

## **FIRST AMENDED and RESTATED BYLAWS**

### **OF THE CANYON RIM HOMEOWNERS ASSOCIATION**

*These Amended and Restated Bylaws of the Canyon Rim Homeowners Association* amend, replace and restate those *Bylaws of the Canyon Rim Homeowners Association* made effective and executed by Declarant on December 11, 2000 and recorded in Book 9024 pages 1889 thru 1909 in the official records of the Bexar County Clerk on August 22, 2001.

The name of the organization is the CANYON RIM HOMEOWNERS ASSOCIATION. The following definitions shall apply to these Bylaws:

1. "Association" and "CRHOA" shall mean and refer to the Canyon Rim Homeowners Association, a non-profit association chartered under the laws of the State of Texas, its successors and assigns as provided for herein and in the Declaration of Covenants, Conditions and Restrictions of the Canyon Rim Homeowners Association filed of record in Vol. 8188 Pg. 1994 et.seq., of the Real Property Records of Bexar County, Texas.
2. "Properties" shall mean and refer to that certain real property lying within Hidden Mesa Subdivision, Planned Unit Development (PUD), as depicted on the Subdivision Plat and additions thereto, as are or may become subject to the jurisdiction of the Association.
3. "Common Facilities" and "Common Area" 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. Common Areas include Lots 93 (recreation center building site), 94 (recreation center green-belt), 95 (green-belt) and 96 (private streets, entry gate and traffic islands), Block 13, NCB 19217, of Hidden Mesa Subdivision PUD.
4. "Lot" shall mean and refer to any of the above stated separately numbered plots of land as shown on the Subdivision Plat.
5. "Subdivision Plat" shall mean and refer to the map or plat of Hidden Mesa Subdivision, Planned Unit Development filed for record in Volume 9544, Page 197-200, Deed and Plat Records of Bexar County, or any amendment thereto to replat thereof, and any map or plat of any subdivision or part thereof which may become subject to the jurisdiction of the Association.
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 exclude those having interest merely as security for the performance of an obligation. If a Lot is owned by more than one (1) person or entity, all such Owners shall be jointly and severally obligated to perform the responsibilities of such Owner.
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. "Board of Directors" or "Board" shall mean and refer to the Board of Directors of the Association as set forth herein below.

10. "Secretary" shall mean and refer to the Secretary of the Association as set forth in Article V, Sections 1 and 5, hereof.

11. "Declarant" shall mean and refer to the Association as successor in interest to Japhet/Flair Joint Venture.

12. "Dedicator Instrument" means each governing instrument covering the establishment, maintenance, and operation of a residential subdivision. The term includes restrictions or similar instruments subjecting property to restrictive covenants, bylaws, or similar instruments governing the administration or operation of a property owners' association, to properly adopted rules and regulations of the property owners' association, and to all lawful amendments to the covenants, bylaws, rules, or regulations.

## **ARTICLE I PURPOSE AND OBJECTIVE**

1. The primary purpose of this nonprofit Association is to exercise all of the powers and privileges, and perform all of the duties and obligations of the Association as set forth in the Dedicatory Instruments, the Business Organizations Code, and the Texas Property Code, as the same may be amended from time to time. Without limiting the generality of the foregoing, the Association is organized for the following general purposes:

(A) To maintain and administer any and all Common Facilities of Hidden Mesa Subdivision according to plat recorded in the Deed and Plat Records of Bexar County, Texas, and such additional lands as may be brought within the jurisdiction of the Association;

(B) To collect and disburse the assessments and charges due the Association as set forth in the Declaration of Covenants, Conditions and Restrictions for the Subdivision, including any amended or Declarations thereto, and for all such additional lands; and for such other lawful non-profit purposes as the Association may determine that are not inconsistent herewith;

(C) To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the Common Facilities or affairs of the Association in accordance with the Dedicatory Instruments;

(D) To enforce applicable provisions of the Dedicatory Instruments and any other instruments for the management and control of the Properties including, without limitation, the power:

(1) to fix, levy, collect and enforce payment, by any lawful means, of all Assessments, fines, charges and other amounts imposed pursuant to the terms of the Dedicatory Instruments;

(2) to enforce all restrictions, covenants and affirmative obligations imposed pursuant to the terms of the Dedicatory Instruments;

(3) to contract for and to pay for maintenance and improvement of the Common Facilities or areas for which the Association is responsible as contemplated by the Dedicatory Instruments or the Board of Directors;

(4) to employ personnel or management firms reasonably necessary for the administration and operation of the Association, and to discharge the powers and duties of the Association

arising under the Dedicatory Instruments, including the employment of accountants, attorneys and/or other professionals, as appropriate;

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

(6) to develop, create and adopt rules, regulations, policies and procedures necessary, as determined by the Board of Directors, which are necessary or convenient to the operation, management, maintenance and administration of the Common Facilities or the affairs of the Association, which shall include but not limited to, use of Common Facilities, construction policies and procedures, environmental policies, fine and towing policies and suspension of Membership rights for violations of the Dedicatory Instruments as limited by the Texas Property Code.

2. The Association shall be operated exclusively for such purposes, and no part of its net earnings shall inure to the benefit of any private shareholder or individual, no substantial part of its activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and it shall not participate in, or intervene in (including the publishing of statements), any political campaign on behalf of any candidate for public office.

3. 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 Bylaws. The mere acquisition or rental of any Lot or the mere act of occupancy of any Lot will signify that these Bylaws are accepted ratified and will be complied with.

## ARTICLE II MEMBERSHIP, VOTING, QUORUM, PROXIES

1. **Membership.** Every person or entity who is a record owner of a fee or undivided interest in any Lot situated within Hidden Mesa Subdivision, Planned Unit Development, Bexar County, Texas, and any such additional lands as may become subject to the jurisdiction and assessment of the Association, shall be a Member of the Association, including buyers in a contract for deed or an executory contract recorded in the Official Public Records of Bexar County, Texas but not yet completed, provided, however, that any person or entity holding an interest in any such Lot or Lots merely as security for the performance of an obligation shall not be a Member. The Association may issue certificates to its Members, to evidence their membership. Any mortgagee or lienholder who acquired title to any Lot which is a part of the Property through judicial or non-judicial foreclosure, shall be a Member of the Association and be bound by all Dedicatory Instruments. It shall be the Member's obligation to notify the Association of acquiring an ownership interest in a Lot and shall provide and maintain a current mailing address with the Association. The Association shall not be responsible for locating a current address for any Member if different from the address included in the Association records. 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 Subdivision 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 others 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. The lien securing any unpaid assessments shall remain in force and shall be collectible pursuant to the remedies set forth in the Declaration. No change of ownership, including contract for deed, shall be effective for voting purposes unless and until the Association is given actual written notice and provided

satisfactory proof of the transfer. Membership shall not be assigned, pledged, or transferred in any other way. Any attempt to make a prohibited transfer shall be void.

2. **Voting Rights.** The Association shall have one (1) class of voting membership. Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person is the owner of any Lot, all such persons shall be members, and the vote of such Lots shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

3. **Voting Methods.**

(A) At all meetings of Members, each eligible member may vote in person or by proxy at a meeting of the Association, by absentee ballot, or by electronic methods as described in Section 209.00593 of the Texas Property Code, as amended.

(B) Any vote cast in an election or vote by a Member must be in writing and signed by the Member. In an Association-wide election, written and signed ballots are not required for uncontested races.

(C) An electronic vote (i) given by e-mail, facsimile, or posting on an internet website established by the Association for voting, if available, (ii) for which the identity of the Member submitting the ballot can be confirmed, and (iii) for which the Member may receive a receipt of the electronic transmission and ballot shall constitute a written and signed ballot.

(D) An absentee or electronic ballot (1) may be counted as an Owner present and voting for the purpose of establishing a quorum only for items appearing on the ballot; (2) may not be counted, even if properly delivered, if the Owner attends the meeting to vote in person, so that any vote cast at a meeting by an Owner supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal; and (3) may not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the exact language on the absentee or electronic ballot.

4. **Proxies.** A Member may vote in person or by proxy executed in writing by the Member or by his, her or its duly authorized attorney-in-fact. The Board shall be authorized to designate the form of proxy to be exclusively used. No proxy shall be valid for more than thirty (30) days from the date of its execution, unless otherwise provided in the proxy. A proxy shall be revocable in writing at any time by its maker.

5. **Cumulative Voting. Cumulative voting shall not be permitted.**

6. **Conducting Election.** The Board shall, by resolution, designate one of its Members, not standing for re-election to the Board or alternatively, a disinterested third party to serve as Election Officer for the election of the Board. The Election Officer shall receive written nominations as provided herein and shall administer the annual election or special called meeting. The Election Officer shall appoint, in writing, such assistants as are in his or her judgment required to conduct the election. Such assistants shall not be paid for their services, nor be Members of the Board, nor candidates for election thereto. A person who is a candidate for election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, may not tabulate or otherwise be given access to the ballots cast in that election or vote except as part of a recount process authorized by law and set forth in Tex. Prop. Code Sect. 209.00594, as amended. The Election Officer shall prepare, or cause to be prepared, a written ballot listing in random order the names of the nominees for election. The Board shall be permitted to adopt

such rules and procedures for the use of proxies and their verification prior to the date of the meeting held for the purpose of election of Directors.

7. **Voting.** Voting and counting of ballots shall be conducted by the Election Officer and his or her assistants. The results of balloting shall be announced by the Election Officer before the close of the meeting at which the election takes place and the nominee(s) receiving the highest number of votes shall be declared by the Election Officer to have been elected. The Election Officer shall announce only the names of the successful candidate(s) and shall not announce or post the vote totals of the respective candidates. The Election Officer shall thereafter certify, in writing, the results of the balloting, which results shall be countersigned by his or her assistants. Notwithstanding any other provision in the Dedicatory Instruments or the Texas Property Code, (i) a person who is a candidate in the Association's election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree by consanguinity or affinity, as determined under Chapter 573, Government Code, may not tabulate or otherwise be given access to the ballots cast in that election or vote except as herein stated; (ii) a person other than a person described above in this Section 7 may tabulate votes in the Association election or vote but may not disclose to any other person how an individual voted; (iii) provided however, a person other than a person who tabulates votes under this Section 7 including a person described by this Section 7, may be given access to the ballots cast in the election or vote only as part of a recount process authorized by law.

8. **Recount of Board of Directors Election Votes.** A Member has fifteen (15) calendar days from the date on which a Board of Directors election was held to request a recount of the votes. A recount may not be requested for any agenda items other than a Board election. A demand for a recount must be submitted in writing by certified mail, return receipt requested, delivery by the United States Postal Service with signature confirmation to the Association's updated mailing address, or in person to the Association's current managing agent. The Association shall retain and enter into a contract with, at the expense of the requesting Member, a person qualified to recount the votes. The person conducting the recount may not be a Member of the Association or related to a Director within the third degree of consanguinity or affinity, and shall be either a current or former county judge, county elections administrator, justice of the peace, or county voter registrar, or a person mutually agreed upon by the Association and the requesting Member. The recount shall be completed within thirty (30) days of the date in which the recount request and payment for the services is received by the Association. In the event the recount changes the results of the election in question, the Association shall reimburse the Member the cost of the recount. A recount shall not affect actions taken by the Board between the election in question and the completion of the recount.

9. **Quorum.** The presence, either in person, by absentee or electronic ballot, by representative, or by proxy, at any meeting, of Members entitled to cast at least ten percent (10%) of the total voting power of the Association shall constitute a quorum for any action, except as otherwise provided in the Declaration or Articles of Incorporation. In the absence of a quorum at a meeting of Members, if the meeting is rescheduled as hereinafter permitted, the quorum for the first rescheduled meeting shall remain at ten percent (10%). If a quorum is not attained at the first rescheduled meeting and the meeting is rescheduled a second time, the quorum for the second rescheduled meeting shall be reduced to five percent (5%) for that meeting only. Ballots cast by absentee or electronic ballot shall not count towards the quorum if the proposed item on the ballot is amended from the language on the absentee or electronic ballot at a meeting of the Members.

**ARTICLE III  
ASSOCIATION MEETINGS**

1. **Place of Meetings.** Meetings of the Association shall be held at such place in Bexar County as the Board of Directors may determine.
2. **Annual Owners' Meeting.** There shall be a meeting of the Association on the 2<sup>nd</sup> Tuesday of May each year beginning 2014 at 7:00 p.m. or at such other reasonable time (not more than 60 days before or after such date) and at such place as the Board of Directors may determine. At such meetings there shall be elected, by ballot of the Owners, a Board of Directors in accordance with the requirements of Section 5 of Article IV of these Bylaws. The Owners may also transact such other business of the Association as may properly come before them. The meetings shall be not scheduled on a legal holiday.
3. **Special Owners' Meetings.** It shall be the duty of the President of the Board of Directors to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon petition signed by twenty percent (20%) of the Owners having been presented to the Board Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business, except the purpose stated in the notice of the meeting, may be transacted at a special called meeting.
4. **Adjourned Member Meeting.** If any Annual Owners Meeting or Special Owners Meeting 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 seventy-two (72) hours or more than thirty (30) days from the meeting date. The only notice required shall be an announcement at the meeting convened lacking the required quorum. If no quorum is attained at the rescheduled meeting, the meeting may be rescheduled again for the final attempt without notice to Members, subject to the provision for a reduced quorum as permitted in Article II Section 9. Thereafter, the Members must receive notice as required herein.
5. **Failure to Call Annual Meeting.** If the Directors fail to call an annual meeting of the Members, a Member may demand that a meeting of the Members be called to elect Directors not later than the thirtieth (30<sup>th</sup>) day after the date of the Member's demand. The Member's demand shall be in writing and sent by certified mail, return receipt requested, to the registered agent of the Association and to the Association. A copy of this notice must then be sent by the Association to each Member. In the event the Directors fail to call a meeting of the Members on or before the thirtieth (30<sup>th</sup>) day after the date of the demand, three (3) or more Members may then form an election committee. The election committee shall file written notice of the committee's formation with the Bexar County Clerk for recordation in the Bexar County Real Property Records. The notice shall contain: 1) a statement that an election committee has been formed to call a meeting of the Members for the sole purpose of electing Directors; 2) the name and residential address of each committee member; and 3) the name of the subdivision over which the Association has jurisdiction under the Declaration, the Articles of Incorporation, or by these Bylaws. The notice shall be signed and acknowledged by each committee member. Only one committee within the Subdivision may operate at one time. If more than one committee files notice with the Bexar County Clerk, the first committee to file notice, provided all of the other requirements of this Section are satisfied, has the power to act. A committee has four (4) months after the date the notice is filed with the Bexar County Clerk to conduct a successful election. The committee is automatically dissolved if a successful election is not held within this four (4) month period. The notice, quorum, and voting provisions of these Bylaws apply to any meeting called by the committee. The committee may call a meeting of the Members for the sole purpose of electing Directors.

6. **Board of Directors Meetings.** A Board of Directors' Meeting is a deliberation between quorums of the voting board, or between a quorum of the voting board and another person during which HOA business is conducted and the board takes formal action. All regular and special board meetings must be open to Owners. Written minutes must be kept and made available for Member (Owner) inspection. Board meetings must be held in Bexar County unless it is a telephonic or electronic meeting. Executive session meetings can only include actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, and confidential communications with the Association's attorney or other confidential matters. Executive session decisions must be summarized orally in regular meetings and placed in the minutes in general terms, including any expenditures approved. A gathering of a quorum of Directors at a social function unrelated to the business of the Association or the attendance of a quorum of Directors at a convention, ceremonial event, or press conference does not constitute a meeting of the Directors if no formal action is taken and discussion of Association business is incidental to the event.

7. **Notice of Meetings.**

(A) Notice of Meeting of Members. Written or printed notice of each meeting of the Members shall be given by or at the direction of the President or other person authorized to call such meeting by mailing postage prepaid to each member entitled to vote thereat at the address as it appears in the records of the Association at the time of the mailing or by other means as permitted by the Texas Property Code, a copy of such notice not less than ten (10) nor more than sixty (60) days before the date of such meeting; and additionally by any one of the following methods (i) post notice of the meeting in a place located on the Association's Common Area; (ii) post notice on the Association website; or (iii) email notice to anyone who has registered an email address with the Association. Such notice shall specify the place, date, and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

(B) Notice of Meeting of the Board: Notice of all Board meetings must be provided in at least two of the following methods: (i) mailed to the property owner 10 to 60 days before the meeting; (ii) provided 72-hours' notice before the meeting posted in a place located on the Association's Common Area such as the entrance & exit of the Subdivision and on the Association website; or (c) email notice to anyone who has registered an email address with the association. Notice must include the date, hour place and general subject including a general description of any Board Executive Session matter.

8. **Meeting Without Notice.** The Board of Directors may meet by any method of communication, including electronic and telephonic meetings, without prior notice to the Members. The Board of Directors may consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate Board action. The Board may take action either pursuant to a verbal vote, provided each Director may hear and be heard by every other Director or by unanimous written consent. Any action taken by the Board without notice to the Members must be summarized orally, including, but not limited to, actual or estimated expenditures approved, and documented in the written minutes of the immediately subsequent regular or special Board meeting. The Board may not, without prior notice to the Members consider or vote on any of the following matters:

- (A) Fines;
- (B) Damage assessments;
- (C) Initiation of foreclosure actions;

(D) Initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety;

(E) Increases in assessments;

(F) Levying of special assessments;

(G) Appeals from a denial of Architectural Control Committee approval; or

(H) Suspension of a right of a particular Member before the Member has an opportunity to attend a regular or special meeting of the Board to present the Member's position, including any defense, on the issue.

9. **Recess of Board Meeting.** If the Board recesses a regular or special Board meeting to continue the following regular business day, the Board is not required to post notice of the continued meeting, provided the recess is taken in good faith. If the meeting is continued to the following regular business day, and on that day is continued to another day, the Board shall provide notice of the continuation within two (2) hours after the continued meeting is adjourned by posting notice in a conspicuous manner reasonably designed to provide notice to the Association, which includes posting notice on Association common property, posting notice on conspicuously located Member property with that Member's consent, or posting notice on an Internet website maintained by the Association.

10. **Order of Business.** The order of business at any Annual Owners Meeting, Special Owners Meeting, or Board of Directors Meeting is suggested to be as follows:

(A) Roll call;

(B) Proof of notice of meeting or waiver of notice;

(C) Reading of minutes of previous meeting;

(D) Reports of officers;

(E) Reports of committees;

(F) Election of Directors;

(G) Unfinished business;

(H) New business.

11. **Records.** All Owners' and Board's meeting minutes (excluding Executive Session details and other confidential matters), financial records and contracts must be open and available for examination by an Owner, a person designated in writing by an Owner as the Owner's agent, the Owner's attorney or certified public accountant. The Owner or agent must send a written request for access by certified mail, with details of the records sought, to the Association's agent on the most recently filed management certificate. The HOA must respond within 10 business days, and if the records are not ready, the management agent must advise the Owner or agent when the records will be available. The location of the inspection is to be agreed upon during normal business hours. Attorney's records and files are not considered association records. The Association is not required to provide violation history of any individual, owners' personal financial information or contact information (except address), or employee

information. Information may be provided in summary format. Charges are listed on the Resolution of the Board of Directors of the Canyon Rim Home Owners Association Regarding Records Production, Copying and Retention. All dedicatory instruments must be filed in Bexar County and have no effect until filed.

#### ARTICLE IV BOARD OF DIRECTORS

1. **Number and Qualifications.** Subject to the provisions of Section 4 of this Article, a Board of Directors composed of five persons shall govern the affairs of this Association. The number of Directors to serve on the Board may be changed to not less than three (3) or more than seven (7) Directors by vote of more than 67% of the Association Members. Directors must be property owners, a spouse of a property owner, or a beneficiary of a trust owning property. For practicality in conducting HOA business, a Director should occupy the living unit within Canyon Rim for more than half of each calendar year.

2. **Powers and Duties.** The Board 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 may do all such acts and things which the Association may do and which are not barred by these Bylaws, by the Declaration of Covenants, Conditions and Restrictions of the Stone Oak Property Owners Association or otherwise directed to be exercised and done by the Owners.

3. **Other Powers and Duties.** The Board shall be empowered and shall have the following duties:

(A) To administer and enforce the covenants, conditions, 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, emailed or mailed to each Member promptly upon the adoption thereof;

(C) To keep in good order and 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 ensure and keep insured all of the insurable Common Facilities in an amount equal to their maximum replacement value. For the period beyond two years from completion of initial construction, maximum replacement value shall be determined from time to time by one or more written appraisals. Further, to obtain and maintain comprehensive liability insurance covering the entire premises in amounts of not less than \$100,000 per person and \$300,000 per accident and \$50,000 in property damages. 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 Members and the quarterly 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 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 if, in its reasonable discretion, such fees are warranted;

(F) To levy and collect assessments allocated to Other Properties, if applicable, based on determinations in accordance with contractual agreements between the Association and owners of other properties for the other properties' portion of maintenance and /or security 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 Bylaws;

(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 or 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 Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty days for a serious infraction, as deemed by the Board of Directors, 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 BOD;

(O) To dedicate or transfer all or 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 two-thirds vote of the Members. The Board shall be empowered to accept donations of property to the Association on behalf of the Association when such donations prohibit such dedications to transfer or are otherwise conditioned;

(P) To keep and maintain full, accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at a reasonable time by each of the Owners; and to cause to be prepared, by a competent certified public accountant, an annual statement of the Association;

(Q) To prepare and deliver annually to each Owner a statement showing all receipts, expenses or disbursements since the last such annual statement;

(R) To meet at least quarterly;

(S) To establish, impose and revise such fines or penalties as the Board deems reasonable for the violation of any Dedicatory Instrument;

(T) To designate the personnel necessary for the maintenance and operation of the Common Facilities, and;

(U) In general, to carry on the administration of the Association and to do all of those things, necessary and reasonable, to carry out the communal aspect of the Property.

4. **Elections and Term of Office.** The Board of Directors (BOD) shall be composed of (5) five homeowners duly elected by the Members of the HOA at the Annual Members Meetings for staggered two-year terms. At the first Annual Members Meeting following the adoption of these Amended and Restated Bylaws, all current Directors shall resign and if any one fails to resign, the director shall be automatically removed from Board. At the Annual Members Meeting after these Amended and Restated Bylaws have been approved by the Association Membership in this even-numbered year of 2014, the three (3) candidates receiving the most number of votes shall be elected for two (2) year terms, and the two (2) candidates receiving the next highest votes will be elected for a one (1) year term. Thereafter, starting in 2015, two (2) Directors will be elected in odd-numbered years for two (2) year terms and three (3) Directors will be elected for two (2) year terms in even-numbered years. When a Director vacancy occurs, not to be confused with an Officer vacancy, the majority of the remaining BOD may appoint a new Director to fill the vacancy until the next Annual Members Meeting. If the vacated Director's position has an additional year before the term expires, at the Annual Members Meeting an additional "special" election will also be held to elect a Director to complete the remaining time of the two (2) year term of the Director who vacated the Directorship.

5. **Board Vacancies.** Vacancies on the Board shall be filled by vote of the majority of the remaining Directors in an open Board meeting. Each Director so appointed by the Board shall be a Director until the next Annual Members' meeting.

6. **Removal of Directors.** At any Annual or Special Owners' Meeting duly called, any one or more Directors may be removed with or without cause by vote of more than forty percent (40%) of the eligible Membership votes of the Association, and a successor(s) may be then and there elected to fill any vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given the opportunity to be heard at the meeting. In the event the Directors are presented with written, documented evidence from a database or other record maintained by a governmental law enforcement authority that a Director has been convicted of a felony or a crime of moral turpitude, the Director is immediately ineligible to serve on the Board, is automatically considered removed, and is prohibited from future Board service. Any director who has three (3) consecutive unexcused absences from Board meetings may be removed by a majority of the directors present at regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

7. **Board Organizational Meeting.** The first meeting of the Board shall be held within ten (10) days after the election at such place as shall be fixed by the Directors at the Membership Meeting at which such Directors were elected.

8. **Regular Quarterly Board Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined by a majority of the Directors, but at least one such meeting shall be held during each calendar quarter. Board meetings will also be announced in advance and will be open to all members and minutes will be promptly published and made available to Owners.

9. **Special Board Meetings.** Special Meetings may be called by the Board President or upon written or electronic request by 40% of the Board members. Notice shall be provided as required in Article III Section 8 (B).

10. **Board of Directors Quorum.** At all meetings of the Board, 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. A gathering of a quorum of Directors at a social function unrelated to the business of the Association or the attendance of a quorum of Directors at a convention, ceremonial event, or press conference does not constitute a meeting of the Directors if no formal action is taken and discussion of Association business is incidental to the event.

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

12. **Compensation.** No Director shall receive compensation for any service rendered to the Association. However, any Director may be reimbursed for actual expenses incurred in the performance of the Director's duties. Any Director seeking reimbursement of expenditures must submit a reimbursement request with receipts attached within thirty (30) days of incurring the expense to the Treasurer. All reimbursable expenses must be approved by the Treasurer and President before repayment is made. Payment of all approved reimbursable expenses shall be made within thirty (30) days of receipt of the submitted expense. If the submitted expense is not approved, the Treasurer will provide written explanation of the basis for disapproval within the same time period.

## ARTICLE V OFFICERS

1. **Designation.** The Officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors.

2. **Election of Officers.** The Officers of the Association shall be elected annually by the Board at the organization meeting to be held within ten days after their election. Each new Board officer shall hold office at the pleasure of the Board.

3. **Removal of Officers.** Upon an affirmative vote of a majority of the members of the Board any officer may be removed from their Officer position (President, Secretary, or Treasurer), either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

4. **Board President.** The President shall be the chief executive officer of the Association. He/she shall preside at all Owners' and Board meetings. He/she shall have all the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint any committees from among the Owners from time to time as he/she may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5. **Board Secretary.** The Secretary shall keep all the minutes of all meetings of the Board and the minutes of all meetings of the Association, he shall have charge of such books and papers as the Board may direct; and he/she shall in general perform all duties incident to the office of Secretary. The Secretary shall compile and keep up to date at the principal office of the Association, a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each Member's name, the address of the Lot owned by such Member. Such list of

Members' names and addresses is public information inasmuch as it is available on the Bexar County Clerk of Courts website. Neither phone numbers nor e-mail addresses will be released by the Association to anyone or to other Association members unless authorized by the Member either electronically by e-mail or by written authorization. The list, other than email addresses and phone numbers, shall be open to inspection by all Members during regular business hours.

6. **Board Treasurer.** The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He/she shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of, the Association in such depositories as may from time to time be designated by the Board. Financial records will be reviewed at regular quarterly Board Meetings, at annual HOA Owners Meetings and shall be open to inspection by all HOA Members during regular business hours.

#### **ARTICLE VI INDEMNIFICATION OF OFFICERS AND MANAGERS**

The Association shall indemnify every Director, manager, officer, their heirs, executors, administrators, personal representative successors, assigns and those acting on its behalf, including members of the Architectural Control Committee or other similar committee, against all loss, costs and expenses including counsel fees to the fullest extent allowed by, and subject to the required findings and procedures of TEX. BUS. ORGS.CODE §8.101 and to the fullest extent allowed by the Texas Non-Profit Association Act or other applicable legislation, as amended. The foregoing rights shall not be exclusive of other rights to which such Director, manager, officer or other covered person may be entitled. The Association shall procure insurance to cover all the Association's obligation of indemnification.

Nothing in this Article shall be deemed to obligate the Association to indemnify any Member 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.

#### **ARTICLE VII OBLIGATIONS OF OWNER**

1. **Assessments.** All Owners shall be obligated to pay to the Association:

(A) Annual assessments or charges which are billed quarterly, and

(B) Special assessments for capital improvements, on improved lots only, shall be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon, and costs of collection thereof, shall be a charge on each Lot and shall be a continuing lien upon each Lot against which interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot at the time the obligation accrued.

(C) Those fines and fees that the Board of Directors may assess on an Owner as penalties for violations of the Association's rules or applicable covenants and restrictions.

(D) The annual and special assessments, together with such interest thereon and costs of collection thereof, including but not limited to administrative fees and reasonable attorney's fees as are hereinafter provided shall be a charge on each Lot and a continuing lien on each Lot, against which such

assessments and costs of a collection is made. Each Owner shall be liable for his or her portion of each assessment and special assessment coming due while he or she is the owner of a Lot. His or her grantee shall be jointly and severally liable for such portion thereof as may be due and payable at the time of a conveyance, all without prejudice to the rights of the grantee to recover from the grantor the amounts paid by the grantee therefore.

2. **Purpose of Assessments.** The assessments levied by the Association shall be used for the purpose of promoting the recreation, health, safety, and welfare of the Members and administration of the Association. They shall be used for, among other expenses, the improvement, maintenance and operation of Common Facilities devoted to this purpose and related to the use and enjoyment of the Properties by the Members. This includes specifically, the maintenance of Common Area landscaping, Common Area sprinkler systems, Common Area fences and gates, walls and monuments and such property, personal and real that the Association may acquire or contract to maintain.

3. **Basis and Maximum of Annual Assessments.** The annual assessment for unimproved Lots shall be one-fourth (1/4) of the annual assessment for improved Lots. The annual assessment for both improved and unimproved Lots shall be determined by the Board in the manner provided for herein after determination of current maintenance costs and anticipated needs of the Association during the year for which the assessment is being made. The maximum annual assessment for improved Lots and the maximum annual assessment for unimproved Lots may be increased as provided in Section 5. A Lot shall be deemed to be an improved Lot when construction of a Living Unit is completed thereon and a closing of a sale thereon has taken place or when the Living Unit is occupied by the Owner, whichever first occurs.

4. **Special Assessments for Capital Improvements.** In addition to the annual assessments provided for in paragraph 3 above, the Association may levy, in any assessment year, a special assessment on Lots only applicable to that year for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement on or which is a part of the Common Facilities or the acquisition of property to become part of the Common Facilities. Any such assessment shall have the assent of two-thirds (2/3rds) of the votes of the Lot Owners voting in person or by proxy at an Owners' Meeting duly called for this purpose. Written notice of such meeting which shall be sent to all Lot Owners at least thirty (30) days in advance and which shall set forth the specific purpose of the meeting.

5. **Change in Basis and Maximum of Annual Assessments.** For all annual assessments accruing after January 1, 2014, the maximum annual assessment may be adjusted by majority of the Board of Directors, but shall not be increased by more than (10%) above that of the previous year without a vote of the Owners. Any increase in the maximum annual assessment of more than ten percent (10%) shall require approval of the majority (51%) vote of Members at an Owners' Meeting duly called for such purpose.

6. **Quorum for Actions Authorized Under Sections 4 and 5.** The quorum required for any action by Members authorized by Sections 4 and 5 hereof shall be as follows:

At the first meeting called, as provided in Sections 4 and 5 hereof, the presence of Members, or of proxies, entitled to cast fifty (50) percent of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called within 30 days, subject to the notice requirements set forth in Sections 4 and 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum of the preceding meeting.

7. **Date of Commencement of Annual Assessments.** The assessments for each calendar year shall become due and payable and shall be collected as the Board shall determine. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

8. **Duties of the Board of Directors.** Not later than January of each year, the Board of Directors of the Association shall fix the amount of the annual assessment against each Lot for such year and shall, at that time, prepare a listing of the Lots and assessments thereto which shall be kept in the office of the Association and shall be open to inspections by any Owner. Written notice shall thereupon be sent to every Owner subject thereto. The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

9. **Effect on Nonpayment of Assessment; Liens; Remedies of the Association.** If the assessments are not paid on the date when due (being the date specified in Section 7 hereof), then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof, shall be a charge on an Owner's property, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, successors, personal representatives, devisees and assigns. If the assessment is not paid within one month after the due date, the assessment shall bear interest from the due date at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the Owner to pay the same or to foreclose the lien against the Lot, and there shall be added to the amount of such assessment all reasonable expenses of collection including administrative fees, the costs of preparing and filing the complaint, reasonable attorney's fees and costs of suit. It is the duty and obligation of each Owner to notify the Association within fifteen (15) days of each Due Date if no bill is received. It shall be no defense to the Owner's obligation to pay any amount due because the Owner did not receive any bill or failed to maintain a current address with the Association.

10. **Subrogation of the Lien to Mortgages.** The line of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereafter placed upon the Lots subject to assessment, provided however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale or transfer of such Lot pursuant to a decree of foreclosure, or a conveyance expressly made in lieu of foreclosure. Such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due, nor from the lien of any subsequent assessment nor shall this subordination relieve any purchaser of a Lot which has not been the subject of foreclosure or conveyance in lieu of foreclosure from liability for assessments arising prior to acceptance of a deed to such Lot.

11. **Exempt Property.** The charges and liens created herein shall apply only to the Lots, and the remainder of the Properties shall not be subject thereto.

12. **General.**

(A) **Compliance with Declaration of Covenants, Conditions and Restrictions.** Each Owner, renter or tenant thereof shall comply strictly with the provisions of the Declaration of Covenants, Conditions and Restrictions of the Canyon Rim Homeowners Association (CRDCCRs). All Owners or their tenants/invitees shall promptly comply with each of the rules and regulations therein contained or hereafter properly adopted. Canyon Rim is encumbered by these restrictions for the following reasons:

- (1) To protect Lot Owners against improper use of surrounding lots;

- (2) To preserve, as far as practicable, the natural beauty of the property;
- (3) To guard against the erection of poorly designed and/or proportioned structures of improper or unsuitable materials;
- (4) To encourage and secure the erection of attractive improvements on each lot with appropriate locations;
- (5) To secure and maintain proper setbacks from streets and adequate free space; and
- (6) In general, to provide for development of the highest quality to enhance the value of the investment made by lot Owners.

(B) **Architectural Control Committee.** All the Lots are subject to the jurisdiction of the Stone Oak Property Owners Association (SOPOA) and any covenants, conditions or restrictions enacted and enforced by SOPOA. Also, all Lots are subject to the CRDCCRs. To the extent that the restrictions set forth in the CRDCCRs are more stringent than those conditions or restrictions enacted and enforced by SOPOA, the CRDCCRs will control:

(1) **ACC Membership.** The Board of Directors shall have the authority to appoint and remove members of the Architectural Control Committee (hereinafter referred to as "ACC"). Each term of an appointed member shall be for a period of one (1) year. The ACC shall be comprised of not less than three (3) nor more than five (5) members. A member of the ACC need not be a member of the Association. If for any reason, the Board fails to appoint a replacement member at the expiration of a member's term, that member shall continue to serve on the committee until a replacement member is appointed. A majority of the ACC members may act for the ACC and no notice of any of its meetings shall be required. The ACC may establish and charge reasonable fees for review of applications hereunder and may require such fees to be paid in full prior to review of any application. Such fees may include the reasonable costs incurred by the ACC in having any application reviewed by architects, engineers or other professionals.

(2) **Responsibilities.** The ACC reviews all applications for exterior lot changed to ensure that no building, garage, storage house, wall fence, driveway, sidewalk, parking area or other improvements shall be erected, placed, altered, or maintained, upon any lot, nor any exterior additions thereto or changes or alterations therein be made until the plans and specifications showing the nature, kind, shape, materials and location have been submitted to and approved in writing by the Committee In deciding upon the requests for approval the ACC shall take into consideration, among other things, the harmony of external design and location in relation to surrounding structures and topography.

(3) **Non-compliance.** In the event the ACC determines there is a situation of noncompliance, the Committee shall reasonably attempt to provide notice to the homeowner; builder, contractor or party that is determined to be in non-compliance with these restrictions before instituting legal procedures to enjoin the continuation of noncompliance. The Committee shall require the resolution of any such noncompliance prior to the continuation of construction.

(C) **Use of Common Facilities.** 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 the other Owners. 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