

# THE HOMEOWNERS' ASSOCIATION OF THE FALLS AT FAIR OAKS RANCH A NON-PROFIT CORPORATION

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FILED

In the Office of the

Secretary of State of Texas  
Date:

Corporations Section  
ARTICLES OF INCORPORATION  
OF THE HOMEOWNERS' ASSOCIATION OF  
THE FALLS AT FAIR OAKS RANCH,  
A NON-PROFIT CORPORATION

## ARTICLE ONE

The name of the corporations is THE HOMEOWNERS' ASSOCIATION OF THE FALLS AT FAIR OAKS RANCH, A NON-PROFIT CORPORATION.

## ARTICLE TWO

The period of its duration is perpetual.

## ARTICLE THREE

This corporation is a non-profit corporation.

## ARTICLE FOUR

The purpose for which this corporation is organized is for the conduct of a trade Association as set forth in Article 1396-2.01 of the Texas Non-Profit Corporation Act.

## ARTICLE FIVE

The street address of the registered office and name of the registered agent located at said address is:

## ARTICLE SIX

The management of affairs of The Homeowners' Association of The Falls at Fair Oaks Ranch shall be vested in its members.

## ARTICLE SEVEN

The name and street address of the incorporator is:

Peter Kilpatrick, Attorney at Law  
745 East Mulberry St. #900  
San Antonio, TX 78212

## **BYLAWS**

### **ARTICLE 1: OFFICES**

**1.01 Offices:** The principal office of the Corporation shall be located at 7 Falls Terrace, Fair Oaks Ranch, Texas 78015 or such other location adopted by the Board shown on a Management Certificate filed in the public records of Bexar County, Texas

**1.02 Registered Office and Registered Agent:** The Corporation shall have and continuously maintain in the State of Texas a registered office and 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 with the principal office of the Corporation in the State of Texas. The address of the registered office and the identity of the registered agent may be changed from time to time by the Board of Directors.

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## **ARTICLE 2: MEMBERS**

**2.01 Class of Members:** The Corporation shall have one class of members (the "Members"), and, unless otherwise set forth herein, shall have full voting rights unless in arrears.

**2.02 Voting Rights:** Regardless of the size of the property, the owner or owners have one vote. Jointly held property has one vote.

Each Owner of a Lot or Lots in the Corporation shall have one vote for each platted lot owned. If more than one person and/or entity has an ownership interest in a Lot or Lots, those Owners shall decide among themselves how to cast their vote. Votes may not be split into fractional votes. Cumulative voting is not allowed. Unless otherwise provided in the Articles or these Bylaws, a majority of the votes cast shall constitute a decision of the Members. However, the Corporation shall be entitled to rely upon the apparent or representative authority of one actually authorized or purporting to represent the majority of constituent Owners when ownership in a Lot or Lots is fractional, without the necessity of proxy or the need for independent verification.

All voting by the Members shall be by written ballot signed by the Owner or their designated proxy as allowed under Section 3.5. A verified electronic ballot shall be deemed to have been signed. However, in an uncontested election of Directors, the requirement for written ballots may be waived and the slate of candidates accepted by acclamation from the Members or their proxies present at the annual meeting. Candidates and persons related to the candidates by blood or marriage within the third degree may not tabulate the votes or be given access to the ballots. Persons who tabulate the votes may not reveal the votes contained on any individual ballot.

**2.03 Termination of Membership:** No Member shall be terminated for any reason.

**2.04 Transfer of Membership:** Membership in this Corporation is not transferable or assigned except upon the sale or transfer of a Lot. There will be a transfer fee charge, payable to the Homeowners Association of the Falls, upon the sale of any home or lot.

## **ARTICLE 3: MEETINGS OF MEMBERS**

**3.01 Annual Meetings:** An annual meeting of the Members shall be held once each year within Fair Oaks Ranch at a date and hour determined by the Board of Directors, at least one month prior to the start of the fiscal year for the purpose of electing Directors and for the transaction of other business as may come before the meeting. The budget for the next fiscal year will be presented to the membership at or prior to the annual meeting. If the day fixed for the annual meeting shall be on a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting, 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 possible.

**3.02 Special Meetings:** Special meetings of the Members may be called at any time by the Board or upon written request of Members who are entitled to cast at least twenty-five percent (25%) of all votes of the Members. If requested by the Members, the Board shall announce and hold the meeting within sixty (60) days of such request.

**3.03 Place of Meetings:** The Board of Directors may designate any place within Fair Oaks Ranch as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Corporation in the State of Texas; but if all of the Members shall meet at any time and place within Fair Oaks Ranch, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting, any corporate action may be taken.

**3.04 Notice of Meetings:** Written notice of each meeting of Members shall be given by, or at the direction of, the Secretary or other person authorized to call the meeting. A copy of such notice, postage prepaid, shall be mailed not less than ten (10) nor more than sixty (60) days before such meeting to each Member entitled to vote. The meeting notice shall specify the date, time and place of the meeting and, in the case of a special meeting, the purpose of the meeting.

**3.05 Action Without Meeting:** Any action required by law to be taken at a meeting of the Members or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the Members entitled to vote with respect to the subject matter thereof. Such Consent shall have the same force and effect as a unanimous vote of such Members. The signed consent, or a signed copy, shall be placed in the Minute Book.

**3.06 Quorum:** The holders of a majority of the votes entitled to vote at the meeting present in person or represented by proxy shall be requisite and shall constitute a quorum at all meetings of the Members for the transaction of business except as otherwise moved by a statute, by the Articles of Incorporation or by these Bylaws. If a quorum is not present or represented at a meeting of the Members, the Members entitled to vote thereat, presenting person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

**3.07 Majority Vote:** Withdrawal of Quorum. When a quorum is present at any meeting, the vote of the holders of a majority of the votes, present in person or represented by proxy, shall decide any question brought before such meeting unless the question is one upon which, by express provision of the statutes or of the Articles of incorporation or these Bylaws, a different vote is required, in which case such express provision shall govern and control the decision of such question. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

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**3.08 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 shall be valid after eleven (11) month from the date of its execution, unless otherwise provided in the proxy.

**3.09 Record Date:** Closing Membership Rolls. The Board of Directors may fix in advance a record date for the purpose of determining the Members entitled to notice of or to vote at a meeting of the members, the record date to be not less than ten (10) days nor more than Sixty (60) days prior to the meeting; or the Board of Directors may close the membership rolls of the Corporation for such purpose for a period not less than ten (10) days nor more than Sixty (60)-days prior to such meeting. In the absence of any action by the Board of Directors, the date upon which the notice of the meeting is mailed shall be the record date.

**3.10 Waiver of Notice.** Any notice required by law or these Bylaws may be waived by the Member entitled to such notice by the execution of a written waiver of such notice or by appearing at any meeting of Members and orally waiving such notice.

**3.11 Conduct of Meeting:** At every meeting of the Members, the President or, in his absence, the Vice President designated by the President or, in the absence of such designation, a Chairman (who shall be one of the Vice Presidents, if any is present) chosen by a majority vote of the Members of the Corporation present in person or by proxy and entitled to vote, shall act as Chairman. The Secretary of the Corporation, or in his or her absence an Assistant Secretary, shall act as Secretary of all meetings of the Members. In the absence at such meeting of the Secretary or Assistant Secretary, the Chairman may appoint another person to act as secretary of the meeting.

**3.12 Telephone and Similar Meetings:** Members may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

## **ARTICLE 4: DIRECTORS**

**4.01 Management:** The affairs of the Association shall be controlled and managed by the Board of Directors, provided, however, that (a) the Board shall have the power and authority to delegate certain powers, functions and approval rights to officers of the Association, committees and managing agents, and (b) the Members shall have any rights vested in them by the Articles of Incorporation or these Bylaws.

**4.02 Number:** The Board of Directors shall consist of five (5) members. The Board may from time to time unanimously approve a change in the number of Directors, provided that there shall never be fewer than three (3) nor more than seven (7). If the number is decreased, the Board shall adopt a transition plan such that no current Director is removed prior to the natural expiration of said Director's term. If the number is increased, the Board shall determine the term for each new position and the new positions must be filled by election by the Members.

**4.03 Election and Term of Office:** Each Director shall serve a two (2) year term. If the number of Directors is changed pursuant to Section 4.02, the terms shall be set to have approximately half of the Board elected each year (1 & 2 for three Directors, 2 & 2 for four Directors, 2 & 3 for five Directors, 3 & 3 for six Directors and 3 & 4 for seven Directors).

**4.04 Removal:** Any Director may be removed either with or without cause at any special or annual meeting of Members, by the affirmative vote of a majority in number of Members present in person or by proxy at such meeting and entitled to vote for the election of such Director if notice of intention to act upon such matter shall have been given in the notice calling such meeting.

**4.05 Vacancies:** Any vacancy occurring in the Board of Directors (by death, resignation, removal or otherwise) may be filled by an affirmative vote of a majority of the remaining Directors though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the remaining term of his or her predecessor in office.

**4.06 Place of Meeting:** All meetings of the Board of Directors will be held within Fair Oaks Ranch at a place designated by the Board of Directors.

**4.07 Regular Meetings:** Regular meetings of the Board of Directors may be held without notice and at such other times and places as shall from time to time be determined by the Board of Directors.

**4.08 Special Meetings:** Special meetings of the Board of Directors may be called at any time by the President or by any two (2) Directors on ten (10) days notice to each Director, either personally, by mail or by telegram. Except as otherwise expressly provided by statute or by the Articles of Incorporation or by these bylaws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

**4.09 Quorum; Majority Vote:** At all meetings of the Board of Directors, a majority of the number of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise specifically provided by statute or by the Articles of Incorporation or by these Bylaws. If a quorum is not present at a meeting of the Board of Directors, the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. At such adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally notified.

**4.10 Compensation:** Directors, as such, shall not receive any stated salaries for their services, but by resolution of the Board of Directors, each Director may be paid his or her expenses, if any, of attendance at each meeting of the Board of Directors.

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**4.11 Conduct of Meetings:** The Board of Directors shall keep regular minutes of its proceedings. The President, or, in his or her absence, any Director selected by the Directors present, shall preside at meetings of the Board of Directors. The Secretary of the corporation, or, in his or her absence, any Director selected by the Directors present, shall act as Secretary at meetings of the Board of Directors. The minutes shall be placed in the Minute Book of the Corporation.

**4.12 Action Without Meeting:** Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all the members of the Board of Directors. Such consent shall have the same force and effect as a unanimous vote at a meeting. The signed consent, or a signed copy, shall be placed in the Minute Book.

**4.13 Interest of Directors and Officers:**

(A) Validity. If Paragraph (B) below is satisfied, no contract or other transaction between the Corporation and any of its Directors or officers, or any Corporation or firm in which any of them are directly or indirectly interested, shall be invalid solely because of such relationship or because of the presence of the Director or Officer at the meeting authorizing the contract or transaction, or his participation or vote in the meeting or authorization.

(B) Disclosure, Approval, Fairness. Paragraph (A) above shall apply only if:

(i) The material facts of the relationship or interest of such Director or Officer are known or disclosed to the Board of Directors and it nevertheless authorizes or ratifies the contract or transaction by a majority of the disinterested Directors present, with each interested Director to be counted in determining whether a quorum is present but not in calculating the majority necessary to carry the vote, or

(ii) The contract or transaction is fair to the Corporation as of the time it is authorized or ratified by the Board of Directors.

(C) Non-Exclusive. This Section 4.14 shall not be construed to invalidate a contract or transaction which would be valid in the absence of the provisions of this Section.

**4.14 Telephone and Similar Meetings:** Directors and committees of the Board of Directors, if any, may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE 5: NOTICE

**5.01 Method.** Whenever, by statute or the Articles of Incorporation or these Bylaws, notice is required to be given to a Director, and no provision is made as to how the notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given (a) in writing, by mail, postage prepaid, addressed to the Director at the address appearing on the books of the corporation, or (b) by any other method permitted by law. Any notice required or permitted to be given by mail shall be deemed given at the time when the same is deposited in the United States mail.

**5.02 Waiver:** Whenever by statute or the Articles of incorporation or these Bylaws, notice is required to be given to a Director, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such Notice, shall be equivalent to the giving of such notice. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting, except where a Director attends for the express purpose of objection to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE 6: OFFICERS AND AGENTS

**6.01 Number; Qualification; Election; Term:**

(A) The Corporation shall have:

(i) A President and a Vice President.

(ii) Such other officers and Assistant Officers and Agents as the Board of Directors may from time to time deem necessary.

(B) No Officer or Agent need be a Director. The Secretary and Treasurer may be Directors or may be appointed by the Board. If appointed by the Board, the Secretary and/or Treasurer will be non voting positions.

(C) Officers shall be elected by the Board of Directors on the expiration of an officer's term or whenever a vacancy exists. Officers may be elected by the Board at any meeting.

(D) Unless otherwise specified by the Board of Directors at the time of election or appointment, or in an employment contract approved by the Board, each Officer's and Agent's term shall end at the first meeting of the Board of Directors after the next annual meeting of Members. Each officer and Agent shall serve until the end of his or her term or, if earlier, his or her death, resignation or removal.

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(E) Any two or more offices may be held by the same person, except that the President and Secretary shall not be the same person.

**6.02 Removal:** Any Officer or Agent elected or appointed by the Board of Directors may be removed by unanimous consent of the remaining Directors whenever, in its judgment, the best interests of the Corporation will be served thereby. Such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an Officer or Agent shall not of itself create contract rights.

**6.03 Vacancies:** If the office of the President, Vice president, Secretary, or Treasurer, becomes vacant by reason of death, resignation, removal or otherwise, the Board of Directors shall elect a successor who shall hold office for the remaining term and until his or her successor is elected.

**6.04 Authority:** Officers and Agents shall have such authority and perform such duties in the management of the Corporation as are generally ascribed to the respective offices provided in these Bylaws, or as may be determined by resolution of the Board of Directors not inconsistent with these Bylaws.

**6.05 Compensation:** The compensation, if any, of Officers and Agents shall be fixed from time to time by resolution of the Board of Directors.

**6.06 President:** The President shall preside at all meetings of the Board, see that orders and resolutions of the Board are carried out, sign all leases, mortgages, deeds, contracts, other written instruments and promissory notes.

**6.07 Vice President:** The Vice President shall act in the place and stead of the President (including signing documents) in the event of his absence or inability or refusal to act, and shall exercise and discharge such other duties as may be required of a Vice President by the Board.

**6.07 Secretary:** The Secretary shall:

- (A) Attend all meetings of the Board of Directors and all meetings of the Members and record all votes and the minutes of all proceedings in a book to be kept for that purpose.
- (B) Give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors.
- (C) Be under the supervision of the President and perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the President may from time to time delegate.
- (D) Keep, or cause to be kept, a register showing the names of the Members and their addresses.

**6.08 Treasurer:** The Treasurer shall:

- (A) Have the custody of the corporate funds and securities and shall keep a full and accurate account of receipts and disbursements of the Corporation and shall deposit all money and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the Board of Directors.
- (B) Disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his or her transactions as Treasurer and of the financial condition of the corporations.
- (C) If required by the Board of Directors, give the Corporation a bond in such form, in such sum, and with surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Corporation.
- (D) Perform such other duties and have such other authority and powers as the Board of Directors may from time to time prescribe or as the President may from time to time delegate.

**6.09 Powers:** The Board of Directors shall have power to do the following:

- (A) establish, adopt and publish guidelines for development, setting out desired standards of exposed construction materials, exterior structure design, landscaping, and site improvements, which shall be used by the Architectural Control Committee in governing the development and continued use or reuse of any Lot and improvements thereof so long as such guidelines shall not conflict with the Declaration;
- (B) establish, adopt and publish rules and regulations governing the use of the Common Areas, streets and facilities including the personal conduct of the Members and their guests thereon; including rules affecting health and safety and to establish penalties for infractions of such rules and regulations;
- (C) establish, adopt and publish rules and regulations consistent with the Articles of Incorporation governing the use of Lots by Members and their guests and to establish penalties for infractions of such rules and regulations;

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(D) enforce all of the terms and provisions of the Declaration;

(E) after notice and hearing, suspend the right to use of the Common Areas of any Member during any period in which such Member is in default in the payment of any assessment levied by the Corporation; such rights may also be suspended for a period not to exceed thirty (30) days for infraction or published rules and regulations;

(F) employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties;

(G) enter into such contracts, leases and agreements as may be necessary to enforce, execute or accomplish the terms of the Declaration; and

(H) exercise on behalf of the Corporation all powers, duties, and authority vested in or delegated to the Corporation and not specifically reserved to the Members by the Declaration, Articles or these Bylaws.

**6.10 Duties:** It shall be the duty of the Board of Directors to:

(A) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at each annual meeting, or at any special meeting at which such a statement is required in writing by the Members entitled to cast at least twenty-five (25%) of the votes thereat;

(B) supervise all officers, agents, and employees of the Corporation and see to it their duties are properly performed;

(C) as more fully described in the Articles of Incorporation, to:

(i) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(ii) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(iii) take such actions as may be required, to the extent permitted by law, to collect any delinquent payment of assessments as set forth in the Declaration;

(D) issue, or cause an appropriate officer to issue, on demand by any person, a certificate setting forth whether or not any assessment has been paid; a statement in a certificate to the effect that an assessment has been paid shall constitute conclusive evidence of such payment; the Board may impose a reasonable charge for the issuance of these certificates;

(E) procure and maintain adequate liability and hazard insurance on all property owned by the and activities of the Corporation;

(F) procure and maintain adequate Directors & Officers Liability insurance to protect the Directors, officers, volunteers and agents of the Corporation from all official actions taken by them in such capacity excepting such action that is deemed criminal in a court of law;

(G) cause all officers and employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(H) cause the Common Area to be maintained.

## **ARTICLE 7: EXECUTION OF INSTRUMENTS**

7.01 The Board of Directors may, in its discretion, determine the method and designate the signatory Officer or Officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except where otherwise provided by law, and such execution or signature shall be binding upon the Corporation.

## **ARTICLE 8: INDEMNIFICATION**

**8.01 Indemnification General:** The Corporation shall indemnify every Director, every member of the Architectural Control Committee, each officer and agent of the Corporation (collectively, the "Indemnified Parties"), and their respective heirs, executors, administrators, personal representatives, successors, and assigns, against all loss, costs and expense, including counsel fees, reasonably incurred by them, or any of them, in connection with any action, suit or proceeding to which they may be made a party by reason of being or having been Indemnified Parties, except for matters as to which Indemnified Parties shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Corporation is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of such person's duty as Indemnified Parties in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Indemnified Parties may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Corporation by reason of, or arising out of or in connection with, the foregoing indemnification provisions shall be treated and handled by the Corporation as common expenses; provided, however, that nothing in this Article shall be deemed to obligate the Corporation to indemnify any Owner who is or has been an Indemnified Parties with respect to any duties or obligations assumed or liabilities incurred by such Owner under and by virtue of the Declaration. The Corporation may obtain such insurance as the Board may deem advisable to cover the foregoing described matters.

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**8.02 Method of Determination:** A determination of indemnification and authorization for the Corporation to indemnify Authorized Expenses shall be made by:

(A) a majority vote of a quorum (the "Qualifying Quorum") consisting of Directors who at the time of the vote are not named defendants or respondents in the proceeding;

(B) if such a Qualifying Quorum cannot be obtained, by a majority vote of a committee (the "Qualifying Committee") of the Board of Directors, designated to act in the matter by a majority vote of all Directors, such Qualifying Committee to consist solely of two (2) or more Directors who at the time of the vote are not named defendants or respondents in the proceeding;

(C) by special legal counsel selected by the Qualifying Quorum or Qualifying committee, or if such a Qualifying Quorum cannot be obtained and such a Qualifying Committee cannot be established, by a majority vote of all Directors; or

(D) by the Members in a vote that excludes the Members named as defendants or respondents in the proceedings.

**8.03 Advances for Indemnified Expense:** The Corporation shall pay or reimburse to a Person, in advance of a final disposition of a proceeding, any Authorized Expenses which may become subject to indemnification hereunder, if:

(A) The Corporation receives a written notification from such Person that he or she has met the standards of conduct necessary for indemnification under this Article, and a written undertaking by or on behalf of the Person to repay the amount advanced on his or her behalf in the event it is ultimately determined that Person has not met such standards. Such written undertaking must be an unlimited general obligation but need not be secured and may be accepted without reference to the financial ability of such Person to make repayment; and

(B) A determination that the facts then known to those making the determination of indemnification hereunder would not preclude indemnification under this Section.

**8.04 When Rights to Indemnification Arise.** The Corporation's obligation to indemnify and to prepay expenses under this Article shall arise, and all rights granted to Persons hereunder shall vest, at the time of the occurrence of the transaction or event to which such proceeding relates, or at the time that the action or conduct to which such proceeding relates was first taken or engaged in or omitted to be taken or engaged in, regardless of when such proceeding is first threatened, commenced, or completed.

**8.05 Insurance:** The Corporation will purchase and maintain insurance on behalf of any Person who is or was a Director, officer, Employee, or Agent of the Corporation or who is or was serving at the request of the Corporation as a Director, Officer, Partner, Venturer, Proprietor, Trustee, Employee, Agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, other enterprise, or employee benefit plan, against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person, whether or not the corporation would have the power to indemnify him or her against that liability under Article 1396-2.22A of the Texas Non-Profit Corporation Act.

**8.06 Notice to Members:** Any indemnification or advance of expenses to a Director of the Corporation in accordance with this Article shall be reported in writing to the Members of the Corporation with or before the notice or waiver of notice of the next Members' meeting or with or before the next submission to members of a consent to action without a meeting pursuant to Article 1396-9-IO(A) of the Texas Non-Profit Corporation Act and, in any case, within the twelve (12) month period immediately following the date of the indemnification or advance.

**8.07 Validity:** Notwithstanding anything contained herein, any provision contained within this Article that would be invalid under Article 1396-2.22A of the Texas Non-Profit Corporation Act or any successor statute thereto, shall be of no force or effect.

## **ARTICLE 9: GENERAL PROVISIONS**

**9.01 Books and Records:** Subject to, and in compliance with, applicable law, the books, records, and papers of the Corporation shall at all times, during reasonable business hours, be subject to inspection by any Member at the principal office of the Association, or its agent, where copies may be purchased at reasonable cost.

**9.02 Resignation:** Any Director, Officer or Agent may resign by giving written notice to the Board of Directors or the President or the Secretary. The resignation shall take effect at the time specified therein, or immediately upon receipt if no time is specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**9.03 Amendment of By-laws:** These Bylaws may be altered, amended or repealed at any meeting of the Board of Directors at which a quorum is present, by the affirmative vote of a majority of the Directors present at such meeting. providing notice of the proposed alteration, amendment or repeal is contained in the notice of such meeting.

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## **ARTICLE 10: COMMITTEES**

**10.01 Generalities:** The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall consist of at least one director, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the Corporation. However, no such 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 any such committee or any Director or Officer of the Corporation; amending the Articles of Incorporation, adopting a Plan of Merger or adopting a Plan of Consolidation with another corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the corporation or revoking proceedings therefor; adopting a plan for the distribution of the assets of the Corporation; 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 such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any Responsibility imposed on it, him or her by law.

**10.02 Other Committees:** Other committees not having and exercising the authority of the Board of Directors in the management of the Corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Corporation, and the President of the Board shall appoint the members thereof. Any Members thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the Corporation shall be served by such removal.

**10.03 The Architectural Control Committee:** The Architectural Control Committee (ACC) shall consist of at least three but not more than five members appointed by the Board of Directors. The Board is required to have an active ACC at all times.

**10.04 Committee Reports:** All committees, whether temporary or standing, are required to report activities to the Board at each meeting.

**10.05 Term of Office:** Each member of a committee shall continue as such until the next annual meeting of the Members of the corporation and until his or her successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

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

**10.07 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.

**10.08 Quorum:** Unless otherwise provided in the resolution of the Board of Directors designating a committee a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

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

## **ARTICLE 11: ASSESSMENTS**

**11.01 Regular Assessments:** Within sixty (60) days prior to the beginning of each calendar year, the Board shall estimate the net charges to be paid during that year, including a reasonable provision for contingencies and replacements with adjustments made for any expected income and surplus from the prior year's fund. This estimated cash requirement shall be assessed to each Owner, regardless of lot size. Each owner is obligated to pay assessments to the Board within thirty (30) days of date of invoice.

**11.02 Special Assessments:** If the Board determines that the amount to be collected from regular assessments will be inadequate to defray the common expenses for the year because of the cost of any construction, unexpected repairs, replacements of capital improvements on the common elements, or for any other reason, it shall make a special assessment for the additional amount needed. Such special assessments shall be levied and collected in the same manner as regular assessments.

**11.03 Purpose of Assessments:** The bi annual assessments, levied by the association, shall be used exclusively to promote the health, safety, welfare and recreation of the residents in the subdivision, and for the improvement and maintenance of the common areas. Assessments may include, but are not limited to, the following purposes:

(A) Maintenance and repair of the common area, including entrance lighting, if any. It shall initially also include maintenance of the area from the curb to the front property line, or as otherwise designated by the Board of Directors.

(B) Each property owner is responsible for the upkeep and good repair of fencing on his/her property. The Association shall be responsible for the upkeep of fencing on common property owned by The Falls.

(C) Maintenance of the security gates at the front of The property

(D) Maintenance of the streets inside the subdivision related to the private roads thereof; after action by the Board of Directors a certain percentage of monthly dues shall be reserved for the above street maintenance and adjusted from time to time as needed by the Board of Directors.

# **THE HOMEOWNERS' ASSOCIATION OF THE FALLS AT FAIR OAKS RANCH A NON-PROFIT CORPORATION**

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(E) Liability insurance insuring the association against any and all liability to the public, to any owner, or to the invitees or tenants of any owner arising out of their occupation and/or use of the common area. The policy limits shall be set by the Association and shall be reviewed at least annually and increased or decreased in the discretion of the Association.

(F) Any other materials, supplies, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments which the Association is required to secure or pay pursuant to the terms of this declaration or by law, or which shall be necessary or proper in the opinion of the Board of Directors of the Association for the operation of the common areas, for the benefit of the lot owners.

(G) Assessments on all lots are to be paid semi-annually or annually. Notice of assessments shall be sent to every owner subject thereto.

(H) Effect of Non-Payment of Assessments; Remedies of the Association. Any assessment not paid within thirty days after the due date shall be deemed in default and shall bear an automatic ten percent penalty of the sum due, plus interest from the due date at the maximum rate permitted by law. The Association may bring an action at law against the Owner personally obligated to pay the same, or may foreclose the lien against the property. No owner may waive or otherwise escape liability for the assessments provided for herein by abandonment of his lot. Failure to pay assessments as provided herein shall additionally constitute forfeiture of the member's right to vote, which shall not be reinstated until such time as the member shall pay all delinquent assessments and all penalties due thereon.

(I) Subordination of Assessment lien to Mortgages. The assessment lien provided for herein shall be subordinate to the lien of any first mortgage. A sale or transfer of any lot pursuant to a mortgage foreclosure or any proceeding in lieu thereof shall extinguish the assessment lien as to payments which become due prior to such sale or transfer. No sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due or from the lien thereof.

**THE HOMEOWNERS' ASSOCIATION OF  
THE FALLS AT FAIR OAKS RANCH  
A NON-PROFIT CORPORATION**

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ADOPTED by the Board of Directors on

July 29 2014

Judith B. Hoffman

President

Anthony Wilke

Vice President

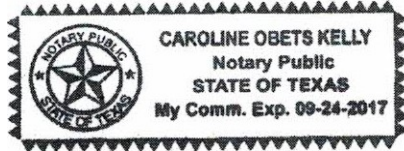
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Acknowledgement

STATE OF TEXAS  
COUNTY OF BEXAR

BEFORE ME, the undersigned authority, on this day personally appeared Judith Hoffman, known to me to be the person whose name is subscribed to in the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal of office on this 3rd day of August, 2015.



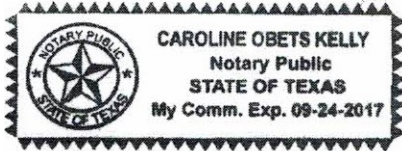
Caroline Obets Kelly  
Notary Public, State of Texas

Acknowledgem

STATE OF TEXAS  
COUNTY OF BEXAR

BEFORE ME, the undersigned authority, on this day personally appeared Anthony Wilke, known to me to be the person whose name is subscribed to in the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed,

Given my and seal of office on this 3rd day of August, 2015.



Caroline Obets Kelly  
Notary Public, State of Texas