

**BY-LAWS  
OF  
CASTLE HILLS HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I**

**NAME AND LOCATION**

The name of the corporation is Castle Hills Homeowners Association, Inc. (hereinafter referred to as the "Association"). The principal office of the Association shall be located in \_\_\_\_\_ and \_\_\_\_\_ Counties or such other county as may be designated by the Board of Directors from time to time. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors of the Association within the State of Texas. Meetings of the directors may be held at such places within the State of Texas as may be designated by the Board of Directors.

**ARTICLE II**

**DEFINITIONS**

Section 1. "Association" shall mean and refer to Castle Hills Homeowners Association, Inc., a Texas non-profit corporation, its successors and assigns.

Section 2. "Common Area" shall mean all real property conveyed by the Declarant to, and owned by, the Association for the common use and enjoyment of the Owners as more particularly set forth in the Declaration.

Section 3. "Declarant" shall mean and refer to Browns Mountain, Ltd. Company, a Texas limited partnership, and its successors and assigns who are designated as such in writing by Declarant, and who consent in writing to assume the duties and obligations of the Declarant with respect to the Lots acquired by such successor or assign.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Castle Hills Subdivision recorded at \_\_\_\_\_ of the Real Property Records of \_\_\_\_\_ and \_\_\_\_\_ Counties, Texas, and any amendments, annexations and supplements thereto made in accordance with its terms.

Section 5. "Lot" shall mean and refer to any plot of land reflected on the Plat of the Properties or any part thereof creating single-family building lots, with the exception of the Common Area and areas deeded to a governmental authority or utility, together with all improvements thereon.

Section 6. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 7. "Plat" shall mean the Final Plat of Castle Hills Subdivision recorded \_\_\_\_\_ of the \_\_\_\_\_ and \_\_\_\_\_ Counties, Texas, and any replat of or amendment to the foregoing made by Declarant in accordance with the Declaration.

**Section 8.** "Properties" shall mean and refer to that certain real property subject to the Declaration, and such additions thereto as may be brought within the jurisdiction of the Association under the provisions of said Declaration or the Charter of the Association.

### ARTICLE III

#### MEMBERSHIP

**Section 1. Membership.** The Declarant and every other Owner of a Lot shall be a member of the Association. Membership shall be appurtenant to and shall not be separated from ownership of any Lot. Every member shall have the right at all reasonable times during business hours to inspect the books of the Association. Ownership of such Lot shall be the sole qualification for membership.

**Section 2. Suspension of Membership.** During any period in which a member shall be in default in the payment of any annual or special assessment levied by the Association, the voting rights and right to use of the recreational facilities of such member may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended after notice and hearing, for a period not to exceed 60 days, for violation of any rules and regulations established by the Board of Directors governing the use of the Common Area and facilities.

### ARTICLE IV

#### PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

**Section 1.** Each member shall be entitled to the use and enjoyment of the Common Areas as provided in the Declaration. Any member may delegate his rights of enjoyment of the Common Area and facilities to the members of his family, his tenants or contract purchasers, who reside on the property. Such member shall notify the Secretary of the Association in writing of the name of any such delegee. The rights and privileges of such delegee are subject to the same extent as those of the member.

### ARTICLE V

#### BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

**Section 1. Number.** The affairs of the Association shall be managed by a Board of three (3) Directors, who need not be members of the Association. The Board of Directors may be increased in size to not more than five (5) Directors by a majority vote of the then-existing Board.

**Section 2. Election.** At the first annual meeting the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; and at each annual meeting thereafter the members shall elect the director(s) for a term of two (2) years to fill each expiring term. Any vacancy in the initial Board of Directors which occurs prior to the first annual meeting of the members shall be filled by election by the remaining Directors. The initial three (3) members of the Board of Directors shall be designated in the Articles of Incorporation of the Association. If the size of the Board is increased, the additional Directors shall have staggered terms of office in a method determined by the Board similar to the procedure set forth in this Section.

**Section 3. Removal.** Any director may be removed from the Board, with or without cause, by a majority vote of the entire membership of the Association. In the event of death, resignation or removal of a director, his successors shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

**Section 4. Compensation.** No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

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

## ARTICLE VI

### MEETING OF DIRECTORS

**Section 1. Regular Meetings.** Regular meetings of the Board of Directors shall be held no less often than quarterly without notice, at such place (or by telephonic conference) and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, that meeting shall be held at the same time on the next day which is not a legal holiday.

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

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

## ARTICLE VII

### NOMINATION AND ELECTION OF DIRECTORS

**Section 1. Nomination.** Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two 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 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. Such nominations may be made from among members and non-members.

**Section 2. Election.** Election to the Board of Directors shall be by secret written ballot cast at the annual meeting. 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. Cumulative voting is not permitted. Directors may be elected to serve any number of consecutive terms.

## ARTICLE VIII

## POWERS AND DUTIES OF THE BOARD OF DIRECTORS

**Section 1. Powers.** The Board of Directors shall have the power, for and on behalf of the Association;

- (a) To adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) To exercise for the Association all power, duties and authority vested in or delegated to this Association that are not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Declaration;
- (c) To declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors without just cause having been furnished to and accepted by the Board;
- (d) To establish, and disburse and maintain such petty cash fund as necessary for efficiently carrying on the business of the Association;
- (e) To engage the services of a manager, an independent contractor, or such employees as it deems necessary, and to prescribe the conditions, compensation and duties of their work. Such power shall include authority to enter into management agreements with other parties to manage, operate or perform all or any part of the affairs and business of the Association;
- (f) To establish and maintain a working capital and/or contingency fund for capital repairs to and replacement of the Common Area, or any part thereof;
- (g) To sue and/or defend in any court of law on behalf of the Association;
- (h) To acquire and maintain the Common Area and to grant easements, licenses or other rights in, on, over and/or across such properties;
- (i) To enter into contracts for legal, accounting and other professional services;
- (j) To establish and maintain one or more bank accounts;
- (k) To delegate any of its rights, powers or duties to committees, managers or contractors who are competent to exercise the rights and powers and/or perform the duties so delegated;
- (l) To generally provide for maintenance and preservation of the Properties and promote the health, safety and welfare of the Owners and to take such acts in connection therewith as the Board deems necessary; and
- (m) To impose reasonable fines for defaults by Owners under these By-Laws or the Declaration, which shall constitute a lien upon the Lot of the violating Owner enforceable in accordance under Section 5 of Article II of the Declaration.

**Section 2. Duties.** It shall be the duty of the Board of Directors:

- (a) To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at such other time when such statement is requested in writing by one-third (1/3) of the Class A Members who are entitled to vote;
- (b) As more fully provided herein, and in the Declaration, in the event the amount of the annual assessment against each Lot shall change, to fix the amount of such annual assessment (30) days in advance of the applicable annual assessment period, as provided in the Declaration;
- (c) To issue, or to cause an appropriate officer to issue, upon written demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board of Directors for the issuance of these certificates. Such certificates shall be conclusive evidence of any assessment therein stated to have been paid;
- (d) To procure and maintain adequate liability and hazard insurance on property owned by the Association;
- (e) To cause all officers, employees or agents, having fiscal responsibility to be bonded, as it may deem appropriate; and
- (f) To cause the Common Area to be maintained.

**ARTICLE IX**

**COMMITTEES**

**Section 1.** The Board of Directors shall appoint a Nominating Committee, as provided in these By-Laws. In addition, the Board of Directors may appoint other committees as deemed appropriate in carrying out its purposes, which may include for example, but not by way of limitation, the following:

- (a) **A Recreation Committee** to advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and to perform other such functions as the Board in its discretion determines;
- (b) **A Maintenance Committee** to advise the Board on all matters pertaining to the maintenance, repair or improvement of the Properties, and to perform such other functions as the Board in its discretion determines;
- (c) **A Publicity Committee** to inform the members of all activities and functions of the Association and after consulting with the Board, to make such public releases and announcements as are in the best interest of the Association; and
- (d) **An Audit Committee** to supervise the annual audit of the Association's books and approve the annual budget and statement of income and expenditures to be presented to the membership at its annual meeting, as provided in Article XI, Section 8(d). The Treasurer shall be an ex-officio member of this committee when formed.

Section 2. It shall be a function of each committee to receive complaints from members on any matter involving Association duties and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

## ARTICLE X

### MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held in the same month of each year thereafter, on the day and at the hour reasonably designated in the notice of such meeting given pursuant to Section 3 of this Article X.

Section 2. Special Meetings. Special meetings of the members may be called at any time by the president of the Association or by the Board of Directors, or upon written request of the members who are entitled to vote one-third (1/3) of all of the votes of the entire membership.

Section 3. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws, written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting, by mailing a copy of such notice, postage paid, at least fifteen (15) days before such meeting to each member entitled to vote thereat, addressed to the member's address last appearing on the books of the Association, supplied by such member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of the members entitled to cast, or of proxies entitled to cast, twenty-five percent (25%) of the votes of all members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If a quorum is not present, another meeting may be called and the required quorum as such subsequent meeting shall be twenty-five percent (25%) of the quorum requirement for such prior meeting.

Section 5. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot.

## ARTICLE XI

### OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

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

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

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

such duties as the Board may, from time to time, determine.

**Section 5. Resignation and Removal.** Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving 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; the acceptance of such resignation shall not be necessary to make it effective.

**Section 6. Vacancies.** A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

**Section 7. Multiple Offices.** The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any the other offices except in case of special offices created pursuant to Section 4 of this Article.

**Section 8. Duties.** The duties of the officers are as follows:

**President**

(a) The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out, shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes.

**Vice-President**

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

**Secretary**

(c) The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

**Treasurer**

(d) The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit 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 a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy to the members.

## ARTICLE XII

### BOOKS AND RECORDS

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

## ARTICLE XIII

### CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: Castle Hills Homeowners Association, Inc.

## ARTICLE XIV

### FISCAL YEAR

The Fiscal Year of the Association shall be set by the Board of Directors. In absence of a determination by the Board of Directors the Fiscal Year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

## ARTICLE XV

### AMENDMENTS

Section 1. Except as specifically provided above, these By-Laws may be amended, at a regular or special meeting of the members, by a vote of seventy percent (70%) of the total votes, in the aggregate, of the Association. In addition, so long as there is Class B membership, any amendment to these By-Laws shall require the prior written approval of FHA or VA. If an Owner consents to an amendment of these By-Laws, it will be conclusively presumed that such Owner has the authority to so consent and no contrary provision in any mortgage or contract between Owner and a third party will affect the validity of such amendment.

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

## ARTICLE XVI

### PARLIAMENTARY RULES

Except as may be modified by the Board of Directors, Robert's Rules of Order (current edition) shall govern the conduct of the Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration or these By-Laws.

**ARTICLE XVII**

**GENDER AND GRAMMAR**

The singular, wherever used herein, shall be construed to mean the plural when applicable, and necessary grammatical changes required to make the provision hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in case fully expressed.

IN WITNESS WHEREOF, we being all the Directors of Castle Hills Homeowners Association, Inc. have hereunto set our hands effective as of the \_\_\_\_ day of \_\_\_\_\_, 1999.

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**BEN SPENCER**

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**JEFF JESIONOWSKI**

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**RICHARD FULLER**

**CERTIFICATION**

I, the undersigned do hereby certify:

That I am the duly elected and acting Secretary of the Castle Hills Homeowners Association, Inc., a Texas non-profit corporation, and that the foregoing By-Laws constitute the original By-Laws of the said Association, as duly adopted by unanimous consent of the Board of Directors thereof, effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 1999.

IN WITNESS WHEREOF, I have hereunto set my hand and seal effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 1999.

\_\_\_\_\_  
Secretary

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