

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

EFFECTIVE  
August 13, 2009

**ARTICLE I  
Name and Address**

**Section 1.01 Name.** The name of this association shall be LAGO VISTA PROPERTY OWNERS' ASSOCIATION, INC. (the "Association").

**Section 1.02 Principal Office.** The principal office of the Association shall be located at 21309 Paseo De Vaca, Lago Vista, Texas 78645.

**Section 1.03 Registered Agent.** The Association shall have and continuously maintain in the State of Texas a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical to the principle office of the Association in the State of Texas, and the registered office may be changed from time to time by the Board of Directors.

**ARTICLE II  
Applicability**

These Bylaws shall be applicable to the Association. In accordance with the terms of the applicable Declarations of Reservations filed in the real property records of Travis County, Texas, including, but not limited to, those referred to in Article V of the Articles of Incorporation of Lago Vista Property Owners' Association, Inc., all present or future owners shall be members of the Association and subject to these Bylaws, the applicable Declarations of Reservations, and the Rules and Regulations of the Association adopted from time to time by the Board of Directors. Any other persons or entities approved to use the Common Properties and Amenities of the Association shall be conclusively deemed to have accepted, ratified and agreed to comply with the terms and conditions of these Bylaws and the Rules and Regulations of the Association.

**ARTICLE III  
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. (TEX. REV. CIV. STAT. ANN. ARTS.1396-1.10 et seq. and TEX. BUS. ORG. CODE ANN. CHPT. 22).

**ARTICLE IV**  
**Definitions and Interpretation**

**Section 4.01 - Definitions.** The following terms shall have the meanings set forth below:

“Annual Assessment” means the annual charge each Owner is required to pay to the Association pursuant to the dedicatory instruments or by law. The term includes, but is not limited to, “maintenance charge assessment,” “maintenance fees,” “annual maintenance fee,” and “annual maintenance fund” as stated in the various declarations of residential subdivisions making up the Association. Payment of the annual assessment may be secured by a lien on the property to which the charge applies.

“Association member” or “member” means any Owner as that term is defined herein.

“Board” means the elected Board of Directors of the Lago Vista Property Owners’ Association, Inc., which is the governing body of the Association.

“Common Properties and Amenities” means the real property described in Exhibit “A,” attached to the Declaration of Covenants and Restrictions Lake Travis World of Resorts, together with all such other property, facilities and structures which the Association has acquired or may, from time to time, acquire by purchase or otherwise, for the use and benefit of all members, and which is subject to the Declaration of Covenants and Restrictions Lake Travis World of Resorts.

“Declarations of Reservations” means an instrument filed in the real property records of Travis County that includes restrictive covenants governing a residential subdivision that is part of Lago Vista Property Owners’ Association, Inc.

“Dedicatory instrument” means each governing instrument covering the establishment, maintenance, and operation of a residential subdivision that is part of Lago Vista Property Owners’ Association, Inc. The term includes the declarations of reservations, restrictions, or similar instruments subjecting property to restrictive covenants, bylaws, or similar instruments governing the administration or operation of the Association, to properly adopted rules and regulations of the Association, and to all lawful amendments to the declarations of reservations, covenants, bylaws, rules or regulations.

“Lot” means any designated parcel of land located in a residential subdivision that is part of Lago Vista Property Owners’ Association, Inc., including any improvements on the designated parcel.

“Member in good standing” means an Owner who is current on payment of all annual assessments, special assessments and other legally assessed fees and charges owed to the Association, and whose membership rights are not currently under suspension for any reason. Only members in good standing may vote or hold office.

“Owner” means a person, corporation or partnership who holds record title to property in a residential subdivision that requires membership in the Lago Vista Property Owners’ Association, Inc., and includes their personal representatives. The term “Owner” does not include or refer to any mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in foreclosure.

“Residential subdivision” or “subdivision” means a subdivision, planned unit development, condominium development, townhouse regime, timeshare project, or similar planned development which is subject to restrictions that (A) limit a majority of the land subject to the dedicatory instruments, excluding streets, common areas, and public areas, to residential use for single family homes, townhomes or duplexes only; (B) are recorded in the real property records of Travis County, Texas; and (C) require membership in Lago Vista Property Owners’ Association, Inc. that has authority to impose annual or special assessments on the property in the subdivision. Properties comprising the residential subdivisions include, but are not limited to, those properties set forth and more particularly described in Article V of the Articles of Incorporation of the Association, and Exhibit “B,” attached to the Declaration of Covenants and Restrictions Lake Travis World of Resorts.

“Restrictions” means one or more restrictive covenants contained or incorporated by reference in a properly recorded map, plat, replat, declaration, or other instrument filed in the real property records or map or plat records. The term includes any amendment or extension of the restrictions.

“Restrictive covenant” means any covenant, condition, or restriction contained in a dedicatory instrument, whether mandatory, prohibitive, permissive, or administrative.

“Special Assessment” means an assessment, charge, fee, or dues, other than the annual assessment, that each Owner is required to pay for (A) defraying, in whole or in part, the cost, whether incurred before or after the assessment, of any construction or reconstruction, unexpected repair, or replacement of a capital improvement in Common Properties and Amenities owned by the Association, including the necessary fixtures and personal property related to the Common Properties and Amenities; (B) maintenance and improvement of Common Properties and Amenities owned by the Association; or (C) other purposes of the Association as stated in its Articles of Incorporation or the dedicatory instruments for the residential subdivisions.

“Tenant” means a person or persons renting or leasing property in a residential subdivision that is part of Lago Vista Property Owners’ Association, Inc. for a minimum of six months.

“Timeshare Unit” means a property jointly owned by a number of persons, each with a fee simple ownership interest to utilize the property for a specified number of weeks each year.

**Section 4.02 Interpretation.** In the event of a conflict of interpretation between the provisions set forth in these Bylaws and the declarations of reservations, the declarations of reservations shall govern; in the event of a conflict of interpretation between the provisions set forth in these Bylaws and the Articles of Incorporation, the Articles of Incorporation shall govern; in the event that the Texas Non-Profit Corporation Act is hereafter amended or changed, both the declarations of reservations and these Bylaws shall be interpreted in a manner which conforms to the provisions of the Texas Non-Profit Corporation Act with respect to non-profit entities, the intention being to preserve the status of the Association as a bona fide nonprofit entity.

## **ARTICLE V Membership**

**Section 5.01 Mandatory Membership.** Every Owner who acquires property in a residential subdivision, as defined herein, shall be a member of the Association.

**Section 5.02 Termination of Membership.** A change in the ownership of a lot, tract or unit due to sale, foreclosure, or repossession for any reason shall terminate membership, whereupon all rights and obligations of membership shall vest in the new Owner of the lot, tract or unit; provided, however, that termination of membership shall not relieve or release a former Owner from any personal liability or obligation to pay past or present assessments or other charges which remain unpaid, nor shall termination of membership impair any rights or remedies which the Association or others may have against a former Owner in connection therewith.

**Section 5.03 Membership Rights of Use and Enjoyment.** Members shall have common rights of use and enjoyment in Common Properties and Amenities, subject to payment of all annual assessments, special assessments and other legally assessed fees and charges owed to the Association, as more fully described in Article VI, and for so long as they adhere to such rules and regulations as may be established by the Board. A member may extend and delegate their rights of use and enjoyment in Common Properties and Amenities to all family members and/or other persons residing with the member by notifying the Association in writing of the names of such persons and their relationship to the member. Members are responsible for the conduct of the persons so designated and are liable for all costs arising out of and/or associated with damages to Association property caused by them. Membership rights extended to such persons are subject to suspension to the same extent as any member.

Where the Owner is a corporation, only one person designated in writing by an authorized agent of the corporation shall be recognized the member having rights of use and enjoyment in Common Properties and Amenities.

The individual owners of Timeshare Units shall be considered members having rights of use and enjoyment in Common Properties and Amenities only during those specific weeks during which their fee simple ownership interest entitles them to utilize a Timeshare Unit.

Guests may use Common Properties and Amenities if they are accompanied by a member. Members are responsible for the conduct of their guests and are liable for all costs arising out of and/or associated with damages to Association property caused by their guests. Unaccompanied guests must purchase and/or obtain the appropriate permits allowing them to use specific amenities under terms and conditions as set forth in the rules and regulations of the Association. The Board has the authority to deny any guest's request for a permit to use Common Properties and Amenities for any reason.

The Board may, in its discretion, establish additional rules and regulations permitting use of Common Properties and Amenities by non-member individuals or entities not otherwise covered by these Bylaws.

**Section 5.04. Suspension of Membership Rights.** An Owner's failure to pay assessments, fees and charges described in Article VI shall result in the automatic suspension of membership rights during the period of time such amounts remain unpaid, provided that the statutory enforcement procedures set forth in Article VII have been complied with. Membership rights shall automatically be restored upon payment of all amounts due and owing to the Association.

In addition, the Board may, in its discretion, suspend membership rights for a period of time it deems appropriate for a violation of Association rules and regulations governing the use of Common Properties and Amenities, or for conduct the Board deems improper, provided that the statutory enforcement procedures set forth in Article VII have been complied with. Membership rights shall automatically be restored upon expiration of the suspension period.

**Section 5.05 Assignment of Membership Rights of Use and Enjoyment to Tenants.** A member in good standing may request approval to assign their rights of use and enjoyment in Common Properties and Amenities to a tenant, subject to the terms and conditions of assignment set forth in the rules and regulations of the Association. The Board must approve the assignment and has the authority to deny a request for approval to assign membership rights for any reason. Members are liable for all costs arising out of and/or associated with damages to Association property caused by their tenants. Members forfeit their rights of use and enjoyment of Common Properties and Amenities during any approved period of assignment, unless they are otherwise entitled by virtue of ownership of other property. Further, an Owner's failure to pay assessments, fees and charges shall result in the automatic suspension of a tenant's assigned membership rights during the period of time such amounts remain unpaid.

## **ARTICLE VI Assessments and Charges**

**Section 6.01. Annual Assessment.** The Association shall have the right and authority to assess and collect annual assessments from Owners as provided by the applicable Declarations of Reservations, Articles of Incorporation, these Bylaws and/or other

dedicatory instruments.

**Section 6.02 Special Assessments.** The Association shall have the right and authority to assess and collect special assessments from Owners as provided by the applicable Declarations of Reservations, Articles of Incorporation, these Bylaws and/or other dedicatory instruments. A special assessment is applicable to one fiscal year only and due in one or more, but less than twelve, installments. Owners must be given notice of a special assessment, including the installment amounts or the annualized total of the installment amounts and the payment due date(s), no less than 30 days prior to the first due date.

**Section 6.03. Multiple Lots.** Where multiple lots are combined into one lot by replatting, the annual assessment and special assessments for that lot shall be equal to the sum of the assessments of the lots which were combined.

**Section 6.04 Other Fees and Charges.** The Association shall have the right and authority to assess and collect other fees and charges from Owners as provided by the applicable Declarations of Reservations, Articles of Incorporation, these Bylaws and/or other dedicatory instruments. These include, but are not be limited to, admission fees; 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; late fees on delinquent accounts; charges of collection agencies and attorneys incurred by the Association in connection with efforts to collect delinquent assessments and fees, or any amount owed to the Association; attorneys' fees and litigation costs incurred by the Association in a suit to enforce restrictions and/or covenants, or; any other charges by any means provided for or permitted by the Articles of Incorporation, Declarations of Reservations, these Bylaws, other dedicatory instruments, at law and/or in equity.

All fees and charges related in any way to the collection of annual assessments and/or special assessments from an Owner shall, to the extent allowed by law, be added to and become a part of the annual assessment secured by a lien on the Owner's property.

## **ARTICLE VII Enforcement Procedures.**

**Section 7.01. Notice.** Before the Association may suspend an Owner's right to use Common Properties and Amenities, file suit against an Owner other than a suit to collect assessments, foreclose the Association's lien, charge an Owner for property damage, or levy a fine for a violation of the Declarations of Reservations, Bylaws, or rules and regulations of the Association, the Association or its agent must give written notice to the Owner by certified mail, return receipt requested. The notice must (1) describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner; and (2) inform the Owner that the Owner (A) is entitled to a reasonable period to cure the violation and avoid the fine or suspension unless the Owner was given notice and a reasonable opportunity to cure a

similar violation within the preceding six months; and (B) may request a hearing on or before the 30th day after the date the Owner receives the notice.

**Section 7.02. Hearing.** If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board or before the Board if the Board does not appoint a committee. If a hearing is to be held before a committee, the notice must state that the member has the right to appeal the committee's decision to the Board by submitting a written notice to the Board.

The Association shall hold a hearing under this section not later than the 30th day after the date the Board receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the 10th day before the date of the hearing. The Board or the Owner may request a postponement, and, if requested, a postponement will be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

The hearing will be held in executive session affording the alleged violator a reasonable opportunity to be heard. Before any sanction hereunder becomes effective, proof of proper notice will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered the notice. The notice requirement will be satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is cured within a 10 day period. Such suspension will not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

**Section 7.03. Appeal of Committee Decision.** Following hearing before a committee, if any, the alleged violator will have the right to appeal the committee's decision to the Board. To perfect this right, a written notice of appeal must be received by the General Manager, president, or secretary within 10 days after the hearing date.

**Section 7.04. Changes in Law.** The Board may change the enforcement procedures set out in this section to comply with changes in law.

## **ARTICLE VIII Voting Rights**

**Section 8.01. Entitlement.** Only members in good standing are entitled to vote. Each member shall be entitled to only 1 vote regardless of the number of lots owned, and provided the annual assessment(s) and any special assessments have been paid on each of the properties owned. Where there is more than one Owner of a lot, tract, unit, or

timeshare unit, only one person, as designated in writing and signed by all the Owners, shall be recognized as the member for voting purposes.

**Section 8.02. Suspension of Voting Rights.** Voting rights shall automatically be suspended during any period of time that a member is delinquent in the payment of annual assessments, special assessments and other legally assessed fees and charges owed to the Association as provided by the Declarations of Reservations, Articles of Incorporation, these Bylaws or rules and regulations of the Association.

**Section 8.03.** Members may vote by mail or in person at the Administrative Office of the Association located at 21309 Paseo De Vaca, Lago Vista, TX 78645.

## **ARTICLE IX Meetings of Members**

**Section 9.01. Annual Meeting.** An annual meeting of members shall be held at 10:00 a.m. on the first Saturday in November for the purpose of introducing newly elected Directors and for receiving reports. If the day fixed for the annual meeting is a legal holiday in the State of Texas, the meeting shall be held on the next Saturday.

**Section 9.02. Special Meetings.** Special meetings of the members may be called by the President; the Secretary; the Board; or not less than one-tenth of the members having voting rights.

**Section 9.03. Notice of Meetings.** The Association shall provide written notice of the date, time and place of a meeting of the members and, if the meeting is a special meeting, the purpose or purposes for which the meeting is called. The notice shall be delivered to each member not later than the 10<sup>th</sup> day and not earlier than the 60<sup>th</sup> day before the date of the meeting. Notice may be delivered personally, or by regular mail, facsimile or electronic mail. Notice of a meeting that is mailed is considered to be delivered on the date notice is deposited in the United States mail with postage paid in an envelope addressed to the member at the member's last known address as it appears in the Association's records. Notice of a meeting that is transmitted by facsimile or electronic mail is considered to be delivered when the facsimile or electronic mail is successfully transmitted.

Notice of a meeting may be given by publication in a newspaper of general circulation in the community of Lago Vista, Texas.

**Section 9.04. Place of Meetings.** All annual and special meetings of the members shall be held at the principal office of the Association or at another suitable and convenient place permitted by law and fixed by the Board from time to time and designated in the notices of meetings.

**Section 9.05. Quorum.** The presence in person or by proxy of 100 members in good standing at any meeting of members shall constitute a quorum. The vote of the majority of the votes entitled to be cast by the members present, or represented by proxy at a meeting at which a quorum is present, shall be the act of the members meeting, unless the vote of a greater number is required by law, the Articles of Incorporation or these Bylaws. 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. The lack of a quorum shall not preclude members present from giving and receiving reports or holding discussions prior to adjourning the meeting.

**Section 9.06. Proxies.** At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or by his or her duly authorized attorney-in-fact. No proxy will be valid after 11 months from the date of its execution, unless otherwise provided in the proxy.

## **ARTICLE X Board of Directors**

**Section 10.01. Authority.** The property and affairs of the Association shall be managed and governed by a Board of Directors. The Board shall have the right to establish and adopt rules and regulations governing the use and enjoyment of Common Properties and Amenities, and the conduct of Association members, tenants, and guests. The Board shall have the right to levy fines against anyone who violates said rules and regulations.

**Section 10.02. General Qualifications of Directors.** Each duly elected and appointed Director shall be a resident and member in good standing of the Association holding office in an individual capacity. A Director shall not participate or vote in meetings of the Board during any time he or she becomes delinquent in the payment of assessments or other fees and charges owed to the Association.

**Section 10.03 Number of Directors.** The number of Directors shall be fixed by the Board from time to time; provided, however, the number of Directors shall never be less than three (3) nor more than seven (7). An action by the Board to decrease the number of Directors shall not shorten the term of an incumbent Director. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting or special meeting of members called for that purpose.

**Section 10.04. Term.** The term of an elected Director shall be three (3) years. No Director shall serve more than two (2) consecutive elected terms of office; provided, however, a Director elected by the Board to serve a partial term pursuant to Section 10.16 is not precluded from serving two (2) consecutive elected terms upon completion of his or her partial term.

**Section 10.05. Place of Meetings.** All meetings of the Board shall be held at the principal office of the Association or at any other place or places designated at any time by resolution of the Board or by written consent of all the Directors.

**Section 10.06. Regular Meetings.** A regular annual meeting of the Board of Directors will be held, without other notice than this bylaw, immediately after and at the same place as the annual meeting of members. The proposed agenda for the regular annual meeting of the Board shall be posted on the door of the Association's Administrative Office at least two (2) business days prior to the date of the meeting; provided, however, that failure to post the proposed agenda shall not preclude the regular annual meeting from taking place.

Regular monthly meetings of the Board shall be held on the dates and at the times and places established during the regular annual meeting of the Board. The schedule of regular monthly meetings shall be posted on the door of the Association's Administrative Office. No further notice is required. The Board may provide by resolution a change in the date, time and place for holding regular monthly meetings of the Board without other notice than such resolution. At least two (2) business days prior to the date of any regular monthly meeting of the Board, a proposed agenda shall be posted on the door of the Association's Administrative Office; provided, however, that failure to post the proposed agenda shall not preclude a regular monthly meeting from taking place.

Regular "work sessions" of the Board may be held at the Board's discretion without notice for the purpose of preparing for the regular monthly meetings of the Board. Work sessions are expressly excluded from the requirement that they be conducted as open meetings.

**Section 10.07. Special Meetings.** Special meetings of the Board may be called by or at the request of the President or any two Directors. Notice of the date, time and place of any Special meeting of the Board of Directors shall be given at least five (5) days prior to such meeting by written notice delivered personally, or sent by mail, facsimile or electronic mail to each Director at his or her address as shown in the Association's records. If mailed, such notice will be deemed to be delivered when deposited in the United States mail in a sealed envelope, with proper postage prepaid. If notice is given by facsimile or electronic mail, notice will be deemed to be delivered when there is a successful transmission of the facsimile or electronic mail.

**Section 10.08. Waiver of Notice.** Before any meeting of the Board, whether regular or special, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving the required notice. All written waivers shall be filed in the Minute Book of the Association or made a part of the minutes of the meeting. The attendance by a Director at any meeting of the Board shall likewise constitute a waiver by him or her of the required notice, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting has not been called or convened as required by these Bylaws or is contrary to law. If all

Directors are present at any meeting of the Board, no notice of the meeting shall be required and any business may be transacted at the meeting except as prohibited by law or these Bylaws. The purpose of the meeting and the business to be transacted need not be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws.

**Section 10.09. Meetings by Telephone Conference or other Remote Communications Technology.** Subject to notice requirements herein, Directors may participate in and hold any Board meeting by means of:

- (1) a telephone conference by which all Directors participating in the meeting can hear each other; or
- (2) video conferencing technology or the Internet if (a) each Director consents to the meeting being held by these means, and (b) the system provides access to the meeting in a manner or using a method by which each Director participating in the meeting can communicate concurrently with each other Director.

Participation in a meeting by one of these means shall constitute presence in person at such meeting, except where a Director participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened. A meeting conducted by one of these means may involve consideration of any action by the Board, including, but not limited to, actions involving a vote on a fine, damage assessment, or suspension of a right of a particular member before the member has an opportunity to attend a meeting of the Board to present the member's position on the issue.

**Section 10.10. Quorum.** A majority of the Directors present in person (not by proxy) 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 in person at the meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice. The presence of a Director whose express purpose is to object to the transaction of any business because the meeting has not been called or convened as required by these Bylaws or is contrary to law will not be counted toward presence of a quorum.

**Section 10.11. Manner of Acting.** The act of a majority of the Directors present in person, by telephone conference, video conferencing, the Internet, or by proxy, at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by law or by these Bylaws.

**Section 10.12. Voting in Person or by Proxy.** A Director may vote in person or by proxy executed in writing by the Director. A proxy expires three months after the date the proxy is executed. A proxy is revocable unless otherwise provided by the proxy or made irrevocable by law.

**Section 10.13. Actions Without a Meeting.** Any action by the Board, including, but not limited to, a vote on a fine, damage assessment; or suspension of a right of a particular member before the member has an opportunity to attend a meeting of the Board to present the member's position on the issue, may be taken without a meeting if the Directors unanimously consent in writing to the action. The written consent may be transmitted via mail, facsimile or electronic mail, and shall be filed in the Minute Book. Any action taken by such written consent shall have the same force and effect as a unanimous vote of the Directors.

**Section 10.14. Removal of Directors by Members.** A Director may be removed, with or without cause, by a majority vote of members at any special meeting of the members of which notice has been properly given as provided in these Bylaws; provided, the same notice of this special meeting has also been given to the entire Board of Directors, including the individual Director whose removal is to be considered at such special meeting.

**Section 10.15. Removal of Directors for Cause.** Any Director may be removed by a majority vote of the remaining members of the Board if the Director (1) fails to attend six consecutive Board meetings; (2) fails to attend 40% of Board meetings within one year; (3) is ninety days delinquent in the payment of Assessments or other financial obligations owed to the Association; (4) initiates or becomes a party to any suit or legal proceeding against the Association; (5) has committed an act that places the Director in a conflict of interest with the interest of the Association; or, (6) breaches said Director's duties hereunder or violates the terms of the Declarations, Articles of Incorporation, rules and regulations or these Bylaws.

**Section 10.16. Vacancies.** Any vacancy occurring on the Board due to a Director's death, resignation, retirement, disqualification, removal from office or otherwise, shall be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board. A Director elected by the Board to fill such vacancy shall hold office for the unexpired term of his or her predecessor in office.

Any vacancy occurring on the Board by reason of an increase in the number of Directors shall be filled by election at an annual meeting or special meeting of members called for that purpose.

**Section 10.17. Open Meeting.** Regularly scheduled monthly meetings of the Board shall be open to all Association members; provided, however, that any "work sessions" held preceding a regularly scheduled monthly meeting is excluded from this requirement. Subject to applicable law, the Board shall have the right to adjourn a meeting and reconvene in private, closed executive session to consider any actions involving personnel, pending litigation, contract negotiations, enforcement actions or the invasion of privacy of individual members, or upon the request of an affected party, or to consider matters that are confidential in the opinion of the Board; provided, however, the Board shall announce the general nature of the business to be considered in such executive

session prior to adjourning the meeting.

**Section 10.18. Records.** The Board shall cause a complete record of all its acts and the corporate affairs of the Association to be kept and shall present a general report thereof at each annual meeting of the members or at any special meeting where a general report is requested in writing by a member.

**Section 10.19. Compensation.** Directors shall serve without compensation, except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties and nothing herein shall be construed to preclude a Director from serving the Association in any other capacity or receiving compensation therefor. By way of example, when a Director temporarily assumes the position of acting General Manager of the Association, the Board may, in its discretion, authorize compensation of the Director in his or her capacity as acting General Manager.

## **ARTICLE XI. Nomination of Candidates and Election to Board of Directors**

**Section 11.01. Deadline for Nominations.** All nominations of candidates for election to the Board of Directors shall be made on or before August 15; provided, however, the Nominating Committee may, in its discretion, allow nominations after the deadline where warranted by exceptional circumstances. Nominations of candidates shall be made by the procedures outlined in Sections 11.03 and 11.04.

**Section 11.02. Qualifications of Candidates.** A candidate must be a member in good standing, and shall have been contacted prior to their nomination to secure a pledge that he or she will serve if elected. The background and qualifications of each candidate shall be submitted at the same time their names are submitted for nomination. The determination of whether a candidate is qualified shall be made by the Nominating Committee.

**Section 11.03. Nominations by the Nominating Committee.** Nominations of candidates for election to the Board of Directors shall be made by a Nominating Committee that shall be a standing committee of the Association. The Nominating Committee shall consist of a 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 prior to each annual meeting of members, with such appointments announced at the annual meeting. The Nominating Committee shall serve from the close of the annual meeting until the close of the next annual meeting. Should a vacancy on the Nominating Committee occur during any year, the Board may fill such vacancy by appointment without further notice to members.

The Nominating Committee may, in its discretion, nominate as many candidates for election to the Board as it deems appropriate, but will attempt to nominate at least one

more candidate than the total number of vacancies to be filled.

**Section 11.04. Other Nomination Methods.** A member who is not a Director and is otherwise qualified as a candidate may submit their own name for nomination by providing a signed written request to the Nominating Committee on or before the deadline for nominations.

A member in good standing may nominate another member who is a qualified candidate by providing a signed written request to the Nominating Committee on or before the deadline for nominations.

A Director who is eligible for re-election shall be deemed nominated upon submitting a signed written request to the Nominating Committee on or before the deadline for nominations.

**Section 11.05. Notification to Members of Qualified Candidates.** After the deadline for nominations expires, the Nominating Committee will prepare a list of all qualified candidates nominated for election as Directors. The list of qualified candidates, including their backgrounds and qualifications, may be posted on the Association's website or publicized in other public media.

On or before September 15, the Nominating Committee shall prepare the Association's official ballot listing all qualified candidates. The ballot and instructions for voting shall be mailed to members who were entitled to vote as of September 1.

**Section 11.06. Election of Directors.** All ballots for the election of Directors shall be received in the Association's office not later than the third day prior to the 1<sup>st</sup> Saturday in November. Members may vote by mail or in person at the Administrative Office of the Association located at 21309 Paseo De Vaca, Lago Vista, TX 78645. Cumulative voting is prohibited. Any attempt to vote in a form other than the official ballot of the Association shall be invalid and will not be counted.

The existing Board of Directors shall convene prior to the annual meeting of members to count the ballots and determine who are the duly elected new Directors. Each candidate or their representative will be allowed to attend the Board meeting and observe the counting of ballots. The candidate or candidates receiving the most votes will be elected as Directors; provided, however, if there are fewer candidates than the total number of vacancies to be filled, those candidates shall be deemed elected by default without the necessity of counting the ballots. In the event of a tie vote, a coin flip shall be used as the tiebreaker. The winner of the coin flip shall fill the vacant seat on the Board for the ensuing three-year term. The decision of a majority of the existing members of the Board shall be final as to who are the newly elected Directors.

The newly elected Directors shall be introduced at the annual meeting of members, and shall be officially installed to the Board of Directors at the first meeting of the Board following the annual meeting of members. Directors shall serve until such time as his or her successor is elected.

## **ARTICLE XII Officers**

**Section 12.01. 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 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. No person may hold more than one office, except that same person may hold the offices of Secretary and Treasurer. The Board may, in its discretion, require that all officers and employees of the Association handling and responsible for Association funds furnish fidelity bonds in such amounts as may be determined by the Board. The premiums on such bonds shall be paid by the Association.

**Section 12.02. Election and Term of Office.** The officers of the Association shall be elected annually by the Board at the first meeting of the Board following the annual meeting of members. New offices may be created and filled at any meeting of the Board. Each officer shall hold office until his or her successor has been duly elected and qualified, or until death, resignation, or removal in the manner provided herein.

**Section 12.03. Removal.** Any officer elected or appointed by the Board may be removed, with or without cause, by the majority of the full Board 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. Election or appointment of an officer or agent shall not in and of itself create contract rights.

**Section 12.04. Vacancies.** A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

**Section 12.05. 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. The President shall preside at all meetings of the members and of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Association authorized by the Board, any deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where signing and execution has been expressly delegated by the Board, these Bylaws or statute to some other officer or agent of the Association. In general, the President shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

**Section 12.06. Vice President.** In the absence of the President, or in the event of the President's 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 have all of the powers of and be subject to all the restrictions on the President. A Vice President shall perform such other duties as from time to time may be assigned by the President or by the Board.

**Section 12.07. Treasurer.** The Treasurer shall perform all the duties incident to the office of Treasurer, including but not limited to, presentation of the Association's Financial Reports when required at meetings of the members and/or the Board; signing checks for monies owed and payable by the Association, and; in general, performing all such other duties as, from time to time, may be assigned by the President or the Board.

**Section 12.08. Secretary.** The Secretary shall perform all the duties incident to the office of Secretary, including, but not limited to, exercising signature authority upon the final approval of the minutes of any and all meetings of the members and Board of Directors; exercising signature authority, with the President or any other proper officer of the Association authorized by the Board, upon any deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, except in cases where signing and execution has been expressly delegated by the Board, these Bylaws or statute to some other officer or agent of the Association, and; in general, perform all such other duties as may be assigned by the President or by the Board.

**Section 12.09. Compensation.** Officers of the Association shall serve without compensation, except they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

### **ARTICLE XIII General Manager**

**Section 13.01. Employment and Responsibilities.** The Association shall employ a General Manager to act as its managing agent, and to be responsible for the day-to-day management of Association property and/or the administration of the Association in accordance with the policies and directives established by the Board.

**Section 13.02. Terms of Employment.** Employment is at-will and may be terminated without cause upon giving written notice no less than thirty (30) days before the effective date of termination. Termination for cause shall take effect immediately. Examples of causes for immediate termination include, but are not limited to, a General Manager's unwillingness or inability to perform assigned duties, criminal conduct, or any undisclosed prior convictions.

**Section 13.03. Line of Communication.** For the sake of clarity, consistency, and harmony, the Board shall communicate its directives to the General Manager principally through the President or, in the case of the President's unavailability, through the Vice President or other person acting officially on the President's behalf. The General Manager shall communicate his or her concerns, questions, recommendations, and other information to the Board principally through the President or, in the case of the President's



unavailability, through the Vice President or other person acting officially on the President's behalf.

## **ARTICLE XIV Committees**

**Section 14.01. Committees.** The Board, 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 in good standing of the Association, and the President of the Association shall appoint the members thereof:

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

PROVIDED FURTHER that no committee shall have the authority of the Board in reference to amending, altering or repealing the Bylaws; or 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 in reference to amending the Articles of Incorporation; adopting a plan of merger or adopting a plan of consolidation with another Association or Corporation; or 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 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 any resolution of 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 or any individual Director, of any responsibility imposed upon it or him or her by law.

**Section 14.02. Term of Office.** Each member of a committee shall serve until the next annual meeting of the members of the Association or until his or her successor is appointed, unless the committee is terminated sooner, the member is removed from the committee, or the member shall cease to qualify as a member thereof.

**Section 14.03. Chairman.** One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

**Section 14.04. 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 14.05. Rules.** Each committee may adopt rules for its own government not inconsistent with these Bylaws or with the rules and regulations adopted by the Board.

## **ARTICLE XV**

### **Contracts, Checks, Deposits and Funds**

**Section 15.01. Contracts.** The Board 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 15.02. 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. In the absence of such determination by the Board, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or Vice President of the Association.

**Section 15.03. 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 may select.

**Section 15.04. Gifts.** The Board 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 XVI**

### **Books, Records and Accounts**

The Association shall keep correct and complete books, records and accounts as are necessary and appropriate and in accordance with generally accepted accounting principles and practices. The Association shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board, and shall keep at the registered or principal office a record of the names and addresses of the members entitled to vote. Upon written request, the Association's books and records may be inspected by any member, or his or her agent or attorney, for any proper purpose at any reasonable time. The Board may establish rules concerning (1) the written request;

(2) hours, days of the week, and place of inspection, and; (3) payment of costs related to the member's inspection and copying of books and records.

## **ARTICLE XVII Fiscal Year**

**Section 17.01. 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 17.02. Fiscal Budget.** The Board 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 no later than December prior to the start of the fiscal year.

**Section 17.03. 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 XVIII Flood Reserve**

It is deemed prudent to keep a flood reserve for Association facilities in the flood plain. The reserve will be funded in the amount of \$25,000. 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.

The Board shall fully fund the Flood Reserve by the end of each fiscal year.

## **ARTICLE XIX Mergers and Consolidations with Other Nonprofit Associations**

To the extent permitted by law, the Association may merge and/or consolidate with other nonprofit associations organized for the same purposes; PROVIDED, HOWEVER, that any such mergers and/or consolidations with other nonprofit associations shall be approved by two thirds of the total votes cast by members of the Association present at a special meeting duly called for that purpose. Written notice of the date, time, place and purpose of the special meeting shall be given at least 30 days prior to the date of the meeting.

**ARTICLE XX**  
**Addition of New or Existing Subdivisions or Developments**

The Board is expressly authorized and may, in its discretion, approve and/or enter into agreements for the addition of new or existing subdivisions or developments which are or may become “residential subdivisions” as defined herein, i.e. subject to recorded restrictions and covenants requiring membership in the Lago Vista Property Owners’ Association, Inc.

**ARTICLE XXI**  
**Waiver of Notice**

Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under a provision of the Articles of Incorporation or the Bylaws, 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 XXII**  
**Amendments**

As expressly authorized by the Articles of Incorporation, these Bylaws may be altered, amended or repealed, or new Bylaws may be adopted by the affirmative vote of all Directors, less one, present at any regular meeting or special meeting of the Board of Directors. Proposed changes to the Bylaws shall be introduced in written form at a regular meeting or special meeting of the Board of Directors at least twenty-eight (28) days before a vote on the proposed changes may be taken. All Directors must be present when the vote on the proposed changes is taken.