

Henderson County
Mary Margaret Wright
County Clerk
Athens, TX 75751

Instrument Number: 2022-00010028

As

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Parties: KEY RANCH ESTATES PROPERTY OWNERS ASSOCIATION

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Mary Margaret Wright

County Clerk
Henderson County, Texas

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TRINIDAD, TX 75163



SECOND AMENDED BYLAWS

OF

KEY RANCH ESTATES PROPERTY OWNERS ASSOCIATION

Riddle & Williams, P.C.
3811 Turtle Creek Blvd., Suite 500
Dallas, Texas 75219

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**SECOND AMENDED BYLAWS
OF
KEY RANCH ESTATES PROPERTY OWNERS ASSOCIATION**

STATE OF TEXAS §
 § **KNOW ALL PERSONS BY THESE PRESENTS:**
COUNTY OF HENDERSON §

THESE SECOND AMENDED BYLAWS OF KEY RANCH ESTATES PROPERTY OWNERS ASSOCIATION (these "**Bylaws**") are adopted as of May 21, 2022, by the Members of the **KEY RANCH ESTATES PROPERTY OWNERS ASSOCIATION**, a Texas nonprofit corporation (hereinafter referred to as the "**Association**").

WITNESSETH:

WHEREAS, Key Development and Investment, Inc. (the "**Developer**"), prepared and recorded an instrument entitled "Key Ranch Estates Subdivision Restrictions as Amended February 10, 1981" on or about March 11, 1981, in Volume 938, Page 691 *et seq.* of the Real Property Records of Henderson County, Texas (the "**Declaration**"); and

WHEREAS, the Declaration provides that every owner of a Lot in the Key Ranch Estates subdivision must be a member of the Key Ranch Estates Property Owners' Association, and shall be responsible for the payment of annual dues or assessments to the Association as may be assessed against them by the Association; and

WHEREAS, the Key Ranch Estates Property Owners Association was created as a Texas nonprofit corporation; and

WHEREAS, Section 22.102 of the Texas Business Organizations Code (the "**Code**") provides that the initial bylaws of a nonprofit corporation shall be adopted by the corporation's board of directors; and

WHEREAS, the initial Board of Directors of the Association (the "**Board**") adopted the initial bylaws of the Association, and the initial bylaws were replaced and superseded by the Bylaws of Key Ranch Estates Property Owners Association as Amended May 2009, dated June 3, 2009, and recorded on June 3, 2009, under Instrument Number 2009-00008430 of the Real Property Records of Henderson County, Texas (the "**Amended Bylaws**"); and

WHEREAS, Article X of the Amended Bylaws provides for amendment of that instrument by approval of Members of not less than two-thirds of the Members who are in good standing and present and voting at a meeting of the Members; and

WHEREAS, at a meeting of the Members held on May 21, 2022, Members representing at least two-thirds of the Members present and in good standing and voting approved the following amendments to the Bylaws and to replace and supersede the Amended Bylaws with the following Bylaws:

ARTICLE I
NAME, MEMBERSHIP, APPLICABILITY, AND DEFINITIONS

Section 1.1 Name. The name of the Association shall be **Key Ranch Estates Property Owners Association** (hereinafter sometimes referred to as the "**Association**").

Section 1.2 Membership. All Persons who hold the record title to any Lot within the Property but excluding in all cases any Person holding an interest merely as security for the performance of an obligation, are Members of the Association. Eligibility for membership in the Association is limited to the Owners of Lots in Section One, Two, and Three of the Subdivision.

Section 1.3 Definitions. Capitalized terms used herein but not defined in these Bylaws shall have the same meaning as set forth in said Declaration, as the same may be amended and supplemented from time to time, unless the context shall indicate otherwise. In addition, the following capitalized terms used herein shall be defined as follows:

- (a) "**Lot**" shall mean a portion of the Property, whether improved or unimproved, which may be independently owned and is intended for development, use and occupancy as a residence for a single family.
- (b) "**Majority**" shall mean those votes, Members, Owners, or other group, as the context may indicate, totaling more than fifty percent (50%) of the total number.
- (c) "**Member**" shall refer to a Person subject to membership in the Association.
- (d) "**Member in Good Standing**" shall refer to a Member who is current in the payment of all dues, assessments and related charges to the Association and is not in violation of the Governing Documents. Notwithstanding any other provision herein to the contrary, no Member shall be disqualified from voting in the election of Directors or on any matter concerning the rights or responsibilities of the Member.
- (e) "**Mortgage**" shall refer to a mortgage, a deed of trust, a deed to secure debt, or any other form of security deed.
- (f) "**Mortgagee**" shall refer to a beneficiary or holder of a Mortgage.
- (g) "**Owner**" shall refer to one or more Persons who hold the record title to any Lot but excluding in all cases any party holding an interest merely as security for the performance of an obligation. Contract sellers and Mortgagees who acquire title to a Lot through a deed in lieu of foreclosure or through foreclosure are considered Owners hereunder.
- (h) "**Person**" shall mean a natural person, a corporation, a partnership, a trustee, a limited liability company or any other legal entity.
- (i) "**Property**" or "**Subdivision**" shall mean and refer to the real property described on the Plat of the Key Ranch Estates Subdivision recorded in Plat Records of Henderson County, and all improvements, easements, rights, and appurtenances to the real property.

ARTICLE II
ASSOCIATION MEETINGS, QUORUM, VOTING, PROXIES

Section 2.1 Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors.

Section 2.2 Annual Meetings. The annual meeting of the Association shall be the 3rd Saturday in May at a place and time to be set by the Board.

Section 2.3 Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of a

quorum of the Board of Directors or upon a petition signed by at least ten percent (10%) of the Owners of Lots in the Subdivision. The notice of any special meeting shall state the date, time, and place of such meeting and its purpose. No business shall be transacted at a special meeting except as stated in the notice.

Section 2.4 Notice of Meetings. It shall be the duty of the Secretary to mail or cause to be delivered, either personally, by mail or by electronic mail, to the Members a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held; if an Owner wishes notice to be given at an address other than his or her registered email address, he or she shall have designated such other address by notice in writing to the Secretary. The mailing or delivering of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than sixty (60) days before a meeting. Notice shall be deemed to have been properly and sufficiently delivered if mailed to the address provided by the Member to the Secretary or to the Member's registered electronic mailing address if no other address is provided or to the Member's last known address. Each Member must register the Member's electronic mailing address with the Association and promptly notify the Association IN WRITING of any changes in the Member's registered electronic mailing address.

Section 2.5 Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person, by proxy, or by absentee ballot, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at that time unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 2.6 Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a Majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken shall be approved by at least a Majority of the Members required to constitute a quorum.

Section 2.7 Voting. Members shall be entitled to one equal vote for each Lot in which they hold the interest required for membership under **Section 1.2**, except that there shall be only one vote per Lot. Members who are not Members in Good Standing are disqualified from voting except for the election of Directors or on any matter concerning the rights or responsibilities of the Owner.

Where there is more than one Owner of a Lot, the vote for such Lot shall be exercised as the co-Owners determine between themselves and advise the Secretary of the Association in writing prior to the vote being cast. In the absence of such advice, the Lot's vote shall be suspended if more than one Person seeks to exercise it and the vote is not cast unanimously among the Persons casting the vote.

Section 2.8 Voting Methods. Unless otherwise provided in the Declaration, Bylaws, Certificate of Formation, or other dedicatory instrument relating to the Association or Subdivision (collectively, the "**Governing Documents**"), Members may vote by one or more of the following methods: in person, by proxy, by absentee ballot or by electronic ballot. The Association is not required to provide Members with more than one voting method; provided, however, Members must be allowed to vote by absentee ballot or by proxy. Electronic ballot means a ballot given by (i) electronic mail, (ii) facsimile, or (iii) posting on an Internet website, for which the identity of the Member can be confirmed and for which the Member may receive a receipt of the transmission and receipt of the Member's ballot. All proxies, absentee ballots and

electronic ballots shall be in writing, dated, signed by the Member, include the Member's address, and filed with the Secretary or other person designated by the Board to receive proxies/ballots. The Board may elect to allow Members to cast their votes by secret ballot. If so elected, the Board shall take measures to reasonably ensure that (i) a Member cannot cast more votes than the Member is eligible to cast in an election or vote; (ii) the Association counts each vote cast by a Member that the Member is eligible to cast; and (iii) 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 from the area where the ballots are being counted. Each proxy must also identify the proxy holder and the purpose of the meeting for which the proxy is given. If an electronic ballot is posted on an Internet website, a notice of the posting shall be sent to each Member that contains instructions on obtaining access to the website posting. Proxies and absentee ballots shall be deemed to have been filed upon the Secretary's or other designated person's receipt of the proxy/absentee ballot by mail, facsimile, or hand delivery. Ballots cast electronically shall be deemed to have been filed upon the Secretary's or other designated person's receipt of the electronic ballot as evidenced by a facsimile confirmation receipt or an electronic transmission receipt. The Board may establish rules governing when absentee ballots must be filed with the Association to be valid for use at a meeting **provided that** absentee ballots for the election of Directors must be postmarked, if mailed, not later than seven (7) days prior to the annual meeting. The Association shall maintain a lock box for the purpose of receiving absentee ballots for the election of Directors and shall regularly check the box for absentee ballots prior to the day of the meeting. Absentee ballots for the election of Directors shall be promptly deposited in a ballot box equipped with a seal and placed in the business office. The President shall, at a time determined by the President, open the box on the day of the annual meeting in the presence of a Majority of the Election Committee and those persons, if any, who have been named by the candidates to observe the counting of the ballots. The Election Committee members who are not candidates for election to the Board or related to a candidate within the third degree of consanguinity or affinity (as determined under Chapter 573 of the Government Code), shall count all absentee ballots and present the results to the President or other presiding officer of the annual meeting. After the conclusion of the election, all ballots shall be returned to the ballot box, resealed, and retained for a period of no less than forty-five (45) days. Thereafter, the ballots may be destroyed unless the ballots are being recounted under **Section 2.14** in which case the ballots shall be kept until the recount is completed. The electronic ballots which are electronically mailed from the Member's registered electronic mail address shall be deemed to be signed by the Member. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member or upon the expiration of three (3) months from the date of the proxy. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

Section 2.9 Majority of Owners. As used in these Bylaws, the term majority shall mean those votes, owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total number.

Section 2.10 Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person, by proxy, or by absentee ballot, of Members in Good Standing representing at least fifteen (15) Lots, shall constitute a quorum at all meetings of the Association.

Section 2.11 Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring. The President may authorize any party to preside in his absence, including, without limitation, a representative of any management company managing the Association.

Section 2.12 Action without a Meeting. Any action which may be taken by the vote of Members at a regular or special meeting may be taken without a meeting as and to the extent permitted by Texas law.

Section 2.13 Telephonic and Electronic Meetings. Subject to Board approval, Members of the Association may participate in and hold meetings of the Members by means of conference telephone or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or

system permits each person participating in the meeting to communicate with all other persons participating in the meeting. If voting or an election is to take place outside of a meeting, including voting by electronic or telephonic means, the Board must (i) provide notice of the election or vote to all Members entitled to vote on any matter under consideration not later than the 20th day before the latest date on which a ballot may be submitted to be counted, (ii) implement reasonable measures to verify that every person voting at the meeting by means of remote communications is sufficiently identified; and (iii) keep a record of any vote or other action taken. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 2.14 *Recount of Votes.* A Member may request a recount of the votes cast by the Members at a meeting no later than the 15th day after the later of (i) the date of the meeting of Members at which the election or vote was held, or (ii) the date of the announcement of the results of the election or vote. A demand for a recount must be submitted in writing either 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 certificate required to be recorded pursuant to Section 209.004 of the Texas Property Code (the "**TPC**") (the "**Management Certificate**"); or in person to the managing agent as reflected on the latest Management Certificate or to the address to which absentee and proxy ballots are mailed. Upon the Board's timely receipt of a written request for a recount, the Board shall estimate the costs for performance of the recount by a person qualified to tabulate votes under the TPC and must send an invoice for the estimated costs to the requesting Member at the Member's last known address according to the Association's records not later than the 20th day after the date the Association receives the Member's demand for the recount. The Member demanding a recount must pay the invoice in full to the Association on or before the 30th day after the date the invoice is sent to the Member. If the invoice is not paid by the deadline prescribed above, the Member's demand for a recount is considered withdrawn and a recount is not required. If the estimated costs are lesser or greater than the actual costs, the Association shall send a final invoice to the Member 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 Member, any additional amounts not paid to the Association before the 30th business day after the date the invoice is sent to the Member may be added to the Member's account as an assessment. If the estimated costs exceed the final invoice amount, the Member is entitled to a refund. The refund shall be paid to the Member at the time the final invoice is sent under this **Section 2.14**.

Following receipt of payment of the invoice for the cost of the recount, the Association shall engage the services of a person qualified to tabulate the votes. This person must (i) not be a Member of the Association or related to a Member of the Board; and (ii) be a current or former county judge, county elections administrator, justice of the peace, county voter registrar, or a person mutually agreed upon by the Board and each requesting Member. On or before the 30th day after the date of receipt of payment for the recount the recount must be completed, and the Association shall provide written notice of the results of the recount to each Member who requested the recount. If the recount changes the results of the election, the Association shall reimburse the requesting Member for the cost paid by the Member for 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 III

BOARD OF DIRECTORS NUMBER, POWERS, MEETINGS

Section 3.1 *Governing Body; Qualifications.* The affairs of the Association shall be governed by a Board of Directors. Each Director shall be a Member of the Association but need not be a resident of the Subdivision; **provided, however**, an individual may not serve on the Board of Directors if the individual cohabits at the same primary residence with another Director. In the case of a Member which is not a natural person, the person designated in writing to the Secretary of the Association as the representative of such Member shall be eligible to serve as a director. Members who have been convicted of a felony or crime

involving moral turpitude not more than twenty (20) years before evidence of such conviction is presented to the Board are ineligible to serve as a Director.

Section 3.2 *Number of Directors.* The number of Directors in the Association shall be nine (9).

Section 3.3 *Term of Office.* At the first annual meeting held after the adoption of these Bylaws, four (4) Directors, including the President and Secretary/Treasurer and the next two (2) Directors receiving the highest number of votes, shall be elected by the Members for a term of two (2) years. The Vice President shall be elected by and from among the Directors at the first meeting of the Board following the first annual meeting after the adoption of these Bylaws and shall be elected for a term of two (2) years. The remaining four (4) Directors shall be elected by the Members for a term of one (1) year each. At each annual thereafter, Directors shall be elected for a term of two (2) years.

Section 3.4 *Nomination of Directors.* Nominations for election to the Board of Directors may be made by an Election Committee appointed by the President and approved by the Board no later than sixty (60) days prior to any meeting for the election of a Director. The Election Committee shall consist of four (4) Members in Good Standing of the Association, two (2) of whom shall be current Board members and two (2) of whom shall be Members in Good Standing who are not current Board members and not a member of a current Board member's family. At least twenty-one (21) days prior to the annual meeting, the Election Committee shall disseminate absentee ballots to the Members listing all interested and eligible candidates for election to the Board. At least ten (10) days before the absentee ballots are disseminated, the Association must provide notice to the Members soliciting candidates interested in and eligible to serve on the Board pursuant to **Section 3.1**. The Election Committee shall make as many nominations as it shall in its discretion determine, but in no event less than the number of vacancies or terms to be filled. The notice must contain instructions for an eligible candidate to notify the Association of the candidate's request to be placed on the ballot and the deadline to submit the candidate's request. The deadline may not be earlier than the tenth (10th) day after the date the Association provides the notice required hereunder. The notice must be provided to the Members in the same method as provided in **Section 3.10** of these Bylaws. Any eligible Member whose nomination is received by the Secretary or other designated person or committee prior to the deadline to submit a request, shall be included on each absentee ballot or other ballot for a Board member election. Any eligible Member whose nomination is received after this period (including eligible Members who are nominated from the floor at the meeting) will not be included on the absentee ballot but will qualify as a "write-in" candidate for the election to the Board. A change in the list of nominees on the ballot after the date that the annual meeting notice is sent shall not constitute an amendment to the motion to elect directors. If fewer than nine (9) eligible candidates accept a nomination to run for the Board, a vacancy shall be declared on the Board and the Board shall by Majority vote fill the vacancy on the Board. The Board may adopt additional rules governing the procedures for the nomination of directors. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 3.5 *Election.* Election to the Board of Directors shall be by secret written ballot, **provided, however,** that if there are no contested seats, written and signed ballots are not required. The Board shall take measures to reasonably ensure that (i) a Member cannot cast more than the Member is eligible to cast in the election; (ii) the Association counts each vote cast by a Member that the Member is eligible to cast; and (iii) 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. At such election, the Members of their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the greatest number of votes shall be elected. Directors may be elected to serve any number of consecutive terms. A candidate, or his or her parent, child, brother, sister, grandparent, grandchild, great grandparent, great grandchild, aunt, or uncle may not count the votes for an election. A person who is authorized to count votes (or who performs a recount under **Section 2.15**) may not disclose to any other person how a Member voted; provided, however, that in the event of a recount, the person conducting the recount may be provided access to the ballots for purposes of the recount. Each candidate for election to the Board 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 from the meeting. There shall be no cumulative voting. The newly elected Board shall assume office immediately upon adjournment of the membership meeting at which they were elected.

Section 3.6 Removal of Directors. At any meeting of the Association duly called, any one or more of the Directors which were elected by the Members may be removed, with or without cause, by a Majority vote of the Members, and a successor may then and there be elected by the Members to fill the vacancy thus created. A Director whose removal has been proposed by the Members shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from the Board of Directors meetings or who is delinquent in the payment of an assessment for more than twenty (20) days may be removed by a Majority vote of the remaining Directors at a meeting, a quorum being present, and a successor may be appointed by a Majority of the remaining Directors to fill the vacancy for the remainder of the term.

If the Board is presented with written, documented evidence from a database or other record maintained by a governmental law enforcement authority that a Director was convicted of a felony or crime involving moral turpitude not more than twenty (20) years before the date the Board is presented with the evidence, then the Director shall be automatically disqualified from service on the Board, and a successor may be appointed by the remaining Directors to fill the vacancy for the remainder of the term.

Section 3.7 Vacancies. In the event of death, disability, or resignation of a Director, his or her successor shall be selected by a Majority of the remaining Directors, even though less than a quorum, and shall serve for the unexpired term of the predecessor. In the event that no Directors are remaining, then the vacancy may be filled either by a Majority vote of the Members at a special meeting called for that purpose.

Section 3.8 Organization Meetings. The first meeting of the Members of the Board of Directors shall be held at such time and place as shall be fixed by the Board of Directors.

Section 3.9 Regular Meetings. Regular meetings of the Board of Directors may be held monthly at such a time and place (which may include a physical location or a virtual location such as meetings held electronically or telephonically) as shall be determined from time to time by a Majority of the Directors. Notice of the time and place of the meeting shall be communicated to Directors not less than one hundred and forty-four (144) hours prior to the meeting; **provided, however**, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Directors may not vote by proxy at any meeting of the Board.

Section 3.10 Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, or by any six (6) Directors. The notice shall specify the time and place (which may include a physical location or a virtual location such as meetings held electronically or telephonically) of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office who would reasonably be expected to communicate such notice promptly to the Director; or (d) by electronic mail, facsimile, computer, fiber-optics or other communication device. All such notices shall be given or sent to the Director's mailing or electronic mailing address, facsimile, or telephone number as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, text message, electronic mail, or facsimile shall be delivered, transmitted, telephoned, or faxed at least seventy-two (72) hours before the time set for the meeting.

In addition to the foregoing, unless action is taken outside a Board meeting as provided in **Section 3.11**, notice of the date, time, place (which may include a physical location or a virtual location such as meetings held electronically or telephonically), and general subject matter, including a general description of matters to be considered in executive session, of each Board meeting shall be given to each Member by one of the following methods: (i) by personal delivery of written notice; (ii) written notice by first-class mail, postage prepaid; (iii) by posting notice in a conspicuous manner in the community on the Common Areas or on

privately-owned property with the property owner's consent and by electronic mail to each Member who maintains a registered electronic mail address with the Association; or (iv) by posting notice on a website, if any, maintained by or on behalf of the Association and by electronic mail to each Member who maintains a registered electronic mail address with the Association. It is each Member's duty to keep an updated electronic mail address registered with the Association at all times. All such notices shall be given at the Member's mailing address or registered electronic mail address as shown on the records of the Association. Notices sent by personal delivery or by first-class mail shall be delivered or sent at least ten (10) days before the date of the meeting but not more than sixty (60) days before the date of the meeting. Notices posted in the conspicuous community location or on the Association's website shall be posted at least one-hundred forty-four (144) hours before the start of the meeting. Notices given by electronic mail shall be transmitted at least seventy-two (72) hours before the time set for the meeting.

Section 3.11 Action Outside Meeting. Except as provided in this Section, the Board may take action outside a meeting, including voting by electronic or telephonic means, without prior notice to the Members if each Director is given a reasonable opportunity to express the Director's opinion to all other Directors and to vote. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting. Any action taken without notice to Members 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.

Section 3.12. Actions Requiring Meeting. Notwithstanding **Section 3.11**, the Board may not, unless done in an open meeting for which prior notice was given to the Members under **Section 3.10**, consider or vote on: (i) fines; (ii) damage assessments; (iii) initiation of foreclosure actions; (iv) initiation of enforcement actions (except actions that seek the issuance of a temporary restraining order or that relate to violations involving a threat to health or safety); (v) increases in assessments; (vi) levying of special assessments; (vii) appeals from a denial of architectural review approval; (viii) a suspension of a right of a particular Member; (ix) lending or borrowing money; (x) the adoption or amendment of a dedicatory instrument; (xi) the approval of an annual budget or the approval of an amendment of an annual budget; (xii) the sale or purchase of real property; (xiii) the filling of a vacancy on the Board; (xiv) the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements; or (xv) the election of an officer.

Section 3.13 Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.14 Quorum of Board of Directors. At all meetings of the Board of Directors, a Majority of the Directors, shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a Majority of the required quorum for that 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 if the recess is taken in good faith and not to circumvent the right of Members to notice of and attend Board meetings. If a regular or special Board meeting is continued to the following regular business day, and on that following day the Board continues the meeting to another day, the Board shall give notice of the continuation to the Members in at least one manner prescribed by **Section 3.10** within two (2) hours after adjourning the meeting being continued.

Section 3.15 Compensation. No Director, officer, committee member, or members of their respective families, shall receive any compensation from the Association for acting as such unless approved by a Majority of the eligible votes of the Association at a regular or special meeting of the Association; provided

any Director, officer or committee member, or member of their respective families, may be reimbursed for expenses incurred on behalf of the Association upon approval of a Majority of the non-interested Directors.

Section 3.16 *Conduct of Meetings.* The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. The minutes of the most recent meeting of the Board shall be read at the next regular meeting of the Board at which a quorum is present, following the calling of the meeting to order.

Section 3.17 *Open Meetings.* All meetings of the Board of Directors shall be open to all Members, but Members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by a Majority of a quorum of the Board of Directors. In such case, the President may limit the time any Member may speak.

Section 3.18 *Executive Session.* Notwithstanding Section 3.17, the Board of Directors may, with approval of a Majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, pending or threatened litigation in which the Association is or may become involved, contract negotiations, enforcement actions, confidential communications with the Association's attorney, matters that are to remain confidential by request of the affected parties and agreement of the Board, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session. Any decision made or expenditure approved shall be orally summarized (including a general explanation of expenditures) at the meeting and recorded in the minutes of the meeting in such a manner as to protect the sensitive or confidential nature of the information discussed.

Section 3.19 *Telephonic and Electronic Meetings.* Members of the Board or any committee may participate in a meeting of the Board or committee, respectively, by means of conference telephone, or similar communications equipment, or another suitable electronic communications system, including videoconferencing technology or the Internet, or any combination, if the telephone or other equipment or system permits each Director to hear and be heard by every other Director. Except for telephonic or electronic Board or committee meetings conducted in executive session, telephonic or electronic meetings must permit all Members in attendance to hear all Directors, and Members are allowed to listen using electronic or telephonic communication method used or expected to be used by a Director to participate, and the notice of the meeting includes instructions for Members to access any communication method required to be accessible hereunder.

Section 3.20 *Powers.* The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, the Certificate, or these Bylaws directed to be done and exercised exclusively by the Members. The Board of Directors shall delegate to one of its Members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation: (a) preparation and adoption of an annual budget projecting the financial requirements of the Association for the upcoming year; (b) establishing the means and methods of collecting annual membership dues or assessments; (c) providing for the operation, care, upkeep, and maintenance of all the common areas and facilities; (d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the common areas and facilities and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and materials to be used by such personnel in the performance of their duties; (e) collecting the annual membership dues or assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association; (f) making and amending rules and regulations, and imposing fines for violations thereof; (g) opening of bank accounts on behalf of the Association and designating the signatories required; (h) making or contracting for the making of repairs, additions, and improvements to or

alterations of the common area and facilities in accordance with the other provisions of the Declaration and these Bylaws; (i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association; (i) obtaining and carrying insurance against casualties and liabilities, as appropriate, and paying the premium cost thereof; (k) paying the cost of all services rendered to the Association or its Members and not chargeable to Owners; (l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred; and (m) making and amending rules for the use and enjoyment of the Community Center, including the charging of fees and deposits in such amounts as the Board may determine from time to time. All books and records shall be kept in accordance with the generally accepted accounting practices.

Section 3.21 Association Contracts. No work or expenditure on behalf of the Association shall be made without the approval of the Board. Except for the practice of sending flowers or a donation in the event of a death of a Member, the Board shall not donate Association money or property to any Person. Only if the conditions of Section 209.0052(b) of the TPC are satisfied, may the Association enter into an enforceable contract with a current Director, Officer or committee member, or their respective families, or a company primarily (more than 50%) owned by a current Director, Officer or committee member, or their respective families.

Section 3.22 Management Agent. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board of Directors' supervision, all the powers granted to the Board of Directors by these Bylaws. The Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Section 3.23 Borrowing. The Board of Directors shall have the power to borrow money for the purpose of maintenance, repair, or operation of the common areas and facilities without the approval of the Members of the Association; **provided, however,** the Board of Directors shall obtain approval of a Majority of the Members in Good Standing at a meeting of the Members in the event that the proposed borrowing would exceed a term of three (3) years.

Section 3.24 Solicitation of Bids. Except in the event of a need for work in the event of an emergency (as defined below), prior to entering into any contract for services that will cost more than \$50,000.00, the Board shall solicit bids from at least three (3) separate vendors/providers, if reasonably available. In the case of an emergency, the Board may enter into a contract for services without soliciting or obtaining multiple bids so long as the terms of the contract appear fair and reasonable to the Association in the Board's sole and absolute discretion. The Board is excused from soliciting and/or obtaining at least three (3) bids in the event of an emergency or certain exigent circumstances, including the following:

- a. An emergency exists such that there is insufficient time to solicit and obtain multiple bids.
- b. The Association was not able to locate at least three (3) vendors/providers to provide the services.
- c. The Association solicited bids from at least three (3) vendors/providers, but not all vendors/providers responded to the request for a bid.

An emergency, as used in this **Section 3.24**, shall be defined as, but not be limited to, an unexpected occurrence, condition, or circumstance that requires immediate action in order to address the risk of harm to individuals and/or property damage, or to satisfy any local, state, federal or other governmental order. In addition, other unforeseen circumstances may be deemed by the Board to constitute an emergency as determined by the Board in its sole and absolute discretion.

Any and all decisions to award a service contract to a particular vendor or provider must be a sound business decision based upon what is in the best interest of the Association at the time. Nothing in this **Section 3.24** shall require the Board to award a service contract to the lowest bidder.

The Board may delegate the solicitation of bids procedures under this Section to the Association's management company, if any.

Section 3.25 Hearing Procedure. Except as otherwise provided below, the Board of Directors shall not impose sanctions, levy fines, or file a lawsuit for violations of the Governing Documents unless and until the following procedure is followed:

(a) ***Demand.*** Except as provided below, prior to filing suit against an Owner (other than a lawsuit to collect an assessment or related charge or to foreclose the Association's assessment lien), charging an Owner for property damage, levying a fine for a violation of the Governing Documents, or reporting any delinquency of an Owner to a credit reporting service, the Board or its delegate shall serve the alleged violator with written notice by certified mail, notifying the Owner of the following: (i) the nature of the alleged violation or property damage and the amount, if any, due the Association from the Member, (ii) a reasonable time period in which the violator may cure the violation and avoid the proposed sanction (unless the violator was given notice and a reasonable opportunity to cure a similar violation within the preceding six months, or unless the violation is incurable or poses a threat to public health or safety), (iii) that the Owner may present a written request for a hearing on or before the 30th day after the date the notice was mailed to the Owner, and (iv) notice that the owner "may have special rights or relief related to the enforcement action under federal law, including the Servicemembers Civil Relief Act (50 U.S.C. app. Section 501 *et seq.*), if the owner is serving on active military duty."

The notice and hearing provisions of this **Section 3.25** do not apply if the Association files a suit seeking a temporary restraining order or temporary injunctive relief or files a suit that includes foreclosure as a cause of action.

(b) ***Hearing.*** If a hearing is requested within the allotted thirty (30) day period, the hearing shall be held before the Board in executive session. Not later than ten (10) days before the Association holds a hearing hereunder, the Association shall provide to an Owner a packet containing all documents, photographs, and communications relating to the matter the Association intends to introduce at the hearing. If the Association does not provide a packet within the ten-day period, an Owner is entitled to an automatic 15-day postponement of the hearing. During the hearing, a Board member or the Association's designated representative shall first present the Association's case against the Owner. An Owner or the Owner's designated representative is entitled to present the Owner's information and issues relevant to the appeal or dispute. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 3.26 Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Board may elect to enforce any provision of the Governing Documents by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking restrictions or rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the notice and hearing procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorney's fees actually incurred. Any entry onto a Lot for purposes of exercising this power of self-help shall not be deemed a trespass.

Article IV **OFFICERS**

Section 4.1 Officers. The officers of the Association shall be a President, Vice President, and Secretary/Treasurer. The Board of Directors may elect such other officers, including one or more Assistant Secretaries

and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary.

Section 4.2 Election, Term of Office, and Vacancies. The Vice President shall be elected by and from among the Directors for a term of two (2) years beginning at the first meeting of the Board following adoption of these Bylaws. The offices of President and Secretary/Treasurer shall be elected by the Members in Good Standing for a term of two (2) years each beginning at the first annual meeting following adoption of these Bylaws. A vacancy in any office other than President or Secretary/Treasurer arising because of the death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term. A vacancy in the office of Secretary/Treasurer arising because of the death, resignation, removal, or otherwise may be filled by a Majority of Members at a special meeting of the Members for the unexpired portion of the term. A vacancy in the office of President arising because of the death, resignation, removal, or otherwise shall be filled by the Vice-President and the Board shall fill the office of the Vice-President.

Section 4.3 Removal. Any officer other than the President or Secretary/Treasurer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. The President or Secretary/Treasurer may be removed, with or without cause, by a Majority vote of the Members in Good Standing, and a successor may then and there be elected by the Members in Good Standing to fill the vacancy thus created.

Section 4.4 Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors.

- (a) **President.** The President shall have, but not be limited to, the following authority: (i) preside at all meetings of the Members and the Board; (ii) schedule annual and special meetings of the Members and the Board; (iii) appoint the chairperson of the permanent operating committees to assist in the managing the affairs of the Association to coincide with his or her term in office; (iv) appoint special committees and chairpersons to such committees as the need arises; and (v) act as *ex officio* member of all committees except the Election Committee. The President shall not have a vote on the Board except if necessary to break a tie vote. The Vice-President shall conduct the business of the Association during the President's absence, inability, or refusal to act.
- (b) **Vice-President.** The Vice-President shall conduct the business of the Association during the absence or incapacity of the President. If the office of the President becomes vacant, the Vice President shall become the President of the Association. The Vice-President shall not have a vote on the Board while acting on behalf of the President except if necessary to break a tie vote.
- (c) **Secretary/Treasurer.** The Secretary/Treasurer shall have primary responsibility for (i) keeping accurate records and minutes on the proceedings of all meetings; (ii) preparing a financial report monthly; (iii) emailing a copy of the bank statement, financial report, date and time of the next scheduled meeting and minutes of the prior month's meeting, to all Board Members prior to the next scheduled meeting; (iv) collecting and accounting for all payables/receivables of the Association as directed by the Board; (v) producing and arranging for delivery of annual invoices to all Members; (vi) preparing a budget proposal each year and submitting such budget proposal to the Board for approval; (vii) causing the annual Federal Tax return to be prepared and filed; (viii) sending newsletters to the Members as directed by the Board; (ix) preparing resale certificates and subdivision information statements as requested by Members or their agent, or a title insurance company or its agent acting on behalf of a Member, and charging the requesting person according to the fee schedule established by the Board; (x) causing to be prepared and sent to delinquent Members collection letters, notices of liens, or releases of liens after the Member cures the delinquency; (xi) making available the annual financial statement to all Members requesting them, and to all Members at the annual meeting; and (xii) updating, monitoring and responding to emails for info@keyranchpoa.com.
- (d) **Office Secretary.** The Office Secretary may be hired by the Board. If hired, the Office Secretary's

duties include, without limitation, (i) reporting directly to the Secretary/Treasurer who is responsible for the Office Secretary's complete job description; and (ii) attending all meetings of the Members and the Board and keeping accurate records of the proceedings. The Office Secretary's compensation shall be set by the Board and subject to annual review. The Secretary/Treasurer shall make a recommendation for compensation to the Board based upon work time required to complete the job responsibilities, and such compensation shall be subject to Board approval. The Office Secretary shall not be a member of the Board and shall not have a right to vote at Board meetings.

Section 4.5 Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the 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.

Article V **COMMITTEES**

Section 5.1 General. General committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a Majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 5.2 Permanent Committees. The permanent operating committees shall be as follows:

- (a) ***Building and Restrictions Committee.*** This committee shall consist of a minimum of one (1) Director who shall be responsible for determining that the Governing Documents are complied with by all Owners according to their terms. Any non-compliance shall be reported to the Board for consideration and action as needed, including the levying of fines. The Director shall review all building requests and ensure that the Owner is adhering to all building setbacks as required by the Governing Documents. Permits from this Committee are required prior to construction of new homes, enclosed additions, attached garages, carports, decks, porches, detached garages and storage sheds. The Director shall be responsible for issuing permits and collecting on behalf of the Association all fees for those permits. All fees so collected shall be turned over to the Secretary/Treasurer for deposit to the Association's bank account. No permit shall be required from this Committee for fences or driveway extensions; however, approval is required before construction to ensure setback compliance and the aesthetics of the materials proposed to be used.
- (b) ***Street Light Committee.*** This committee shall consist of a minimum of one (1) Director. Its duties shall include working with the local electrical provider in order that the streetlights are maintained in good working order, and to recommend to the Board for the removal of necessary lights .
- (c) ***Mowing Committee.*** This committee shall consist of a minimum of one (1) Director. Its duties shall include overseeing the regular mowing of the unimproved Lots and reporting any needed maintenance, service, or repairs to the Board for approval of any expenditure. The Director shall be responsible for hiring a person who has the ability and knowledge to efficiently operate the mowing equipment. The Director will coordinate with the Secretary/Treasurer regarding payment of the person so hired at a rate that has been approved by the Board. Payment will be conditioned upon mowing of all unimproved Lots in the Subdivision. Any other use of the mowing equipment must be approved by the Board in advance.
- (d) ***Street Committee.*** This committee shall consist of a minimum of one (1) Director. Its duties include coordinating and working with the County Commissioner for all required maintenance of the streets and making recommendations to the Board for any needed repairs or construction.
- (e) ***Community Center.***

Building Maintenance. This committee shall consist of a minimum of two (2) Directors. Its duties include regular inspections of the building for any required maintenance or repairs and notifying the Board of same, spraying the buildings for pest control, winterizing the outdoor faucet, adjusting the thermostat for impending cold weather, and coordinating with contractors for any required maintenance or repairs. All repairs or maintenance must be within the annual budget and reported to the Board. The Director will also be responsible for the hiring of a person, at a rate within the Community Center's mowing budget, to mow, edge, and trim the Community Center's landscaping. The Director must coordinate with the Secretary/Treasurer to arrange for payment of any contractors and landscaper.

Activities Coordinator. *This Director shall* maintain a calendar and record of Membership bookings of the Community Center. The Director shall also cause to be performed the periodic cleanings and setting-up of tables and chairs for meetings and other activities. The Director shall also be responsible for informing the Members of the required deposits, general rules, and parking rules concerning the use of the facility for private functions. Periodically, the Director must hire a person to clean the facility and carpets, and to purchase cleaning supplies, trash bags, toilet paper, and paper towels, and provide receipts for such expenditures to the Secretary/Treasurer for reimbursement.

- (f) **Oversight Committee.** This committee will shall provide an annual audit of the Association's records and financials.
- (g) **Parks and Ramps Committee Director.** This Committee shall consist of one (1) Director. The Director shall maintain knowledge of all Association park/ramp areas and understand the mapped access to each, as well as knowledge where the usable ramps are located in each Section of the Subdivision. The Director shall direct Members to a boat ramp closest to the Member. Any reports of unauthorized use of a park/ramp will be reported to the Henderson County Sheriff's Office with reference to the license plate number of the violating person's vehicle. The Director shall monitor all park/ramps which are in need of repair or maintenance and report such information to the Board. If repairs or maintenance is approved by the Board, the Director will arrange for the approved repairs or maintenance and coordinate with the Secretary/Treasurer for payment of such repairs or maintenance.

Article VI

DUES, ASSESSMENTS, FEES, AND EXPENSES

Section 6.1 Annual Dues. The annual membership dues or assessments (the "**Annual Assessment**") shall be determined by the Board based upon a budget projecting the anticipated financial requirements for the Association for the upcoming year. The budget and the Annual Assessment shall become effective upon the approval of a Majority of the Members in Good Standing at the annual meeting or any special meeting of the Members. In the event a proposed Annual Assessment is disapproved, or the Board fails for any reason to determine the budget for any year, then and until such time as a budget shall have been determined, the budget and Annual Assessment most recently in effect shall continue in effect until a new budget and Annual Assessment is determined. Each Owner, for each Lot so owned, covenants and agrees to pay the Annual Assessment applicable to the Owner's Lot.

Section 6.2 Due Dates. The Annual Assessment must be paid by July 1 of each year and is considered delinquent if not paid in full by July 10th of each year. If an Owner is delinquent in the payment of the Annual Assessment, a late charge will be assessed against the Owner and the Owner's Lot.

Section 6.3 Assessment Lien. The Association shall have a lien against each Lot to secure payment of the Annual Assessment, as well as late charges, and costs of collection (including attorney's fees and costs). Such lien shall be prior and superior to all other liens, except (a) the liens of all taxes, bonds, assessments and other levies which by law would be superior thereto; (b) the lien or charge of any first Mortgage of record (meaning any recorded Mortgage with first priority over other Mortgages) made in good faith and for value recorded before the date on which the delinquent Assessment became due; and (c) the lien or charge of any construction loan for the construction of the original Residence. Such lien, when delinquent,

may be enforced by suit, judgment and judicial or non-judicial foreclosure (after first obtaining a court order in an application for expedited foreclosure as prescribed by law).

Although no further action is required to create or perfect the lien, the Association may, as further evidence and notice of the lien, execute, and record a document setting forth as to any Lot, the amount of the delinquent sums due the Association at the time such document is executed and the fact that a lien exists to secure the repayment thereof. However, the failure of the Association to execute and record any such document shall not, to any extent, affect the validity, enforceability, or priority of the lien. The recording of a notice of lien shall not constitute any waiver by the Association of its rights under the provisions of the Declaration. The lien may be foreclosed through judicial or, to the extent allowed by law, non-judicial foreclosure proceedings in accordance with Section 209.0092 and Section 51.002 *et seq.* of the Texas Property Code (the "**Foreclosure Statute**"), as it may be amended from time to time, in like manner of any deed of trust on real property. In connection with the lien created herein, each Owner of a Lot hereby grants to the Association, whether or not it is so expressed in the deed, the contract for sale or other conveyance to such Owner, a power of sale to be exercised in accordance with the Foreclosure Statute. At any foreclosure proceeding, any Person may bid for the Lot at foreclosure sale and acquire, hold, lease, mortgage and convey the Lot. If and while the Association owns the Lot following foreclosure: (i) no right to vote shall be exercised on its behalf; and (ii) no Annual Assessment shall be levied on it. The Association may sue to recover a money judgment for unpaid Annual Assessments and other charges without foreclosing or waiving the lien securing the same. The Board may waive or compromise any charge or expense levied against an Owner and shall maintain a detailed record thereof in the minutes of the Board meeting.

The sale or transfer of any Lot shall not affect the assessment lien or relieve such Lot from the lien for any post-sale assessments. However, the sale or transfer of any Lot pursuant to judicial or non-judicial foreclosure of a superior lien shall extinguish the lien as to any installments of such assessments which became due prior to such sale or transfer. Where the Mortgagee holding a superior lien of record or other purchaser of a Lot obtains title pursuant to judicial or non-judicial foreclosure of the Mortgage, it shall not be personally liable for assessments on such Lot due prior to such acquisition of title. Such unpaid assessments shall be deemed to be common expenses, collectible from Owners of all Lots, including such acquirer, its successors and assigns.

Article VII

MISCELLANEOUS

Section 7.1 Fiscal Year. The fiscal year of the Association shall be May 1 through April 30 of each year.

Section 7.2 Parliamentary Rules. Except as may be modified by a Board of Director resolution establishing modified procedures, or unless suspended for the duration of that meeting (or any specified portion thereof) by a Majority of Members present at such meeting, the Rules of Order for Association Boards, Edition 1.1 (or current edition) (the "**Rules of Order**") shall govern the conduct of Association proceedings when not in conflict with Texas Law, the Certificate of Formation, the Declaration, or these Bylaws. Any dispute over the application or interpretation of the Rules of Order shall be resolved by the presiding officer of the meeting, whose decision shall be final and binding.

Section 7.3 Conflicts. If there are conflicts or inconsistencies between the provisions of Texas Law, the Certificate of Formation, the Declaration, and these Bylaws, the provisions of Texas Law, the Declaration, the Certificate of Formation, and the Bylaws (in that order) shall prevail.

Section 7.4 Books and Records.

(a) **Inspection by Mortgagees.** Except for Confidential Records (as defined in **Section 7.4(e)** below), the books and records of the Association (including financial records) shall be made available for inspection and copying by any holder, insurer, or guarantor of a First Mortgage on a Lot, or by the duly appointed

representative of any of the foregoing, upon written request stating a proper purpose for the request. Such inspection shall take place during normal business hours at the office of the Association or at such other place within the Property as the Board shall prescribe. The cost, including copy charges, document retrieval charges and a reasonable administrative fee, shall be at the expense of the requesting party and may be required to be paid in advance of the inspection.

(b) ***Inspection or Production of Records.*** Each Member of the Association may submit a written request to the Board or its representative by certified mail to the address of the Association or authorized representative as listed on the most current management certificate filed of record, to either inspect the books and records of the Association (including financial records) identified in the request or to have the Association deliver those books and records identified in the request to the Member or to a person designated in a writing signed by the Member as the Member's agent, attorney or certified public accountant. Except for Confidential Records (as defined in **Section 7.4(e)** below), the Member may inspect, or the Association must produce, the books and records identified in the request. If the Member requests to inspect the Association's books and records, the Association must, on or before ten (10) business days of receipt of a request, send written notice of the dates and times during normal business hours that the Member may perform the inspection to the extent that those books and records are in the possession, custody, or control of the Association. If the Member requests that the Association produce the books and records, the Association must, to the extent that those books and records are in the possession, custody or control of the Association, either (i) produce the records requested on or before ten (10) business days from the date of receipt of the request; or (ii) if the Association cannot produce records on or before ten (10) business days, inform the Member of that fact on or before the ten (10) business day time period and then produce the records on or before fifteen (15) business days of providing that notice.

(c) ***Inspection and Production Costs.*** The Association shall adopt and record a records production and copying policy that prescribes the costs for compilation, production and copying of Association records in response to a Member's records request. Upon adoption and recordation of this policy, the Association may require the Member to pay, in advance, the estimated costs of the records inspection or production (subject to the cost limitations set forth under law). On or before the thirtieth (30th) business day following the completion of the document inspection or production, the Association shall send the Member a final accounting invoice for the inspection or production. If the actual costs exceed the estimated costs of the inspection or production, the Member must reimburse the Association on or before thirty (30) business days of the final accounting invoice. If the Member fails to timely reimburse the Association, the unpaid balance of the invoice shall be added to and become a part of the Member's assessment obligation to the Association and a lien against the Member's Lot and may be collected in the same manner as any other assessment payable to the Association. If the actual costs are less than the estimated costs of the inspection or production of records, the Association shall refund the excess amount to the Member on or before the thirtieth (30th) business day after the date that the Association sends the final accounting invoice.

(d) ***Inspection by Directors.*** Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical property owned or controlled by the Association. The right of inspection by a Director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

(e) ***Confidential Records.*** Except as hereinafter provided, Members are not entitled to inspect or to have produced to them Confidential Records. For purposes of these Bylaws, Confidential Records shall mean and include records that identify a Member's covenant violation history, a Member's personal financial information (including payment and delinquency information) with the Association, a Member's contact information (other than the Member's address in the Subdivision), employee records, attorney's files and records relating to the Association (excluding invoices requested by a Member under Section 209.008(d) of the Texas Property Code), or documents constituting attorney work product or attorney client communications. If a Member whose records are the subject of another Member's inspection or production request consents in writing to the release of his or her Confidential Records, the Association must allow the

requesting Member to inspect the Confidential Records or the Association must produce the Confidential Records. In addition, the Association must allow an inspection or must produce Confidential Records if so ordered by a court of competent jurisdiction.

(f) **Governing Documents.** The Association shall make the current version of the Governing Documents available to its Members on an Internet website maintained by the Association or its managing agent.

Section 7.5 Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally, if sent by registered or certified mail, return receipt requested, first class postage prepaid, or transmitted electronically to the Member's registered email address:

- (i) If to a Member, at the mailing or electronic address which the Member has designated or registered in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Owner; or
- (ii) If to the Association, the Board of Directors, or the Managing Agent, at the principal office of the Association or the Managing Agent, if any, or at the address listed in the most recent recorded Management Certificate or at such other address as shall be designated by the notice in writing to the Owners pursuant to this section.

Section 7.6 Amendment. These Bylaws may be amended only by the affirmative vote (in person, by proxy or absentee ballot) or written consent of Members representing at least a Majority of the Members in Good Standing who cast their vote on the amendment.

Section 7.7 Termination. Upon the approval of at least two-thirds (2/3rds) of the Members in Good Standing, the Association may be terminated. Termination of the Association for any reason will be handled in compliance with the Texas Property Code, the Texas Business Organizations Code and applicable law. All property will be sold, and all debts are to be paid. Any monies remaining shall be donated to a nonprofit charitable organization of the Board's choosing. A complete and final accounting shall be recorded in the Deed Records of Henderson County, Texas. The termination of the Association and making the termination a matter of public record will be the responsibility of the then current President and Board.

Section 7.8 Severability. Invalidation of any provision or portion of a provision of these Bylaws by judgment or court order shall in no way affect any other provisions, which shall remain in full force and effect.

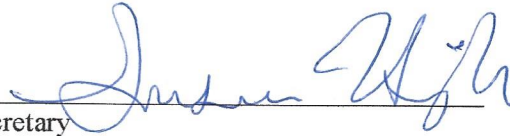
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SECRETARY'S CERTIFICATE

I, the undersigned, am the duly elected and acting Secretary of **KEY RANCH ESTATES PROPERTY OWNERS ASSOCIATION**, a Texas non-profit corporation, and I do hereby certify:

That the within and foregoing Second Amended Bylaws were adopted as the Bylaws of said corporation as of May 21, 2022, that the same replace in their entirety the First Amended Bylaws of the Association recorded on June 3, 2009, under Instrument Number 2009-00008430 of the Real Property Records of Henderson County, Texas, and do now constitute the Bylaws of said corporation, and that they have not been modified, amended nor rescinded.

IN WITNESS WHEREOF, I have hereunto subscribed my name as of May 25, 2022.

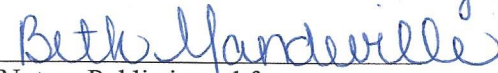

Secretary

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF HENDERSON§

BEFORE ME, a Notary Public in and for the State of Texas, duly authorized to take acknowledgments, personally appeared Susan High, Secretary of **KEY RANCH ESTATES PROPERTY OWNERS ASSOCIATION**, a Texas nonprofit corporation, and acknowledged that (s)he executed the foregoing document on behalf of said company.

SUBSCRIBED AND SWORN TO BEFORE ME on this 25 day of May, 2022.


Notary Public in and for
the State of Texas
My Commission Expires: 01-28-2025

AFTER RECORDING RETURN TO:

Riddle & Williams, P.C.
3811 Turtle Creek Blvd., Suite 500
Dallas, Texas 75219

