

AMENDED BYLAWS
BELL SPRINGS RANCHES
PROPERTY OWNERS ASSOCIATION

ARTICLE 1

Definitions

Section 1.01. "Restrictions" shall mean all of the Declaration of Easements, Covenants and Restrictions as recorded in Volume 354, Page 614 of the Deed Records of Hays County, Texas, as amended by Amendment to Declaration of Easements, Covenants and Restrictions for Bell Springs Ranches as recorded in Volume 359, Page 450 of the Deed Records of Hays County, Texas.

Section 1.02. "Association" shall mean and refer to Bell Springs Ranches Property Owners Association, its successors and assigns.

Section 1.03. "Subdivision" shall mean and refer to all of the land described in the Restrictions and named therein "Bell Springs Ranches", an unrecorded subdivision described by the attached plat of Bell Springs Ranches as surveyed by Dodd Surveying Co., Inc., and annotated as Attachment 1.

Section 1.04. "Tract" shall mean and refer to any parcel of real property designated as a Tract in the Subdivision and any lot on any recorded subdivision plat within the Subdivision.

Section 1.05. "Owner(s)" shall mean and refer to the record owner, whether one or more persons or entities, of equitable title (or legal title if same has merged) of any tract, including contract buyers, but excluding those having such interest merely as security for the performance of an obligation. The term "Owner(s)" shall not include a lessee or tenant of a Tract. If a Tract is owned by more than one person, including spouses, this group will be considered by the Association to be one Owner and may be referred to hereinafter as "Owners group."

Section 1.06. "Board" shall mean and refer to the Board of Directors of the Association.

ARTICLE 2

Name, Authority and Location

Section 2.01. The name of the Association is Bell Springs Ranches Property Owners Association.

Section 2.02. The Association is organized in accordance with the Restrictions as an unincorporated association whose membership is comprised solely of Owners.

Section 2.03. The office of the Association shall be located at the home of the President of the Association, but meetings of Owners and directors may be held at such places within the State of Texas, County of Hays, as may be designated by the Board of Directors.

Section 2.04. The mere acquisition of any tract or the mere act of occupancy of a tract will signify that these Bylaws are accepted, approved, ratified, and will be complied with by such buyer(s) or tenant(s).

ARTICLE 3

Meeting of Owners

Section 3.01. VOTES. Each Owner or Owner's Group is entitled to cast one vote for each acre owned, including fractional votes equal to fractional acres. According to the Restrictions, the Owners of each Tract, whether consisting of one person or multiple individuals or entities as co-owners collectively are entitled to the votes allocated to that Tract and can split in any manner agreed upon, or in the absence of an agreement, in the proportion according to the ownership percentages. An individual or a husband and wife as co-owners can split votes among issues EXCEPT on any vote to terminate the Restrictions at the end of the initial thirty (30) years a husband and wife must pool their votes and vote collectively as if they were one individual as specified by the Restrictions. Nothing in this Section 3.01 shall be interpreted to amend the voting rights and requirements of the Restrictions.

Section 3.02. ANNUAL MEETINGS. The annual meeting of the Owners shall be held each year in October at a place and on a date and hour designated by the Board.

Section 3.03. SPECIAL MEETINGS. Special meetings of the Owners may be called at any time by the President or by a majority of a quorum of the Board of Directors, or upon written request by the Owners who are entitled to vote at least one-tenth (1/10) of all votes as allocated on an acreage basis.

Section 3.04. NOTICE OF MEETINGS. Written notice of each meeting of the Owners shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least thirty (30) days, but not more than fifty (50) days, before such meeting to each Owner entitled to vote thereat, addressed to the Owner's address last appearing on the books of the Association, or supplied by such Owner to the Association for the purpose of notice. Such notice shall specify the place, day, hour and agenda of the meeting or, in the case of a special meeting, the purpose of the meeting, and shall be deemed delivered when deposited in the United States Mail addressed to the Owner at his address as set out above.

Section 3.05. QUORUM. The presence of a number of Owners and proxies at a meeting representing a number equal to a majority of total allocated votes shall constitute a quorum for any action except as otherwise provided in the Restrictions or these Bylaws. The Owners present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Owners to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting, the Owners entitled to vote thereat shall have power to adjourn the meeting and the Board will set another time and date for the meeting as provided in these Bylaws.

Section 3.06. PROXIES. At all meetings of Owners, each Owner may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and nontransferable and shall automatically cease upon conveyance by the Owner of his Tract. No proxy shall be valid after the expiration of eleven (11) months from the date of issuance. The Board shall have authority to promulgate a form of proxy to be used.

ARTICLE 4

Board of Directors: Selection and Term of Office

Section 4.01. NUMBER. The affairs of this Association shall be managed by a Board of five (5) Directors consisting of the President, Vice-President, Secretary, Treasurer, and one At-large member, each of whom must be either an Owner (where the Owner is an individual person) or a member of an Owner's group (where a tract is owned by more than one person). No more than one member of any Owner's group may be a Director at any one time.

Section 4.02. NOMINATION. Requests for nominations and self-nominations will be included in the notice of the annual meeting. Nomination for election to the Board of Directors shall be made by a Nominating Committee which shall consist of a Chairman, who shall be a director, and two or more Owners of the Association. The Nominating Committee shall be appointed by the Board not less than thirty (30) days prior to each annual meeting of the Owners and shall serve until the close of such annual meeting. Nominations may also be made from the floor at the annual meeting subject to procedural rules adopted by the Board. Such rules shall not be established so as to exclude any person, who owns part or all of a Tract from being a candidate or submitting the name of a candidate. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than one each for

President, Vice-President, Secretary, Treasurer, and Member-at-Large. Such nominations may only be made from among Owners or persons in an Owner's group.

Section 4.03. ELECTION. Election to the Board of Directors shall be by written ballot. At such election the members or their proxies may cast for each Director as many votes as they are entitled to exercise under the provisions of the Restrictions and these Bylaws. The person receiving the largest number of votes for each position shall be elected to that position. Cumulative voting, i.e. reserving votes allocated to one director's position for the purpose of casting them in combination with votes allocated for another director's position, is not permitted.

Section 4.04. TERM OF OFFICE. At each annual meeting the Owners shall elect a President, a Vice-President, a Secretary, a Treasurer, and one Member-At-Large for one term. The term shall begin at the close of the annual Owners meeting and extend until the close of the next annual Owners meeting.

Section 4.05. REMOVAL. Any Director or officer may be removed from the Board, with or without cause, by a majority vote of the Owners represented either in person or by proxy at any meeting of the Owners which is called in accordance with these Bylaws and a successor may then and there be elected to fill the vacancy thus created. If the vacancy is not then and there filled, it may be filled at any regular meeting or at a special meeting called for that purpose, but in any event, such vacancy shall be filled by or at the next annual meeting of the Association. Any director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

Section 4.06. VACANCIES BY DEATH OR RESIGNATION. In the event a vacancy occurs on the Board by virtue of the death or resignation of a Director, a majority of the remaining members of the Board shall appoint a successor to serve for the remainder of the term. A director whose membership in the Association ceases because of the sale or other conveyance of his/her tract shall be considered to have resigned.

Section 4.07. ABSENCE OF DIRECTOR. The office of any director absent from three (3) consecutive regular meetings of the Board of Directors shall be considered vacant by resignation.

Section 4.08. COMPENSATION. No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses in the performance of duties.

Section 4.09. MULTIPLE OFFICES. No person shall simultaneously hold more than one office except in the case of special offices created pursuant to the section on Special Appointments in Section 6.0105.

ARTICLE 5

Meetings of Board of Directors

Section 5.01. MEETINGS. Meetings of the Board of Directors shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each director. Notice of the time and place of each meeting shall be delivered to each Director either personally, by telephone, or by mail. The Board shall hold a minimum of one meeting per year.

Section 5.02. QUORUM. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 5.03 OPEN MEETINGS. All meetings of the Board shall be open to all Owners, but Owners other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a majority of a quorum of the Board. There shall be an agenda item at each meeting for input from the Owners.

Section 5.04. EXECUTIVE SESSION. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss personnel matters, litigation in which the Association is or may become involved, disciplinary matters, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 6

Powers and Duties of the Board of Directors

Section 6.01. POWERS. The Board of Directors shall have the power

- 6.0101. to exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the Owners by other provisions of these Bylaws or the Restrictions;
- 6.0102. to administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions as set forth in the Restrictive Covenants and these Bylaws, by lawsuit or otherwise;
- 6.0103. to employ an independent contractor as it deems necessary and to prescribe the duties of that contractor;
- 6.0104. to cause all officers having fiscal responsibilities to be bonded as it may deem appropriate; and
- 6.0105. to elect such other ad hoc officers or committees as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

Section 6.02. DUTIES. It shall be the duty of the Board of Directors

- 6.0201. to cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Owners at the annual meeting of the Owners, or at any special meeting when such statement is requested in writing by any Owner;
- 6.0202. to supervise all officers of this Association and any independent contractors employed and to see that their duties are properly performed;
- 6.0203. to determine the amount of annual assessments, including interest on delinquent accounts, based upon the proposed budget for the following fiscal year as presented at the annual meeting by the outgoing Board. Written notice of the proposed budget and assessments will be sent to the Owner of each tract at least thirty (30) days in advance of each annual Owners meeting and will be subject to the approval by a majority vote of the Owners represented either in person or by proxy at the annual meeting;
- 6.0204. to call a special meeting of the Owners to present to them any matter requiring an expenditure in excess of the funds available in the general fund;
- 6.0205. to assess and collect any special assessment approved by Owners at any regular or special meeting of Owners;
- 6.0206. to affix a lien on the property of each Owner who is delinquent in the payment of any assessment; and
- 6.0207. to issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

ARTICLE 7

Officers and their duties

Section 7.01. ENUMERATION OF OFFICERS. The officers of this Association shall be a President, a Vice-President, a Secretary, and a Treasurer, who shall also serve as Directors of the Board.

Section 7.02. RESIGNATION. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.03. VACANCIES. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7.04. DUTIES. The duties of the officers are as follows:

7.0401. President. The President shall preside at all meetings of the Owners and of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all written instruments and shall co-sign all checks from such accounts as the Board may from time to time determine.

7.0402. Vice-President. The Vice-President shall act in the place and stead of the President in the event of his/her absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board. The Vice-President, with the approval of the Board, shall be responsible for the maintenance of the roads within the Subdivision to the extent of hiring and supervising a contractor to accomplish such maintenance.

7.0403. Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Owners; serve notice of meetings of the Board and of the Owners; keep appropriate current records showing the Owners of the Association together with their addresses; and shall perform other duties as required by the Board.

7.0404. Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall cause the disbursement of such funds as directed by resolution of the Board of Directors; shall co-sign checks from such accounts as the Board may from time to time determine; keep proper books of account; and shall be the chief officer responsible for the preparation of an annual budget and a statement of income and expenditures to be presented to the Owners at the regular annual meeting, and deliver a copy to each of the Owners.

ARTICLE 8

Indemnification of Officers and Directors

Section 8.01 Each person who serves as a director or officer of the Association shall be indemnified by the Association against any liability imposed upon, or for any expense reasonably incurred by him/her by reason of his/her being, or having been, such director or officer. Said person shall be indemnified against any claim, action, suit or proceeding made against him/her, whether civil, criminal, administrative, or investigative *except as to matters to which s/he shall be finally adjudged in such claim, action, suit or proceeding to be liable for fraud, gross negligence, or willful misconduct.*

Section 8.02. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

Section 8.03. The rights of indemnification herein provided may be insured against by policies maintained by the Association, shall not affect any other rights to which any director or officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

ARTICLE 9

Committees

Section 9.01. The Board is hereby constituted as the Architectural Control Committee as provided in the Restrictions.

Section 9.02. The Nominating Committee shall be appointed by the Board of Directors as set out in Article 4 of these Bylaws.

Section 9.03. The Board of Directors shall appoint other ad hoc committees in accordance with these Bylaws as deemed appropriate in carrying out its purpose.

ARTICLE 10

Books and Records

The books, records and papers of the Association shall be subject to inspection by any Owner at all reasonable times. The Restrictions and the Bylaws of the Association shall be available for inspection by any Owner at the house of the President of the Association. Copies may be obtained upon request for a reasonable cost.

ARTICLE 11

Assessments

Section 11.01. Each Owner is obligated to pay to the Association an annual assessment on a per acre basis to provide funds for the maintenance of roadways and other business of the Association as more fully provided in the Restrictions. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use or abandonment of the Tract.

Section 11.02. Where a Tract is owned by more than one person, such Owners of that Tract shall not be assessed a sum in excess of the amount which an individual Owner owning such Tract would have been assessed.

Section 11.03. Any annual assessment which is not paid by December 31 (the due date) of the year in which notice of the assessment is given shall be determined delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum non-usurious rate allowed by law.

Section 11.04. Any annual assessment which is not paid by March 31 following the due date may be secured by the affixing of a lien against the property against which the assessment is made in order to enforce payment as provided for in the Restrictions.

Section 11.05. Any special assessment approved by the Owners must be paid within thirty (30) days of the posted date of the notification of such assessment.

ARTICLE 12

Rules and Regulations Governing the Use of Roadway Easements

Section 12.01. Roadway easements are strictly for the use and benefit of Bell Springs Ranches property owners for the purpose of accessing residential property located within the Bell Springs Ranches subdivision only. This right of ingress and egress extends to utility companies and other contractors providing services to build, construct or maintain residences located on tracts in the Bell Springs Ranches subdivision.

Section 12.02. In accordance with the Deed Restrictions, all tracts of land are restricted to be used for residential purposes only and, therefore, cannot be used for entry or passageway to other subdivisions or other property located outside the Bell Springs Ranches subdivision. Furthermore, construction and use of such roadways adversely affects adjoining property owners as well as creates an annoyance or nuisance to them, a violation of the Restrictions, and an unfair burden of maintenance of roadways is placed on other property owners.

Section 12.03. Further rules and regulations governing the use of roadway easements may be proposed by the Board of Directors for approval by Owners by a vote of a majority of votes as allocated on an acreage basis.

ARTICLE 13

Amendments to Bylaws

Section 13.01. These Bylaws may be amended at a regular or special meeting of the Owners by a vote of three-fourths (3/4) of all votes as allocated on an acreage basis.

Section 13.02. Amendments may be proposed by the Board of Directors or by any Owner at a Board of Directors meeting. Proposed amendments receiving a majority vote of the Board of Directors will be presented to the Owners at the next Owners' meeting.

ARTICLE 14

Miscellaneous

Section 14.01. FISCAL YEAR. The fiscal year of the Association shall be from November 1 to October 31.

Section 14.02. SUBDIVISION OF TRACTS. Proposals to subdivide an existing tract must be submitted to the Board in its role as the Architectural Control Committee. The Board must approve such proposal by a majority vote before any subdividing can proceed. In no case, however, will any sub-tract or remainder of a tract be smaller than five (5) acres.

Section 14.03. HUNTING. Hunting is permitted only by Owners and their guests in accordance with the Deed Restrictions and within the limits of the laws of the State of Texas. An adult Owner of the tract on which the hunting is being done must be present at all times during each hunting session. Gun safety instructions will be reiterated at each annual meeting.

Section 14.04. SEVERABILITY OF Bylaws. Should any article, section, sentence, clause or phrase of these Bylaws, or the application or enforcement thereof, be held invalid or unenforceable, the validity or enforceability of the remainder of the Bylaws shall remain in full force and effect and not be affected thereby.