

BYLAWS OF
ELM CREEK SOUTH PROPERTY OWNERS' ASSOCIATION

ARTICLE ONE
REGISTERED
OFFICE

1.P I The registered office of the corporation is located at 2601 Blueberry Road, Anchorage, Alaska 99503. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

ARTICLE TWO
MEMBERS

2.01 Each person who shall be the Owner of a Tract or Tracts in the Elm Creek South subdivision, a subdivision located in Uvalde County, Texas (herein called the "Subdivision n"), as shown by maps or plats thereof recorded in Plat Records of Uvalde County, Texas, shall for the duration of such an ownership be a member of Elm Creek South Property Owners Association, a membership corporation organized under the provisions of the Texas Non-Profit Corporation Act. Membership shall be appurtenant to and may not be separated from ownership of a Tract in the Subdivision. The term "Owner" as used herein "means the person vested with title to a tract in the subdivision; provided, however, if the person who has legal title to a Tract has sold the same to a person under a contract for deed or other similar arrangement, the term Owner shall mean the purchaser under, the contract for deed; and further, provided, if the purchaser's rights are forfeited under a contract for deed or other similar arrangement, such person shall no longer be considered for the purposes hereof to be an Owner of a Tract in the Subdivision. The term "Tract" means each of the numbered or lettered lots designated on the plats of the Subdivision, or any re-plat thereof permitted by the declarations of restrictions (herein called the "Restrictions") of the subdivision, and approved as a subdivision by such lot by the appropriate governmental authority. Upon the transfer of ownership of a Tract, the new Owner of the tract shall succeed to such membership.

ARTICLE THREE

MEMBERS'

MEETING

3.01 All meetings of the Members shall be held at the registered office the corporation, or any other place within or without this state, as may be designated for that purpose from time to time by the Board of Directors.

Notice of Annual Meeting

3.02 Notice of the meeting, stating the place, day and time of the meeting,, shall be given to each Member at least ten (10) but not more than sixty (60) days before the date of the meeting by mail, email, personally, or other means of written communication, addressed to the Member at his address appearing on the books of the corporation or given by him to the corporation for the purpose of notice. Notice of adjourned meetings is not necessary unless the meeting is adjourned for thirty (30) days or more, in which case notice of the adjourned meeting shall be given as in the case of any special meeting.

Special Meetings

3.03 Special meetings of the Members for any purpose or purposes whatsoever may be called at any time by the President or by the Board of Directors or by Members having at least ten percent (10%) of the votes entitled to be cast at such meeting. Said meetings shall be called by written notice mailed, emailed or personally delivered not less than ten (10) nor more than sixty (60) days prior to the date fixed for said meeting. The notices shall specify the date, time and place of the meeting, purpose and the matters to be considered.

Members Roster

3.04 At least ten (10) days before each meeting of the Members, a complete list of the Members, arranged in alphabetical order, with the addresses of each and the number of votes held by each shall be prepared by the Secretary or other officer or agent having charge of the membership books. It shall be the responsibility of each new Owner to notify the corporation of the transfer of ownership of the Owner's tract in order that the corporation's records accurately reflect the names and contact information of the Members of the corporation. For a period of (10) days prior to the meeting, the list shall be kept on file at the principal office of the corporation and shall be subject to inspection by any Member at any time during usual business hours. The list also shall be produced and kept open at the time and place of the meeting and shall be subject to inspection by any Member during the whole time of the meeting.

The corporation shall be entitled to treat the holder on its records as the holder in fact thereof, and accordingly shall not be bound to recognize an equitable or other claim of membership, if by the Owner shown on the corporate records, unless adjudicated to the contrary.

Voting Eligibility

3.05 The Owner of each Tract or his legally authorized representative and proxy shall be entitled to vote at all meetings of the Members. Each Owner shall have allocated to it one (1) vote per Tract. In the event a Tract shall be jointly owned by more than one person, the voting rights allocated to such Tract shall be divided between, and may be proportionately and independently exercised by each Co-Owner in proportion to his respective ownership.

Quorum

3.06 A quorum of Members for any meeting shall be constituted by Members represented in person or by proxy and holding twenty-five percent (25%) or more of the total votes of all Members. If any meeting of the Members cannot be organized because a quorum is lacking, then by a majority vote of the Members present, either in person or by proxy, the meeting may be adjourned to a date not less than ten (10) nor more than thirty (30) days from the date on which such meeting was to have been originally held. Written notice of such adjourned meeting shall be delivered by mail, email, or personally not less than three (3) days prior to the date fixed for said meeting. The term "majority vote" as used in these Bylaws shall mean twenty-five percent (25%) or more of the votes entitled to be cast at any meeting by Members present in person or proxy.

Proxies

3.07 At any meeting of the Members, a Member entitled to vote may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Consent of Absentees

3.08 No defect in the calling or noticing of a Member's meeting shall affect the validity of any action at the meeting if a quorum was present, and if each Member not present in person or by proxy signs a written waiver of notice, consent to the holding of the meeting, and such waivers, consents or approvals are filed with the corporate records or made a part of the minutes of the meeting.

Action without Meeting

3.09 Action may be taken by Members without a meeting if each Member entitled to vote signs a written consent to the action and such consents are filed with the Secretary/Treasurer of the corporation.

Voting

3.10 Voting Regulations

- (a) Where Directors or officers are to be elected, such election may be conducted by mail or other permitted manners as the Board shall determine
- (b) Electronic ballots are permitted and valid
- (c) Absentee ballots are permitted and valid
- (d) Absentee and electronic ballots count toward quorum only on matters listed on ballot
- (e) Absentee and electronic ballots do not count at all if a ballot item is modified prior to voting at the meeting
- (f) Only election vote tabulators are shown access to ballots — anyone running for a position cannot have access to the ballots
- (g) A recount must be conducted if requested by an Owner

ARTICLE FOUR

DIRECTORS

Number and Qualifications of Directors

4.01 All Owners may run for the Board. The authorized number of Directors of this corporation shall be seven (7). The Directors shall at all times be persons having ownership interest in a tract in the Subdivision. If any owner of a tract is a corporation, partnership, trust or other legal entity, an officer, director, shareholder, partner, trustee or beneficiary of such tract may be a member of the Board of Directors. The number of Directors may be increased or decreased from time to time by amendment to these Bylaws. but no decrease shall have the effect of shortening the term of any incumbent Director.

Powers

4.02 The Directors shall manage and administer the affairs of the corporation and shall have all such duties, rights, powers and authority given to it by the Restrictions, the Texas Non-Profit Corporation Act, the Articles of Incorporation, or the Bylaws, including but not limited to the following:

- (a) To Elect officers of the corporation as hereinafter provided.
- (b) To administer the affairs of the corporation and to carry out the purposes of the corporation and to exercise the powers thereof as set forth in the Articles of Incorporation, the Bylaws and the Restrictions.
- (c) To keep or cause to be kept sufficient books and records with a detailed accounting of the receipts and expenditures. Both the books and vouchers accrediting the entries made thereon shall be available for inspection by all Members at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures and be audited at least once a year by an outside auditor of the organization.
- (d) To provide for the maintenance, repair, upkeep, protection and replacement of the corporate assets and insurance therefore and to approve payment vouchers and make payment therefore.
- (e) To adopt a proposed budget for the estimated corporate expenses each year and to provide the manner of assessing and collecting from the Members their respective pro-rata shares of such estimated expenses, as hereinafter provided.
- (l) To adopt assessments as provided in Article Seven below.
- (g) To provide for the designation, hiring and removal of employees and other personnel, including bookkeepers and accountants. and to engage or contract for the services of others, and in general to make purchases of labor, material and/or services for the maintenance, of the corporate assets.
- (h) In general, the Board shall have all such duties, rights and authority to do all such acts and things as are not by the Restrictions of these Bylaws directed to be done or exercised exclusively by the Members which shall be necessary or reasonably required, for the successful and orderly administration, management and operation of the subdivision and the Restrictions to which these Bylaws pertain.

Election and Term of Office

4.03 The entire Board shall at all times be divided into two classes, with one such class to be elected each year for a term of two (2) years; provided, however, the initial Board, which is named in the Articles of Incorporation or the substitutes therefore designated by the Developers, shall serve until their successors are elected at the first annual meeting of the Members. In the event that there are at any time more than seven (7) Directors, the Directors shall be divided equally into two classes if there is an even number of Directors; or, if there is an odd number of Directors, shall be divided in a manner such that there is one more Director in one class than in the other class. The Directors elected at the first annual meeting of the Members shall be divided into the two classes by the drawing of straws, or such other means as they may deem advisable, with one class to be designated to serve for a term of two (2) years, and the other class to serve for a term of one (1) year. Thereafter, the Director or Directors of each respective class shall be elected for two-year terms. Upon the expiration of their respective terms of office.

Directors

Vacancies in the Board of Directors caused by resignation, death, or disability, or other than an increase in the authorized number of Directors or the removal of a Director by vote of the Members shall be filled for the unexpired term by a vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Members or special meeting called for that purpose. Any Director may resign at any time by giving written notice of resignation to the President or any other officer of the Board.

Removal of Directors

4.05 Director terminations

(a) If any Director shall at any time sell or otherwise dispose of or voluntarily or involuntarily cease to be the Owner during his term of office, then upon such termination or cessation of his ownership interest, such Director shall automatically be deemed to have effectively resigned from the Board and he shall automatically be removed there from.

(b) At regular or annual meeting or at any special meeting called for that purpose, the Members may by a majority vote remove anyone or Directors, with or without cause, provided that a successor or successors shall then and there be elected to fill the vacancy or vacancies thus created, for the unexpired term of the Director or Directors removed. Any Director whose removal has been proposed shall be given an opportunity to be heard at such meeting.

Notice of Director Meetings

4.06 All meetings of the Board of Directors shall be held at such time and place as may be designated from time to time by a majority of the Board but at least one (1) such meeting shall be held during each fiscal year. Notice of the date, time and place of regular and special Board meetings shall be given to each Director personally or by mail, email, fax, telephone, or any acceptable technology, at least three (3) days prior to the day designated for such meeting. Subject matter shall be included in the notice given to Directors. All Board meetings shall be open to Members, with some exceptions. Notice of the date, time and place of regular and special Board meetings shall be given to each Member by mail (at least 10 days beforehand), or email, community posting, or website posting (at least 3 days beforehand). General subject matter shall be included in the notice given to Members.

Exceptions to Member Notice

4.07 Notice is not required to Members if a Board meets for routine administrative matters or to address an urgent or emergency situation that requires immediate actions. Prior notice to Members is not required for the Board to meet and vote on the following matters: fines, damage assessments, initiation of foreclosure actions, increases in assessments, levying special assessments, appeals from denials of architectural control approval, or suspending rights of an owner before the owner has an opportunity to appear before the board. Actions taken without prior meeting notice must be summarized orally, including any actual or estimated expenditure approved, and documented in the minutes of the next regular or special meeting.

Waiver of Notice

4.08 Before or after any meeting of the Board, any Director may waive notice of the hour, date, place and purpose of such meeting by execution of a waiver thereof in writing, and such waiver shall be deemed equivalent to the giving of such notice.

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

Quorum

4.09 A majority of the authorized number of Directors shall be necessary constitute a quorum for the transaction of business, and the acts and decisions of the majority of the Directors present at any duly called meeting at which a quorum is

present and of which notice was properly given or waived shall be the acts of the entire Board.

Board Action without Meeting

4.10 Any action required or permitted to be taken by the Board of Directors, may be taken without a meeting, and with the same force and effect as a majority vote of Directors, if all members of the Board shall individually or collectively consent in writing to such action. Actions taken without prior meeting notice must be summarized orally, including any actual or estimated expenditure approved. and documented in the minutes of the next regular or special meeting.

Meeting Adjournment

4.11. The Board may adjourn an open board meeting and reconvene in closed executive session for certain issues: confidentiality, litigation, owner privacy, contract negotiations, etc. Decisions made in executive sessions must be summarized orally in general terms and recorded in the minutes.

Conduct of Meetings

4.12 The President, or, in his absence, any Director selected by the Directors present, shall preside at meetings of the Board of Directors. The Secretary/Treasurer of the corporation. or in his absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

ARTICLE FIVE

OFFICERS

Title and Appointment

5.01 The officers of the corporation shall be a President, one Vice President, a Secretary/Treasurer, and such assistants and other officers as the Board of Directors shall from time to time determine. The officers shall be elected from among the Directors. The Directors may elect one person to serve as the Secretary/Treasurer, but the offices, of the corporation shall not otherwise be combined. The Board shall have full authority to remove any officer from office, with or without cause, by the vote of a majority of the members of the entire Board at any time to elect his successor at any regular meeting of the Board or at any special meeting called for that purpose.

Powers and Duties of Officers

5.02 The duties of the officers of the corporation shall be as follows: The President shall be the chief executive officer of the corporation and, subject to the control of the Board of Directors, shall have general supervision, direction and control of the business and officers of the corporation and see that all orders and resolutions of the Board and the Members are carried into effect. He/she shall call annual, regular and special meetings of the Members and Board in accordance with law and these Bylaws and shall preside at all such meetings. He or she shall appoint, discharge and fix the compensation of employees other than those appointed by the Board. The President shall also execute contracts, conveyances and other documents on behalf of the corporation. He shall perform such other duties as may be prescribed from time to time by the Board.

In the absence or disability of the President, the Vice President shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice President shall have any other powers and perform any other duties that may be prescribed from time to time by the Board of Directors or as the President may from time-to-time delegate.

The Secretary/Treasurer shall attend all meetings of the Board and of the Members and shall record all business transacted and resolutions passed at such meetings in the minute book to be kept for that purpose and he shall perform like duties for standing committees, if any, when required. He/she shall give, or cause to be given, notice of all meetings of the corporation and regular and special meetings of the Board, and he/she shall perform such other duties as the Board may from time to time prescribe or as the President may from time-to-time delegate. The Secretary/Treasurer shall, at least ten (10) days before each meeting of the Members, make a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with address of and the number of votes held by each, which list for a period of ten (10) days prior to such meeting shall be kept on file at the registered office of the corporation and shall be subject to inspection by any Member at any time during the usual business hours.

The Secretary/Treasurer shall have charge and custody of, and be responsible for, all funds and securities of the corporation, deposit these funds in the name of the corporation in the banks, trust companies, or other depositories as shall be selected by the Board of Directors; receive, and give receipt for, moneys due and payable to the corporation from any source whatever; receipt for, moneys due and payable to the corporation from any source whatever; disburse or cause to be disbursed, the funds of the corporation as may be directed by the Board of Directors, taking proper vouchers for the disbursements; keep and maintain adequate and correct accounts of the corporation properties and business transactions; exhibit the books of account and records of the corporation at any reasonable time to any Director; render to the President and to the Directors, on their request, an account of all the Secretary/Treasurer's transactions and of the financial condition of the corporation; prepare, or cause to be prepared, and certify the financial statements to be included in

the annual and quarterly reports; and in general, perform all the duties that may be assigned from time to time by the Board of Directors or as the President may from time to time delegate.

The Board may, if it deems it advisable, from time to time, designate one or more persons as Assistant Secretary/Treasurers, who may perform the duties and exercise the powers of the Secretary/Treasurer when the Secretary/Treasurer is absent or it is inconvenient for him to act. Any third person dealing with the corporation may presume conclusively that any Assistant Secretary/Treasurer acting in the capacity of the Secretary/Treasurer was duly authorized to act. The Secretary/Treasurer and/or Assistant Secretary/Treasurer shall prepare a roster of the Members and the assessments applicable hereto, and a record of the payment of such assessments, and such records shall be kept at the principal offices of the corporation and shall be open to inspection by any Member at any reasonable time during business hours. They shall perform such other duties and have such other powers as the Board may from time to time prescribe or as the President or Secretary/Treasurer may from time-to-time delegate.

Term and Vacancies

5.03 The officers of the corporation shall hold office until their successors are elected or appointed and qualified, or until their death, resignation or removal from office. Any office of the corporation by death, resignation, removal or otherwise, shall be filled by the Board.

Compensation

5.04 the officers shall receive no compensation for their services.

ARTICLE SIX

EXECUTION OF INSTRUMENTS

6.01 The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution of signature shall be binding upon the corporation.

OPEN RECORDS

6.02 An open records policy governing the recording, retention, access and inspection of Elm Creek South dedicatory instruments, meeting minutes, financial records, contracts, etc. shall be in place and in accordance with Texas property owner corporation laws.

COLLECTIONS

6.03 Elm Creek South Subdivision shall have a collections policy for assessments, fees, delinquencies, and payment schedule in accordance with Texas property owner corporation laws.

ARTICLE SEVEN

ASSESSMENTS AND

CHARGES

7.01 The Board, including the initial Board, shall have full power and authority to assess or charge the Members of the corporation for funds required for the performance of its objects and purposes as set forth in the Restrictions and the Articles of Incorporation referred to herein. Each assessment shall be due and payable by each Member at the time and in the manner set forth in the resolution fixing such assessment. In the absence of specific provision therefore in such resolution, each assessment shall be due and payable on or before ten (10) days from and after the date of notification of the adoption of such assessment, and shall be payable at the bank designated as depository by the Board by notice to the Members. Notwithstanding anything herein to the contrary, the Board is not authorized, without the consent of sixty-six and two-thirds percent (66-2/3%) of the total votes of all Members who vote to assess the Members in the aggregate of the annual budget and other assessments more than \$200.00 per tract per year.

Payment Plan

7.02 Full payment of the Assessment is due from Members on the Assessment Due Date specified in the subdivision Collections Policy. The Elm Creek South subdivision Payment Plan allows partial payments to be made within 90 days past the due date without incurring a penalty, provided full payment is received on or before 90 days past the due date. The payment schedule and minimum payment amounts for the 90-day payment plan are specified in the Collections Policy. An administrative fee of \$5.00 per month per Tract shall be charged Members with accounts that are not paid in full by the Assessment due date until the Member's account is paid in full, including administrative fees charged within the 90-day period. Members with unpaid balances past 90 days are considered late and subject

to ECSPPOA policies and penalties provided for late accounts. Past due payments shall be applied according to the payment schedule in the ECSPPOA Collections Policy.

Budget

7.03 The Board, including the initial Board, shall prepare or cause to be prepared an estimated annual budget for each fiscal year of the corporation. Such budget shall take into account the estimated expenses and cash requirements for year, including salaries, wages, payroll taxes, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, utilities, management fees and other common expenses. Annual budgets shall also take into account and provide for a reserve for contingencies for the year and a reserve for replacements. Any surplus or deficits in regard to previous budgets shall also be considered. The annual budget as estimated by the Board for each fiscal year shall be approved by the Board, and copies thereof shall be furnished to each Member at least thirty (30) days prior to the annual meeting of the Members. The annual budget must be approved by a majority vote of the Members present in person or proxy at a meeting at which a quorum is constituted, if the resulting assessment will not be more than \$200.00 per Tract per year, but if the resulting assessment will be greater than \$200.00 per Tract per year, the annual budget must be approved by Members represented in person or by proxy and holding sixty-six and two-thirds percent (66-2/3%) of the total votes of all Members present or represented by proxies

Obligation of Members

7.04 No Member shall be relieved of his obligation to pay his assessments or expenses by abandoning or not using or occupying the Tract belonging to him or waiving or abandoning his rights or privileges to use or enjoy the Reserve Area or any part thereof, not under any other circumstances so long as his ownership in a Tract continues. If any Member shall fail or refuse to pay his pro-rata share of the expenses, or any part thereof, the amount thereof not paid shall constitute a lien against his Tract, subject to certain prior liens, and subject to foreclosure as provided for in the Restrictions.

Audit

7.05 The Board shall cause an audit to be made each year of the financial affairs and activities of the corporation by an auditor designed by the Board and shall furnish a copy of the audit report to each Member of the corporation to be mailed with notice of the Annual Meeting.

ARTICLE EIGHT

AMENDMENT OF BYLAWS

8.01 The Bylaws of the corporation may be altered, amended or repealed and new Bylaws may be adopted by majority vote of the Members at any meeting of the Members at which a quorum is present. The Members may by majority vote, delegate all or a portion of their powers regarding the Bylaws to the Board.

ARTICLE NINE

RESTRICTIONS

9.01 The Members shall at all times be subject to, and operate in conformity with, the terms of the Restrictions and its amendments recorded in the Deed Records of Uvalde, County, Texas which are incorporated as a path thereof.

ARTICLE TEN

INDEMNIFICATION

10.01 The corporation shall indemnify any person who serves as a director, officer, agent or employee of the corporation against expenses actually and necessarily incurred by such person; and against any amount paid in satisfaction of judgment in connection with any action, suit or proceedings in which he is made a party by reason of being or having been such a director, officer, agent or employee; except in relation to neither to which he shall be adjudged in insufficient action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of his duties. The corporation may also reimburse to any such person described herein the reasonable costs of settlement of any such proceedings. if it is found by a majority of the Directors not involved in the proceeding that it «as in the interest of the corporation to make such settlement. and that such person was not guilty of gross negligence or willful misconduct. These rights of indemnification and reimbursement shall not be exclusive of any other right to which a person may be entitled by law, by laws, agreement, and Members' vote or otherwise.

ARTICLE ELEVEN

SEVERABILITY

11.01 IN any portion of these Bylaws shall be invalid or inoperative, then to far as is reasonable, the remainder of these Bylaws shall be considered valid and operative, and in effect shall be given to the intent manifested by the portion held invalid or inoperative.