

**AMENDED AND RESTATED BY-LAWS
OF
PROPERTY OWNERS ASSOCIATION OF MOUNTAIN
LAKES RANCH**

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS**
COUNTY OF ERATH §

These **AMENDED AND RESTATED BY-LAWS OF PROPERTY OWNERS ASSOCIATION OF MOUNTAIN LAKES RANCH** (the "Amended and Restated By-Laws") are adopted by the Board of Directors of the Property Owners Association of Mountain Lakes Ranch as of the ____ day of September, 2008.

WITNESSETH:

WHEREAS, Bluegreen Southwest One, L.P. (the Declarant") prepared and recorded the following instruments in the Real Property Records of Erath County: (i) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lakes Section One, filed as Document No. 002342 on April 27, 2000; (ii) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lakes Section Two, as Document No. 010227 on January 12, 2001; (iii) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lakes Section Three, as Document No. 20835 on February 1, 2002; (iv) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lake Section Four, Phase I, as Document No. 25672 on July 22, 2002; and (v) Declaration of Covenants, Conditions and Restrictions [for] Mountain Lakes Section Four, Phase Two, as Document No. 38326 on October 29, 2003 (collectively, the "Declaration"); and

WHEREAS, the By-Laws of Property Owners Association of Mountain Lakes Ranch were duly adopted on September 26, 1999 (the "By-Laws") and amended on November 8, 2006, by that First Amendment to By-Laws of Property Owners Association of Mountain Lakes Ranch (the "First Amendment"); and

WHEREAS, Article Seven, Section 7.07 of the By-Laws provides that the power to amend the By-Laws is vested in the Board of Directors, subject to repeal or change by action of the Members; and

WHEREAS, the Board of Directors has voted unanimously to adopt the Amended and Restates By-Laws as hereinafter set forth.

NOW, THEREFORE, the By-Laws and the First Amendment are replaced in their entirety as follows:

ARTICLE ONE REGISTERED OFFICE

1.01 REGISTERED OFFICE: The registered office of the Corporation is currently located at 16200 Addison Road, Suite 150 Addison, Texas 75001. The name of the registered agent of the Corporation at such address is Aaron Samples. The Corporation may change its registered office and/or its registered agent by filing such change in the office of the Secretary of State.

ARTICLE TWO DEFINITIONS

2.01 AS USED IN THESE BY-LAWS THE FOLLOWING DEFINITIONS SHALL APPLY:

(A) **THE MOUNTAIN LAKES SUBDIVISION:** Those portions of the property described on Exhibit "A" as are included in any section of the MOUNTAIN LAKES SUBDIVISION, as such sections are shown by plats of the record among the Plat Records of Erath County, Texas whether such plats are presently on record or are hereafter to be recorded, so long as such properties are bound by any subdivision promulgated by MOUNTAIN LAKES SUBDIVISION, its successors or assignees, which subdivision covenants and restrictions provide for the payment of assessments to the PROPERTY OWNERS ASSOCIATION OF MOUNTAIN LAKES RANCH.

(B) **PROPERTY OWNERS ASSOCIATION OF MOUNTAIN LAKES RANCH** (the "Association") the corporate name of the non-profit corporation designated by the various declarations of covenants, conditions and restrictions for the various sections of the Mountain Lakes Subdivision.

(C) **MEMBERSHIP:**

i). **OWNERSHIP OF ONE OR MORE LOTS:** The ownership of one or more lots in the Mountain Lakes Subdivision shall entitle the owner thereof to one membership in the Corporation. Members of the Corporation shall include all those persons or entities who are voting members or non-voting members of the Corporation as provided below.

ii). **SINGLE OWNERSHIP PER LOT:** For the purpose of these provisions, those persons who have purchased any of the lots in the MOUNTAIN LAKES SUBDIVISION under the provisions of any Contracts of Sale or Purchased with the Veterans Land Board of the State of Texas shall be considered as "members" of the Corporation, and the State of Texas shall not be considered as a member of the Corporation.

iii). **OWNERSHIP TITLE TRANSFER REQUIREMENTS:**

A person shall be considered as an owner of a lot in THE MOUNTAIN LAKES SUBDIVISION only after such person has received legal title to such lot and after a deed conveying title to that person has been recorded in the Real Property Records of Erath County, Texas

(D) VOTING MEMBERS:

Owners of lots in the MOUNTAIN LAKES SUBDIVISION who are:

- i) current (meaning not in default for more than sixty [60] days) in the payment of any and all assessments, dues, levies, fines and any other charges or financial obligations due to the Association; and
- ii) not otherwise in default or in violation of any of the Subdivisions' declarations of covenants, conditions and restrictions, rules and regulations, policies or guidelines governing THE MOUNTAIN LAKES SUBDIVISION.

(E) NON-VOTING MEMBERS:

Non-voting members of the Corporation shall be those members who are in arrears for more than sixty (60) days in the payment of any assessments, dues, charges, levies, fines or other financial obligation to the Association, or in default in the performance of any of the restrictions or obligations contained in any of the declarations of covenants, conditions and restrictions, rules and regulations, policies or guidelines governing THE MOUNTAIN LAKES SUBDIVISION.

ARTICLE THREE MEMBERS MEETINGS

3.01 LOCATION OF MEMBER MEETINGS:

All meetings of the members shall be held at any place within the state as may be designated for that purpose from time to time by the Board of Directors.

3.02 ANNUAL MEETINGS OF THE PROPERTY OWNER MEMBERS:

The annual meetings of the members shall be held each year. The date of the meeting is at the discretion of the Board of Directors.

3.03 NOTICE OF MEETINGS:

Notice of the Members' meetings, stating the place, date, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given in writing to each member entitled to vote at least ten (10) days but no more than thirty (30) days before the date of the meeting. Such notice shall be delivered personally, by mail or by any other means permitted by the Business Organizations Code, which may include, but is not limited to electronic or facsimile transmission. The notice will be addressed to the member at the address appearing on the books of the Corporation or given to the Corporation for the purpose of notice.

3.04 SPECIAL MEETINGS:

(A) BOARD INITIATED Special meetings of the Association members may be called at any time, for any purpose or purposes, by the President of the Board of Directors or by any two or more members of the Board. The notice of any special meeting of Members must state the purpose or purposes. Special members meetings must be called for a specific purpose, which purposes shall be identified in the notice of the meeting.

(B) **MEMBER INITIATED ASSOCIATION MEETINGS:** It shall be the duty of the President to call a special meeting of the Association upon presentation to the Secretary of a petition stating a request and proper purpose of the special meeting, which petition is signed by Members having not less than one-third (1/3) of the votes entitled to be cast at such meeting.

3.05 QUORUM FOR ANNUAL AND SPECIAL MEMBERS MEETINGS: The presence in person or by proxy of Members having ten percent (10%) of the votes entitled to be cast constitutes a quorum for transaction of corporate business. Once the presence of a quorum has been confirmed, business may continue despite any failure to maintain a quorum during the remainder of the meeting.

3.06 VOTING QUALIFICATIONS:

(A) **VOTE APPORTIONMENT:** Only persons listed as voting members on the date of the meeting shall be entitled to vote at member meetings. Any non-voting members may elevate their status to a voting member by curing any default no fewer than thirty (30) days prior to the stated date and time of the meeting. Votes shall be apportioned by lots, meaning each property owner shall be entitled to one vote for each lot owned

(B) **FRACTIONAL VOTE RULE:**

There shall be no fractional voting, but rather, if a lot is owned by two or more persons, that lot shall be entitled to only one vote and shall not be entitled to split that vote. The Board may require the Members to designate in writing which person will be the voting member to represent the Lot. A voting member may execute a written proxy granting to a director or another voting member the right to cast such voting member's vote at any meeting. A voting member may not grant a proxy to someone other than a voting member or a director.

3.07 PRESIDING OFFICER:

All meetings of the membership shall be presided over by the President of the Association, or in the absence of the President, the board member selected by the remaining members of the Board of Directors.

ARTICLE FOUR BOARD OF DIRECTORS

4.01 MANAGEMENT OF THE CORPORATION:

The management of the corporation shall be vested in the Board of directors which shall have full power and authority to carry out the purposes of the Corporation and to do any and all lawful acts necessary or profitable thereto. The powers of the Corporation shall be exercisable by the Board of Directors or under its authority, and the action of the President of the Corporation shall be controlled by the Board of Directors, subject, however, to such limitations as are imposed by law, the Articles of Incorporation, the Covenants Conditions and Restrictions, or the By-Laws as to the actions to be authorized or approved by the members. The Board of Directors may, by contract or otherwise, give general limited special powers and authority to the officers and employees of the Corporation to transact the general business, or any special business of the

Corporation and may give powers of attorney to agents of the Corporation to transact any special business required or permitted by such authorization.

4.02 NUMBER OF BOARD MEMBERS:

The directors must be members of the Corporation. The authorized number of directors shall be five (5). To qualify to be elected or appointed as a director, the person must be a member of the Corporation entitled to vote. The number of directors may be increased or decreased from time to time by amendment to the By-Laws, but no decrease shall have the effect of shortening the term of any incumbent director. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of the Association members called for that purpose.

4.03 BOARD MEMBER SELECTION AND TERMS

(A) BOARD MEMBER ELECTIONS:

Directors shall be elected in the annual meeting by the voting members and the candidates receiving the most votes shall be elected.

(B) TERM OF OFFICE:

The term of office for each elected director shall be two (2) years and the terms shall be staggered so that no more than three terms shall expire in any year. The director terms begin immediately after the adjournment of the annual or special meeting in which they are elected. Elected board members shall hold office until their respective successors are elected, or until their death, resignation or removal. Directors serving their full terms shall remain in office until the adjournment of the annual or special members meeting in which they are removed or their successor is elected or as otherwise defined herein

(C) REMOVAL OF DIRECTORS:

Elected or appointed directors may be removed and replacements elected, with or without cause, by a vote of the majority of the voting members at any special meeting of Members. Any director who is in default for more than sixty (60) days in the payment of any assessment, dues, levy, charge, fine or other financial obligation to the Association or who is in violation of any of the Subdivisions' declaration of covenants, conditions and restrictions, rules and regulations, policies or guidelines governing the Mountain Lakes Subdivision may be removed by a majority vote of the other directors on the Board of Directors.

4.04 BOARD VACANCIES

Vacancies of the Board of Directors, other than those caused by a removal by a vote of the Members, shall be filled by a majority vote of the remaining directors, or by the sole remaining director. The Board of Directors has the authority to appoint any MOUNTAIN LAKES SUBDIVISION property owner to the board of directors to serve the remainder of any board member position vacated for any reason other than removal by the Members.

4.05 MEETING LOCATION:

Any meeting of the Board of Directors may be held at any location at the sole discretion of the Board as long as it is located within a one hundred (100) mile radius of the Mountain Lakes Subdivision. A regular meeting of the board of directors may be held without call or notice

immediately following each annual meeting of the membership of the Corporation, and at such other times as provided herein or by Texas law.

4.06 SPECIAL MEETINGS OF THE BOARD

(A) SPECIAL BOARD MEETING:

A special meeting of the Board of Directors for any purpose shall be called at any time by the President, or if the President is absent or unable or refuses to act, by any two directors. Written notice of the special Board of Directors meetings, stating the time and in general terms the purpose or purposes therefore, shall be mailed, personally delivered, sent by electronic or facsimile transmission, provided verbally or given by any other means allowed by the Business Organizations Code to each director not later than three (3) days before the day appointed for the meeting.

(B) EMERGENCY BOARD OF DIRECTORS MEETINGS.

A special emergency meeting of the board may be held at any time without written notice if required. The meeting shall not be held without the consent of all board members.

4.07 QUORUM REQUIREMENTS:

(A) BOARD DECISION REQUIREMENTS: A simple majority of the authorized directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereafter provided. Every act or decision done or made by a majority of the directors present shall be regarded as an act of the Board of Directors, unless a greater number is required by law or by the Articles of Incorporation.

(B) BOARD OF DIRECTORS PROXIES: A board member may assign his / her proxy to another board member which shall assign the authority to vote in place of the absent board member or members. Such proxy shall be granted in writing and presented at the opening of the board meeting in which the proxy is to be exercised. The proxy must include the date or dates the proxy may be used and any limitations placed upon the exercise of such privileges assigned by the proxy.

4.08 ASSIGNMENT OF BOARD POWERS:

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 the unanimous vote of the Directors, if all of the members of the board shall individually consent in writing to such action.

4.09 ADJOURNMENTS:

A quorum of the directors may adjourn any directors' meeting to meet again at a stated hour on a stated day. Notice of the time and place where an adjourned meeting will be held need not be given to absent directors if the time and place is fixed at the adjourned meeting. In the absence of a quorum, a majority of the directors present at any directors' meeting, either regular, special or emergency may adjourn from time to time until the time fixed for the next regular meeting of the board.

4.10 PRESIDING BOARD OFFICER:

The President, or in the President's absence, any director selected by the directors present, shall preside at meetings of the Board of Directors. The Secretary of the Corporation or, in the

Secretary's absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

4.11 REIMBURSEMENT OF EXPENSE:

(A) REIMBURSEMENT OF APPROVED EXPENSES:

Directors, Committee Chairpersons and Committee Members or any board authorized individual or vendor may receive reimbursement for actual expense incurred in the line of performing the duties of their office or responsibility if the expense is approved by the Board of Directors and is supported by valid receipts and documented justification of the expense incurred.

(B) CASH ADVANCES:

When deemed absolutely necessary by the majority of the Board of Directors cash advances may be issued to Directors or Committee Chairpersons to cover necessary purchases from vendors refusing to issue credit and will not accept credit cards and where reasonable alternative vendors can not be identified. Any cash advance shall be accounted for by valid receipts and return of unused funds presented to the Board or its designated agent in no more than ten (10) working days of granting the advance. Visual verification of the goods purchased or the services provided by two (2) or more member of the Board of Directors is required for each purchase of this nature.

4.12 AUTHORIZATION FOR PAYMENT OF FINES:

The board of directors may authorize the Corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, present or former Directors, officers, or employees of this Corporation as provided by article 1296.22A of Title 32 of the Miscellaneous Corporation Act of the State of Texas or by the Business Organizations Code.

ARTICLE FIVE CORPORATE OFFICERS

5.01 BOARD OFFICES:

(A) OFFICERS OF THE CORPORATION: The officers of the Corporation shall be President, a Vice-President, Secretary, Treasurer, and such assistants and other officers as the Board of directors shall from time to time determine. Any two offices may be held by one person. All officers shall hold office at the pleasure of the Board of Directors and may be removed from office at any time without cause or reason by a majority vote of the remaining or other directors.

(B) BOARD OF DIRECTORS OFFICERS ELECTION:

All officers of the Board shall be elected to office by the members of the seated Board of Directors. Officer's term and tenure will end at the adjournment of any Association annual meeting. The new board consisting of existing and newly elected board members shall conduct a special Board of Directors meeting to elect a new slate of officers within no more than ten (10) days after the adjournment of any annual meeting.

(C) DIRECTORS APPOINTED BY THE BOARD:

Appointed members of the Board of Directors shall have the same status as those Directors elected by the voting members at an annual meeting. The resignation, removal or death of a board member resulting in the appointment of one or more board member shall not create in and of itself the requirement to conduct an election of all new officers.

5.02 POWERS OF THE BOARD OF DIRECTORS:

The officers of the Corporation shall have the power and duties generally ascribed to the respective offices, and such additional authority or duty as may from time to time be established by the Board of Directors.

**ARTICLE SIX
ARCHITECTURAL CONTROL COMMITTEE**

6.01 ARCHITECTURAL CONTROL COMMITTEE MEMBERS SELECTION AND TERMS

(A) The three (3) Architectural Control Committee members designated by Article IV of the declarations governing the sections of the Mountain Lakes Subdivision shall be elected in the annual Association members meeting. Those candidates who receive the most votes are elected.

(B) TERM OF OFFICE:

The term of office for each elected Architectural Control Committee member shall be two (2) years. Elected committee members shall hold office until their respective successors are elected, or until their death, resignation, or removal. Terms shall be staggered so that no more than two (2) member terms shall end in any one year.

(C) REMOVAL OF ARCHITECTURAL CONTROL COMMITTEE MEMBERS:

Committee members may be removed with or without cause and a replacement elected by a majority vote of the Board of Directors or by a majority vote of the Owners.

6.02 VACANCIES

Vacancies on the Architectural Control Committee caused by any reason other than removal by vote of the Owners shall be filled by a majority vote of the Board of Directors. Such appointed committee member will serve the unexpired term of his predecessor.

6.03 COMMITTEE DECISIONS:

A simple majority of the committee members shall decide all issues and matters presented to the Committee.

6.04 VIOLATION FINES

The Association, through the Board of Directors, has the authority to levy fines for violations of the Covenants, Conditions and Restrictions, rules and regulations, policies and guidelines governing the MOUNTAIN LAKES Subdivision.

ARTICLE SEVEN EXECUTION OF INSTRUMENTS

7.01 EXECUTION OF INSTRUMENTS:

The Board of Directors may, in its discretion, authorize an officer or officers, or other person or persons, to execute any corporation instruments or documents, or to sign the corporate name without limitation, except where otherwise provide by law, and such executions or signatures shall be binding on the Corporation. Any such powers granted to any officer or other person shall require a formal resolution defining the powers and limitations granted and a majority Board of Directors approval.

ARTICLE EIGHT MISCELLANEOUS

8.01 AUTHORITY TO HIRE EMPLOYEES AND AGENTS:

The Board of Directors, on behalf of the Corporation, shall have the authority to employ such agents or employees as the Board of Directors shall deem appropriate for carrying out the purpose of the Corporation.

8.02 MANAGEMENT OF CORPORATE FUNDS:

There shall be no initiation fees for membership in the Corporation. The Board of Directors shall have discretion over the disposition of any and all assessments, dues, levies and/or charges paid as provided for in any of THE MOUNTAIN LAKES SUBDIVISION Covenants, Conditions, and Restrictions imposed on any lot in THE MOUNTAIN LAKES SUBDIVISION. Subject to the approval of the majority of the voting members at a meeting of the membership duly convened, by the Board of Directors may increase or decrease the assessments described in the subdivision Covenants, Conditions, and Restrictions, affecting any lot of THE MOUNTAIN LAKES SUBDIVISION as shown by recorded instrument filed for record in Erath County, Texas. All of the provisions relating to such increase and decrease, and to such assessments, which are shown by recorded instruments affecting any lot of THE MOUNTAIN LAKES SUBDIVISION, or which may be hereafter filed as to any subsequently created section of THE MOUNTAIN LAKES SUBDIVISION are hereby incorporated herein by reference as if stated in full.

8.03 ESTABLISHMENT OF COMMITTEES:

The Board of Directors shall have the authority to appoint such committees to assist it in the managing of the Corporation as it shall deem appropriate, and to appoint to such committees either members or non-members of the Corporation. Such committees shall be of such number and serve such functions as the Board of Directors may determine; however, there shall always be seated an Architectural Control Committee as is described in the MOUNTAIN LAKES SUBDIVISION COVENANTS RESTRICTIONS, AND CONDITIONS affecting any and all sections of THE MOUNTAIN LAKES SUBDIVISION as shown by recorded instruments in Erath County.

8.04 PROHIBITED PAYMENT FOR MEMBERS SERVICES:

The Corporation shall not enter into any contract to pay and shall not pay any salary or other remuneration to any Officer, Director, Committee Chairperson or Committee Member for their services as such, or in any other capacity regardless of the capacity in which they may act. However, nothing in this section shall prevent the corporation from reimbursing any officer or director for actual expenses incurred by such director or officer in the performance of his duties. Requests for reimbursements must be for expenses previously approved by the board and must be accompanied with valid receipts and a full description of the expense incurred. Property owners not holding office or serving on committees are entitled to bid on any contract for services or goods required by the community.

8.05 CORPORATE CASH ACCOUNT MANAGEMENT:

(A) BANK ACCOUNTS AND WITHDRAWALS:

Any and all funds of the corporation shall be deposited in bank accounts in the Corporation's name. All demand withdrawal instruments and checks on such bank accounts shall bear the signature of at least two authorized persons, the identity of whom shall be made by the Board of Directors, and who may, but do not have to be members of the Corporation.

(B) RESERVE FUNDS:

The Board of Directors may establish and maintain a cash reserve fund to be retained for unexpected or emergency expenditures.

(C) INVESTMENT OF BANK FUNDS:

Surplus cash in the Association's operating and reserve bank accounts shall be placed in interest bearing money funds that are fully insured, pose minimal risk of loss, the profits thereof shall be applied to the reserve account, unless otherwise directed by the Association's accountant.

8.06 ESTABLISHMENT OF DISCRETIONARY FUND

The board of directors is authorized to establish a discretionary fund not to exceed three thousand dollars (\$3,000) to be used for expenditures not to exceed two thousand dollars (\$2,000) and requiring immediate payment upon completion of services rendered or goods purchased as well as other expenses requiring prompt payment beyond the scope of the normal invoice payment cycle. Each use of discretionary funds requires the majority approval of the Board of Directors and the signature of two board members on all checks issued. The Board of Directors shall oversee the discretionary fund and establish procedures to define its control and use. Each disbursement of this fund shall conform to the same documentation requirements as those established for payment of invoices processed through the normal invoice payment procedures.

8.07 BY-LAW AMENDMENTS:

The power to alter, amend, or repeal these By-Laws is vested in the board of directors, subject to repeal or change by the affirmative vote, at a special meeting of the members, of a majority of the total Members entitled to vote (not a majority of a quorum).

IN WITNESS WHEREOF, the undersigned have caused this instrument to be executed
on the 10 day of Sept, 2008.

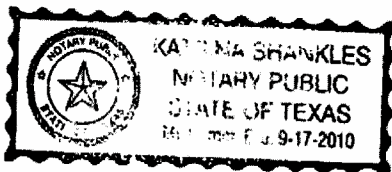
**PROPERTY OWNERS ASSOCIATION OF
MOUNTAIN LAKES RANCH, a Texas non-profit
corporation**

By: [Signature]
Its: Pres.

STATE OF TEXAS §
 §
COUNTY OF ERATH §

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Tim Shankfield, President of Property Owners Association of Mountain Lakes Ranch, a Texas non-profit corporation, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said entity.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 10 day of September, 2008.



Katrina Shankles
Notary Public in and for the State of Texas

My Commission Expires: 9-17-2010

AFTER RECORDING RETURN TO:
Riddle & Williams, P.C.
3710 Rawlins Street, Suite 1400
Dallas, Texas 75219

g/bylaws.amd/mountainlakes-final

86852
FILED FOR RECORD
At 12:15 O'clock P M
SEP 10 2008

**GWINDA JONES, COUNTY CLERK
ERATH COUNTY, TEXAS**
BY [Signature] **DEPUTY**