

By-Laws

BY-LAWS OF OAK HOLLOW ESTATES HOMEOWNERS ASSOCIATION, INC.

The name of the organization shall be **OAK HOLLOW ESTATES HOMEOWNERS ASSOCIATION**. The following definitions shall apply to these by-laws.

1. "**Association**" or "**OHHA**" shall mean and refer to OAK HOLLOW ESTATES HOMEOWNERS ASSOCIATION, a nonprofit Association chartered under the laws of the State of Texas, its successors and assigns, as provided for herein and in the Amended and Restated Declaration of Covenants, Conditions and Restrictions for OAK HOLLOW ESTATES, filed for record in the Real Property Records of Kerr County, Texas.

2. "**Properties**" shall mean and refer to that certain real property lying within OAK HOLLOW ESTATES SECTION TWO as depicted on the Subdivision Plat and the following Lots in OAK HOLLOW ESTATES SECTION ONE, being Lots 1, 2, 3, 4, 5, 6 and 7 of Block 5; Lots 1, 12a, and 14 of Block 6; and Lots 1, 2, 3, 5, 6 and 7 of Block 7, and additions thereto, as are or may become subject to the jurisdiction of the Association.

3. "**Common Facilities**" shall mean and refer to all property leased, owned or maintained by the Association for the use and benefit of the Members of the Association. By way of illustration, Common Facilities may include, but not necessarily be limited to, the following: clubhouse, swimming pool, sport courts or equipment, and picnic facilities and equipment.

4. "**Lot**" shall mean and refer to any of the above stated separately numbered plots of land as shown on the Subdivision Plats.

5. "**Subdivision Plats**" shall mean and refer to the map or plat of OAK HOLLOW ESTATES SECTION TWO, filed for record in Volume 1241, page 66 and Volume 907, Page 19 of the Real Property Records of Kerr County, Texas, and of OAK HOLLOW ESTATES SECTION ONE, filed for record in Volume 1241, Page 56, and Volume 917, Page 2 of the Real Property Records of Kerr County, Texas.

6. "**Living Unit**" shall mean and refer to a single family residence and its attached or detached garage situated upon a Lot.

7. "**Owner**" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or portion of a Lot, within the Properties, including contract sellers, but excluding those having interest merely as security for the performance of an obligation.

8. "**Member**" shall mean and refer to all those Owners who are members of the Association as provided in Article II, Section 1, hereof.

9. "**Builder Member**" shall mean and refer to those Members approved by Declarant for construction of residences within the Properties and owning one or more Lots for the purpose of such

construction and sale to others.

10. "**Board of Directors**" or "**Board**" shall mean and refer to the Board of Directors of the Association as set forth in Article IV hereof.

11. "**Secretary**" shall mean and refer to the Secretary of the Association as set forth in Article V, Sections 1 and 7, hereof.

12. "**Declarant**" shall mean and refer to River Country Development, L.C., a Texas Limited Liability Company, its successors and assigns.

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| Article I OBJECT | Article VII COMMITTEES | Article XIII REMEDIES | Article XIX CONFLICT |
| Article II MEMBERSHIP, VOTING, QUORUM, PROXIES | Article VIII BUDGETS AND ASSESSMENTS | Article XIV DAMAGES | Article XX REGISTERED AGENT |
| Article III ADMINISTRATION | Article IX OBLIGATIONS OF OWNERS | Article XV EFFECT | Article XXI AUTHORIZED SIGNATORIES |
| Article IV BOARD OF DIRECTORS | Article X MORTGAGES | Article XVI AMENDMENTS | Article XXII BOARD APPOINTMENT BY DECLARANT |
| Article V OFFICERS | Article XI RULES | Article XVII SEVERABILITY | |
| Article VI INDEMNIFICATION OF OFFICERS & MANAGERS | Article XII INSURANCE | Article XVIII NOT-FOR-PROFIT | |

ARTICLE I

OBJECT

1. The primary purpose of this nonprofit Association is to maintain and administer the Common Facilities and to collect and disburse the assessments and charges on the Properties and such additions thereto as may be brought within the jurisdiction of the Association, subject to the provisions of any Declaration of Restrictive Covenants and Conditions, including amendments or supplements thereto, which may now exist or hereafter be placed on the Properties.

2. All present or future Owners, tenants, future tenants, or any other person that might use the Common Facilities in any manner, are subject to the regulations set forth in these by-laws. The mere acquisition or rental of any Lot or the mere act of occupancy of any Lot will signify that these by-laws are accepted, ratified, and will be complied with.

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ARTICLE II

MEMBERSHIP, VOTING, QUORUM, PROXIES

1. **Membership.** Any person on becoming an Owner of a fee or undivided interest in any Lot shall automatically become a member of this Association and be subject to these by-laws, provided, however, that any person or entity holding an interest in any such Lot merely as security for the performance of an obligation, shall not be a Member. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Properties during the period of such ownership and membership in the Association, or impair any rights or remedies which the Board of Directors of the Association or other may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue one membership card to the Owner(s) of a Lot. Such membership card shall be surrendered to the Secretary whenever ownership of the Lot designated thereon shall terminate.
2. **Voting Rights.** The Association shall have a single class of membership with one vote for each Lot. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot. Mortgage holders or persons holding an interest in a Lot merely for security shall not be entitled to a vote. Voting privileges may be suspended, on reasonable notice, by the Board for Members delinquent more than 30 days in payment of assessments or related sums due the Association during the period of such delinquency only.
3. **Quorum.** The quorum and procedures required for any action authorized herein above shall be as follows: Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to all members, or delivered to their residences, not less than ten (10) days in advance of the meeting. At the first meeting called as provided above, the presence at the meeting of Members or of proxies entitled to cast fifty-one percent (51%) of all the votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth above, and the required quorum any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that such reduced quorum requirement shall not be applicable to any such subsequent meeting held more than sixty (60) days following the preceding meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.
4. **Proxies.** Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before vote is taken on any matter on which the proxy is to be exercised.

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ARTICLE III

ADMINISTRATION

1. **Association Responsibilities.** The Owners of the Lots will constitute the Association of Lot Owners, hereinafter referred to as "Association," who will have the responsibility of administering the Common Facilities through a Board of Directors.
2. **Place of Meetings.** Meetings of the Association shall be held at such place as the Board of

Directors may determine.

3. **Regular Meetings.** There shall be at least two (2) regular general meetings of OHHA each fiscal year. In the first month of the fiscal year there shall be a meeting for installation of new officers and recognition of the past year's officers. In the eleventh month of the fiscal year there shall be a meeting for the nomination of candidates for office, in accordance with Article IV, Section 5 of these by-laws, to give the candidates a chance to meet and address the membership, and to approve a budget for the next fiscal year in accordance with Article VIII of these by-laws.

4. **Notice of Meetings.** Notice of all meetings shall be announced at least ten (10) days prior to each meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

5. **Adjourned Meeting.** If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight hours from the time the original meeting was called.

6. **Order of Business.** The order of business at all meetings of the Owners of Lots shall be as follows:

- a. Roll call
- b. Proof of notice of meeting or waiver of notice
- c. Reading of minutes of preceding meeting
- d. Reports of officers
- e. Reports of committees
- f. Election of managers
- g. Unfinished business
- h. New business

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ARTICLE IV

BOARD OF DIRECTORS

1. **Number and Qualifications.** Subject to the provisions of Section 5 of this Article, the affairs of this Association shall be governed by a Board of Directors composed of from five (5) to nine (9) persons. The Board of Directors shall be initially composed of five (5) persons. The number of directors may be changed to not less than five, nor more than nine, by amendment to these by-laws on vote of the membership.

2. **Powers and Duties.** The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class residential development. The Board of Directors may do all such acts and things which the Association may do and which are not by these by-laws or by the Declaration of Restrictive Covenants and Conditions for OAK HOLLOW ESTATES directed to be exercised and done by the Owners.

3. **Other Powers and Duties.** The Board of Directors shall be empowered and shall have the duties as follows:

- a. To administer and enforce the covenants, condition, restrictions, uses, limitations, obligations and all other provisions set forth in any declaration of covenants, conditions and restrictions applicable to the Properties or any part thereof.
- b. To establish, make and enforce compliance with such reasonable rules as may be necessary for the operation, use and occupancy of the Common Facilities, with the right to amend same from time to time, including such rules and regulations relating to traffic and parking as may be deemed necessary or convenient. A copy of such rules and regulations shall be delivered to, or mailed to, each Member promptly upon the adoption thereof.
- c. To keep in good order, condition and repair all of the Common Facilities and all items of personal property of the Association used in the maintenance and enjoyment of the Properties.
- d. To insure and keep insured all of the insurable Common Facilities in an amount equal to their maximum replacement value. Further, to obtain and maintain comprehensive liability insurance covering the entire premises. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and its Members and their first mortgagees. To obtain on behalf of the Association, insurance providing protection against all errors, omissions, or acts of Directors, Officers, employees and agents for which the Association might be held liable.
- e. To determine, levy and collect annual assessments of Owners and the monthly prorated assessments to be paid by each of the Owners. To levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All special assessments shall be in an itemized statement form and shall set forth the detail of the various expenses for which the assessments are being made. Additionally, the Association shall be empowered to charge reasonable admission and other fees for the use of the Common Facilities.
- f. To levy and collect assessments allocated to Other Properties based on determinations in accordance with contractual agreements between the Association and Owners of Other Properties for Other Properties' portion of maintenance and/or security costs of certain Common Facilities.
- g. To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in these by-laws.
- h. To prosecute all claims of the Association for damages or otherwise including the authority to contract for the services of attorneys and determine when and whether to file suit. Such power shall extend to all causes of action which the Association may have whether for damages at law or injunctive of other relief.
- i. To protect and defend the entire premises from loss and damage by suit or otherwise.
- j. To borrow funds for the purpose of constructing or improving the Common Facilities and in aid thereof to mortgage said properties and facilities, and to execute such instruments as necessary evidencing such indebtedness which shall be the several obligation of all of the Owners in the same proportion as their interest in the Properties may bear.
- k. To take such steps as are reasonably necessary to protect the Common Facilities against foreclosure.

l. To suspend the enjoyment rights of any Owner for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of the published rules and regulations of the Association.

m. To enter into contracts within the scope of their duties and powers.

n. To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors.

o. To dedicate or transfer all or any part of the Common Facilities to any public agency, authority or utility for such purposes and subject to such conditions as may be approved by a two-thirds (2/3) vote of the Members, provided, however, the Board of Directors shall be empowered to accept donations of property to the Association on behalf of the Association which donations prohibit such dedications or transfers or are otherwise conditioned.

p. To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners, and to cause to be prepared an annual financial statement of the Association.

q. To approve all unbudgeted expenditures or contractual obligation over \$500.00.

r. To prepare and deliver annually to each Owner a statement showing all receipts, expenses or disbursement since the last such statement.

s. To meet at least annually.

t. To designate the personnel necessary for the maintenance and operation of the Common Facilities.

u. In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the communal aspect of subdivision ownership.

4. **Managing Agent.** The Association may employ a Managing Agent from time-to-time on such terms, and with such duties, as the Board shall determine.

5. **Election and Term of Office.** The affairs of OHHA shall be managed by a Board of Directors consisting of not less than five (5) members. The Board shall be elected from among the membership in accordance with Article II of these by-laws. Three Board members shall be elected in odd numbered calendar years. Two Board members shall be elected in even numbered years. Each elected Board member shall serve a term of two years. Each Board member appointed by the Declarant shall serve until replaced by the Declarant, or until the Board position is subject to election by the Owners in accordance with Article XXII.

In the tenth month of the fiscal year, the Board shall appoint a nominating committee. At the nominating meeting of OHHA, the nominating committee shall present its nominations for those Board positions due to expire, and additional nominations may be made from the floor. Ballots will be delivered to each Lot Owner within five (5) working days after the nominating meeting and must be returned no later than fourteen (14) days after distribution. The members of the nominating committee shall immediately tabulate the votes, and if a run-off is required, the ballots for the run-off shall be distributed within five (5) days after the fourteen (14) day period for the first-round voting has ended. Results of the election shall then be published in the next following OHHA newsletter

and posted at the Clubhouse.

6. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so appointed shall be a Director until the expiration of the term for which he was appointed.

7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by vote of more than fifty percent (50%) of the eligible voters of the Association, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting. Any member of the Board may resign voluntarily at any time by providing the Board with written notice of intent to resign, acted upon at a duly convened Board meeting. Since only members of OHHA are eligible to be Board members, it follows that if a board member ceases to be a Lot Owner, he or she automatically becomes a non-Board member. A member may be removed from the Board for good and sufficient cause at a special board meeting called for that purpose and upon a majority vote of those Board members. A successor must be appointed by the Board then and there to serve out the unexpired term. A Board vacancy caused by any event other than by an action of OHHA shall be filled for the unexpired term by a candidate receiving the majority vote of the remaining members. If two (2) or more vacancies occur simultaneously, a special meeting of OHHA shall be called to select and vote for candidates to fill the unexpired terms.

8. Meetings. All meetings of the Board shall be open to any member of OHHA unless expressly closed for a specific reason. Chairpersons of standing committees are encouraged to attend board meeting in an ex-officio capacity. Regular meetings of the Board shall be held monthly in the Clubhouse or other location designated by the President. As far as possible, pending Board meetings shall be announced in each newsletter. Special meetings of the board may be called by the President on five (5) days notice to the board members, stating the time, place, date and purpose of the meeting. Special board meetings may be initiated by Board members upon written notice to the Secretary signed by at least two (2) Board members. The five (5) days advance notice period may be waived in cases of emergency. A quorum shall consist of fifty percent (50%) of the Board members for any Board meeting, and a majority vote of the Board members present shall determine the results of Board business transactions.

9. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him at the time and place thereof. If all the Directors are present at any meeting of the Directors, no notice shall be required and any business may be transacted at such meeting.

10. Board of Directors' Quorum. A Director may vote by proxy and any person present at a meeting of the Directors holding such a valid proxy shall be considered to be a present Director. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such reconvention of an adjourned meeting, any business which might have been transacted at the meeting subject to the requirement of a quorum being present, as originally called, may be transacted without further notice.

11. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

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ARTICLE V

OFFICERS

1. Designation. The officers of the Association shall be a President, a Vice-president, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Board of Directors may appoint or hire such assistant secretaries or assistant treasurers as it deems necessary to conduct the business of the Association.
2. Election of Officers. Except as herein provided, Officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board. No elected officer may serve more than two (2) consecutive terms in the same office.
3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.
4. President. The President shall be the presiding officer at all meetings of OHHA and of the board. The President shall:
 - a. Issue the call for all regular and special meetings of OHHA and of the board, in accordance with the provisions of Article III of these by-laws.
 - b. Appoint standing and Ad Hoc committees, each of which shall have a board officer to function as a liaison between the committees and the Board.
 - c. Work closely with the Treasurer and insure that deposits and disbursements are made in a timely manner.
 - d. Insure that the requirements set out in the Declaration of Covenants, Conditions and Restrictions; Articles of Association, these By-laws and the Rules and Regulations are complied with and that the board and committees of OHHA perform their duties with reasonable competence.
 - e. Prepare the annual operating budget and the Capital Improvement Plan and present same to OHHA at the eleventh month of the fiscal year general meeting of each year.
 - f. Countersign all checks and vouchers \$500.00 and over. If, for any reason, the President is unable to perform his/her duties, the vice-president next in line shall perform those duties, having the same authority as the President.
5. Vice-president. The Vice-president shall:
 - a. Work closely with the President and act in his absence.

- b. Work closely with the optional on-site manager, or management service to insure that day-to-day matters are handled expeditiously.
 - c. Provide each new homeowner with a copy of the by-laws and indoctrinate said homeowners in the rules and regulations governing OHHA.
6. Treasurer. The Treasurer shall:
- a. Deposit moneys promptly.
 - b. Make a monthly audit of the records of receipts and expenditures and maintain all bank accounts.
 - c. Sign all checks and vouchers (those \$500.00 and over are then countersigned by the President). Expenditures or contractual obligations of over \$500.00, other than for budgeted items up to and including \$2,500.00, must be approved by the board. Amounts in excess of \$2,500.00 for items other than normal repair, maintenance or replacement must be approved by a two-thirds (2/3) majority of the eligible votes at a duly convened meeting of the OAK HOLLOW ESTATES HOMEOWNERS ASSOCIATION.
 - d. Provide the board with a comprehensive financial report at each board meeting.

7. Secretary: The Secretary shall:

- a. Take and maintain detailed minutes of all regular and special meetings of OHHA and of the board.
- b. At the direction of the Board, assist in the preparation of correspondence pertinent to the business of OHHA and shall maintain in the association office a permanent file of all minutes, financial reports, committee reports, correspondence and other records pertaining to OHHA.

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ARTICLE VI

INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every Director, manager, or officer, his heirs, executors, administrators, personal representatives, successors, and assigns against all loss, costs and expense including counsel fees, to the fullest extent permitted by, and subject to the required findings and procedures of, Article 1396-2.22A, Vernon's Texas Revised Civil Statutes Annotated, as it exists on the date of Incorporation of the association. The foregoing rights shall not be exclusive of other rights to which such Director, manager, or officer may be entitled. The Association shall be entitled to procure insurance to cover all or a portion of the Association's obligation of indemnification.

Nothing in this Article VI contained shall be deemed to obligate the Association to indemnify any Member or Owner of a Lot, who is or has been a Director, manager, or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of any declaration of covenants, conditions, and restrictions related to the Properties, as a Member or Owner of a Lot covered thereby.

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ARTICLE VII

COMMITTEES

The Board of Directors shall appoint committees which may include but not be limited to:

Clubhouse/Pool/Park
Maintenance
Community Liaison
Security and Safety
By-laws
Finance and Audit

1. The Clubhouse/Pool/Park Committee shall:

Monitor the physical condition of the clubhouse and advise the Board of any discrepancies; recommend to the Board any needed or suggested improvements, repairs or changes in equipment, furniture, decor, lighting and use of the facility. Monitor the pool area; advise the Board of the need for repairs or improvements; publish and keep updated the rules for the use of these facilities; insure that the general membership is aware of, and abides by, said rules; works with the board in negotiating the pool care contract and the purchase of pool supplies.

2. The Maintenance Committee shall:

Monitor all OHHA equipment and common areas; notify the Board of any needed repairs or replacement of equipment and/or shrubbery; work with the Board in negotiating the maintenance contract; monitor the performance of the contractor and the optional on-site manager or management service, reporting the results of their observations to the Board on a regular basis; receive and act on requests for modifications or additions to buildings or changes in the usage of the common areas; investigate violations of building or ground rules and report results to the Board.

3. The Community Liaison Committee shall:

Meet the neighborhood association; monitor the planning and zoning commission of the City of Kerrville and notify the Board of proposed actions by the City of by the Planning and Zoning commission of the City of Kerrville which affect Oak Hollow Estates; the Committee shall also generally coordinate activities and information dissemination between OHHA and the community surrounding OHHA.

4. The Security and Safety Committee shall:

Work closely with the board in planning security and safety measures for the protection of lives and property in OHHA and monitor the systems and procedures adopted so that the most efficient and effective methods will be utilized at all times.

5. The By-laws Committee shall:

Monitor the by-laws and propose amendments to the by-laws in order to make sure that the

procedures set forth in the by-laws are efficient and effective and propose amendments to the by-laws so that the by-laws conform with current practice if current practice is more efficient and effective.

6. The Finance and Audit Committee shall:

Work closely with the Treasurer and the Board in preparing the annual budget and make recommendations thereto; monitor the fiscal statements for accuracy and completeness; advise the Board in fiscal matters and insure that OHHA receives an independent audit annually; assist the board in negotiating for insurance coverage as may be directed by OHHA; review the sufficiency of coverage annually and recommend changes in coverage as required.

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ARTICLE VIII

BUDGETS AND ASSESSMENTS

A. Budget: The board shall prepare or cause to be prepared an estimated annual budget for each fiscal year of OHHA. Such budget shall take into account the estimated common expenses and assessments and cash requirements for the year, including, but not limited to, salaries, wages, ad valorem taxes on the common elements, payroll taxes, fire insurance, supplies, materials, various liability insurance, parts, services, maintenance, repairs, replacements, landscaping, management fees and other common expenses. Said budget shall also take into account and provide for a reserve account for contingencies and for long-term maintenance of the common area in an amount of not less than 20 percent (20%) of revenue. A five (5) year Capital Improvement Projects plan for long-term maintenance will be presented with the operating budget and updated annually. Any surplus or deficit in regard to previous budgets shall also be considered. Copies of said budget shall be furnished to each Lot Owner not later than ten (10) days before each eleventh month of the fiscal year meeting. The annual budget as estimated by the board shall be submitted to the membership for approval at the eleventh month of the fiscal year general meeting OHHA and upon approval by a majority of eligible voters present or by proxy shall serve as the basis for the regular annual assessment against the Lot Owners. If said budget is subsequently altered, changed or modified, at a special meeting of OHHA called for that purpose, then the budget so altered, changed or modified shall be the basis for the next regular annual assessments.

In the event the board shall not approve an estimated budget for any year, then OHHA may approve and adopt such budget at any special meeting called for that purpose; in any event, until such time as the Members accept and adopt a new budget for a new fiscal year in accordance with the by-laws, and the Board notifies each Lot Owner of such, each Lot Owner shall pay the same amount of the annual assessment as paid for the previous year.

B. Assessments: On or before the first day of the fiscal year covered by the annual budget, each Lot Owner shall pay to the board, or such persons as the board may designate, his or her respective regular annual assessment per Lot owned for the common expense as shown by such annual budget. The annual assessments shall be due and payable annually whether or not a statement for same is sent or received, and failure to send or receive a statement shall not excuse the payment of the assessment as it becomes due and payable each year. Nor may the assessments be withheld for any alleged maintenance defect, reported or not reported, or for any alleged non-performance of management defect, reported or not reported, or for any alleged non-performance of management service requested or not requested. If payment of the annual assessment is thirty (30) days or more

after the first day of the fiscal year, a late charge will be assessed in an amount as determined by the Board of Directors.

In the event of default, OHHA may seek payment, plus costs, by bringing suit in the court of proper jurisdiction for the amount of the assessment due. Other remedies may be pursued under the provisions of Article XIII of these by-laws, including the foreclosure of liens per Article XIII of these by-laws. The Board, or other person authorized to collect the annual assessment, shall receive, hold and disburse the same as Trustee for the use and benefit of each Lot Owner and shall use, expend and disburse the same for the purpose authorized in these By-laws, the Declaration of Covenants, Conditions and Restrictions, or the Articles of Association.

C. Supplemental Budget: In the event it shall appear to the Board that the estimated budget for any fiscal year shall be inadequate to cover the estimated expenses in respect to the common elements, or other expenses lawfully agreed upon in accordance with the provisions of OHHA, the Declarations of Covenants, Conditions and Restrictions, Articles of Association or these By-laws, then the Board shall prepare, or cause to be prepared, a supplemental estimated budget to cover the apparent deficiency for the remainder of the year and shall call a special meeting of OHHA, at which time the supplemental budget will be presented for OHHA approval and each Lot Owner shall be assessed and will pay his or her pro rata part and share of the approved budget.

D. Capital Improvement Projects (CIP): The Board shall prepare and present to the Lot Owners for their approval a CIP budget covering the current year and the five succeeding years. The presentation to an approval by the Lot Owners shall be done concurrently with the presentation and approval of the operating budget. Annual approval of the CIP budget shall authorize the Board to expend CIP budgeted amount only for the current year. Such CIP budgeted amounts shall be funded from the OHHA Reserve Account (Article VIII A). Succeeding year CIP budgets shall provide each individual year's expenditure authorizations.

1. A CIP expenditure shall be defined as non-recurring (capital) expenditure that can be characterized as one that is a comprehensive project expenditure. All expenses of the Association shall be included in the annual operating budget, except for expenditures that can be properly chargeable as CIP expenditures, as defined above.

2. The Board shall not approve any capital expenditures for new improvements on any part of the common elements in excess of \$2,500.00 without approval of OHHA, except for emergency repair, maintenance or replacement of existing improvements damaged, destroyed or no longer serviceable, which pose an immediate threat to life or property.

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ARTICLE IX

OBLIGATIONS OF OWNERS

A. Each Owner shall comply strictly with the provisions of the Declaration of Restrictive Covenants and Conditions, Oak Hollow Estates. All Owners shall promptly and completely comply with each of the rules and regulations, herein contained or hereafter properly adopted.

B. Each Owner may use the Common Facilities and the limited common elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of other Owners.

C. The Common Facilities are intended for the benefit of the Members, for the beautification of the development, and for providing privacy to the residents thereof through landscaping and such other means as shall be deemed appropriate. No part of the Common Facilities shall be obstructed so as to interfere with its use for the purposes herein above recited, nor appropriated for individual use to the exclusion of other Members, nor shall any part of the Common Facilities be used for general storage purposes after the completion of the construction on Lots by the Declarant, except for a maintenance storage room, nor anything done thereon in any manner which shall increase the rate of hazard and liability insurance coverings said are and improvements situated thereon.

D. No resident of the Properties shall post any advertisements, signs or posters of any kind on the Properties except as authorized by the Association.

E. Any Owner that rents or leases his or her home shall:

1. Have a written rental/lease agreement and that agreement shall be subject to the provisions of the Declaration of Covenants, Conditions and Restrictions, the By-Laws and the Policy Handbook of Oak Hollow Estates (herein after known as the Governing Documents) and provide that any failure by the renter/lessee to comply with the terms of these Governing Documents shall be a default under the rental/lease agreement.

2. Have a clause in the rental/lease agreement that provides for the tenant to acknowledge the receipt of a copy of the Governing Documents.

3. Furnish to the tenant at the time of signing the renter/lessee agreement a copy of the Governing Documents with which the tenant is expected to comply. The Owner will be held responsible for any and all violation(s) and any costs which may result from said violation(s).

4. Provide to the tenant the Owner's copy of the keys to the pool and clubhouse, subject to approval by owner.

5. Within thirty (30) days after renting/leasing his/her home, furnish the OHHA Board of Directors the Owner's absentee address, work and home phone number(s) and the tenant's name(s), work address and phone number(s) using form 1-1 provided by the OHHA.

(CLICK [HERE](#) FOR COPY OF FORM.)

6. Retain the right to vote on any Association matters, either in person or by proxy.

7. Continue to be responsible for the payment of all dues and/or assessments levied by the Association.

Even though all Articles of the Governing Documents are applicable to tenants and their Owners, particular attention is called to the Declaration of Covenants, Conditions and Restrictions, Article VIII, Maintenance of Lots, page 10 and the By-Laws, Article XIII, Remedies, page 17, Article XIV, Damages, page 17, and Article XV, Effect, page 18.

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ARTICLE X

MORTGAGES

At the request of any Owner, the Board or its representative shall report any unpaid assessments due from the Owner of such Lot encumbered. At the request of the Owner, a written statement as to the amount of the assessments for common expense which have become due and are unpaid, up to a

given date in respect to the Lot to be sold or mortgaged shall be provided to any prospective purchaser or mortgagee. In case of a sale, the purchaser shall not be liable, nor shall the Lot purchased be liable, nor subject to any lien or unpaid assessment which has become due and is not shown on such statement for the period of time covered thereby. However, the selling Owners shall remain liable for same, and in case of failure or refusal to pay, then the Board has the right to assess, and the same shall be collectible from all other Lot Owners on a pro rata basis, and they shall have coverage against the selling Owners. In the event of a mortgage, however, the unpaid assessments not shown on said statement for the period of time covered thereby shall remain the obligation of the Lot Owner mortgaging his or her unit. Any assessment lien will be inferior and secondary to any mortgage lien.

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ARTICLE XI

RULES

The Declaration of Covenants, Conditions and Restrictions in the Real Property Records of Kerr County, Texas, includes certain restrictions applicable to and binding on every Lot Owner described in the Declaration of Covenants, Conditions and Restrictions. These rules are adopted and incorporated into the by-laws as if copied herein.

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ARTICLE XII

INSURANCE

1. **Property Insurance.** From and after the date on which title to any Common Area vests in the Association, the Board shall obtain and continually keep in effect blanket property insurance to insure the building, park, pool and other common elements in or on this project property against risks of loss or damage by fire and other hazards as are covered under standard extended coverage provisions. The insured shall be the Oak Hollow Estates Homeowners Association as trustee for all Lot Owners. The costs of such insurance shall be deemed a common expense and shall be paid by the Lot Owners in the same ratio of the ownership interest in the common elements. Said sums shall be paid annually by the individual Lot Owners. In the event of destruction of the common property by any hazard covered by such insurance, and the proceeds are insufficient to restore the property to the condition that it was in prior to the destruction, then OHHA shall pay for any deficiency in regard to the common elements, and the same shall be paid, as assessed, by the Lot Owners as a common expense. Any deficiency in regard to the property owned by such affected Lot Owners shall be paid by such affected Lot Owner or Lot Owners.

2. **Directors and Officers Liability Insurance.** The Board shall obtain and continually keep in effect sufficient liability insurance to protect the directors and officers of the Oak Hollow Estates Homeowners Association to the extent and amount as is decided by the Board. The cost of such insurance shall be deemed a common expense and shall be paid by the Lot Owners as part of the budgeted annual assessment.

3. **Individual Insurance.** Each Lot Owner shall be responsible, at their own personal cost and expense, for their own personal insurance on their residence and contents thereof and their additions and improvement thereto, their decorations and furnishings and personal property therein, and their personal property stores elsewhere on the project property, as well as their personal liability to the

extent not covered by the liability insurance for all of the Lot Owners which may be obtained as common expense.

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ARTICLE XIII

REMEDIES

In the event of default or violation by any Lot Owner of the provisions of the Declaration of Covenants, Conditions and Restrictions, the Articles of Association, By-laws or Rules and Regulations of OHHA, the Board or their designate shall have all of the rights and remedies which may be provided by the Declaration of Covenants, Conditions and Restrictions, the Articles of Association or these by-laws, or which may be available at law or in equity, and may prosecute any action or other proceeding against any of the said Lot Owners for enforcement of any lien or to force compliance with the matter in respect to which the default or violation has been made. The Board may seek injunctive relief or other means for the collection of any sums or debts or damages in default or arising from any default. All expense incurred in connection with any of the above actions or proceedings shall be part of the common expenses of OHHA and collectible (pro rata) from each Lot Owner in addition to the regular required assessments.

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ARTICLE XIV

DAMAGES

In the event any common elements of Oak Hollow Estates are damaged or destroyed by an Owner or any of his guest, tenants, licensees, agents or members of his family, such Owner does hereby authorize the OHHA Board to repair said damage area, and the OHHA Board shall so repair said damaged area in a good workmanlike manner in substantial conformance with the original plans and specifications of the area involved, or as the area may have been modified or altered subsequently by the OHHA Board, in the discretion of the OHHA Board. The amount reasonable necessary for such repairs shall be paid by said Owner, upon demand, to OHHA. If not so paid, the OHHA Board may enforce collection of same to the extent that Owners and their guests, tenants, licensees and agents may be liable under applicable law.

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ARTICLE XV

EFFECT

These by-laws are binding on all Lot Owners of Oak Hollow Estates as identified on page 1 of the Amended and Restated Declaration of Covenants, Conditions and Restrictions for Oak Hollow Estates, Section Two, and page 1 of the Supplemental Declaration of Covenants, Conditions and Restrictions for Certain Lots in Oak Hollow Estates, Section One. Absentee Owners are directly responsible for the conduct of their tenants. If legal action is required due to violations by a tenant, the Owner may also be joint in such action.

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ARTICLE XVI

AMENDMENTS

These by-laws may be altered or amended at a regular or special meeting of the OHHA, at least ten (10) days after the proposed alteration or amendment has been circulated among the Lot Owners in written form. A two-thirds (2/3's) majority vote of the eligible voting members present or by proxy at such meeting shall be required. A quorum shall be required in order to conduct any business.

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ARTICLE XVII

SEVERABILITY

If any article, paragraph, sentence, clause or phrase of these by-laws or the application thereof in any circumstances shall be held legally invalid or unenforceable, the validity or enforceability of the remainder of these By-laws, or the application of any such article, paragraph, sentence, clause or phrase in any circumstance shall not be affected thereby.

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ARTICLE XVIII

NOT-FOR-PROFIT

This Association is not organized for profit. No Member, Director, or person from whom the Association may receive any property or funds, shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, provided, however, always: (1) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

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ARTICLE XIX

CONFLICT

In the event of any conflict between the terms of the Articles of Incorporation of the Association ("Articles") and these by-laws, the terms of the Articles shall govern and control. In the event of conflict between the provisions of any Declaration of Restrictive Covenants and Conditions for property subject to the jurisdiction of the Association ("Declaration") and these by-laws, the provisions of the Declaration shall govern and control.

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ARTICLE XX

REGISTERED AGENT

The initial registered office, registered agent, and principal office of the Association shall be as stated in the Articles of the incorporation but these may be changed from time-to-time as the Board shall determine.

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ARTICLE XXI

AUTHORIZED SIGNATORIES

The persons who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and the Secretary of the Association, either or both of whom may sign, with or without the affixing of the Association's seal.

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ARTICLE XXII

BOARD APPOINTMENT BY DECLARANT

Notwithstanding anything contained herein to the contrary, the initial Board of Directors shall consist of five (5) persons, three (3) appointed by the Declarant and two (2) selected by the Lot Owners. At such time as 75% of the lots are sold by the Declarant, then the board shall consist of a minimum of five (5) persons, two (2) appointed by the Declarant and three elected by the Lot Owners. When 90% of the lots are sold by the Declarant, the Board of Directors shall consist of a minimum of five (5) persons who are all elected by the Lot Owners.

END

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