortgage. "Mortgage" or "Mortgages" shall mean any mortgage(s) or deed(s) of trust covering any portion of the Property given to secure the payment of a debt.

Section 2.15. Mortgagee. "Mortgagee" or "Mortgagees" shall mean the holder or holders of any lien or liens upon any portion of the Property.

Section 2.16. Owner. "Owner" or "Owners" shall mean the person(s), entity or entities, including Declarant, holding a fee simple interest in any Lot, but shall not include the Mortgagee of a Mortgage.

Section 2.17. Property. "Property" shall mean and refer to that tract or parcel of land situated in Travis County, Texas which is more fully described in the Declaration.

ARTICLE III
PURPOSE AND POWERS OF THE ASSOCIATION

The Association is organized in accordance with, and shall operate for nonprofit purposes pursuant to, the Texas Nonprofit Corporation Act, and does not contemplate pecuniary gain or profit to its members. The Association is formed for the sole purpose of exercising all of the powers and privileges, and performing all of the duties and obligations, of the Association as set forth in the Declaration, as the same may be amended from time to time. Without limiting the generality of the foregoing, the Association is organized for the following general purposes:

(a) to assure the upkeep, maintenance, improvement and administration of the common area and facilities of the Association, if any, and all lands, improvements, security devices, and other real or personal property owned by or leased to the Association, including all sidewalks and pathways located within the "Property" (as such term is defined in the Declaration);

(b) to assure the upkeep, maintenance, improvement and administration of any additional property which may in the future be acquired by or placed under the control of the Association pursuant to the Declaration, as amended from time to time;

(c) to enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of the Property in accordance with the Bylaws of the Association and the Declaration, as amended from time to time;

(d) to promote the health, safety and welfare of the residents of the Property in accordance with the Declaration, as amended from time to time;

(e) to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association arising under the Declaration, as amended from time to time;

(f) to enforce applicable provisions of the Declaration (as amended from time to time), the Bylaws and any rules and regulations of the Association, and any other instruments for the management and control of the Property including, without limitation, the power:

(i) to fix, levy, collect and enforce payment, by any lawful means, of all charges or assessments imposed pursuant to the terms of the Declaration, as amended from time to time;

(ii) to contract for and to pay for water, sewer, garbage removal, landscaping, gardening, and all other utilities or services to and all maintenance of the Association Property;

(iii) to employ personnel reasonably necessary for the administration and operation of the Association, and to discharge the powers and duties of the Association arising under the Declaration, as amended from time to time, including the employment of accountants and/or attorneys, if appropriate; and

(iv) to pay all office and other expenses incident to the conduct of the business of the Association, including all insurance expenses, licenses, taxes and special tax or utility assessments which are or would become a lien on any portion of the Property over which the Association has authority to exercise control;

(g) to have and to exercise any and all powers, rights and privileges, including delegation of powers as permitted by law, which the Association may now or hereafter have or exercise in accordance with the Texas Non-Profit Corporation Act including, without limitation, the power;

(i) to acquire additional real or personal property and to add to the Property pursuant to the Declaration, as amended from time to time;

(ii) to acquire (by purchase, grant or otherwise), annex and merge, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Association, with the assent of two-thirds (2/3) of each class of Members present at a meeting duly called for such purpose;

(iii) to indemnify officers and directors to the fullest extent permitted by applicable law as more particularly described in the Bylaws of the Association;

(iv) to borrow money, and, with the assent of two-thirds (2/3) of each class of Members present at a meeting duly called for such purpose, mortgage, pledge, or assign any or all of its real or personal property as security for money borrowed or debts incurred in accordance with the terms and conditions of the Declaration, as amended from time to time; and

(v) to act in the capacity of principal, agent, joint venturer, partner, or otherwise.

The foregoing statement of purposes shall be construed as a statement of both purposes and powers, and the purposes and powers stated in each of the foregoing clauses shall not be limited or restricted by reference to or inference from the terms and provisions of any other such clause, but shall be broadly construed as independent purposes and powers. The Association is organized in accordance with and shall operate for nonprofit purposes pursuant to the Texas Non-Profit Corporation Act and no pecuniary gain or profit to its members is contemplated hereby.

ARTICLE IV
MEMBERSHIP

There shall be two classes of membership for purposes of voting on any Association matter. The Class A Members shall include each owner (excluding Declarant under the Declaration) of a lot within the Property and each such owner shall have one (1) vote for each lot owned. The Class B Member shall be Declarant and Declarant shall have three (3) votes for each lot owned by Declarant. The Class B Membership shall convert to a Class A Membership upon the earlier to occur of (i) Declarant owns less than twenty-five percent (25%) of the Property, or (ii) ten (10) years from the date of the Declaration. Membership may not be severed from or in any way transferred, pledged, mortgaged, or alienated except together with the title to the qualifying property interest, and then only to the transferee of title to said property interest. Any attempt to make a prohibited severance, transfer, pledge, mortgage, or alienation shall be void.

ARTICLE V
MEETING OF MEMBERS

Section 5.1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association. Thereafter, the annual meeting of the Members shall be held at such time as the Board may determine.

Section 5.2. Special Meetings. Special meetings of the Members may be called at any time by the President or the Board of Directors, or upon written request of either class of Members who are entitled to vote twenty-five percent (25%) or more of the votes of said class.

Section 5.3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) and no more than fifty (50) days before such meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 5.4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10th) of the total votes of each class of membership shall constitute a

quorum for any action, except as otherwise provided in the Articles, the Declaration, or these Bylaws. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 5.5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 5.6. Voting Rights. The right to cast votes, and the number of votes which may be cast, for election of Members to the Board of Directors of the Association and on all other matters to be voted upon by the Members, shall be in accordance with Article VI, Section 6.03 of the Declaration.

Section 5.7. Majority Vote; Withdrawal of Quorum. When a quorum is present at any meeting of the Members, the vote of the holders of a majority of the votes, present in person or represented by proxy, shall decide any question brought before such meeting unless the question is one upon which by express provision of a statute of the State of Texas, the Articles or these Bylaws, a different vote is required, in which case such express provision shall govern and control the deciding of such question. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members leaving less than a quorum.

ARTICLE VI
ACTION WITHOUT MEETING

Any action required by law to be taken at any annual or special meeting of the members of the Association, or any action that may be taken at any annual or special meeting of the members of the Association, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the number of Members of the Association having the total number of votes necessary to enact the action taken, as determined under the Declaration or these Bylaws.

ARTICLE VII
BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 7.1. Number. The affairs of the Association shall be managed by a Board of three (3) Directors until the first annual or subsequent meeting, at which time the number of members of the Board of Directors may be changed by resolution of the Directors; provided, however, the minimum number of Directors shall be three (3).

Section 7.2. Term of Office. At the first annual meeting the Members shall elect one (1) Director for a term of three (3) years, one (1) Director for a term of two (2) years, and one (1) Director for a term of one (1) year; and at each annual meeting thereafter the Members shall elect the Directors for a term of three (3) years to fill each expiring term.

Section 7.3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association entitled to cast votes pursuant to Section 5.6 of these Bylaws. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve until the next annual meeting of the Members.

Section 7.4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 7.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE VIII
NOMINATION AND ELECTION OF DIRECTORS

Section 8.1. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or nonmembers.

Section 8.2. Election. Election to the Board shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE IX
MEETINGS OF DIRECTORS

Section 9.1. Regular Meetings. Regular meetings of the Board shall be held annually or such other frequency as determined by the Board, without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should the meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 9.2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 9.3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

ARTICLE X
LIMITATION OF DIRECTOR LIABILITY

A Director of the Association shall not be personally liable to the Association for monetary damages for any act or omission in his capacity as a director, except to the extent otherwise expressly provided by a statute of the State of Texas. Any repeal or modification of this Article shall be

prospective only, and shall not adversely affect any limitation of the personal liability of a director of the Association existing at the time of the repeal or modification.

ARTICLE XI
POWERS AND DUTIES OF THE BOARD

Section 11.1. Powers. The Board shall have power to undertake any of the following actions to the extent and only to the extent that such actions are undertaken in furtherance of the sole purposes of the Association as set forth in the Articles and the Declaration:

(a) adopt and publish the Association Rules, including regulations governing the use of the Association Property and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the Association Property during any period in which such Member shall be in default in the payment of any Assessment levied by the Association, or after notice and hearing, for any period during which an infraction of the Association Rules exists;

(c) exercise for the Association all powers, duties and authority vested in or related to this Association and not reserved to the membership by other provisions of the Association Restrictions;

(d) declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(e) employ such employees as they deem necessary, and to prescribe their duties;

(f) as more fully provided in the Declaration, to:

(i) fix the amount of the Assessments against each Lot in advance of each annual assessment period and any other assessments provided by the Declaration; and

(ii) foreclose the lien against any property for which Assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(g) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid and to levy a reasonable charge for the issuance of these certificates (it being understood that if a certificate states that an Assessment has been paid, such certificate shall be conclusive evidence of such payment);

(h) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(i) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(j) appoint the members of the Architectural Committee as provided in the Declaration;

(k) establish reasonable membership or transfer fees; and

(l) exercise such other and further powers as provided in the Declaration.

Section 11.2. Duties. It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by either class of Members who are entitled to cast twenty-five percent (25%) of the votes for such class; and

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.

ARTICLE XII
OFFICERS AND THEIR DUTIES

Section 12.1. Enumeration of Offices. The officers of this Association shall be a President and one Vice-President, who shall at all times be members of the Board, a Secretary and a Treasurer, and such other officers as the Board may from time to time create by resolution.

Section 12.2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 12.3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for two (2) years unless he resigns sooner, or shall be removed, or otherwise disqualified to serve.

Section 12.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 12.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12.6. Vacancies. A vacancy in any office may be filled through appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 12.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 12.4.

Section 12.8. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall cosign all checks and promissory notes.

(b) Vice President. The Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President or the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall cosign all checks and promissory notes of the Association; keep proper books of account in appropriate form such that they could be audited by a public accountant whenever ordered by the Board or the membership; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members. In the event no Treasurer is then serving, the President shall be empowered with the Treasurer's duties.

ARTICLE XIII
OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board may, by resolution adopted by affirmative vote of a majority of the number of Directors fixed by these Bylaws, designate two or more Directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and of carrying out and implementing any instructions or any policies, plans, programs and rules theretofore approved, authorized and adopted by the Board.

ARTICLE XIV
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Association Restrictions shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XV
ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association Assessments which are secured by a continuing lien upon the property against which the Assessments are made. Assessments shall be due and payable in accordance with the Declaration. If any Assessment is not paid before becoming delinquent, the Owner responsible for the payment thereof shall be required by the Board to pay interest at a rate of six percent (6%) per annum on such Assessment from the due date thereof and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot or Lots owned by such Owner, and all costs and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the Assessments provided for herein by nonuse of the Association Property or abandonment of his Lot or Lots. Notwithstanding any provision herein to the contrary, the Association may only levy Assessments (regular or special) to defray costs which are incurred in furtherance of the duties of the Association as set forth in the prescribed law, or set forth in the articles of these Bylaws or the Declaration.

ARTICLE XVI
CORPORATE SEAL

The Association may, but shall have no obligation to, have a seal in a form adopted by the Board.

ARTICLE XVII
AMENDMENTS

Section 17.1. These Bylaws may be amended, at a regular or special meeting of the Members, by a majority vote of a quorum of all the Members of the Association.

Section 17.2. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XVIII
DISSOLUTION

The Association may be dissolved upon the written consent of not less than two-thirds (2/3) of each class of members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes substantially similar to those for which this Association was created. In the event that such dedication is refused acceptance, such assets shall be granted, conveyed, and assigned to any nonprofit corporation, association, trust, or other organization to be devoted to such substantially similar purposes.

ARTICLE XIX
INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 19.1. Definitions. In this Article XIX:

(a) *"Indemnitee"* means (i) any present or former director, advisory director or officer of the Association; (ii) any person who, while serving in any of the capacities referred to in clause (i)

hereof, served at the Association's request as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise; and (iii) any person nominated or designated by (or pursuant to authority granted by) the Board of Directors or any committee thereof to serve in any of the capacities referred to in clauses (i) or (ii) hereof.

(b) *"Official Capacity"* means (i) when used with respect to a director, the office of director of the Association, and (ii) when used with respect to a person other than a director, the elective or appointive office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

(c) *"Proceeding"* means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

Section 19.2. Indemnification. The Association shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement, and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding in which he was, is or is threatened to be named a defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his serving or having served, or having been nominated or designated to serve, in any of the capacities referred to in Section 19.1(a), if it is determined in accordance with Section 19.4 that the Indemnitee (i) conducted himself in good faith, (ii) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests, and (iii) in the case of any criminal Proceeding, had no reasonable cause to believe that his conduct was unlawful; *provided, however,* that in the event that an Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee, the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the Proceeding and (ii) shall not be made in respect of any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. Except as provided in the immediately preceding proviso to the first sentence of this Section 19.2, no indemnification shall be made under this Section 19.2 in respect of any Proceeding in which such Indemnitee shall have been (i) found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, or (ii) found liable to the Association. The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (i), (ii) or (iii) in the first sentence of this Section 19.2. An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees and disbursements of attorneys for the Indemnitee.

Section 19.3. Successful Defense. Without limitation of Section 19.2 and in addition to the indemnification provided for in Section 19.2, the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in Section

19.1(a), if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

Section 19.4. Determinations. Any indemnification under Section 19.2 (unless ordered by a court of competent jurisdiction) shall be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (ii) if such a quorum cannot be obtained, then by a majority vote of all directors (in which designation directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (iii) by special legal counsel selected by the Board or a committee thereof by vote as set forth in clauses (i) or (ii) of this Section 19.4 or, if the requisite quorum of all of the directors cannot be obtained therefor and such committee cannot be established, by a majority vote of all of the directors (in which directors who are named defendants or respondents in the Proceeding may participate); or (iv) by the Members in a vote that excludes the directors who are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (iii) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 19.4 that the Indemnitee has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

Section 19.5. Advancement of Expenses. Reasonable expenses (including court costs and attorneys' fees) incurred by an Indemnitee who was or is a witness or who is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in Section 19.4, after receipt by the Association of (i) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association under this Article XIX and (ii) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Article XIX. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it may be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this Article XIX, the Association may pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

Section 19.6. Employee Benefit Plans. For purposes of this Article XIX, the Association shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him of his duties to the Association also imposes duties on or otherwise involves services by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Association.

Section 19.7. Other Indemnification and Insurance. The indemnification provided by this Article XIX shall (i) not be deemed exclusive of, or to preclude, any other rights to which those seeking

indemnification may at any time be entitled under the Articles, any law, agreement or vote of Members or disinterested directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity, (ii) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, and (iii) inure to the benefit of the heirs, executors, and administrators of such a person.

Section 19.8. Notice. Any indemnification of or advance of expenses to an Indemnitee in accordance with this Article shall be reported in writing to the Members with or before the notice or waiver of notice of the next meeting of the Members or with or before the next submission to the Members of a consent to action without a meeting and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

Section 19.9. Construction. The indemnification provided by this Article XIX shall be subject to all valid and applicable laws, including, without limitation, Article 2.02-1 of the Texas Business Association Act, and, in the event this Article XIX or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article XIX shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

Section 19.10. Continuing Offer, Reliance, etc. The provisions of this Article XIX (i) are for the benefit of, and may be enforced by, each Indemnitee of the Association the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Indemnitee, and (ii) constitute a continuing offer to all present and future Indemnitees. The Association, by its adoption of these Bylaws, (i) acknowledges and agrees that each Indemnitee of the Association has relied upon and will continue to rely upon the provisions of this Article XIX in becoming, and serving in any of the capacities referred to in Section 19.1(a) hereof, (ii) waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees, and (iii) acknowledges and agrees that no present or future Indemnitee shall be prejudiced in his right to enforce the provisions of this Article XIX in accordance with their terms by any act or failure to act on the part of the Association.

Section 19.11. Effect of Amendment. No amendment, modification or repeal of this Article XIX or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitees to be indemnified by the Association, nor the obligation of the Association to indemnify any such Indemnitees, under and in accordance with the provisions of this Article XIX as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE XX
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Dated this 7th day of April, 1997.

Terry E. Mitchell, Director

Steve Herring, Director

Bryan Rome, Director

PRESTON OAKS OWNERS ASSOCIATION

VIOLATION POLICY

Effective 03/01/2012

The Board of Directors (the "Board") of Preston Oaks Owners Association, Inc. (the "Association") has the authority to establish rules and regulations in connection with use, occupancy, and maintenance of properties within Preston Oaks Owners Association, and to impose fines or otherwise enforce the provisions of the Declarations (By-laws, Article XI, Section 11.1a). The Board has adopted the following policy for imposition of fines as one means of securing compliance with the Association's governing documents.

Section 1: Notice of Violation

When a violation occurs by an owner or the owner's family, guests, tenants, or agents, the Board shall send a warning letter advising of the violation and describing the requested corrective action.

> The Board may waive sending the advisory letter for good cause, including the delivery of an advisory letter concerning a similar violation within the preceding 6 months.

If the violation goes uncorrected, the Board may assess a fine against the owner. Before the Board may levy a fine, it shall give to the owner written notice that:

a) describes the violation and states the proposed fine;
b) states that not later than the 30th day after the date of the notice, the owner may request a hearing before the Board to contest the fine; and
c) allows the owner a reasonable time, by a specified date, to correct the violation and avoid the fine. However, the owner will not be given an opportunity to correct the violation and avoid the fine if the owner was given notice and a reasonable opportunity to correct a similar violation within the preceding 6 months.

Section 2: Request for Hearing

In order to be effective, an owner's request for hearing under Section 1(b) above must be in writing, directed to the Association, and received by the Association by the 35th day after the date of the notice of violation and fine.

If an owner requests a hearing before the Board, the matter shall be scheduled for the next regular Board meeting. If the owner is unable to attend that Board meeting, the matter shall be scheduled for the succeeding Board meeting. If an owner fails to attend two such meetings, the owner will not be entitled to any further hearings, unless the Board specifically waives this provision.

Section 3: Schedule of Fines

Unless otherwise authorized by the Board, the fine schedule shall be as follows:

a) For the second violation: $25;
b) For a third violation of the same provision/rule within 6 months of the first violation: $50;
c) All subsequent violations of the same rule within 6 months of the last preceding violation shall incur a fine of $100;
d) If a violation is of an ongoing nature (e.g. construction of improvements not authorized by the Architectural Control Committee), the Board may impose a fine that accrues daily for each day of the ongoing violation; the daily fine shall not exceed $200 per day.

The Board may enforce/collect fines through a lawsuit or any other applicable legal procedure.

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dana DeBeauvoir

Apr 24, 2012 10:07 AM 2012063399

BALASHS: $92.00

Dana DeBeauvoir, County Clerk

Travis County TEXAS

ELECTRONICALLY RECORDED 2015183170

TRV 2 PGS

RESOLUTION

STANDBY ELECTRIC GENERATOR POLICY

FOR

Preston Oaks Owners Association, Inc.
(the "Association")

Effective June 19, 2015, the Texas Property Code was amended adding Section 202.019 which allows property owners in property owner associations the right to install and operate standby electric generators and prohibits property owner associations from adopting or enforcing a dedicatory instrument provision that prohibits, restricts, or has the effect of prohibiting or restricting an owner from owning, operating, installing, or maintaining a permanently installed standby electric generator except as provided in Section 202.019.

In conformance with Section 202.019, the Association hereby adopts this resolution setting forth the parameters pursuant to which a property owner may install and operate a standby electric generator.

BE IT RESOLVED, effective June 19, 2015, property owners are bound by the following rules with respect to standby electric generators:

Install and operate standby electrical generators in accordance with the manufacturer's specifications and meet all applicable health, safety, electrical, and building codes.

Use a licensed contractor(s) to install all electrical, plumbing, and fuel line connections and meet all applicable health, safety, electrical, and building codes.

Install all natural gas, diesel fuel, biodiesel fuel, and/or hydrogen fuel line connections in accordance with applicable governmental health, safety, electrical, and building codes.

Install all liquefied petroleum gas fuel line connections in accordance with the rules and standards promulgated and adopted by the Railroad Commission of Texas and other applicable governmental health, safety, electrical, and building codes.

Install and maintain all non-integral standby electrical generator fuel tanks in compliance with applicable municipal zoning ordinances and governmental health, safety, electrical, and building codes.

Maintain in good condition the standby electrical generator and its electrical lines and fuel lines. Repair, replace, or remove any deteriorated or unsafe component of a standby electrical generator, including electrical and fuel lines.

Screen a standby electrical generator if it is visible from the street faced by the dwelling, located in an unfenced side or rear yard of a residence and is visible either from an adjoining residence of from adjoining property owned by the Association, and/or is located in a side or rear yard fenced by a wrought iron or residential aluminum fence and is visible through the fence either from an adjoining residence or from adjoining property owned by the Association.

Perform periodic testing of the standby generator consistent with the manufacturer's recommendations at reasonable times, such reasonable times being from 9 a.m. to 5 p.m., Monday through Saturday.

Not use the standby electric generator to generate all or substantially all of the electric power to a residence except when the utility-generated electrical power to the residence is not available or is intermittent due to causes other than nonpayment for utility service to the residence.

Not install or operate a standby electric generator without the approval of the Association which approval process is set forth in the Association's dedicatory instruments and has been established by the customary policies, procedures, and practices of the Association.

Not locate the standby electric generator in the front yard of a residence or in the side yard of a residence facing a street.

Not locate the standby electric generator in proximity to a neighbor's residence such that when in operation it would constitute a nuisance by a reasonable person.

Not locate a standby electric generator on property owned by the Association.

Not locate a standby electrical generators on property owned in common by the Association's members.

No standby electric generator may be installed or operated prior to approval by the Association pursuant to the Association's usual and customary policies and procedures set forth in its dedicatory instruments.

In the event the requirements set forth in this resolution conflict or contradict the dedicatory instruments of the Association or prior operating practices of the Association, the requirements of set forth in this resolution shall control. These requirements are considered to be supplemental to any other provisions of the dedicatory instruments.

This resolution was passed by a unanimous vote of the Board of Directors of the Association on the date set below to be effective as of June 19, 2015.

Executed the 05 day of November 2015.

Signature: Kevin M Juhl

Printed Name: Kevin M. Juhl

Title: President of Preston Oaks HOA

STATE OF TEXAS

COUNTY OF TRAVIS

This instrument was acknowledged before me on this the 5 day of November, 2015, by Kevin Juhl, President of and for the Association, for the purposes therein expressed.

Notary Public, State of Texas

CARRIE LAUREL BIETSEMA
Notary Public, State of Texas
My Commission Expires
March 19, 2019

AFTER RECORDING PLEASE RETURN TO:
Slater Pugh Ltd, LLP
c/o Goodwin Management, Inc.
PO Box 203310
Austin, TX 78720-3310

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

DANA DEBEAUVOIR, COUNTY CLERK
TRAVIS COUNTY, TEXAS
November 17 2015 09:17 AM
FEE: $ 30.00 **2015183170**

ELECTRONICALLY RECORDED 2018100064
TRV 1 PGS

RESOLUTION OF THE BOARD OF DIRECTORS OF PRESTON OAKS OWNERS ASSOCIATION, INC.

The Board of Directors for the Preston Oaks Owners Association, Inc., (the "Association"), by a unanimous vote of its directors, at a duly noticed meeting, where a quorum of directors was present, consents to and approves of the following as of the date set forth herein:

At the board meeting held on June 7 1st, 2018 having a quorum present, the Board of Directors voted to approve the execution of the attached petition by the President of the Board, on behalf of the Association, in his official capacity. By this resolution, and by the affirmative vote of the requisite number of board members present at the meeting, the Board of Directors appoints and instructs the President to execute this resolution and cause to be filed in the Official Public Records of Travis County, Texas the Violation Enforcement Policy attached hereto, which has been adopted by the Association.

PRESTON OAKS OWNERS ASSOCIATION, INC.

By _____
Name
President

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was subscribed and affirmed before me on this the 21st day of June, 2018, by Mary Mohammed, duly authorized agent for [HOA Name], on behalf of said association.

_____
Notary Public in and for the
State of Texas

ARIC RANDALL ALLEN
Notary Public, State of Texas
Comm. Expires 05-24-2021
Notary ID 129415364

25

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

DANA DEBEAUVOIR, COUNTY CLERK
TRAVIS COUNTY, TEXAS
June 26 2018 02:42 PM
FEE: $ 29.00 2018100064