

**First Amended and Restated Bylaws
of
Oak Bluff Estates, Phase 2 Subdivision,
Homeowners' Association**

Final Revision, 16-Nov-95

ARTICLE I

Name and Location

The name of the corporation is Oak Bluff Estates, Phase 2 Subdivision, Homeowners' Association, a non-profit corporation, hereinafter referred to as the "Association". The principal office of the Association shall be the home residence of the currently serving Secretary of the Board of Directors, but meetings of the members and directors may be held at such time and place within the State of Texas, County of Williamson or County of Travis, as may be designated by the Board of Directors. For the convenience of the members, the Association may maintain a separate mailing address other than that of the principal office.

ARTICLE II

Purpose

The primary purpose of the Association is to manage, maintain and care for the common areas, and to ensure compliance with the deed restrictions and architectural controls promulgated in the Declaration of Covenants, Conditions and Restrictions for Oak Bluff Estates, Phase 2.

In addition the Association may

- a) seek to preserve the natural beauty of the community, enhance the quality of life of the residents, and enhance the environmental quality and economic value of properties, so far as practical;
- b) promote community social and recreational opportunities and programs;
- c) promote safety and security awareness programs for residents, and support fire and police protection service agencies;
- d) maintain liaison with local governments, Round Rock Independent School District, local political groups, and commercial activities whose decisions might affect members; and
- e) communicate to members volunteer opportunities in the local community.

ARTICLE III

Definitions

Section 1. Association. "Association" shall mean and refer to Oak Bluff Estates, Phase 2 Subdivision, Homeowners' Association, Inc., its successors and assigns.

Section 2. Common Areas. "Common Areas" shall mean and refer to all real property owned by the Association for the common use and enjoyment of the members. Common Areas shall include, but not be limited to, all esplanades, rights of way, amenities areas, or any other area not a part of a lot, which has been conveyed to the Association. Common Areas shall also include any publicly dedicated areas as shown on the Plat of the Subdivision or later dedicated to the public.

Section 3. Declaration. "Declaration" shall mean and refer to the Amended and Restated Declaration of Covenants, Conditions and Restrictions recorded at Volume 1684, Page 450 in the Official Records of Williamson County, Texas, as it may have been and may be amended, restated and supplemented, including pursuant to that certain Second Amendment of Amended and Restated Declaration of Covenants, Conditions and Restrictions dated September 9, 1992, as recorded at Volume 2190, Page 934 in the Official Records of Williamson County,

Section 4. Gender and Grammar. The singular wherever used herein shall be constructed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

Section 5. Lot. "Lot" shall mean and refer to any of the lots which are a part of the Properties on which there is or may be built a family dwelling.

Section 6. Properties. "Properties" shall mean and refer to that tract or parcel of land situated in Williamson County, Texas, which is more fully described in the Declaration, as here above defined, and such additions thereto as may be brought within the jurisdiction of the Association.

ARTICLE IV

Membership

Section 1. Membership. Every person or entity, whether one or more, who is a record owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the Association, including contract sellers, shall automatically become a member of the Association and subject to these Bylaws. Ownership of such Lot shall be the sole qualification for membership. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Each Lot shall entitle the owners thereof to one membership. Multiple owners of one Lot shall collectively be considered one member under these Bylaws. Persons or entities who are owners of multiple Lots shall be considered one member for each Lot owned, such that one person or entity may have more than one membership. Membership in the Association shall terminate without Association action whenever such person or entity ceases to own a Lot, but such termination shall not relieve or release any such former member from any liability or obligation incurred under or in any way connected with such ownership and membership and the covenants and obligations incident thereto. All present or future owners, occupants and tenants, and any other person or persons using the facilities on properties subject to the jurisdiction of the Association in any manner, shall be subject to the regulations set forth in these Bylaws. The acquisition, occupancy or rental of any Lot will signify that these Bylaws are accepted and ratified and that the owner, tenant or occupant thereof shall strictly comply with the terms and provisions hereof.

Section 2. Suspension of Membership Voting Rights. Members who fail to make payment due the Association, including the Annual Assessment, Special Assessments, other fees or penalties, as of the date due shall lose their right to vote at meetings of the members. The voting rights of such members shall be restored only when all such delinquent payments have been paid in full.

ARTICLE V

Rights of Enjoyment

Each member shall be entitled to the use and enjoyment of the Common Area and facilities as provided in the Declaration. Any member may assign his rights of enjoyment of the Common Area and facilities to his tenants or contract purchasers, who reside on the property. Such member shall notify the Secretary in writing of the name of any such assignee. The rights and privileges of such assignee are subject to suspension to the same extent as those of the member.

ARTICLE VI

Board Of Directors

Section 1. Number and Qualifications. The powers, business and affairs of the Association shall be exercised and managed under the direction of a board of six (6) directors. Directors should be in compliance with the Covenants, Conditions and Restrictions set forth in the Declaration and be current with their financial obligations to the Association.

Section 2. Elections. At the first Annual Election and Budget Meeting of the members following the adoption of these Bylaws the members shall elect three (3) directors for a term of one (1) year and three (3) directors for a term of two (2) years. At each Annual Election and Budget Meeting thereafter the members shall elect the directors for a term of two (2) years to fill each expiring term.

Section 3. Removal. Any director may be removed from the Board of Directors, with or without cause, by the affirmative vote at a meeting of the members of fifty five percent (55%) or greater of the total membership entitled to vote.

Section 4. Resignations. Any director may resign at any time by giving written notice to any remaining member of the Board of Directors. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein. Resignation will be deemed given whenever a director ceases to own a Lot. The acceptance of such resignation shall not be necessary to make it effective.

Section 5. Vacancies. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board of Directors with the recommendation of the Nominating Committee and shall serve the unexpired term of his predecessor.

Section 6. Compensation. No director shall receive compensation from the Association, either directly or indirectly, for any service he may render to the Association in any capacity. A director may be reimbursed for his actual and reasonable expenses incurred in the performance of his duties.

ARTICLE VII

Powers and Duties of the Board of Directors

The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Common Areas. The Board of Directors may exercise all powers, duties and authority vested in or delegated to the Association which are not reserved to the Membership by these Bylaws, the Articles of Incorporation of the Association or the Declaration. In addition to the express powers and duties of the Board of Directors granted in these Bylaws, the Articles of Incorporation of the Association or the Declaration, the Board of Directors shall, unless expressly prohibited by these Bylaws, the Articles of Incorporation of the Association or the Declaration, have all powers and authority granted to boards of directors of non-profit corporations organized as homeowners' associations under the laws of the State of Texas.

Additionally, to the best of their abilities, the Board of Directors:

- a) Shall have the authority to administer and enforce, by suit or other means, the covenants, conditions, restrictions, uses, limitations, obligation, and all other provisions as set forth in the Declaration. The Board of Directors may grant variances to the restrictions and requirements set forth in the Declaration as it may deem appropriate on a case by case basis by a majority vote of the entire Board. Such authority to grant variances may be given to an Architectural Control Committee, if established by the Board of Directors, as provided in the Declaration. All such variances shall be in writing and shall be executed by a majority of the

Board of Directors, or by the each member of the Architectural Control Committee if so established, to be effective and enforceable;

- b) May establish, make and enforce compliance with such rules as may be necessary for the operation and use of the Common Areas and may establish penalties for the infraction thereof. The Board of Directors shall have the right to amend such rules from time to time. A copy of such rules and regulations shall be delivered or mailed to each member of the Association promptly upon the adoption thereof;
- c) Shall keep in good order, condition and repair all lands, improvements and personal property owned by or leased to the Association;
- d) Shall insure and keep insured all of the Association property. Further, shall obtain and maintain comprehensive liability insurance and shall insure and keep insured all of the fixtures, equipment and personal property acquired by the Association. The limits and coverage shall be reviewed annually and adjusted, if necessary, to provide such coverage and protection as the Board of Directors may deem prudent. Worker's compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association;
- e) Shall prepare a budget for the Association and fix, determine, levy and collect the assessments to be paid by each of the members and by majority vote of the entire Board of Directors may adjust, decrease or increase the amount of the assessments, subject to the provisions of Article XIV of these Bylaws;
- f) Shall collect delinquent assessments, penalties and fees by suit or otherwise and shall enjoin or seek damages, as provided in the Declaration and these Bylaws;
- g) Shall protect and defend the Association from loss and damage by suit or otherwise;

- h) May borrow funds subject to the provisions of Article XIV and may pledge or otherwise grant a security interest in the Association's assessments or funds to secure such indebtedness as the Board of Directors may deem necessary or appropriate;
- i) May purchase or lease one or more of the Lots for use by the Association, subject to the provisions of Article XIV, and may execute on behalf of the Association contracts, leases, mortgages or other appropriate instruments for the same;
- j) May establish one or more insured bank accounts, savings accounts or other investment accounts for the common treasury and for all separate funds as may be required or may be deemed advisable by the Board of Directors and may establish and maintain such petty cash fund as is necessary for efficiently carrying on the business of the Association;
- k) Shall keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements of the Association and shall permit examination thereof at any reasonable time by any member and shall allow a full financial review of the books and accounts of the Association by the Budget/Finance Committee, once each year within sixty (60) days of the close of the fiscal year;
- l) Shall annually prepare a statement summarizing all receipts, expenses or disbursements since the last such statement. Such statements will be made available to all members within one hundred twenty (120) days following the fiscal year end of the Association;
- m) Shall meet at least once each quarter;
- n) May declare an office of the Board of Directors to be vacant in the event such officer shall be absent from two (2) consecutive regular meetings of the Board of Directors without just cause having been furnished to and accepted by the Board of Directors;
- o) May engage the services of independent contractors as the Board of Directors deems necessary, and may prescribe the conditions, compensation and duties of such contractors work. Such power shall include authority to enter into management agreements with other

parties to manage, operate or perform all or any part of the affairs and business of the Association. All contracts awarded by the Association shall be determined by a competitive bidding process to be established by the Budget/Finance Committee;

- p) May establish fees covering reasonable costs for services provided by the Association subject to the provisions of Article XIV;
- q) Shall establish a grievance procedure for the Association membership;
- r) Shall recruit member volunteers to serve on committees;
- s) Shall maintain all records of the Association for a period of not less than four (4) years.
- t) Shall prepare and file all required legal documents to modify the Articles of Incorporation to be consistent with these Bylaws.

ARTICLE VIII

Officers and Their Duties

Section 1. Enumeration of Offices. The officers of this Association shall be a President, a Vice President, a Secretary, and a Treasurer.

Section 2. Election of Officers. The officers of the Association shall be elected by the Board of Directors within 30 days of the election of a new Board of Directors. Each officer must be a member of the Board of Directors. Each officer shall hold office until the following election of a new Board of Directors unless they shall sooner resign or shall be removed. The office of President and Secretary may not be held by the same person.

Section 3. Vacancies. A vacancy in any office may be filled by appointment of the Board of Directors subject to the same restrictions as elected officers. Such appointed officer shall serve the remainder of the term of the officer replaced.

Section 4. Duties. The duties of the officers are as follows:

- a) The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board of Directors are carried out; shall sign all contracts and promissory notes.
- b) The Vice-president shall act in the place of and instead 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 by the Board of Directors.
- c) The Secretary shall record the votes and record and keep the minutes of all meetings and proceedings of the Board of Directors and all meetings of the members; shall serve notice of meetings of the Board of Directors and meetings of the members; shall keep appropriate current records showing the members of the Association together with their address; and shall perform such other duties as required by the Board of Directors.
- d) The Treasurer shall receive and deposit in appropriate accounts all moneys 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 prepare an annual budget and a statement of income and expenditures to be presented to the membership; and shall perform such other duties as required by the Board of Directors. The Board of Directors may grant the Treasurer's signature authority to another member of the Board of Directors or agent of the Association.

ARTICLE IX

Nomination and Election of the Directors

Section 1. Nomination. Nominations for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the Annual Election and Budget Meeting. The Nominating Committee shall consist of a Chairman and two additional members of the Association. At most, one member of the Nominating Committee may also be a member of the Board of Directors. After a published call for volunteers to serve, the Nominating

Committee shall be appointed by the Board of Directors prior to each Annual Election and Budget Meeting of the members, to serve from the close of such meeting until the close of the next Annual Election and Budget Meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee may make as many nominations for election to the Board of Directors as it deems appropriate, but not less than the number of vacancies that are to be filled. The Nominating Committee shall attempt to nominate only members deemed to be in compliance with covenants, conditions and restrictions set forth in the Declaration and who are current with their financial obligations to the Association.

Section 2. Election. Election to the Board of Directors shall be by written ballot cast at the annual meeting called for such purpose. Election results are to be verified and announced by the Budget/Finance Committee at the election meeting. At such election the members entitled to vote in person or by proxy may cast, in respect to each available position, one vote for each membership. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted. Elected members begin their term at the close of the meeting at which the election is held.

ARTICLE X

Meetings of the Board of Directors

Section 1. Place of Meetings. All meetings of the Board of Directors of the Association must be held within the State of Texas, County of Williamson or County of Travis, as may be designated by the Board of Directors.

Section 2. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as determined by the Board of Directors.

Section 3. Special Meetings. Special meetings of the Board of Directors may be called by the President of the Board of Directors or upon the written request of at least two (2) directors. Notice of special meetings shall be given either personally, by mail or by telephone, by the President or Secretary to each director stating the time and place of the meeting on not less than five (5) days notice.

Section 4. Attendance and Waiver of Notice. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the sole purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Neither the business to be transacted nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 5. Quorum. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business. Acts of the majority of the directors present at any meeting at which a quorum is present shall constitute acts of the Board of Directors excluding those acts for which a larger majority is required by these Bylaws, the Articles of Incorporation or the Declaration. If, at any meeting of the Board of Directors, less than a quorum of directors is present, the majority of those present may adjourn the meeting until a Quorum is obtained.

Section 6. Actions Without a Meeting. Notwithstanding any other provisions of these Bylaws, any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all of the members of the Board of Directors. Such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE XI

Indemnification

The Association shall indemnify and advance expenses to all directors and officers of the Association to the maximum extent allowed by the Texas Non-Profit Corporation Act. Specifically, each person who acts as a director or officer of the Association shall be indemnified and held harmless by the Association from and against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him in connection with any claim or civil or criminal action, suit or proceeding in which he may be named as a party defendant by reason of his being or having been such director or officer of the Association. The rights or liabilities herein provided for shall not

extend to any costs, expenses or liabilities imposed upon or incurred by any director or officer of the Association in relation to matters as to which he shall be finally adjudged to be liable for reason of breach of a director's duty of loyalty to the corporation, gross negligence, or willful misconduct. The right to indemnification herein provided shall extend to each of the directors and officers of the Association, whether or not the respective director or officer is acting as such at the time such costs, expenses or liabilities are imposed or incurred and whether or not the claim asserted against him is based on matters which predate the adoption of this section of the Bylaws, and in the event of death shall extend to his legal representatives; but such rights shall not be exclusive of any other rights to which he may be entitled. If the Texas Non-Profit Corporation Act or other applicable law is amended after adoption of this provision of the Bylaws then the Association shall indemnify the persons named above to the fullest extent permitted by the Texas Non-Profit Corporation Act or other applicable law, as so amended.

ARTICLE XII

Committees

Section 1. Purpose of Committees: Committees are created under the authority of the Board of Directors to assist in the management of the affairs of the Association. The powers of a committee are limited to the powers expressly granted by the Board of Directors unless otherwise provided for by these Bylaws, the Articles of Incorporation or the Declaration. Committee chairmen may attend meetings of the Board of Directors as non-voting members as appropriate.

Section 2. Committee Membership: Committees shall consist of as many members as is reasonable to conduct the business of the committee. Standing committee membership is limited to not less than three (3) members. One or more members of the Board of Directors may serve as members of each committee.

Section 3. Committee Officers: Within thirty (30) days of the elections of a new Board of Directors the Board shall appoint an interim chairman of each committee whose duty is to call and organize the

first meeting of the committee members. Within thirty (30) days of the formation of a new committee an interim chairman shall be named. The committee members, at the first meeting, shall elect a Chairman, a Vice Chairman and a Recording Secretary who shall act as officers of the committee. If the committee fails to elect officers such officers shall be appointed by the Board of Directors.

Section 4. Removal and Vacancies: Officers of any committee may be removed from office with or without cause by the Board of Directors whenever it is deemed the best interests of the Association will be served by such removal. If directed by the Committee membership, the Board of Directors may declare an office to be vacant in the event such officer shall be absent from two (2) consecutive regular meetings of the committee. All vacant offices shall be filled by election by committee membership.

Section 5. Meeting Minutes. Minutes of the standing committee meetings shall be kept by the Recording Secretary and submitted to the Board of Directors. The Board of Directors may require the keeping of minutes of additional committees.

Section 6. Standing Committees: Annually the Board of Directors shall appoint an Architectural Review/Deed Compliance Committee, a Nominating Committee, a Budget/Finance Committee and Common Area Management Committee as provided in these Bylaws.

- a) The Architectural Review/Deed Compliance Committee will ensure compliance with the architectural requirements of the Declaration and promote compliance, foster understanding and inform members of violation of the covenants, conditions and restrictions set forth in the Declaration. Only the Board of Directors may grant variances to the restrictions and requirements given in the Declaration unless such authority is expressly granted by the Board of Directors to an established Architectural Control Committee as provided in the Declaration. The Architectural Review/Deed Compliance Committee shall make their non-binding recommendation to the Board of Directors on all such matters.

- b) The Nominating Committee will perform the duties as specified in Article IX and may assist the Board of Directors in the filling of vacancies within the Board.
- c) The Budget/Finance Committee will assist the Board of Directors in the preparation of the annual budget for presentation to the Membership, will advise the Board on all budget matters and will conduct a financial review of the Association books within sixty (60) days of the close of the fiscal year.
- d) The Common Area Management Committee will assist with the operation and maintenance of the Common Areas and recommend to the Board the necessary service contracts for repair and maintenance.

Section 7. Additional Committees: In addition, the Board of Directors may appoint other committees or individuals as it deems appropriate in carrying out its purpose and may include, but is not limited to, community activities, governmental and commercial affairs, and safety and security awareness.

- a) Community Activities may include an Association newsletter, the publication of a membership telephone directory, the planning of community social and recreational events for families and adults and the coordination of community services such as a “welcome group” to greet new residents.
- b) Governmental and Commercial Affairs may include keeping members informed of government and commercial activities affecting the Association members, coordinating with the City of Round Rock, the County Commissioner’s Office and the Round Rock Independent School District on issues assigned by the Board of Directors and acting as liaison with managing entities of neighboring recreational facilities.
- c) Safety and Security Awareness may include serving as the liaison for the Association with the City of Round Rock Police and Fire Departments and the Williamson County Sheriff’s Department; maintaining a Neighborhood Watch program; and addressing such issues as school bus stops, speed limits, stop signs and other traffic issues which impact the community.

ARTICLE XIII

Meetings of the Members

Section 1. Place of Meetings. All meetings of the Members of the Association must be held within the State of Texas, County of Williamson or County of Travis, at such time and place as may be designated by the Board of Directors subject to the provisions of these Bylaws.

Section 2. General Meetings. The Board of Directors are instructed to call two (2) general membership meetings of the Members for the purpose of conducting the business affairs of the Association which have been reserved for the Members. The Annual Election and Budget Meeting for the purpose of electing new members of the Board of Directors and reviewing the Association budget is to be held between October 1 and November 15 of each year. An additional general membership meeting is to be held in the second quarter of each calendar year. The members may transact any such business of the Association as may properly come before them at such meetings.

Section 3. Special Meetings. Special meetings of the members may be called at any time by the President or by resolution of the Board of Directors or upon written request, by petition, representing twenty percent (20%) of the total membership vote. Business transacted at all special meetings shall be confined to the purposes stated in the notice. The Board of Directors shall give notice of such Special Meetings within forty-five (45) days of such request or resolution.

Section 4. Notice of Meetings. Written notice of each meeting of the members shall be given by the secretary by mailing a copy of such notice at least fifteen (15) days before but not more than thirty (30) days before the date of such meeting to each member at the member's address last appearing in the records of the Association, or supplied by such member to the Association for the purpose of such notice. Notice shall be deemed delivered when deposited in the United States Mail with postage prepaid. Such notice shall specify the place, day and hour of the meeting, and in case of a special meeting, the purpose of the meeting.

Section 5. Quorum. The presence at any meeting of the members entitled to vote in person or by proxy, of at least ten percent (10%) of the membership vote shall constitute a quorum for any action except

as otherwise provided in these Bylaws, the Articles of Incorporation or the Declaration. If, however, such quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have the power to adjourn the meeting until a quorum shall be present or represented without further notice.

Section 6. Voting and Proxies. At each meeting of the members each member entitled to vote may vote in person or by proxy. Ten days prior to each meeting of the members the Secretary shall establish a list of members entitled to vote at such meeting. All proxies or power of attorney shall be in writing and presented to the Secretary. Every proxy is revocable. Every proxy shall automatically cease upon conveyance by the member of his Lot.

ARTICLE XIV

Financial Management

Section 1. Fiscal Year. The fiscal year of the Association shall begin on December 1 and end on November 30 of each year.

Section 2. Budget. The Board of Directors shall prepare an annual budget proposal for the Association to be presented to the membership at the Annual Election and Budget Meeting. A copy of the budget proposal is to be included with the call for such meeting. The Board of Directors may modify the budget during the fiscal year as needed after advising the Budget/Finance Committee of the intended modification. The Budget/Finance Committee may make non-binding budget recommendations to the Board of Directors.

Section 3. Contingency Fund. A contingency fund shall be established to cover unbudgeted or extraordinary expenses for the primary purpose of the Association to manage, maintain and care for the Common Areas, and to ensure compliance with the deed restrictions and architectural controls promulgated in the Declaration. Annually the budget shall include a ten percent (10%) allocation to the contingency fund. Unspent contingency funds at the end of the fiscal year shall be transferred to a reserve account until such time as the reserve account has sufficient funds to replace the facilities and

personal property of the Association. The Board of Directors shall seek the non-binding recommendation of the Budget/Finance Committee for the expenditure of the contingency or reserve account funds.

Section 4. Annual Assessment. An annual assessment shall be placed against each Lot to provide funds for the care and maintenance of the Common Areas and normal operation of the Association as outlined in the annual budget. The Board of Directors shall fix the amount of the annual assessment and give notice to each Lot owner at least twenty (20) days prior to being due. The failure of the Board of Directors to fix the annual assessment or give notice as provided above shall not be deemed a waiver or a release of any member from the obligation to pay the annual assessment, but the annual assessment fixed for the preceding year shall continue until a new assessment is fixed. The annual assessment shall be fixed at a uniform rate for all Lots. The payment due dates for annual assessment shall be January 1 of each calendar year. The maximum annual assessment shall be no more than One Hundred Twenty One Dollars (\$121.00) for the year following the adoption of these Bylaws. For each year thereafter, the annual assessment shall not exceed the amount equal to the previous year's assessment plus ten percent (10%) of the previous year's assessment.

Section 5. Special Assessments. A special assessment may be placed against each Lot to provide funds for capital improvements, extraordinary expenses, legal action or other items determined by the Board of Directors or members with the affirmative vote of fifty five percent (55%) or greater of the total membership entitled to vote. A special assessment vote may be taken at a meeting of the members only if included in the notice of such meeting. The due date of such special assessment shall not be less than forty five (45) days from the adoption of a special assessment resolution.

Section 6. Deed Violation Penalties. Any breach or violation of the restrictive covenants or conditions contained within the Declaration shall be subject to a penalty of One Hundred Dollars (\$100.00) as provided for in the Declaration. Each day shall be considered a separate violation or breach and such penalty shall be payable to the Association subject to the notice requirements of the Declaration. The Board of Directors may modify or change the penalty following the provisions of the Declaration.

Section 7. Transfer Fees. The Board of Directors will charge and collect a Transfer Fee for the sale of any lot payable by the buyer at closing. The amount of such fee is to be determined by the Board of Directors but shall not be less than Fifty Dollars (\$50.00). Buyers will be required to sign a "New Owner Acknowledgment Form" acknowledging receipt of a welcome package that contains copies of the Association governing documents including the Declaration, Articles of Incorporation and Bylaws. The new owner confirms that he, his family, tenants and guests are responsible for abiding by these documents and rules of the Association. The Board of Directors shall file all required legal documents to establish and make binding such transfer fee.

Section 8. Association Fees. Fees established for services provided by the Association are intended to cover reasonable costs and expenses.

Section 9. Remedies for Nonpayment. Each member acknowledges the establishment of a performance Deed of Trust in favor of the Association to secure the faithful performance and enforcement of each members obligation to abide by such rules, regulations and restrictions and the payments of any annual assessment, special assessment, penalty or fee that may be due or shall become due. Any annual assessment, special assessment, penalty or fee not paid on the due date shall be immediately delinquent and if not paid within thirty (30) days after the due date shall bear interest at the rate of six percent (6%) per annum. The Board of Directors have authority to direct the filing of written Notice of Lien Claim in the Office of the County Clerk of Williamson County securing any delinquent assessment together with interest, collection costs, and legal costs, after forty five (45) days from the date a member is given notice that a delinquent assessment payment is due unless arrangements for the payment of the delinquent assessment have been made. The lien created by the filing of a Notice of Lien Claim, as provided above, shall be subordinate to the lien of any first mortgage created to secure the payment of any part of the purchase price for a Lot or any loan made for the improvement of any Lot. In all cases the owner of Lot giving rise to the delinquent payment is personally responsible for such delinquent payment plus interest, all costs of collection, including reasonable attorneys' fees and must obtain the release of the Lien Claim at the owners' expense. No member

may waive or otherwise escape liability for the assessments, penalties or fees provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Borrowing of Funds. The Board of Directors may borrow funds for the defense of legal action brought against the Board of Directors or against the Association without membership approval up to ten percent (10%) of the prior years total annual assessment. Additionally the Board of Directors may borrow funds for any expense included in an approved special assessment resolution for which special assessment funds have been pledged for the repayment of the loan.

Section 11. Disposal of Assets. The Board of Directors shall be required to obtain membership approval for the disposition of Association assets in excess of Five Thousand Dollars (\$5000.00) fair market value. Notice of the intent to sell Association assets must be included in the notice of the meeting of the members at which membership approval is sought. A simple majority of votes cast, in person or by proxy, is sufficient to grant approval for such sale.

ARTICLE XV

Notices

All notices to members of the Association shall be given by delivering the same to such member in person, or by depositing the notice in the United States Mail, postage prepaid, addressed to such member at the address last given to the Association for such purpose, unless otherwise established in the Articles of Incorporation, the Declaration, or these Bylaws. If a member fails to give an address to the Association for mailing of such notices, all such notices shall be sent to the Lot of such member and all members shall be deemed to have been given notice upon the proper mailing of such notice irrespective of the actual receipt of the notice by the member.

ARTICLE XVI
Standing Rules

Section 1. The Board of Directors or the membership may establish Standing Rules which are pertinent to the operation of the Association, the Properties or Common Areas which are not in contradiction to these Bylaws, the Articles of Incorporation or the Declaration.

Section 2. Standing Rules may be adopted or amended at any meeting of the Board of Directors or at any annual meeting or special meeting of the members called for such purpose.

ARTICLE XVII
Parliamentary Authority

The Parliamentary authority for all association and committee meetings shall be in the spirit of Robert's Rules of Order, Newly Revised, "Current Edition".

ARTICLE XVIII
Amendments to Bylaws

The Bylaws of the Association can be amended, repealed or modified by an affirmative vote of fifty five percent (55%) or greater of the total membership entitled to vote at an Annual or Special meeting of the members.

ARTICLE XIX
Severalty

The invalidity of any provision or provisions of these Bylaws shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of these Bylaws, and in such event, all of the other provisions of these Bylaws shall continue in full force and effect as if such

invalid provision had never been included herein. In the event of conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control and in the event of conflict between the Declaration and these Bylaws, the Declaration shall control.

CERTIFICATION

I, B. Dennis Sustare, do hereby certify:

THAT, I am the duly elected and acting secretary of the Oak Bluff Estates, Phase 2 Subdivision, Homeowners' Association and THAT the foregoing bylaws constitute the First Amended and Restated Bylaws of the said Association, as duly adopted by the membership at a meeting of the members held on the 16th day of November, 1995.

IN WITNESS WHEREOF, I have hereunto set my hand on this ____th day of December, 1995.

Secretary

B. Dennis Sustare