

Amendment
To
By-Laws
of
Lakewood Ranch Homeowner's Association, Inc.

Effective June 1, 2002 by a majority vote of the current membership, the following amendments were adopted into the by-laws for the Lakewood Ranch Homeowner's Association.

- 1) Article III, Section 2:
All assessments shall be due and made payable to the Association on the first day of each quarter. Any assessments not paid within thirty (30) days after the due date shall be charged a late fee of \$15.00. Payments towards dues will be applied to oldest outstanding debt, including late fees assessed, first.
- 2) The annual assessment may be adjusted to cover cost of living increases by a majority vote of the Board of Directors without membership vote, but shall not be increased to more than the greater of one hundred ten percent (110%) above the prior year's annual assessment. The Association may increase the maximum annual assessment rate by more than the amount specified in the preceding sentence only upon receipt of a two-thirds (2/3) approving vote of the Owners at a meeting called for to vote on such a proposed increase.
- 3) Beginning with the calendar date of July 1, 2002, a Special Transfer Assessment in the amount of Two Hundred Fifty Dollars (\$250.00) will be assessed upon each Lot in the Subdivision at the time of closing when such Lot is subsequently sold by the Owner, other than a Builder Member, to a third party. This Special Transfer Assessment will be due and payable at closing of the sale of the Lot. However, if such Special Transfer Assessment is not collected at the closing of the sale of the Lot, the Association will send a 30-day written notice of this Special Transfer Assessment and demand for payment to the new third party owner. If the Special Transfer Assessment is not paid within 30 days of such written notice, the unpaid Special Transfer Assessment will accrue interest as set forth in the Declaration, and the Association may exercise any remedy allowed by law or granted in the Declaration, as may be modified by appropriate action.

BY-LAWS
OF
LAKEWOOD RANCH HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is **LAKEWOOD RANCH HOMEOWNER'S ASSOCIATION, INC.** (hereinafter referred to as "the Association"). The principal office of the Association shall be located at **3820 West Adams Avenue; Temple, Texas 76504**, but meetings of members and directors may be held at such places within the State of Texas, County of Bell, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Declaration" shall mean and refer to the "Declaration of Covenants, Conditions and Restrictions" for **LAKEWOOD RANCH**, a subdivision in Bell County, Texas, said Declaration being recorded in Volume **3133**, Page **338**, of the Official Public Records of Real Property of Bell County, Texas, and any amendments thereto. Terms used in these By-Laws shall have the same meaning as in the Declaration.

Section 2. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration and Articles of Incorporation of the Association.

ARTICLE III

RESPONSIBILITIES OF MEMBER

Section 1. Each Member, jointly and severally, has the responsibility for administering and enforcing the covenants, conditions and restrictions contained in the Restrictive Covenants recorded in Volume **3059**, Page **513**, of the Official Public Records of Real Property of Bell County, Texas, and as may be modified from time to time.

Section 2. Each Member, jointly and severally, covenants and agrees to pay an annual and special assessment fee for capital improvements as determined by the Board of Directors of this Association. The annual and special assessment rate may be changed by the Directors of the Association from time to time, but not more often than once every six (6) months; provided that any change shall have the assent of two-thirds (2/3's) of the aggregate votes of both classes of members. Any member who has not paid in full all assessments levied by the Association shall not be eligible to vote. Written notice shall be sent to all members not less than fifteen (15) days nor more than fifty (50) days in advance of the meeting, setting forth the purpose of the meeting. The assessments, together with interest costs, taxes and reasonable attorneys fees, if any, shall be a charge on the land and shall be a continuing lien upon the lot against which each assessment is made. Each assessment shall also be the obligation of the person or entity who was the owner of such lot at the time when the assessment fell due, which is the first of each month.

Annual and special assessments collected shall be combined into a single "Maintenance and Capitol Improvement Fund" to be expended for owning, developing, maintenance and for the payment of taxes of the common areas including, but not limited to common area "A", common area "B" and the two (2) island sections within Lakewood Drive. Additional common areas may be added at a later date provided that any such change shall have the consent of two-thirds (2/3's) of the aggregate votes of both classes of members. The Lakewood Ranch Homeowner's Association, Inc.'s Board of Directors will appoint a responsible person or persons who will act as the Custodian and Administrator of said Maintenance Fund, and shall have the right to collect, hold and expend any and all monies paid or to be paid into said Maintenance Fund, to carry out the provisions hereof. Annual and special assessments shall not apply to Developer, as owner of or holder of title of any such lots nor shall it apply to any lot purchased by any person, firm or corporation primarily engaged in the building and construction business for the purpose of constructing improvements on and thereafter selling the same, but upon any sale of any such lot, whether sold or not, then such assessment charges shall become effective and accrue against such lot or lots. It is agreed and understood that the judgment of the Board of Directors of Lakewood Ranch Homeowner's Association, Inc. or its successor assigned as Custodian and Administrator of said Maintenance and Capitol Improvement Fund, when used in

good faith in the expenditure of said funds or any part thereof, shall be binding, final and conclusive on all parties at interest.

All assessments shall be due and made payable to the Association on the first of every month. Any assessment not paid within thirty (30) days after the due date shall bear interest from the due date at the maximum rate allowed by law. Lakewood Ranch Homeowner's Association, Inc. may bring an action at law against the member personally obligated to pay the same, or foreclose the lien against the property. No member may waive or otherwise escape liability for the assessment provided for herein by nonuse of the common areas or abandonment of the lot.

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ARTICLE IV

MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held on Tuesday, MARCH 29, 19 94, at 10:00 a .m., and subsequent annual meetings shall be held on the second SATURDAY in each JULY thereafter at _____ .m. If this day falls on a legal holiday, then the meeting shall be held on the next succeeding business day.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the President of the Association, or by the Board of Directors, or upon written request of the members who are entitled to vote one-tenth (1/10) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. No written notice will be required for the annual meetings of the members. Written notice of each special meeting of the members shall be given by the Secretary or person authorized to call the meeting. Notice shall be mailed, postage prepaid, at least ten (10) days before such meeting to each member entitled to vote. Notice shall be addressed to the member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, date, hour and purpose of the meeting.

Section 4. Quorum. The presence at the meeting of the members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any

action, except as otherwise provided in the Articles of Incorporation, Declaration or these By-Laws. If, however, a quorum shall not be present or represented at any meeting, the members entitled to vote thereat shall have power to adjourn the meeting from time to time without notice of other than an announcement at the meeting until a quorum shall be present or represented.

Section 5. Proxies. At the meetings, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. When the full fee interest in any lot is held by more than one person, and all such persons are members, then the vote for such lot shall be exercised in person or by proxy as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any lot. In the event that multiple persons are voting by proxy, each person's signature will be required on the proxy instrument. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her lot. If more than one (1) vote is cast for a single lot, none of the votes are counted and any of such votes shall be deemed void.

ARTICLE V

BOARD OF DIRECTORS: SELECTION AND TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors, whom need not be members of the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; and at each annual meeting thereafter, the members shall elect directors for terms of three (3) years as needed.

Section 3. Removal. Any director may be removed from the Board, with or without cause, at a special meeting of the Association by members entitled to vote more than two-third's (2/3) of the aggregate of the vote of both classes of membership. In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written, approval and consent of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE VI

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination 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 meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors at least thirty (30) days prior to each annual meeting of the members. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion, determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among members or non-members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and Declaration. The persons receiving the largest number of votes shall be elected. Such ballots may be conducted by mail or by facsimile transmission.

ARTICLE VII

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice at such place and hour as may be fixed from time to time by the Board. One of such regular meetings shall be held immediately after the adjournment of the annual meeting of the Association. Should

any of said meetings fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

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

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VIII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Subject to and consistent with the Declaration, the Board of Directors shall have power to:

(a) suspend the voting rights of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infractions of published rules and regulations;

(b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws or the Articles of Incorporation or the Declaration; and

(c) declare the office of a member of the Board of Directors to be vacant in the event each such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

Section 2. Duties. It shall be the duty of the Board of Directors to cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A members who are entitled to vote.

ARTICLE IX

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and Secretary, and such other officers as the Board, from time to time, by resolution create. Any two or more offices may be held by the same person, except the offices of President and Secretary.

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

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

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Board. Any officer may resign at any time, giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Duties. The duties of the officers are as follows:

(a) **President.** The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; and shall sign all instruments on behalf of the Association.

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

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of special meetings of the Board and of special meeting of the members; keep appropriate records showing the members of the Association together with their addresses; and perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; keep proper books of accounts; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting. Copies of these documents shall be available for purchase at a reasonable cost.

Section 8. Checks. All checks up to the sum of \$500.00 may be signed solely by the President of the Association, but that the signatures of both the President and the Secretary shall be required on all checks exceeding \$500.00 in amount.

ARTICLE X

COMMITTEES

The Board of Directors shall appoint committees as deemed appropriate in carrying out its purposes.

ARTICLE XI

BOOKS AND RECORDS

The books and records of the Association shall, during reasonable business hours, be subject to inspection by any member or his agent or attorney. The Articles of Incorporation and By-Laws of the Association and the Declaration shall be available for inspection by any member at the principal office of the Association where copies may be purchased at a reasonable cost.

ARTICLE XII

ADDITIONAL PROPERTY

The Developer of the property known as Lakewood Ranch may develop additional properties to be included in the Association from time to time.

ARTICLE XIII

INDEMNITY

The provisions of Article 1396-2.22(A) of the Texas Non-Profit corporation Act shall apply.

ARTICLE XIV

AMENDMENTS

Section 1. These By-Laws may be amended, at any annual or special meeting of the members, by a majority vote of a quorum of members present in person or by proxy.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 3. All provisions, conditions and covenants in the Restrictive Covenants recorded in Volume 3059, Page 513, of the Official Public Records of Real Property of Bell County, Texas, as modified from time to time, are hereby referenced and incorporated herein for all purposes.


Section 4. All provisions, conditions and covenants in the Declaration recorded in Volume 3133, Page 338, of the Official Public Records of Real Property of Bell County, Texas, as modified from time to time, are hereby referenced and incorporated herein for all purposes.

ARTICLE XV

FISCAL YEAR

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the initial fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the initial Board of Directors of LAKEWOOD RANCH HOMEOWNER'S ASSOCIATION, INC. as named in the Articles of Incorporation, have hereunto set our hands this 29th day of MARCH, 1994.



JOHN KIELLA, Director



SUZANNE KIELLA, Director



RONALD MIKESKA, Director