

BYLAWS

OF

*THE VILLAGES OF WESTCREEK
OWNERS ASSOCIATION, INC.,*

*As Approved by the Board of Directors
May 17, 1994
The Villages of Westcreek Owners Association, Inc.*

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ARTICLE II

DEFINITIONS

2.01 Definitions. The terms used in these Bylaws shall have the same definitions as set forth in the [Declaration of Covenants, Conditions and Restrictions](#) for the Villages of Westcreek recorded in the Official Public Records of Real Property of Bexar County, Texas (the "Declaration"), as may be hereafter amended, unless otherwise specifically defined.

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ARTICLE III

OFFICES

3.01 Registered Office. The registered office of the Association shall be as designated with the Secretary of State of the State of Texas, as it may be changed from time to time.

3.02 Other Offices. The Associations may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Association may require.

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ARTICLE IV

PARTIES

4.01 Parties. All present or future owners, tenants, future tenants of any Lot, or any other person who might use in any manner the facilities or the Common Areas are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of all or any portion of a Lot or the mere act of occupancy of all or any portion of a Lot will signify that these Bylaws are accepted, approved and ratified.

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ARTICLE V

MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, VOTING, CUMULATIVE VOTING, MAJORITY, QUORUM, PROXIES

5.01 Membership. Each owner (whether one or more persons or entities) of a Lot shall automatically become a Member of the Association during such owner's period of ownership of such Lot. Such membership shall be appurtenant to each Lot and may not be severed from or held separately therefrom. The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of ownership, nor impair any rights or remedies which the Association or any other owner has with regard to such former owner.

5.02 Member in Good Standing. A Member of the Association shall be considered to be a Member in Good Standing and eligible to vote and use the recreational facilities if such Member:

(a) Has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for hereunder;

(b) Does not have a lien filed by the Association against such Member's Lot; and

(c) Has discharged other obligations to the Association as may be required of Members hereunder and under the Declaration.

The Board of Directors (sometimes referred to herein as the "Board") shall have sole responsibility and authority for determining the Good Standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) days prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating

circumstances exist which have prevented a particular Member from meeting any or all of the requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with provisions (a) and (b) of this Section shall be declared by the Board to be not a Member in Good Standing and unless the time requirement required hereunder is specifically waived by the Board in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board. Any Member not conforming with provision (c) of this Section shall be declared by the Board to be not a Member in Good Standing for a period not to exceed sixty (60) days.

5.03 Voting Rights in the Association. The Association shall have one class of voting membership:

(a) CLASS A. The Class A Members shall be all owners.

(b) CLASS B. There are no Class B members. The Conversion Date has passed.

The Class A Members shall be entitled to one vote for each 1/5th acre (or less) owned in the Property except those Class A Members who are Homeowners who shall be entitled to one vote for each Lot owned in a Single Family Residential Use Area, but in no event shall there be more than one vote cast for each such Lot.

The Villages of Westcreek Owners Association, Inc. shall not be a voting member of the Association by virtue of its ownership of any Lot, or subdivided portion thereof.

5.04 Voting. Only Members in Good Standing shall be entitled to vote, and voting membership shall be decreased by the number of Members who are not Members in Good Standing to determine the votes entitled to be cast for the purpose of establishing a quorum, such determination of the total number of Members in Good Standing to be as of the date of which a vote is taken. The vote of the majority of those votes entitled to be cast by the Members in Good Standing present or voting by legitimate proxy at a duly called meeting at which a quorum of Members are represented shall be sufficient for the transaction of any business, unless otherwise provided by law and except for an amendment to the Declaration by the Members as provided in the Declaration.

5.05 Cumulative Voting. Cumulative voting is not permitted.

5.06 Majority. As used in these Bylaws, the term "Majority of Owners" or "Majority of Members" shall mean those voting Members holding fifty one percent (51%) of the votes of the Association.

5.07 Quorum. Members holding twenty percent (20%) of the votes entitled to be cast, shall constitute a quorum for voting on matters brought before the Association at meeting of Members called by the Board. In the event a quorum is not present, then the meeting may be adjourned to a new date not later than seven (7) days from the date of that adjourned meeting, and the required quorum at such meeting shall be one half (1/2)

of the required quorum at the immediately preceding meeting. This procedure shall continue until a quorum is obtained, provided, such reduced quorum requirement shall not be applicable at a subsequent meeting held more than sixty (60) days following the originally scheduled meeting. The Members in Good Standing present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members in Good Standing to leave less than a quorum.

5.08 Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary of the Association seven (7) days before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

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ARTICLE VI

MEETINGS OF MEMBERS

6.01 Place of Meeting. Meetings of the Association shall be held at such suitable place, convenient to the Members, as the Board of Directors may determine.

6.02 Annual Meetings. The first meeting of the Association shall be held within thirty (30) days after the expiration of ninety (90) days from the Conversion Date, or sooner at the option of Declarant. Thereafter, the annual meetings of the Association shall be held on or before one hundred and twenty (120) days after the expiration of the prior fiscal year, the date and time of which shall be set by the Board of Directors. At such meetings there shall be elected, by ballot of the Members, a Board of Directors in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

6.03 Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by a majority of Members and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

6.04 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote at such meeting, at least fifteen (15) days, but not more than fifty (50) days in advance of

such meeting.

6.05 Waiver of Notice. Waiver of notice of meeting of the Members shall be deemed the equivalent of proper notice. any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

6.06 Action Without A Meeting. Any action which may be taken by the vote of Members at a regular or special meeting, except the election of Board members, may be taken without a meeting as and to the extent permitted by Texas law.

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ARTICLE VII

BOARD OF DIRECTORS

7.01 Number and Qualification. Until the first meeting of the Association, the affairs of this Association shall be governed by a Board of Directors consisting of the four (4) persons named in the Articles of Consolidation of the Association or their duly appointed successors. At such first meeting, there shall be elected not less than three (3) nor more than five (5) Members in Good Standing of the Association to the Board of Directors who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified, as provided herein.

7.02 Term of Office. At the first meeting of the Association the term of office of three (3) Directors shall be fixed at two (2) years; and the term of office of two (2) Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.

7.03 Nomination and Election of Directors. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be

announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

7.04 Vacancies. Vacancies on the Board of Directors caused by death, resignation or disqualification, i.e., by any reason other than the removal of a Director by a vote of the Association, shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

7.05 Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of Members entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Any Director who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of assessments for more than thirty (30) days may be removed by a majority vote of the Directors at a meeting in which a quorum is present.

7.06 Organization Meeting. The first meeting of a newly elected Board of Directors following the annual meeting of the Members shall be held within ten (10) days thereafter at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

7.07 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors but at least one such meeting shall be held during each calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, telegraph, or facsimile, etc., at least five (5) days prior to the day named for such meeting.

7.08 Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days' notice to each Director, given personally or by mail, telephone, telegraph or facsimile, etc., which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Directors.

7.09 Waiver of Notice. Before or after any meeting of the Board of Directors, any

Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7.10 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

7.11 Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

7.12 Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors. Additionally, the Directors may hold a meeting by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear and respond to each other.

7.13 Powers and Duties. The Board of Directors shall have the powers and duties set forth in the Declaration as well as those necessary for the administration of the affairs of the Association and for the operation and maintenance of the Common Areas and the Property in keeping with the character and quality of the area in which it is located. The Board of Directors may do all such acts and things on behalf of the Association except those which by law, by these Bylaws or by the Declaration may not be delegated to the Board of Directors.

7.14 Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done solely for the benefit of the Property and for the mutual and reciprocal benefit of Members:

(a) To set, collect and disburse Annual Assessments in any fiscal year or portion thereof and in connection therewith, prepare and adopt an annual budget;

(b) To set, collect and expend Special Assessments collected pursuant to the Declaration and these Bylaws;

(c) To enter into agreements or contracts with insurance companies with respect to insurance coverage for Common Areas and improvements thereon and other property of the Association, and to purchase policies insuring the Association against any liability to the public, Owners, or occupants, as provided in the Declaration;

- (d)** To enter into contracts with utility companies with respect to utility installation, consumption and services matters and to grant or dedicate easements in, on, under or above the Common Area or any part thereof
- (e)** To acquire by purchase or otherwise real and personal property for the benefit of and in the name of the Association;
- (f)** To borrow funds to pay any costs of operation as the Board may determine to be necessary and appropriate;
- (g)** To enter into contracts for goods and services or other Association purposes, provide services it deems proper, maintain one or more bank accounts, and generally to have all the powers necessary or incidental as may be required for prudent operation and management of the Association and to carry out the terms of the Declaration;
- (h)** To retain employees, hire independent contractors and enter into contracts for legal, accounting and other professional services;
- (i)** To sue or to defend in any court of law on behalf of the Association;
- (j)** To provide for and accumulate reserve funds to be used for repairs to, replacement and/or maintenance of Common Areas, in such amounts and for such purposes as may reasonable be determined by the Board to be necessary and appropriate;
- (k)** To make, or cause to be made, any tax returns, reports, or other filings required by Federal, State, or local governmental authorities;
- (l)** To make and amend reasonable rules and regulations for the use of the Common Areas, as the Board deems necessary and appropriate and create a high level of environmental and aesthetic quality within the Property and to establish penalties for the infraction thereof;
- (m)** To adjust the amount, collect and use any insurance proceeds to repair or replace any damaged or lost property, or to reimburse persons or entities entitled to receive reimbursement for injury, damage or losses, and, if said insurance proceeds are insufficient to provide full reimbursement as may be required, the Board may act to obtain the funds required in such manner prescribed in the Declaration;
- (n)** To furnish, upon demand and for a reasonable charge a certificate in writing, signed by an officer of the Association, setting forth whether the Homeowner assessments on a specified Lot have been paid;
- (o)** To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(p) To make available for inspection by any Owner at the principal office of the Association, the Declaration, Articles of Incorporation and Bylaws and to make available copies which may be purchased at a reasonable cost;

(q) To enforce the provisions of the Declaration, and to seek damages and/or equitable relief or other remedial action from any Owner for violation of the Declaration or any of its individual provisions, and

(r) To contract with any Owner(s), including, without limitation, the Declarant, for performance of services which the Association is otherwise obligated or permitted to perform, such contracts to be at competitive rates then prevailing for such services and upon such terms and conditions, and for such considerations, as the Board may deem advisable and in the best interest of the Association.

7.15 No Waiver of Rights. The omission or failure of the Association, Board of Directors, or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Declaration, the Bylaws or the rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same thereafter. Notwithstanding the foregoing, no proceeding for the enforcement of the covenants, conditions, restrictions, rights and duties imposed, allowed or granted by the Declaration shall be commenced until thirty (30) days written notice of wrongful performance, defective performance or failure of performance is given to the person, association, or entity responsible for such performance, and such wrongful or defective perform and or failure to perform has not been cured within such time.

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ARTICLE VIII

FISCAL MANAGEMENT

8.01 Accounts. The funds and expenditures of the Members by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(a) Normal operating expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.

(b) Reserve for maintenance, repair and/or replacement relating to Common Areas or Lots which shall include funds for maintenance, repair or replacement required because of damage, wear or obsolescence.

8.02 Separate Accounts. Separate accounts may be established in order to better demonstrate that the amounts deposited therein are capital contributions and not income to the Association.

8.03 Fiscal Year. The fiscal year for the Association shall be the calendar year.

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ARTICLE IX

OFFICERS

9.01 Designation. The officers of the Association shall be a President, A vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, elect. Such officers need not be members of the Boar of Directors. The office of President and Treasurer may be held by the same person, and the office of Vice President and Secretary or Assistant Secretary may be held by the same person.

9.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office subject to the continuing approval of the Board.

9.03 Resignation and Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.04 Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise of the officer previously filling such office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officers he replaces.

9.05 President. The President shall be the chief executive off icer of the Association.' He shall preside at all meetings of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the Members from time to time as he may in his discretion decided is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the

Association at any regular or special meetings.

9.06 Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties; and also perform such duties as he is directed to perform by the President.

9.07 Secretary. The Secretary shall record all the votes and keep all the minutes of the meeting of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary as are provided in the Declaration and the Bylaws.

The Secretary shall compile and keep up to date at the principal office of the Association, a complete list of Members and their last know addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

9.08 Assistant Secretary. The Assistant Secretary, if any, shall have all the powers and authority to perform all the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also to perform any duties he is directed to perform by the Secretary.

9.09 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

The Treasurer shall cause an annual audit or review of the Association books to be made by a public accountant at the completion of each fiscal year, and shall prepare an annual budget and statement of income and expenditures for adoption by the Board. The Treasurer may delegate all or part of the preparation duties to a finance committee, management agent or both.

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ARTICLE X

INDEMNIFICATION OF OFFICERS AND DIRECTORS

10.01 Indemnification. The Association shall have the power to indemnify any Officer or Director who was or is a party, or is threatened to be made a party, to any threatened,

pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was a Director or Officer of the Association, against all loss, expenses (including, but not limited to, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with or in defense of such action, suite or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interest of the Association; provided, that with respect to: (1) any criminal action or proceedings, such person had not reasonable cause to believe that his or her conduct was unlawful; or (2) any civil claim, issue or matter such person shall not be guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of *no* contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his or her conduct was unlawful, that such person did not act in good faith or in a manner which he or she reasonably believed to be in or not opposed to the best interest of the Association, or that such person is guilty of gross negligence or willful misconduct in the performance of his or her duties to the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon the determination that indemnification of such person is proper in the circumstances because he or she has met the applicable standards of conduct as set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, by (a) independent legal counsel in a written opinion, or (b) the Members in Good Standing of the Association, and no Member shall be disqualified from voting because he or she is or was a party to any such action, suit or proceeding. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he or she is not entitled thereto as provided in this Article.

The Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provision of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense subject to Special Assessment; provided, however, that nothing herein contained shall be deemed to obligate the Association to indemnify any Member or Owner who is or has been a director or officer of the Association with respect to any duties or obligations assumed or

liability incurred by him or her under and by virtue of the Declaration and these Bylaws that were assumed or incurred outside of his or her conduct specifically related to the fulfillment of his or her duties as an Officer or Director of the Association.

10.02 Other. The Members, Board of Directors, Officers or representatives of the Association shall enter contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners).

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ARTICLE XI

AMENDMENTS TO BYLAWS

11.01 Amendment to Bylaws. These Bylaws may be amended in writing by the majority of Members in Good Standing; provided, however, that such authority may be delegated by the majority of such Members to the Board as allowed by the Texas Non Profit Corporation Act.

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ARTICLE XII

ASSESSMENTS AND LIENS

12.01 Purpose of Assessments. The Assessments levied hereunder by the Association shall be used exclusively for the purpose of protecting and promoting the comfort, collective mutual enjoyment, health and welfare of the Owners, residents and tenants of the Property, including but not limited to, the following:

- (a) The improvement, maintenance, repair or replacement of any and all common Area improvements, including, but not limited to, landscaped areas and easements, along with the cost of any associated management or supervisory services, fees, labor, equipment, and materials;
- (b) The special maintenance, repair or replacement of improvements located in Common Areas, including the maintenance of privacy fences abutting a Major Street;
- (c) The design, purchase and installation of any Common Area improvement; (d) The purchase of insurance coverage relating to Common Area and any improvements thereon, and other property of the Association;

(e) The purchase and maintenance of services and facilities related to the use and enjoyment of the Common Area, including, but not limited to street sweeping, garbage collection, street lighting, police service and fire protection;

The carrying out of duties of the Board as provided herein, in the Declaration and the Articles of Consolidation of the Associations;

(g) The carrying out of purposes of the Association as stated herein, in its Declaration and Articles of Consolidation; and

(h) The carrying out and enforcement of Restrictions and of all other matters set forth or contemplated in the Declaration.

12.02 Annual Budget and Annual Assessments. Subject to the provisions and limitations of the Declaration, the Board shall adopt an annual budget and set the amount of the Annual Assessment to be levied for the next year, taking into consideration Association operating costs for the then current year, expected normal increases in such costs over the next year, the additional future needs of the Association, including the establishment and maintenance of an Association reserve fund as provided for herein. The annual budget shall be adopted by the Board at least thirty (30) days prior to the commencement of each fiscal year. Written notice of the Annual Assessment shall thereupon be sent to every Owner subject thereto. Notwithstanding the above, in the event the Board fails for any reason to adopt an annual budget covering the succeeding fiscal year, then and until such time as an annual budget shall have been adopted for such succeeding fiscal year, the annual budget currently in effect shall continue and the Annual Assessment shall be deemed the same as for the current year. Should any surplus exist at the end of any year, the Board may, at its own discretion, reduce the amount required for the next Annual Assessment by an amount not more than said surplus, provided, however, that reserve fund requirements are first met as stipulated in these Bylaws. Annual Assessments charged to a Declarant shall be determined in accordance with the provisions of the Declaration.

12.03 Payment of the Annual Assessments. The Annual Assessments for any year, after the first year, shall become due and payable in quarterly installments due and payable in advance on the first days of each January, April, July and October.

12.04 Special Assessments. In addition to the Annual Assessments provided for herein, the Association may, by two thirds (2/3) vote of voting Members, levy in and for any one year, applicable to that year only a Special Assessment for the purpose of:

(a) Defraying in whole or in part the cost of any new construction or reconstruction, unexpected repair or replacement of capital improvements for and within Common Areas, including the necessary fixtures and personal property related thereto;

(b) Defraying the cost of repairs or replacements resulting from an uninsured loss or

damage or insured loss or damage where there are insufficient insurance proceeds as provided for in the Declaration; and

(c) Responding to unusual or emergency needs of the Association as may be expected to occur from time to time.

Special Assessments shall be allocated and prorated among the Owners, at the date each such Special Assessment is levied, in the same manner as Annual Assessments are allocated and prorated among the Lots as provided in the Declaration.

12.05 Member Assessments. In addition to the Annual Assessments and any Special Assessments, the Association, by vote of its Board, may levy a special assessment ("Member Assessment") for the purpose of:

(a) Reimbursing the Association for any and all direct or indirect costs incurred by the Association with regard to the maintenance, repair or replacement of landscaping or site improvements on any particular Lot owned by such Member, in accordance with Article X, Section 10.12 of the Declaration of Covenants, Conditions and Restrictions of the Villages of Westcreek, when:

i) It has been determined by the Board that the maintenance, repair or replacement of Improvements associated with such Member's Lot has been neglected to the point where conditions existing on such Lot are not in conformance with the maintenance obligations set forth in the Declaration;

ii) The Member owning such Lot shall have been informed in writing of deficiencies found to exist and shall have been afforded a specific and reasonable period of time (not less than ten (10) days) to respond to said notice and/or remedy such deficiencies, the determination of what constitutes a reasonable period of time for remedial action to be made by the Board in its sole discretion;

iii) Those deficiencies determined by the Board and reported in writing to the Member owning such Lot are not fully corrected within the time period established by the Board for such corrective action to be completed; and

iv) Due to the failure of the Member owning such Lot to take corrective action within the period of time established by the Board, it has been necessary or appropriate for the Association to contract for, initiate or complete such corrective action to meet the maintenance requirements of the Declaration. In the event such Member shall start corrective action on a Lot after the Association has either contracted for such work to be done or actually accomplished such work in whole or in part, such Member shall be obligated to the Association for the reimbursement of any costs actually incurred by the Association, including release from contract settlements; design, legal or other professional fees; labor, equipment, materials or guarantees required to accomplish

corrective work; management or supervisory services; and any other costs directly or indirectly attributable to the work.

Member Assessments shall be due and payable in full thirty (30) days following the date at which any such assessment is set by the Board in the resolution adopting such assessment, except if it is specifically determined by the Board that any such assessment is to be paid instead in deferred installments, then the payment dates and amounts of such installments shall be fixed in the resolution authorizing such assessments.

12.06 Enforcement and Personal Obligation of Owners For Payment of Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Association Annual and Special Assessments (and Member Assessments, if so levied) which are secured by a continuing lien on the property against which the assessment is made. Any assessments which are not paid when due are delinquent. If any assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the maximum rate permitted by law and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments by non use of the Common Area or abandonment of his Lot.

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ARTICLE XIII

COMMITTEES

13.01 Architectural Review Committee. As more fully provided in the Declaration, the Board shall maintain an Architectural Review Committee ("ARC") consisting of three (3) Regular Members and two (2) Alternate Members. At such time as Declarant no longer owns any portion of the Property or at such time that the Declarant records a waiver of its right to appoint and remove all Regular and Alternate Members, the Board shall have the exclusive right and authority at any time to appoint, remove and fill vacancies on the ARC.

13.02 Other Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more other committees. Except as otherwise provided in such resolution, members of such committee or committees shall be Members of the Association, and the President of the Association shall appoint the chairpersons thereof in accordance with the following:

(a) One Chairperson for each committee shall be appointed by the President;

(b) The Chairperson of each committee shall continue as such until the next annual meeting of the Members of the Association or until his or her successor is appointed unless the committee shall be sooner terminated, or unless such Chairperson be removed from such committee, or unless such Chairperson shall cease to qualify as a member thereof;

(c) Vacancies in the membership of any committee may be filled by the soliciting volunteers from the membership of the Association;

(d) Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute 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; and

(e) Each committee may adopt rules for its own government not inconsistent with the Declaration, these Bylaws or with rules adopted by the Board of Directors.

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ARTICLE XIV

NON PROFIT ASSOCIATION

14.01 Non Profit Association. This Association is not organized for profit. Not Member, member of the Board of Directors, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, officer or Member; provided, however, that reasonable compensation may be paid to any Member, director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and that any Member, director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

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ARTICLE XV

EXECUTION OF DOCUMENTS

15.01 Execution of Documents. The persons who shall be authorized to execute any and all contracts, documents, instruments or conveyance or encumbrances, including promissory notes, checks or other instruments shall be the President or any Vice President, and the Secretary or any Assistant Secretary of the Association or such other persons as may be designated by resolution of the Board of Directors.

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ARTICLE XVI

CONFLICTING OR INVALID PROVISIONS

16.01 Conflicting or Invalid Provisions. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the provisions of the Texas Non Profit Corporation Act or any other Texas law, or should any part of these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

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ARTICLE XVII

NOTICES

17.01 Notices. All notices to Members of the Association shall be given by delivering the same to each Owner in person or by depositing the notices in the U.S. Mail, postage prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association. If an Owner shall fail to give an address to the Secretary for mailing of such notices, all such notices shall be sent to the Lot of such Owner, and all Owners shall be deemed to have been given notice of the meeting upon the proper mailing of the notices to such addresses irrespective of the actual receipt of the notices by the Owners.

By our signatures hereto, the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing Bylaws for the Association as of the 171A of 1994.



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