

BYLAWS

AS

AMENDED

August 10, 2007

**LAGO VISTA
PROPERTY OWNERS'
ASSOCIATION, INC.**

A NON-PROFIT CORPORATION

**BYLAWS OF
LAGO VISTA PROPERTY OWNERS'
ASSOCIATION, INC.
A NON-PROFIT CORPORATION**

**ARTICLE I
Definitions**

Section 1. "Association" shall mean and refer to the Lago Vista Property Owners' Association, Inc., a non-profit association organized and existing under the laws of the State of Texas.

Section 2. The "Properties" shall mean and refer to those properties as set forth and more particularly described in Article V of the Articles of Incorporation of Lago Vista Property Owners' Association, Inc.

Section 3. "Common Land" shall mean and refer to such part of the properties and facilities as may at any time hereafter be owned by the Association for so long as the Association may be the owner thereof.

Section 4. The term "Restrictions" shall mean the Declaration of Reservations and Restrictions referred to in Article V of the Articles of Incorporation of Lago Vista Property Owners' Association, Inc.

Section 5. "Timeshare Unit" shall mean a property jointly owned by a number of persons, each with a fee simple ownership interest to utilize the property for a specified period of time, defined in terms of weeks, annually.

Section 6. "LVPOA Member" Every person or entity who is the owner and who is subject to the annual assessment either present or future, by the Association pursuant to the provisions relating to such assessment, shall be a member of the

Association. When more than one person, a corporation or a partnership (entity) holds such interest in any lot, tract or dwelling unit thereon, only one person, as designated in writing and signed by all owners of the lot, shall be recognized as the member. The rights of membership are subject to the payment of the annual assessment and other legally assessed fees. POA members are permitted to invite guests to common areas and facilities provided they accompany and accept responsibility for their guests. The rights and privileges of LVPOA members may be suspended for failure to comply with adopted rules and regulations or for improper conduct as determined by the Board of Directors.

LVPOA Status: Association Property Owner; Stakeholder; Permanent; Unrestricted

LVPOA Privileges: For members in good standing

- May vote
- May use all amenities
- May reserve all amenities
- May hold office as LVPOA Director
- May attend Association Meetings
- May invite guests
- Family members who reside upon the property have same rights of enjoyment as a member except as modified by the Board of Directors
- May assign right of enjoyment to tenants
- May recommend policy and procedures changes to Association

LVPOA Liability:

- Obligated to subordinate lien
- Obligated to annual assessment as approved by the Board of Directors
- Subject to special assessments as approved by the Board of Directors
- Subject to other fees and other charges as approved by the Board of Directors
- Subject to suspension of privileges as approved by the Board of Directors
- Subject to fines as approved by the Board of Directors
- Subject to admission fees as approved by the Board of Directors
- Subject to damage/cleaning deposits as approved by the Board of Directors

Section 7. “Tenant Member” is a classification applicable to persons renting, leasing, using timeshares or holiday rental that have been given rights of enjoyment by the property owner. This classification of membership will be voluntary and subject to formal request by both the property owner and the tenant. The request must be approved by the Board of Directors prior to use. Once approved under this membership classification, membership will be valid for period specified in the request. Tenants may renew by resubmitting an application endorsed by the property owner. However, the Board of Directors, at their discretion, may deny tenants application. The rights and privileges of Tenants may be suspended or terminated for failure to comply with adopted rules and regulations or for improper conduct as determined by the Board of Directors.

Only property owners in good standing may convey their rights of enjoyment of LVPOA amenities to their tenants. Any association member (landlord) who has made such an assignment will have no further right of enjoyment of these amenities during the period of the assignment, unless the association member is entitled to continued use through the ownership of other Association property.

Tenant Status: Temporary; Restricted

Landlord Privileges:

May vote

May hold office as LVPOA Director

May attend Association Meetings

May recommend policy and procedures changes to Association

Landlord Liability:

May not use LVPOA amenities

May not reserve LVPOA amenities

May not invite guests to LVPOA amenities

Is responsible for damages done by the tenant, the tenant's guests; as well as the tenant's family.

Tenant Privileges:

May use amenities approved by the Board of Directors

May reserve amenities (with restrictions) as defined by the Board of Directors

May invite guests if accompanied by the tenant.

Family members who reside upon the property have same rights of enjoyment as a Tenant except as modified by the Board of Directors

Tenant Liability:

May not vote

May not hold office as LVPOA Director

May not attend Association meetings unless invited by the Board of Directors

May not assign right of enjoyment

May not recommend policy and procedures changes to Association

Subject to admission fees as approved by the Board of Directors

Subject to damage/cleaning deposits as approved by the Board of Directors

Subject to suspension/termination of privileges as approved by the Board of Directors

Section 8. "Associate Member" is a classification applicable to owners of real property within the incorporated boundaries or extraterritorial jurisdiction of the City of Lago Vista, not having been part of the original World of Resorts Development, and as such, not subject to mandatory membership in the Association. This classification of membership will be voluntary and subject to formal request by the property owner and approval by the Board of Directors. Once approved under this membership classification, membership will be valid for the calendar year in which it is approved. Associate members may renew each year without resubmitting an application. However the Board of Directors at their discretion may deny Associate membership in the Association. An Associate member may opt out of the Association at the end of a calendar year by simply not paying their dues. Associate member status will be forfeited if the

property is sold; the owner formally requests cessation of membership or becomes delinquent in payment of membership fees. The rights and privileges of associate members may be suspended or terminated for failure to comply with adopted rules and regulations or for improper conduct as determined by the Board of Directors. Once removed from membership future reinstatement of membership will be at the discretion of the Board of Directors.

Associate Status: Non-LVPOA Property Owner; Temporary, Restricted

Associate Privileges:

May use amenities approved by the Board of Directors

May reserve amenities (with restrictions) as defined by the Board of Directors

May invite guests if accompanied by an Associate Member

Family members who reside upon the property have same rights of enjoyment as an Associate Member except as modified by the Board of Directors

May not vote

May not hold office as LVPOA Director

May not attend Association meetings unless invited by the Board of Directors

May not assign right of enjoyment to tenants

May not recommend policy and procedures changes to Association

Associate Liability:

Subject contractually to pay dues as set forth and approved each year by the Board of Directors

Subject to initiation fee as approved by the Board of Directors

Subject to admission fees as approved by the Board of Directors

Subject to damage/cleaning deposits as approved by the Board of Directors

Subject to suspension/termination of privileges as approved by the Board of Directors

Section 9. “Social Club Member” is a classification applicable to persons who are not Association members but use LVPOA amenities on a recurring basis. This classification is for people who want to participate in clubs and organizations within the Association. It does not apply to persons who are in an LVPOA facility for the sole purpose of setting up for, supporting, or participating in a public or club-sponsored performance. This classification of membership will be voluntary and subject to formal request by the person requesting rights of enjoyment. The request must be approved by the Board of Directors prior to use. Once approved under this membership classification, social membership will be valid for period specified in the request. Social Club Members may renew by resubmitting an application. However, the Board of Directors, at their discretion, may deny application. The rights and privileges of social members may be suspended or removed for failure to comply with adopted rules and regulations or for improper conduct as determined by the Board of Directors.

Social Club Member Status: Temporary; Restricted

Social Club Member Privileges:

May use amenities approved by the Board of Directors

May not reserve amenities

May not invite guests.

May not vote

May not hold office as LVPOA Director

May not attend Association meetings unless invited by the Board of Directors

May not assign right of enjoyment

May not recommend policy and procedures changes to Association

Social Club Member Liability:

Subject to admission fees as approved by the Board of Directors

Subject to suspension/termination of privileges as approved by the Board of Directors

Section 10. “Guest” is a classification applicable to persons who are not members but who accompany members or have applicable permits allowing them to be unaccompanied in specific amenities as approved by the Board of Directors. Member is responsible for their guests while using Association amenities.

Guest Status: Guest

Guest Privileges:

May use amenities at the discretion of the member (all except Social Club Member who may not invite guests to Association amenities)

Guest Liability:

Subject to admission fees as approved by the Board of Directors

Section 11. “Annual Assessment” shall mean those fees established by the Board of Directors charged on an annual basis for each property owned. It is inclusive terminology for: a) “maintenance charge assessment” and “reasonable admission and other fees” charged on an annual basis as stated in the Declaration of Covenants & Restrictions, b) “annual Maintenance Fees or special assessments” as stated in the Articles Of Incorporation and its Amendment, and c) “annual maintenance fee” and “annual maintenance fund” as stated in the various Declarations of Reservations, Dedications and Restrictions of the properties making up the Association.

Section 12. “Special Assessment”, as provided for in the Articles of Incorporation, shall mean a charge in addition to the Annual Assessment which is applicable to one fiscal year only and due in one or more installments but less than twelve installments to fund and implement a special capital improvement project. Advance notice of at least 30 days must be communicated to the members stating the installment amount or the annualized total of the installment amounts and the due date(s).

Section 13. “Admission and Other Fees” shall mean any charge for admission to or use of a facility or property which is due on either an annual basis or other than an annual basis.

ARTICLE II Purposes and Power

The Association has been organized for the purposes set forth in its Articles of Incorporation and shall have all the powers granted by the Texas Non-Profit Corporation Act.

**ARTICLE III
Location**

The principal office of the Association shall be located at 21309 Paseo De Vaca, Lago Vista, Texas 78645.

**ARTICLE IV
Membership**

Section 1. Every person or entity who is the owner, as defined in the Restrictions, of a Lot or Tract or dwelling unit thereon (“Owner”) and who is subject to the annual assessment either present or future, by the Association, pursuant to the provisions of any recorded instrument relating to such assessment, shall be a member of the Association. Foreclosure of a contract or repossession for any reason of a lot or unit sold under contract shall terminate the vendee’s membership, whereupon all rights to such membership shall vest in the new owner of such lot or unit.

Section 2. The rights of membership are subject to the payment of the annual assessment to the Association. Subject to the provisions of Section 1 of this article, the annual assessment is imposed against the owner of each lot or tract or dwelling thereon. In those instances where multiple lots have been combined by re-platting, the owner will be subject to an assessment that equals the sum of the assessments of all combined lots. Assessments will not be reduced by combining or re-platting lots.

Section 3. The membership rights of each property owner is subject to the annual assessment as detailed in Section 2 of this Article. Failure to pay all annual assessments will automatically result in suspension of all rights of membership. Upon payment of such annual assessments and any interest or penalties thereon, all rights and privileges shall be automatically restored. The Directors may, in their discretion, suspend the membership rights of any member for a period deemed appropriate for violation of adopted rules and regulations governing the use of any of the common properties or for improper conduct.

Section 4. Individual owners of Timeshare Units shall be recognized as Tenant members only during those specific periods when their ownership rights are being exercised. They will be admitted into Association parks and recreation areas provided the annual assessments have been paid on all Timeshare Units in the project and adequate identification is provided.

**ARTICLE V
Voting Rights**

Section 1. Members shall be entitled to only (1) vote regardless of the number of lots owned, provided the annual assessment(s) have been paid on each lot, tract or dwelling unit thereon owned by the member. When more than one person, a corporation or a partnership holds such interest in any lot, tract or dwelling unit thereon, only one person, as designated in writing and signed by all owners of the lot, shall be recognized as the member.

Section 2. Timeshare projects shall be entitled to one vote provided annual assessments have been paid on all units in the project.

Section 3. Members may vote early by mail or in person at the Administrative Office of the Association located at 21309 Paseo De Vaca, Lago Vista, TX 78645.

ARTICLE VI
Meeting of Members

Section 1. Annual Meeting. An annual meeting of the members shall be held on the first Saturday in the month of November at the hour of 10:00 a.m. for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Texas, the meeting shall be held on the next Saturday.

Section 2. Special Meetings. Special meetings of the members may be called by the President, or the majority of the Board of Directors.

Section 3. Place of Meeting. The place of any meetings called by the President or the Board of Directors shall be the registered office of the Association in the State of Texas, or other site designated by the Board of Directors, which site shall be within the boundaries of the "Properties" as that term is defined herein.

Section 4. Notice of Meetings for Voting by Members. Written or printed notice stating the place, day and hour of any meeting of members where voting will occur shall be delivered, either personally or by mail, to each member entitled to vote at the meeting, not less than ten or more than fifty days before the date of such meeting by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. A notice in the Association Newsletter, mailed to all property owners, shall constitute official notification of the annual meeting or any meeting where voting will occur. In case of a special meeting or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid. The notice of the annual or of special meeting sent to members shall contain a ballot containing those items upon which members may vote. The ballot must be an official ballot authorized and printed by the Board of Directors of the Association.

Section 5. Quorum. Members holding 100 of the votes that may be cast at any meeting shall constitute a quorum at such meeting. Any qualified member voting by written ballot at any meeting shall be considered present at the meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

ARTICLE VII
Property Right and Rights of Enjoyment
of Common Land and Association Facilities

Section 1. Entitlement. Subject to such rules, regulations, fees and charges as may be established by the Board of Directors, each member and the members of his family who reside upon the property shall be entitled to the use and enjoyment of the Common Land and facilities as provided in the Restrictions. Any resident family member has the privilege of accompanying guests on the

Common Land and in the Association facilities. Unaccompanied guests must have in their possession appropriate permits allowing use of any facility. Each owner is responsible for damages done by his guests.

Section 2. Assignment of Rights to Tenants. The member may also assign his right of enjoyment in Association parks, outdoor recreation areas and enclosed facilities to any of his tenants who reside there under a leasehold agreement for six months or more. The member shall notify the Association in writing of the names of such persons and provide a copy of the leasehold agreement signed by all parties to the agreement. The rights and privileges of such persons are subject to suspension under adopted rules and regulations to the same extent as those of any member. The tenant may share this right of enjoyment in the parks and outdoor recreation areas with the members of his family, and accompanied guests. Any member who has assigned his rights of enjoyment in the facilities to his tenants will have no further right of enjoyment during the period of assignment, unless he is entitled to continued use through the ownership of other property. Each owner is responsible for damages done by his tenants and their guests.

ARTICLE VIII Board of Directors

Section 1. General Powers. The property and affairs of the Association shall be managed and controlled by the Board of Directors. Subject to the restrictions imposed by law, by the Articles of Incorporation or by the Bylaws, the Board of Directors shall exercise all of the powers of the Association. Directors must always be natural persons holding office in an individual capacity.

The Board of Directors has the right to adopt rules and regulations governing the use of the common land and the conduct of the members, their family members, and member's guests, and authorized tenants and their guests. The Board of Directors also has the right to levy fines against the member, their family members, and member's guests, and authorized tenants and their guests for violation of such rules and regulations.

Section 2. Number of Directors. Initially the number of Directors shall be five (5), but the number of Directors may be increased or decreased (providing the decrease does not shorten the term of any incumbent Director) from time to time. The number of Directors shall never be less than three (3) nor more than seven (7).

Section 3. Term. The term of the Directors shall be three (3) years. No Director shall serve more than two (2) consecutive elected terms of office. This restriction does not preclude the member serving partial terms by election or appointment by the Board of Directors.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall normally be held monthly. Dates and times shall be set annually at the first meeting of the directors following the annual meeting. The Board of Directors schedule of regular meetings shall be posted in the Association's Administrative Office. These meetings shall be held without other notice. The Board of Directors may provide by resolution the time, date and location for the holding of additional

meetings of the Board without other notice than such resolution. The proposed agenda for regular scheduled meetings and both the notice and proposed agenda for additional meetings shall be posted on the door of the Association's Administrative Office at least two business days prior to the date of such meeting.

Section 5. Special Meetings. Special Meetings of the Board of Directors may be called by or at the request of the President or any two Directors.

Section 6. Notice. Notice of any special meeting of the Board of Directors shall be given at least five days previously thereto by written notice delivered personally or sent by mail or telegram to each Director at his address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope as addressed, with postage thereon prepaid. If notice is given by telephone, such notice shall be deemed to be delivered when the Board Member or the spouse of the Board Member has been spoken to or a message has been left on the Member's telephone answering device. Any meeting shall constitute a waiver of notice of the meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specifically in the notice or waiver of notice of the meeting, unless specifically required by law or by these Bylaws.

Section 7. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board. If less than a majority of the Directors are present at the meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 8. Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these Bylaws.

Section 9. Informal Action by Directors. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

Section 10. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of Association members.

Section 11. Unscheduled Vacancies. Unscheduled vacancies on the Board of Directors due to death, resignation or removal shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors may exist. Any appointed Director shall hold office for the unexpired term of his predecessor in office. Any vacancy occurring on the Board of Directors by reason of an increase in the number of Directors shall be similarly filled by the Board of Directors.

ARTICLE IX
Nomination and Election of
Board of Director Candidates

Section 1. Standing Committee. Nominations for election to the Board of Directors shall be made by a Nominating Committee that shall be one of the standing committees of the Association.

Section 2. Composition and Period of Service. The Nominating Committee shall consist of the Chairman, who shall be a member of the Board of Directors and two or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of that annual meeting until the close of the next annual meeting. Appointments shall be announced at each annual meeting of Members and made part of the minutes of the monthly meeting at which the committee is approved by the Board.

Section 3. Nominees. 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 one more candidate than the total number of vacancies to be filled. All nominations must be made from among the members of the Association in good standing. Nominations shall be announced at the annual meeting.

The nominees selected by the Nominating Committee shall be publicized in the North Lake Travis LOG or other similar public media at least two (2) weeks prior to the deadline for nominations. Said deadline shall be selected by the Board of Directors and announced no less than two (2) months prior to the meeting of the membership of the Association at which the election shall occur.

Section 4. Other Nominations. Nominations other than those made by the Nominating Committee may be made by any member of the Association in good standing. Such nominees must be members of the Association in good standing and must pledge themselves to serve if elected. Such nominations shall be made prior to the nominations deadline date set by the Board of Directors and shall be conveyed to the Board of Directors in a format specified by the Board of Directors. The names of such nominees shall be presented to the Membership of the Association along with the names of the nominees selected by the Nominating Committee.

Section 5. Nominations from the Floor. Nominations from the floor shall **not** be permitted.

Section 6. Annual Election. At each Annual Meeting of the Association, the membership shall elect Directors as their terms expire. If the election of Directors cannot be held in conjunction with the Annual Meeting of the Association on the First Saturday in November or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently possible.

Section 7. The Vote. Candidates receiving the largest number of votes shall be elected to fill the Board vacancies.

Section 8. Tie Vote. In the event of a tie vote, the President of the Board of Directors shall convene a special meeting of the remaining members of the

Board of Directors, along with the candidates involved in the tie, for the purpose of breaking the tie. The flip of a coin shall be used as a tiebreaker. The winner of the coin flip shall fill the vacant seat on the Board of Directors for the ensuing three-year term.

ARTICLE X Officers

Section 1. Officers. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem advisable. Such officers shall have the authority and perform the duties prescribed, from time to time, by the Board of Directors. No person may hold more than one office, except that same person may hold the offices of Secretary and Treasurer.

Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following the annual meeting of the Association. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3. Removal. Any officer elected by the Board of Directors may be removed by the majority of the full Board of Directors whenever in its judgment the best interests of the Association would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5. President. The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. He shall preside at all meetings of the members and of the Board of Directors. He may sign, with the Secretary or any other proper officers of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and executing thereof shall be expressly delegated by the Board of Directors or by the Bylaws or by Statue to some other officer or agent of the Corporation. In general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice President. In the absence of the President or In the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in the Order of their election) shall perform the duties of the President, and when so acting, shall exercise the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 7. Treasurer. If required by the Board of Directors, the Treasurer shall give bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article XIII, Sections 3 and 4 of these Bylaws and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law, be custodian of the Association records; and keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and in general perform all duties incident to the office of Secretary and such other duties as from time to time be assigned by the President or by the Board of Directors.

Section 9. Assistant Treasurer and Assistant Secretary. If required by the Board of Directors, the Assistant Treasurer shall give bond for the faithful discharge of his duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurer and Assistant Secretary shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President of the Board of Directors.

ARTICLE XI Managing Agent

Section 1. Employment. The Board of Directors shall employ a Managing Agent (hereafter designated as General Manager) who shall be responsible, under the direction of the Board of Directors, for managing the properties and resources of the Association. The General Manager shall be selected by the Board of Directors at a salary to be determined by the Board of Directors that is competitive with comparable positions with other property owners' associations.

Section 2. Terms of Employment. The General Manager shall be employed at the discretion of the Board of Directors. Either party (the Board or the General Manager) may terminate the employment, provided that due notice has been given in writing no less than thirty (30) days in advance of the termination date. Unwillingness or inability to perform the assigned duties, criminal conduct, or any undisclosed prior convictions are cause for the immediate termination of employment.

Section 3. Line of Communication. For the sake of clarity, consistency, and harmony, the Board of Directors shall communicate its directives to the General Manager only through the President or (in case of the President's incapacity or unwillingness to act) the Vice President determined by the provisions of ARTICLE X, Section 6. The General Manager shall communicate his concerns,

questions, recommendations, and other information for the Board's consideration through the President or the person officially acting on behalf of the President.

Section 4. Responsibilities. The General Manager shall be responsible for the management of the Lago Vista Property Owners' Association in accordance with the policies and directives established by the Board of Directors. The detailed duties of the General Manager shall be contained in a written Job Description, approved by the Board of Directors.

ARTICLE XII Committees

Section 1. Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more committees. Except as otherwise provided in the resolution, members of such committee or committees shall be members of the Association, and the President of the Association shall appoint the members thereof:

PROVIDED HOWEVER that any committee that is given the authority of the Board of Directors in the management of the Association and which is expressly permitted, must have its members appointed by the Board of Directors and must consist of two or more Directors.

PROVIDED FURTHER that no committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the Bylaws; electing, appointing or removing any member of such committee or any Director or officer of the Association.

PROVIDED FURTHER that no committee shall have the authority of the Board of Directors in reference to amending the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another Association or Corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all the property and assets of the Association.

PROVIDED FURTHER that no committee shall have the authority of the Board of Directors in reference to authorizing the voluntary dissolution of the Association or revoking proceedings therefore, adopting a plan for the distribution of the assets of the Association; or amending, altering or repealing and dissolving the Board of Directors, which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and appointment of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director, of any responsibility imposed upon it or him by law.

Section 2. Term of Office. Each member of a committee shall continue as a member until the next annual meeting of the members of the Association or until his successor is appointed, unless the committee shall be sooner terminated, or unless the member be removed from the committee, or unless the member shall cease to qualify as a member thereof.

Section 3. Chairman. One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

Section 4. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 5. Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with the rules adopted by the Board of Directors.

ARTICLE XIII

Contracts, Checks, Deposits and Funds

Section 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Competitive bids based on the Association approved written specifications shall be required for expenditures exceeding \$15,000 for any capital items or construction projects.

Section 2. Checks, Drafts, Etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents, of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or Vice President of the Association.

Section 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 4. Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for the general purposes of or for any special purpose of the Association.

ARTICLE XIV

Books and Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the board of Directors, and shall keep at the registered and principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected by any members, or his agent or attorney for any proper purpose at any reasonable time.

**ARTICLE XV
Fiscal Year**

Section 1. Definition. The fiscal year of the Association shall begin on the first day of January and end on the last day of December in each year.

Section 2. Fiscal Budget. The Board of Directors shall prepare and adopt a budget for the upcoming fiscal year and present it to the members at a regular monthly meeting or special meeting of the Board of Directors no later than December prior to the start of the fiscal year.

**ARTICLE XVI
Assessments and Charges**

Section 1. Annual Assessment. The Association shall have the authority to assess and collect an annual assessment as provided for by the Articles of Incorporation and Declaration of Reservations. Without limitation, the Association shall have the right and authority to assess, collect and enforce the collection of said annual assessment.

Section 2. Admission Fees, Other Fees and Other Charges. The Association shall have the authority to assess admission fees, other fees, and other charges to include, but not be limited to: the cost of filing and releasing notices of claims of liens; interest on delinquent accounts, at a rate not to exceed the legal limit set by law, as set by a resolution of the Board; charges of collection agencies and attorneys involved in the collection of the accounts or any amount owed to the Association; or any other charges by any means provided for or permitted by the Articles of Incorporation, Restrictions, these Bylaws, at law and/or in equity, all of which shall be referred to as "Permitted Fees." The Permitted Fees shall, to the extent allowed by law, be added to and become a part of the annual Assessment, but shall be due immediately, and shall be secured by the lien, if any, that secures the annual Assessment.

Section 3. Books, Records and Accounts. Subject to the Restrictions, the Association shall set up books, records and accounts as are necessary and appropriate and in accordance with generally accepted accounting principles and practices.

Section 4. Annual Financial Statement and Audit. The Association shall prepare an annual financial statement consisting of a balance sheet and income/expense statement at the end of the Association's fiscal year. The financial records of the Association will be audited by a certified public accountant after the end of each fiscal year.

**ARTICLE XVII
Flood Reserve**

Section 1. Consideration. Although flood insurance is maintained for the Bar-K Clubhouse at reasonable cost it is deemed prudent to keep a flood reserve for other facilities in the flood plain. The reserve will be funded in the amount of \$25,000 beginning in 1998.

Section 2. Use. Withdrawals from the Flood Reserve may be used only for restoration, repair or replacement of existing capital improvements damaged or destroyed by flood. Withdrawals from the Flood Reserve shall be authorized by a majority vote of the Board of Directors.

Section 3. Replacement. It will be the responsibility of future Boards to fully fund the Flood Reserve by the end of each fiscal year.

ARTICLE XVIII Mergers

To the extent permitted by law, the Association may participate in mergers and consolidations with other nonprofit associations organized for the same purposes, PROVIDED THAT any such mergers or consolidations shall have the assent of two thirds of the total vote cast by members, voting in person at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

ARTICLE XIX Waiver of Notice

Whenever any notice is required to be given under the provisions of the Texas Non-profit Corporation Act or under the provision of the Articles of Incorporation or the Bylaws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such notice.

ARTICLE XX Amendments

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by an affirmative vote of all Directors less one present at any regular meeting or at any special meeting of the Board of Directors. All directors must be present before a vote can be taken. Any proposed changes to the Bylaws (alterations, amendments or repeal or adoption of new Bylaws) shall be introduced in written form at a regular meeting or special meeting of the Board of Directors. The adoption of the proposed changes to the Bylaws may be enacted at a regular or special meeting of the Board of Directors if at least twenty-eight (28) days have elapsed since said changes were introduced.