

**AFFIDAVIT IN COMPLIANCE WITH SECTION 202.006
OF THE TEXAS PROPERTY CODE**

THE STATE OF TEXAS §
COUNTY OF CHAMBERS §

BEFORE ME, the undersigned authority, on this day personally appeared Sarah B. Gerdes, who, being by me duly sworn according to law, stated the following under oath:

“My name is Sarah B. Gerdes. I am over twenty-one (21) years of age and fully competent to make this affidavit. I have personal knowledge of all facts stated herein, and they are all true and correct.

I am the attorney for Lake Anahuac Homeowners Association, Inc., a Texas non-profit corporation (the “Association”), and I have been authorized by the Association’s Board of Directors to sign this Affidavit.

The Association is a “property owners’ association” as defined in Section 202.001(2) of the Texas Property Code.


Attached hereto are the originals of, or true and correct copies of, the following dedicatory instruments, including known amendments or supplements thereto, governing the Association, which instruments have not previously been recorded: **Certificate of Formation and Bylaws of Lake Anahuac Homeowners Association, Inc.**

The document attached hereto is subject to being supplemented, amended or changed by the Association.

Dedicatory instruments of the Association that have already been filed in the Real Property Records are as follows:

- 1) Declaration of Covenants, Conditions and Restrictions for Lake Anahuac Homeowners Association, Inc. is recorded in the Real Property Records of Chambers County, Texas under Clerk's File Number 2021-167391 and Film Number 2021-166060.

SIGNED on this the 13th day of March 2023.



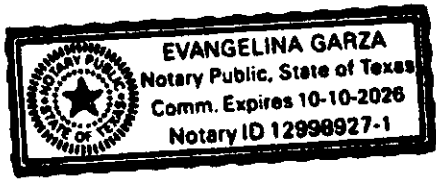
Printed Name: Sarah B. Gerdes
Attorney/ Agent for Lake Anahuac Homeowners
Association, Inc.

VERIFICATION

THE STATE OF TEXAS §
COUNTY OF FT. BEND §

BEFORE ME, the undersigned authority, on this day personally appeared Sarah B. Gerdes, who, after being duly sworn stated under oath that she has read the above and foregoing Affidavit and that every factual statement contained therein is within her personal knowledge and is true and correct.

SUBSCRIBED AND SWORN TO BEFORE ME, a Notary Public, on this the 13th day of March 2023.



Evangelina Garza

Notary Public - State of Texas

RECORDED BY:

ISG | SEARS
BENNETT
& GERDES, LLP

6548 GREATWOOD PKWY.
SUGAR LAND, TX 77479

FILED
In the Office of the
Secretary of State of Tex
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Corporations Sectic

CERTIFICATE OF FORMATION OF NONPROFIT CORPORATION
LAKE ANAHUAC HOMEOWNERS ASSOCIATION, INC.

The undersigned, being a natural person of the age of eighteen (18) years or more, and a citizen of the State of Texas, acting as Organizer under Chapter 3 of the Texas Business Organizations Code, submits this Certificate of Formation of Nonprofit Corporation.

I.
ENTITY NAME AND TYPE

The filing entity being formed is a nonprofit corporation. The name of the entity is LAKE ANAHUAC HOMEOWNERS ASSOCIATION, INC., (hereafter referred to as the "Nonprofit Corporation").

II.
REGISTERED AGENT AND REGISTERED OFFICE

The initial registered agent is a company of the state whose name JDH Association Management Co. The business address of the Nonprofit Corporation's registered agent and the registered office address is 15201 I-10 East, Suite 205, Channelview, Texas 77530.

III.
MANAGEMENT

Section 1. The management of the affairs of the Nonprofit Corporation is vested in the Board of Directors. The initial Board of Directors shall consist of three (3) Directors. The names and addresses of the persons hereby elected to serve as Directors until the first Board of Directors is elected by the Members, or until a successor or successors shall have been elected and qualified, are:

<u>NAME</u>	<u>ADDRESS</u>
Jay Atchley	15201 I-10 East, Suite 205 Channelview, Texas 77530
Irma Walton	15201 I-10 East, Suite 205 Channelview, Texas 77530
Karyn Green	15201 I-10 East, Suite 205 Channelview, Texas 77530

Section 2. The number of Directors constituting the Board of Directors of the Nonprofit Corporation and their qualifications shall be fixed or determined by, or in the manner provided in, the Bylaws of the Nonprofit Corporation, except that the initial Board of Directors shall be established in accordance with Section 1 above.

IV. MEMBERS

The Nonprofit Corporation shall have members. Every person or entity who is a record owner of fee simple title to any property subject to assessment by the Nonprofit Corporation shall be a member of the Nonprofit Corporation. Persons or entities who hold an interest in any property subject to assessment merely as security for the performance of any obligation shall not, however, be members. Membership shall be appurtenant to and may not be separated from property ownership, which shall be the sole qualification to be a member.

V. PURPOSES AND POWERS

The Nonprofit Corporation is formed for the purposes of providing for community, civic, and social welfare of the owners, residents, and occupants of the land which may at any time, and from time to time, be subject to certain Declaration of Covenants and Restrictions (the "Declaration"), Supplemental Restrictions or Annexation Agreements to be recorded in the Official Public Records of Real Property of Harris County, Texas and to promote the health, safety, and welfare of the owners, residents, and occupants, and for these purposes to:

- a. provide and maintain the common areas, common elements, facilities, and services of overall benefit to owners, residents, and occupants of the land subject to the jurisdiction of the Nonprofit Corporation, including, but not by way of limitation, maintenance of the common areas or common elements, conveyed to or owned by the Nonprofit Corporation, and other services, facilities and activities as may be in the community's interest.
- b. exercise all of the powers and privileges and perform all of the duties and obligations of the Nonprofit Corporation as set forth in the Declaration;
- c. fix, levy, collect, and enforce payment by the lawful means of all assessments pursuant to the terms of the Declaration;
- d. pay all office and other expenses incident to the conduct of the business of the Nonprofit Corporation, including all licenses, taxes, and governmental charges levied or imposed against the property of the Nonprofit Corporation;
- e. acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of interests in and to real or personal property in connection with the affairs of the Nonprofit Corporation;

- f. borrow money and with the approval of a majority of the votes of the Nonprofit Corporation, mortgage, pledge, deed in trust, or hypothecate any or all of the Nonprofit Corporation's real or personal property as security for money borrowed or debts incurred;
- g. dedicate, sell, or transfer all, or any part, of the parks, common area, common elements, and facilities owned by the Nonprofit Corporation to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the Board of Directors; provided that no conveyance of any parks, common area, common elements, or facilities other than the granting of utility easements shall be permitted except to a public entity established for purposes similar to the Nonprofit Corporation or which shall be dedicated to the preservation of community purposes and interest and which is capable of maintaining and agreeing to maintain the same; and further provided that any dedication, sale, or transfer other than for utility easements shall be approved by a 2/3 majority of the votes in the Nonprofit Corporation;
- h. participate in mergers and consolidations with other non-profit corporations organized for the same purposes provided that any merger or consolidation shall be approved by a 2/3 majority of the votes in the Nonprofit Corporation;
- i. establish and enforce rules and regulations governing the use, operation, maintenance, control and disposition of property to which the Nonprofit Corporation holds title or to which control is vested in the Nonprofit Corporation; and
- j. exercise any and all powers, rights and privileges which a corporation organized under the Texas Business Organization Code by law now, or hereafter, may have or exercise; provided that none of the objects or purposes set out in this document shall be construed to authorize the Nonprofit Corporation to do any act in violation of the Texas Business Organization Code, and all such objects or purposes are subject to the Code.

VI. VOTING RIGHTS

Votes in the Association shall be assigned on the basis of lots ("Lots") as provided in the Declaration. For as long as Class B votes shall continue to exist, there shall be two classes of votes in the Association, as follows:

CLASS A. Class A Members shall be all Members with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class B Member(s) shall be the Declarant, or its successors or assigns so designated in writing by the Declarant. The Class B Member(s) shall be entitled to ten (10) votes

for each Lot owned by the Class B Member(s). The Class B membership shall cease and be converted to Class A membership upon the Conversion Date.

VII. DURATION

The Nonprofit Corporation shall exist perpetually.

VIII. DISSOLUTION AND MANNER OF DISTRIBUTION

The Nonprofit Corporation may be dissolved upon approval by 2/3 majority of the total votes in the Nonprofit Corporation. Upon dissolution of the Nonprofit Corporation, other than incident to a merger or consolidation, the assets of the Nonprofit Corporation shall be dedicated to an appropriate public agency to be used for purposes similar to those for which this Nonprofit Corporation was created. If dedication is refused, the assets shall be granted, conveyed, and assigned to any non-profit corporation, association, trust, or other organization to be devoted to such similar purposes. No part of the income or assets of the Nonprofit Corporation is distributable to or for the benefit of its members, directors, or officers, except to the extent permissible under law.

IX. INDEMNIFICATION

The Nonprofit Corporation shall indemnify any person who was, or is, threatened to be made a named defendant or respondent in a proceeding (as hereinafter defined) because the person: (i) is, or was, a Director or officer of the Nonprofit Corporation; or (ii) while a Director or officer of the Nonprofit Corporation is, or was, serving at the request of the Nonprofit Corporation as a trustee, officer partner, venturer, proprietor, Director, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, to the fullest extent that a corporation may grant indemnification to a Director under the Texas Business Organization Code, as the same exists or may hereafter be amended. Such right shall be a contract right and shall include the right to be paid by the Nonprofit Corporation expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent permitted under the Texas Business Organization Code, as the same exists or may hereafter be amended. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the Nonprofit Corporation within ninety (90) days after a written claim has been received by the Nonprofit Corporation, the claimant may, at any time thereafter, bring suit against the Nonprofit Corporation to recover the unpaid amount of the claim. And if successful in whole or in part, the claimant shall be entitled to be paid also the expenses of prosecuting such claim. It shall be a defense to any such action that such indemnification or advancement of costs of defense are not permitted under the Texas Business Organization Code, but the burden of proving such defense shall be on the Nonprofit Corporation. Neither the failure of the Nonprofit Corporation (including its Board of Directors or any committee thereof, special legal counsel, or members, if any) to have made its determination prior to the commencement of such action that indemnification of, or advancement of costs of defense to, the claimant is permissible in the

circumstances, nor an actual determination by the Nonprofit Corporation (including its Board of Directors, or any committee thereof, special legal counsel, or members, if any) that such indemnification or advancement is not permissible shall be a defense to the action or create a presumption that such indemnification or advancement is not permissible. In the event of the death of any person having a right of indemnification under the foregoing provisions, such right shall inure to the benefit of that person's heirs, executors, administrators, and personal representatives. The rights conferred above shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, resolution of members, if any, or Directors, agreement, or otherwise. To the extent permitted by then applicable law, the grant of mandatory indemnification to any person pursuant to this section shall extend to proceedings involving the negligence of such persons. The Nonprofit Corporation may additionally indemnify any person covered by the grant of mandatory indemnification contained above to such further extent as is permitted by law and may indemnify any other person to the fullest extent permitted by law. The Nonprofit Corporation may purchase and maintain insurance on behalf of any person who is serving the Nonprofit Corporation (or another entity at the request of the Nonprofit Corporation) against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the Nonprofit Corporation would have the power to indemnify him against that liability under this Article or by statute. Notwithstanding the foregoing, no person shall be indemnified pursuant to the provisions of this section and no insurance may be maintained on behalf of any person if such indemnification or maintenance of insurance would subject the Nonprofit Corporation or such person to income or excise tax under the Internal Revenue Code of the United States as in effect from time to time, including any tax asserted under Chapter 42 of the Code. As used herein, the term "proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

X. DIRECTOR LIABILITY

To the fullest extent permitted by applicable law, no Director of the Nonprofit Corporation shall be liable to the Nonprofit Corporation for monetary damages for an act or omission in such Director's capacity as a Director of the Nonprofit Corporation, except that this paragraph shall not eliminate or limit the liability of a Director of the Nonprofit Corporation to the extent the Director is found liable for any of the following:

- a. A breach of such Director's duty of loyalty to the Nonprofit Corporation;
- b. An act or omission not in good faith that constitutes a breach of duty of the Director to the Nonprofit Corporation, or an act or omission that involves intentional misconduct or a knowing violation of the law;
- c. A transaction from which such Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of such Director's office; or

- d. An act of omission for which the liability of such Director is expressly provided for by statute.

Any repeal or amendment of this section by the Nonprofit Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a Director of the Nonprofit Corporation existing at the time of such repeal or amendment. In addition to the circumstances in which a Director of the Nonprofit Corporation is not personally liable as set forth in the foregoing provisions, a Director shall not be liable to the Nonprofit Corporation to such further extent as permitted by any applicable law hereafter enacted, including without limitation, any subsequent amendments of the Texas Business Organization Code.

XI. BYLAWS

The Board of Directors shall adopt Bylaws consistent with this Certificate of Formation and the Declaration. Those Bylaws may be amended by the Class B Member(s) on their own motion from the date hereof until termination of the Class B membership on the Conversion Date. Alternatively, the Bylaws may be amended at a regular or special meeting of the Members by a vote of the Members holding a majority of the votes of the Class A Members that are present in person or by proxy and the assent of the Class B Members, if any.

XII. GENERAL PROVISIONS

The Nonprofit Corporation is a non-profit corporation, without capital stock, organized solely for the purposes specified in Article V; and no part of the Nonprofit Corporation's property, whether income or principal, shall ever inure to the benefit of, or be distributable to, any Director, officer, or employee of the Nonprofit Corporation, or of any individual having a personal or private interest in the activities of the Nonprofit Corporation, nor shall any such Director, officer, employee, or individual receive or be lawfully entitled to receive any profit from the operations of the Nonprofit Corporation except a reasonable allowance for salaries or their compensation for personal services actually rendered in carrying out one or more of its stated purposes.

XIII. ORGANIZER

The name and address of the organizer is:

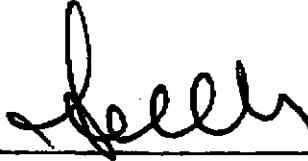
Sarah B. Gerdes
Sears, Bennett & Gerdes, LLP
6548 Greatwood Parkway
Sugar Land, Texas 77479

XIV. EFFECTIVENESS OF FILING

This document becomes effective when the document is filed by the Secretary of State.

**XV.
EXECUTION**

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.



**Sarah B. Gerdes, Organizer, Attorney &
Agent**

**BYLAWS OF
LAKE ANAHUAC HOMEOWNERS ASSOCIATION, INC.
A NON-PROFIT CORPORATION**

ARTICLE I

NAME AND LOCATION

The name of the corporation is LAKE ANAHUAC HOMEOWNERS ASSOCIATION, INC. The meetings of members and directors may be held at such places within the State of Texas as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Capitalized terms used but not defined herein have the meaning set forth in the Declaration.

ARTICLE III

DECLARANT CONTROL

Notwithstanding anything to the contrary in these Bylaws, a number of provisions in these Bylaws are modified by Declarant's rights and reservations under the Declaration during the Declarant Control Period and the Development Period, such as the number, qualification, appointment, removal, and replacement of directors, as well as the weight of votes allocated to lots owned by Declarant.

ARTICLE IV

MEETING OF MEMBERS

Section 1. Membership. Every Owner is a Member of the Association. Membership is appurtenant to and may not be separated from ownership of a Lot. Members have one vote per Lot. When more than one person is an Owner, each is a Member, but only one vote may be cast for a Lot.

Section 2. Annual Meetings. Annual Meetings of the members shall be held in the second calendar quarter each year or at such other times that the Board shall choose. Meetings of the Association may be held at the Property or at a suitable place convenient to the members, as determined by the board.

Section 3. Special Meetings. Special meetings of members may be called at any time by the President or by the Board of Directors, or on written request of members who are entitled to vote forty percent (40%) of the votes of the membership.

Section 4. Notice of Meetings. Written notice of each meeting of members shall be given by, or to the direction of, the secretary or other person authorized to call the meetings by mailing a copy of such notice, postage prepaid not later than the 10th day or earlier than the 60th day before such meeting to each member, addressed to the member's address last appearing on the books of the Association, or supplied

by such member to the Association for the purpose of receiving notice. Such notice shall specify the day, hour, and place of the meeting, and in the case of a special meeting, the purpose of the meeting, including a statement that no business may be conducted except as stated in the notice. Notice to a Member is deemed given when hand delivered or mailed. If mailed, notice is deemed given (whether actually received or not) when deposited with the United States Postal Service, postage prepaid.

Section 5. Quorum. For a meeting of the members at which a Director or Directors will be elected, the members present in person or by proxy at the meeting shall constitute a quorum for the purpose of conducting elections. For all other meetings, the presence at the meeting, in person or by proxy, of members entitled to cast a majority of the votes of the membership shall constitute a quorum for authorization of any action, except as may otherwise be provided in the Declaration, the Certificate of Formation, or these Bylaws. If a quorum is not present at a meeting, the members entitled to vote thereat shall have power to adjourn the meeting. At a reconvened meeting, thirty-five percent (35%) of the votes of the membership shall constitute a quorum.

Section 6. Proxies & Members Right to Vote. At all meetings of members, each member may vote in person or by proxy, absentee ballot, or electronic ballot (e-mail, facsimile, or posting on an internet website). All members may vote; no member may be disqualified from voting for any reason. All proxies shall be in writing and filed with the secretary. Subject to Section 6 of this Article, all proxies and ballots must be in writing and filed with the Secretary. Electronic votes are considered written and signed. Absentee ballots must contain each proposed action with an opportunity to vote for or against, ballot mailing or delivery instructions, and a disclaimer that the ballot will not be counted if the proposal is changed at the meeting. Absentee ballots will not be counted if the member attends the meeting and votes in person or if the language of the vote changes from what was listed on the absentee ballot. Individual ballots may be disqualified for any of the following reasons, including, but not limited to, failure to sign the written ballot, failure to identify property to validate ownership, conflict between votes of two members of the same property, unreadable or ambiguous markings for vote, or voting for more candidates than open positions. Proxies shall be revocable, and the proxy of any owner shall automatically terminate on conveyance by him or his Lot.

The Association is not required to provide an owner with more than one voting method; however, an owner must be allowed to vote by absentee ballot or proxy.

Section 7. Secret Ballots. The Board may adopt rules to allow voting by secret ballot by members. If secret ballots will be used, the Board must take measures to reasonably ensure that:

- (a) a member cannot cast more votes than the member is eligible to cast in an election or vote;
- (b) the association counts every vote cast by a member that is eligible to cast a vote; and
- (c) in any election for the Board, each candidate may name one person to observe the counting of the ballots, provided that this does not entitle any observer to see the name of the person who cast any ballot, and that any disruptive observer may be removed.

Secret ballots may not be used for a vote conducted outside of a meeting, in an election to fill a position on the Board, on a proposed adoption or amendment of a dedicatory instrument, on a proposed increase in the amount of a regular assessment or the proposed adoption of a special assessment; or on the proposed removal of a Board member, must be in writing and signed by the member.

Section 8. Vote Tabulator. A person who is a candidate in an election to the Board or who is otherwise the subject of an Association election, or a person related to that person within the third degree by consanguinity or affinity, may not tabulate or otherwise be given access to the ballots cast in that election except as provided by law. The person who tabulates votes in the election may not disclose to any other person how an individual voted. Only a person who tabulates votes or who performs a recount under Section 209.0057(c) of the Texas Property Code, may be given access to the ballots cast in the election or vote. This Section may not be construed to affect the Association's obligation to comply with a court order for the release of ballots or other voting records.

Section 9. Conduct of Meetings. The president will preside over Members meetings. The secretary will keep minutes of the meetings.

Section 10. Recount of Votes. Any member may, not later than the 15th day after the later of the date of the meeting at which the election or vote was held or the date of the announcement of the results of the election or vote, require a recount of the votes.

(a) A demand for a recount must be submitted in writing either: (1) by verified mail or by delivery by the United States Postal Service with signature confirmation service to the Association's mailing address as reflected on the most recently filed management certificate; or (2) in person to the Association's managing agent as reflected on the most recently filed management certificate or to the address to which proxies and absentee ballots are mailed.

(b) The Association must estimate the costs for performance of the recount by a personal qualified to tabulate votes under Subsection (c) below and must send an invoice for the estimated costs to the requesting owner at the owner's last known address according to Association records not later than the 20th day after the date the Association receives owner's demand for the recount. The owner demanding a recount under this section must pay the invoices described by this Section in full to the Association on or before the 30th day after the date the invoice is sent to the owner. If the invoice is not paid by the deadline prescribed in this Section, the owner's demand for a recount is considered withdrawn and a recount is not required.

(c) If the estimated costs under Subsection (b) are lesser or greater than the actual costs the Association must send a final invoice to the owner on or before the 30th business day after the date the results of the recount are provided. If the final invoice includes, additional amounts owed by the owner, any additional amounts not paid to the Association before the 30th business day after the date the invoice is sent to the owner may be added to the owner's account as an assessment. If the estimated costs exceed the final invoice amount, the owner is entitled to a refund. The refund shall be paid to the owner at the time the final invoice is sent under this subsection.

(d) Following receipt of payment under Subsection (b), the Association shall, at the expense of the member requesting the recount, retain for the purpose of performing the recount, the services of a person who:

- 1.) is not a member of the Association or related to a member of the Board within the third degree by consanguinity; and
 - i. a current or former county judge, county elections administrator, justice of the peace, or county voter registrar; or

- ii. a person agreed on by the Association and the member requesting the recount.

(e) On or before the 30th day after the date of receipt of payment for a recount in accordance with subsection (b), the recount must be completed and the Association must provide each owner who requested the recount with notice of the results of the recount. If the recount changes the results of the election, the Association shall reimburse the requesting owner for the cost of the recount not later than the 30th day after the date the results of the recount are provided. Any action taken by the Board in the period between the initial election vote tally and the completion of the recount is not affected by any recount.

ARTICLE V

BOARD OF DIRECTORS - TERM OF OFFICE; ELECTION; REMOVAL

Section 1. Number. The affairs of the Association shall be managed by a Board of not less than three (3) nor more than seven (7) Directors, who shall be members of the Association. The Board shall have the right, without member approval, to increase or decrease the number of Directors. A position created by increasing the number of Directors must be filled by an election of the members. No decrease may shorten the term of a Director. Prior to termination of the Declarant Control Period, the Declarant shall appoint and remove all Directors and Directors need not be members of the Association.

Section 2. Term of Office. At each annual meeting, the members shall elect at least one (1) Director for a term of three years. The terms of the Directors will be staggered. At least one-third of the Board will be elected each year. After the Declarant Control Period, the first Board completely elected by the members shall determine the initial term of each Director to ensure staggered terms. The candidate or candidates receiving the most votes will be elected at each annual meeting.

Section 3. Removal. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event a director is removed from the Board, his/her successor shall be elected by the members and shall serve for the unexpired term of his/her predecessor. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining members of the board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

ARTICLE VI

BOARD OF DIRECTORS - NOMINATION AND ELECTION

Section 1. Nomination. Nomination for election to the Board of Directors may be by nominating committee. However, nominations may also be made from the floor at any annual meeting of members.

Section 2. Election. Election to the Board of Directors shall be conducted by any voting method listed in Article IV. At such election, the members or their proxies may cast in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Cumulative voting is not permitted. If the election is uncontested, the slate may be accepted by acclamation.

ARTICLE VI

BOARD OF DIRECTORS - MEETINGS

Section 1. **Regular Meetings.** Regular meetings of the Board of Directors shall be held bi-monthly, at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. **Special Meetings.** Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days' notice to each Director.

Section 3. **Quorum.** A majority of the Directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of Directors present at a duly held meeting in which a quorum is present shall constitute the act or decision of the Board.

Section 4. **Meetings Requirements.** Regular and special meetings of the Board of Director must be open to members, subject to the right of the Board to adjourn a board meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters involving the invasion of privacy of individual members, or matters that are to remain confidential by request of the affected parties and agreement of the board. Following executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual members, violating any privilege, or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session, if any.

The Board meeting may be held by electronic or telephonic means provided that:

(a) Each Director may hear and be heard by every other Director;

(b) Except for any portion of the meeting conducted in executive session:

1. All owners in attendance at the meeting may hear all Directors; and

2. Owners are allowed to listen using any electronic or telephonic communication method used or expected to be used by a Director to participate; and

(c) The notice of the meeting includes instructions for owners to access any communication method required to be accessible under Subsection (b)(2) listed above.

Section 5. **Notice to Members.** Members shall be given notice of the date, hour, place, and general subject of a regular or special Board of Directors meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be:

(a) mailed to each member not later than the 10th day or earlier than the 60th day before the date of the meeting; or

(b) provided at least 166 hours before the start of a regular Board meeting and at least 72 hours before the start of a special Board meeting by:

1. posting the notice in a conspicuous manner reasonably designed to provide notice to the members: in a place located on the Association's Common Areas; or, with the member's consent, on other conspicuously located privately owned property within the subdivision; or on any internet website maintained by the Association or other Internet media; and
2. sending the notice by e-mail to each member who has registered an e-mail address with the Association for this purpose.

Section 6. Action Taken by the Board of Directors. The Board may take action outside of a meeting, including voting by electronic or telephonic means, without prior notice to owners under this Article, if each Director is given a reasonable opportunity, considered 48 hours, to express the Director's opinion to all other Directors and to vote. Any action taken without notice to owners under this Section must be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special board meeting.

The Board of Directors may not, without prior notice to members, consider or vote on:

- (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 approval; or
- (h) a suspension of a right of a particular Member before the Member has an opportunity to attend a board meeting to present the Member's position, including any defense, on the issue.
- (i) lending or borrowing money;
- (j) the adoption of amendment of a dedicatory instrument;
- (k) the approval of an annual budget or the approval of an amendment of an annual budget that increases the budget by more than 10 percent;
- (l) the sale or purchase of real property;
- (m) the filling of a vacancy on the board;
- (n) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or
- (o) the election of an officer.

Section 7. Minutes of the Meetings. The Board shall keep a record of each regular or special board meeting in the form of written minutes of the meeting. The Board shall make meeting records, including approved minutes, available to a member for inspection and copying on the member's written request to the Association's managing agent at the address appearing on the most recently filed management certificate.

ARTICLE VIII

BOARD OF DIRECTORS - POWERS AND DUTIES

Section 1. Powers. The Board of Directors shall have power to:

(a) Adopt and publish rules and regulations governing the use of the common areas and facilities including the personal conduct of the members and their guests thereon; and to establish penalties for infractions of such rules and regulations;

(b) Suspend the right to use of the recreational facilities of any member during any period in which such member is in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

(c) Exercise on behalf of the Association all powers, duties, and authority vested in or delegated to the Association and not specifically reserved to the membership by the Declaration, C, or by other provisions of these Bylaws;

(d) Declare the office of a member of the Board of Directors to be vacant in the event that such member is absent from three (3) consecutive regular meetings of the Board of Directors; and

(e) Employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at each annual meeting, or at any special meeting at which such a statement is requested in writing by one-fourth of the members;

(b) Supervise all officers, agents, and employees of the Association and see to it that their duties are properly performed;

(c) As more fully provided in the Declaration, to:

1. Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;
2. Send written notice of each assessment to every owner subject thereto at least thirty (30) days in advance of each annual assessment period; and
3. Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date, or to bring an action at law against the owner personally obligated to pay the same.

(d) Issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid. A statement in a certificate to the effect that an assessment has been paid shall constitute conclusive evidence of such payment. The board may impose a reasonable charge for the issuance of these certificates;

(e) Procure and maintain adequate maintenance bonds and/or liability and hazard insurance on all property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) Cause the Common Area to be maintained.

(h) Borrow money to maintain, repair or restore the Common Area without the approval of the Members.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a president, who shall at all times be a member of the Board of Directors, and a secretary, treasurer, and such other officers as the board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of members.

Section 3. Term. The officers of the Association shall be elected annually by the board. Each shall hold office for a term of one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The board may elect such other officers as the affairs in 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 5. Resignation and removal. Any officer may be removed from office by the board at any time with or without cause. 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 6. Vacancies. A vacancy in any office may be filled by appointment of the board. The officer appointed to such vacancy shall serve for the unexpired term of the officer he replaces.

Section 7. Multiple offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the board are carried out; shall sign all leases, mortgages, deeds, and other instruments, and shall co-sign all checks and promissory notes.

b) Vice President. The Vice President shall act in the place of the President in the event of his absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him by the board.

c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the board and of the members; serve notice of meetings of the board and of members; keep appropriate current records showing the members of the Association together with their addresses; and perform such other duties as may be required by the board or by-law.

d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all funds of the Association, and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures, a copy of which documents shall be delivered to each member, and a report on which shall be given at the regular annual meeting of members.

ARTICLE X

COMMITTEES

The Association may appoint a maintenance committee, as provided in the Declaration, and a nominating committee, as provided in Article V of these Bylaws. In addition, the Board of Directors may appoint such other committees as it may deem appropriate in the performance of its duties.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien on the property against which such assessments are made. Any assessments which are not paid when due are considered delinquent. If an assessment is not paid within thirty (30) days after the due date, the assessment bears interest from the date of delinquency at the rate as determined by the Board as set out in the Declaration, and the Association may bring an action at law against the owner personally obligated to pay the same, or may foreclose the lien against his property. Interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of any assessment due. No owner may waive or otherwise escape liability for assessments by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

BOOKS AND RECORDS; INSPECTION

Subject to the terms of the Association's Records Production and Copying Policy, if adopted, the books, records, and papers of the Association shall be subject to inspection by any member during ordinary business hours. The Declaration, Certificate of Formation, and Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, where copies shall be made available for sale at a reasonable price.

The following financial reports will be prepared at least annually:

- (a) An income statement reflecting all income and expense activity for the preceding period.
- (b) A statement reflecting all cash receipts and disbursements for the preceding period.
- (c) A variance report reflecting the status of all accounts in an "actual" versus "approved" budget format.
- (d) A balance sheet as of the last day of the preceding period.

ARTICLE XIII

MISCELLANEOUS NOTICE TO MEMBERS

Section 1. Alternate Notice to Members. The Association may adopt a method that may be used to provide a notice from the Association to a property owner. The Association may use an alternative method to provide a notice for which another method is prescribed by law only if the owner to whom the notice is provided has affirmatively opted to allow the Association to use the alternative method of providing notice to provide to the owner notices for which another method is prescribed by law. An owner may not be required to allow the Association to use an alternative method of providing notice.

Section 2. Membership Voting Outside of a Meeting. For any vote of the members, including an election, which is not conducted at a meeting, the Association shall give notice of the vote to all owners entitled to vote on any matter under consideration. The notice shall be given not later than the 20th day before the latest date on which a ballot may be submitted to be counted.

ARTICLE XIV

ENFORCEMENT PROCEDURES

Section 1. Notice. Before the Board may (1) suspend an Owner's right to use a Common Area, (2) file a suit against an Owner other than a suit to collect any assessment, (3) charge an Owner for property damage, or (4) levy a fine for a violation of the Governing Documents, the Association or its agent must give written notice to the Owner by certified mail. The notice must

describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner. The notice also must inform the Owner that the Owner (1) is entitled to a reasonable period to cure the violation and avoid the fine or suspension unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six months or the violation is incurable and (2) may request a hearing on or before the thirtieth (30th) day after the date the Owner receives the notice.

Section 2. Hearing. If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board or before the Board if the Board does not appoint a committee. If a hearing is to be held before a committee, the notice must state that the Owner has the right to appeal the committee's decision to the Board by written notice to the Board.

The Association must hold a hearing under this section not later than the thirtieth (30th) day after the date the Board receives the Owner's request for a hearing and must notify the Owner of the date, time, and place of the hearing not later than the tenth day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement will be granted for a period of not more than ten days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

The hearing will be held in executive session affording the alleged violator a reasonable opportunity to be heard. Before any sanction hereunder becomes effective, proof of proper notice will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered the notice. The notice requirement will be satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is cured within a 15-day period. Such suspension will not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

Section 3. Appeal. Following hearing before a committee, if any, the violator will have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the managing agent, if any, president, or secretary within ten (10) days after the hearing date.

Section 4. Changes in Law. The Board may change the enforcement procedures set out in this section to comply with changes in law.

ARTICLE XV

FISCAL YEAR

The fiscal year of the Association shall be the calendar year, except that the first fiscal period shall begin on the date of incorporation and shall end on December 31st of the year of incorporation.

ARTICLE XVI

AMENDMENTS

These Bylaws may be amended, at a regular or special meeting of members, by vote of a majority of a quorum of members present in person or by proxy. The Board of Directors may amend these Bylaws, by a vote of a majority, without member approval, to correct an error or to bring any provision hereof into compliance with any applicable governmental statutes, rule or regulation, or judicial determination.

ARTICLE XVII

CONFLICTS

In the case of any conflict between the Certificate of Formation and these Bylaws, the Certificate of Formation shall control; in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

FILED FOR RECORD IN:
Chambers
On: 03/15/2023 11:16 AM
Doc Number: 2023-191310
Number of Pages: 22
Amount: \$106.00
Order#: 20230315000016
By: CG
Heather H. Hawthorne

