

BYLAWS
OF
HILL CREST TRAILS HOMEOWNERS ASSOCIATION

ARTICLE I

NAME AND LOCATION:

The name of the association is Hill Crest Trails Homeowners Association (hereinafter referred to as the "Association.") The principal office of the Association shall be located in Harrison County, in the state of Texas.

ARTICLE II

DEFINITIONS

The following words, when used in these Bylaws (unless otherwise indicated), shall have the following meanings:

- (a) "The Declaration" shall mean and refer to the "Declaration of Covenants and Restrictions for Hill Crest Trails.
- (b) "The Properties" shall mean and refer to all existing lots and additions thereto, as are subject to the Declaration.
- (c) "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of the Properties with the exception of Common Properties as herein defined.
- (d) "Living Units" shall mean and refer to any building upon the Lot or Properties designed and intended for the use and occupancy as a residence by a single family.
- (e) "Owner" shall mean and refer to the recorded owner, whether one or more persons or entities, of any Lot which is a part of the Properties.
- (f) "Member" shall mean and refer to every Owner who holds membership in the Association.
- (g) "Developer" shall mean and refer to Scott Newland Development Company or his heirs and assigns.

ARTICLE III

MEMBERSHIP AND VOTING RIGHTS

SECTION I: Membership: Every person or entity who is a record owner of any Lot or Living Unit, shall be a member of the Association.

SECTION II: The Association shall have one class of voting membership. A member shall be all Owners as defined herein. A member shall be entitled to one vote for each Lot in which they are the Owner, but in no event shall more than one vote be cast with respect to any one Lot.

SECTION III: Termination of Membership occurs when ownership of Property is transferred to another party.

ARTICLE IV

MEETING OF MEMBERS

SECTION I: Annual Meetings Regular meetings of the members of the Association shall be held at least once in each calendar year at a time and place determined by the Association board and if possible within the development. If not, as close to the development as possible. At such meetings Directors shall be elected, reports of the affairs of the Association shall be considered and any other business transacted within the powers of the members.

SECTION II: Special Meetings may be called by the President, a majority of the Board of Directors or five percent (5%) of all Members. Business transacted at special meetings shall be confined to the objectives stated in the Notice of Meeting and only for any purpose within the statues of the Declarations and Bylaws.

SECTION III: Notice of all meetings, annual or special shall be given by mail or email stating the place, date and time of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) or more than fifty (50) days before the date of the meeting.

SECTION IV: Quorum. The presence at any meeting in person or by proxy of members representing at least thirty three percent (33%) of the members of the Association shall constitute a quorum. In the absence of a quorum, members representing a majority of the votes present in person or by proxy may adjourn the meeting to another time, but not transact any other business. An adjournment for lack of a quorum by those in attendance shall be to a date not less than five (5) days and not more than thirty (30) days from the original meeting date. The quorum for an adjourned meeting shall be twenty five percent (25%) of the members of the Association, except for action taken concerning increases of regular or special assessments as provided in Article 3 of the Declaration, in which case the quorum requirement shall continue to be thirty three percent (33%) of the members of the Association. If the time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting, after adjournment, notice of the time and place of the adjourned meetings shall be given to members in the manner prescribed for regular meetings.

SECTION V: Proxies. At all meetings of members, each member may be present in person or by proxy. All proxies shall be in writing and be filed with the secretary. An electronic proxy is acceptable when the Member may receive a receipt of the electronic transmission and receipt of the Members ballot. The proxy shall also identify the person or persons authorized to exercise the proxy and the length of time it will be valid. Any proxy distributed by any person to the membership of the Association shall afford the opportunity to specify a choice between approval and disapproval of each matter or group of related matters to be acted up on. The proxy shall provide that where the member specifies a choice the vote shall be cast in accordance with that choice.

SECTION VI: Written Ballot. In accordance with Texas House Bill 472, Section 209.0058, any vote cast in an election or vote by a Member of the Association must be in writing and signed by the Member. Electronic votes constitute written and signed ballots when the necessary receipt of electronic transmission is received by Member.

ARTICLE V

DIRECTORS

SECTION I: Powers. The Board shall have all powers conferred upon the Association as set forth herein and in the Declaration, excepting only those powers expressly reserved to the Members.

SECTION II: Number and Election. The Board of Directors shall consist of five (5) directors. The Directors shall be elected at the annual meeting of the Members, except as hereinafter provided, and each Director elected shall hold office until his successor has been elected and qualified.

SECTION III: Term of office. Directors shall be elected for a term of two (2) years. At the initial meeting of the Association, the Developer shall appoint three members (3) for a two (2) year term and two members (2) for a one (1) year term. In subsequent years these Directors shall be replaced by those serving two (2) year terms.

SECTION IV: Removal; Filling Vacancies. Any Director may be removed, with or without cause, at any special meeting of the Members by the affirmative vote of a majority of the Members present in person or by proxy at such meeting, if notice of intention to act upon such matter shall have been given in notice calling such meeting. If any vacancies occur in the Board of Directors, for any reason, a majority of the Directors then in office, though less than a quorum, may choose a successor or successors. Each successor Director chosen shall be elected for the unexpired term of his predecessor in office.

SECTION V: Prohibition of Cumulative Voting. Directors shall be elected by plurality vote. Cumulative voting shall not be permitted.

SECTION VI: Duties. It shall be the duty of the Board

- (a) To cause to be kept a complete record of all its acts and doings and to present a statement thereof to the Members at each annual meeting of the Members, or at any special meeting when such statement is requested in writing by members representing five percent (5%) of the total voting power of the Association;
- (b) To supervise all offices, agents and employees of the Association, and to see that their duties are properly performed.

ARTICLE VI

OFFICERS AND THEIR DUTIES

SECTION I: Enumeration of Offices. The officers of the Association shall be a president, vice president, secretary, treasurer, member at large and other offices the board may from time to time by resolution create.

SECTION II: Multiple Offices. The offices of the secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Article V Section I, hereof.

Duties:

- (a) **President.** The President shall preside at all meetings, shall see that orders and resolutions of the board are carried out, shall sign all contracts, tax returns and other written instruments; shall co-sign all checks (except those on a monthly recurring nature previously approved by the Board) and promissory notes; shall appoint committee chairpersons and members of the committees with the concurrence of the Board; shall carry out such other duties as may be assigned by the Board.
- (b) **Vice President.** The Vice-President shall act in the place and stead of the President when the President is absent, unable or unwilling to act; and shall discharge such other duties as may be required by the Board.
- (c) **Secretary.** The Secretary shall perform or cause to be performed the following activities; record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; service notice of meetings of the Board and Association, keep the appropriate current

records showing the ownership of Lots and membership of the Association, together with addresses, email and phone numbers and shall perform such other duties as required by the Board.

- (d) **Treasurer.** The Treasurer shall perform or cause to be performed the following financial activities: receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by the resolution of the Board; sign all checks and promissory notes; perform an annual audit of the Association financial records to be made at the completion of each fiscal year, prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and provide a copy of the budget and assessments adopted by the Board to each member. The Treasurer shall perform such other duties as required by the Board.
- (e) **Member at Large.** This member of the Board is considered a spokesperson for the members of the Association.

SECTION III: Salaries. All officers and directors of the Association shall serve without compensation. However, expenses may be reimbursed for unusual activities carried out on behalf of the Association. Any officer may receive compensation for services rendered to the Association in other than their official capacity.

ARTICLE VII

COMMITTEES

SECTION I: Appointments: The President or Board may from time to time appoint committees, each which shall consist of as many members as deemed advisable, to study, analyze and make recommendations concerning various subjects, endeavors, or problems of interest or concern to the Members of the Association. Each such committee shall serve until its assignment is complete or at the discretion of the President.

SECTION II: Architectural Control Committee: A committee composed of up to five (5) persons shall be responsible for approving or disapproving the design, location, details, color, texture, materials and specifications of construction related to additions or modifications of buildings or lots and other projects that impact the look of the neighborhood and the Members. All decisions by the committee shall be based on an adopted set of architectural and landscape guidelines. This committee may be appealed to the Board by filing a notice thereof with the Secretary of the Board at least fifteen (15) days following the committee decision.

SECTION III: Social and Communications Committee: A committee composed of up seven (7) members shall be responsible for scheduling social events and other activities for the benefit of the community. This committee is also responsible for designing the Association website, Facebook page, email account and all other forms of communication. This committee may appoint subcommittees outside of the committee to be responsible for assisting in the completion of social and communication projects. The committee performs any other duties as assigned by the Board.

SECTION IV: Rules and Regulations Committee. This committee composed of up to five (5) members, appointed by the Board shall be responsible for those rules and regulations affecting actions by person in the community or actions by persons on property owned by the Association. The rules and regulations adopted by the Board shall be promulgated to all owners and enforced by this committee. This committee shall also see that owners inform their tenants of these rules and regulations. The committee shall recommend new rules and regulations from time to time as conditions may warrant or modifications of existing rules and regulations to the Board. All rules and regulations will be in compliance with guidelines set forth in the Declarations.

ARTICLE VIII
CONTRACTS, FUNDS AND RECORDS

SECTION I: Contracts. The Members may authorize any officer or officers, agent or agents, of the Association, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. The Association may only enter into a contract with a current Director, a person related to a current Director, or a company owned by a current Director or a person related to a current Director if: (1) the Association has received at least two other competitive bids for the contract from persons not associated with the Director, relative, or company; (2) the applicable Director in not given access to the other bids, does not participate in any Board discussion regarding the contract, and does not vote on the award of the contract; (3) the relationship concerning the applicable Director is disclosed to and known by the Board and the Board, in good faith and with ordinary care, authorizes the contract by affirmative vote of the majority of the Board who do not have a conflict of interest; (4) the Board certifies by a resolution that the requirements of Texas HB 503 Section 209.0052 have been met.

SECTION II: Deposits. All funds of the Association shall be deposited in the name of the Association in such bank or depositories as the officers may desire.

SECTION III: Books and Records. The Association shall keep correct and complete books of accounts and retained for periods dictated by the State of Texas Homeowners Association guidelines. All books and records of the Association may be inspected by any member, or his duly authorized agent or attorney, for a proper purpose at any reasonable time as long as the request is submitted in writing to the President. All current records of the Association will be available for review by the Members at the annual meeting.

ARTICLE IX

DUES: The annual dues are due and payable July 1 of each year with unpaid dues not collected within ninety (90) days of due date with applied interest of eighteen percent (18%). A lien may be applied to existing lot or home. Homeowners' dues may be modified upon recommendation of the Members and approved by a majority of Members present at a special meeting.

ARTICLE X

FISCAL YEAR: The fiscal year of the Association shall be January 1 through December 31.

ARTICLE XI

AMENDMENT OF BYLAWS: Amendments, alterations, or rescissions of the Bylaws of the Association shall be proposed by the Members and adopted by a majority of the membership, in person or by proxy at any meeting annual or special (unless otherwise specified in the Bylaws) provided that the full text of any proposed modifications of the Bylaws shall be included in the notice of such meeting.

ARTICLE XII

INDEMNIFICATION: The Association shall indemnify any director, officer or employee or former director, officer or employee of the Association, against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason or being or having been such a director, officer or employee (whether or not a director, officer or employee at the time such costs or expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of duty. The Association shall pay or cause to be paid to any director, officer or employee the reasonable cost of settlement of any such action, suit or proceeding. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled by law or under any Bylaw, agreement, vote of Members or otherwise.

Adopted Bylaws of Hill Crest Trails Homeowners Association on the _____

Hill Crest Trails Homeowners Association

By: _____

President

Attest: _____

Secretary

Hill Crest Trails Homeowners Association

Rules and Regulations

In order to carry out the mandates of the Declaration of Covenants and Restrictions, the Articles of Incorporation and the Bylaws of the Hill Crest Trails Homeowners Association, the Board of Directors has adopted the following Rules and Regulations. These Rules and Regulations have been adopted to more clearly define the intent of the above documents. They are intended to protect health, promote safety, and preserve the natural environment and to promote harmony and tranquility with the development. This will be enforced uniformly to all owners, tenants and guest.

The Rules and Regulations are organized under the following broad categories:

1. Tenants
2. Common Areas
3. Architectural Control
4. General
5. Sanctions

1.Tenants

Any owner of a lot with a home may lease the home and lot to any person without approval by Hill Crest Trails Homeowners Association. However, the Association does have the following requirements concerning tenants, which must be followed. These requirements are set forth to assist tenants and to involve them in the life of the community and not to adversely affect an owner's right to lease the property.

- A. Any owner leasing their home must furnish the name, phone number, email and physical address of the tenant to the Association. The owner must also furnish the new address of the owner for the Associations records.
- B. The term of the lease shall not be less than 90 days.
- C. The lease form shall have a clause which states that the tenant shall abide by the Rules and Regulations and the Architectural and Landscape Guidelines of the Association. The tenant also assumes responsibility for guests using Association property.
- D. The owner shall assume all responsibility for actions of tenants and guests. Therefore, a copy of the Rules and Regulations, and the Architecture and Landscape Guidelines shall be furnished by the owner to the tenant with the lease.

2. Common Areas

- A. The discharge of any firearms on common areas is prohibited except for those specifically conducted by the Association. Firearms shall include rifles, shotguns, revolvers, air pistols, pellet guns, air guns of all kinds, bows and arrows, crossbows, traps and snares.
- B. No littering or deposits of refuse.
- C. The landscaped entrance, gates and signs at the entrance of Hill Crest Trails are maintained by the Association; therefore, no cutting of plants, or signs placed on the property are permitted.

3. Architectural Control

No building, remodeling, additions or changes made to structures are permitted without prior approval from the Architectural Control Committee.

4. General

These Rules and Regulations apply throughout the community and are intended to promote the peaceful and tranquil lifestyle intended in the development of Hill Crest Trails. These rules and regulations are intended to permit freedom, while at the same time, protect privacy and enhance property values. The following are set forth with the above principles as a base.

- A. Certain pets are permitted as provided in the Declaration. However, the right to own and maintain a pet carries with it the responsibility to accept liability for actions by pets. The following rules apply: (1) dogs may not run loose, (2) dogs must be walked with a leash or under strict voice control with a distance of a leash, (3) dogs kept outdoors may not disrupt the neighborhood by continuous barking.
- B. Motor vehicle laws of the State of Texas apply to all roads in Hill Crest Trails. These roads are used by pedestrians, bicycles and motor vehicles so caution is required.
- C. Any vehicles with tonnage in excess of $\frac{3}{4}$ ton shall not be allowed to park on the streets, driveways or lots overnight, and no vehicles of any size which normally transports flammable or explosive cargo may be kept in the subdivision at any time. No motor home, camper, travel trailer, or inoperable automobile will be left on the street or parked in the front, side or back yards of any lot. Boats, boat trailers, motorcycle or utility trailers must be stored in backyard. No cars without current license plates may be kept in the subdivision.
- D. Garbage and refuse storage shall be in containers with a lid, with containers not being left out in the open or front areas. Garbage should not be placed on street for pickup more than 24 hours in advance.