

AMENDED AND RESTATED BY-LAWS
OF
WATERFORD ON LAKE TRAVIS
PROPERTY OWNERS ASSOCIATION II, Inc
A Non-Profit Corporation

Amended November 7, 2012

ARTICLE 1. Members

Section 1.1 Membership. Every owner of a Lot in Waterford on Lake Travis shall be a member of the Association. Lot ownership is the sole requirement for membership. Membership shall be appurtenant to and may not be separated from ownership of the Lot and shall automatically pass with title to the Lot. No person shall be a member by reason of ownership of lands used for public school or governmental or quasi-governmental purposes, or by reason of ownership of any park, public land, road, easement, right-of-way, mineral interest, mortgage, security interest or deed of trust.

Section 1.2 Annual Meeting. The annual meeting of members will be held on a Saturday in January or February of each year for the purpose of electing directors. Any business may be transacted at an annual meeting, except as otherwise provided by law or by these By-laws. The members shall be given notice of any change in the date, time or place in the manner provided for notice of special meetings in Section 1.3 below.

Section 1.3 Special Meeting. A special meeting of members may be called at any time by the holders of at least one-fifth (1/5) of the total votes outstanding entitled to be voted at such meeting, as calculated below in Section 1.8, by a the board of directors or by the chairman of the board. Only such business will be transacted at a special meeting as may be stated or indicated in the notice of such meeting.

Section 1.4 Place. The annual meeting of members may be held at any place within or without the State of Texas designated by the board of directors. Special meetings of members may be held at any place within or without the State of Texas designated by the president of the board, if he will call the meeting; or the board of directors, if they will call the meeting. Any meeting may be held at any place within or without the State of Texas designated in a waiver of notice of such meeting signed by members. Meetings of members will be held at the principal office of the Association unless another place is designated for meetings in the manner provided herein.

Section 1.5 Notice. Written or printed notice stating the place, day, and hour of each meeting of members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, will be delivered not less than ten (10) nor mailed not less than fifteen (15) nor more than sixty (60) days before the date of the meeting, either personally, by facsimile transmission or by mail, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of Association, with postage prepaid. If transmitted by facsimile, notice is deemed to be delivered on successful transmission of the facsimile.

Section 1.6 Quorum. The presence at any meeting, in person or by proxy, of members entitled to vote at least a majority of the total votes then outstanding shall constitute a quorum. In the event a quorum is not present, the meeting shall be adjourned to a time not less than forty-eight (48) hours nor more than thirty (30) days from the date of the time set for the original meeting and there

reconvened and at which adjourned meeting the quorum requirement shall be waived. Action may be taken by a vote of a majority of the votes present at such adjourned meeting. When a quorum is once present to organize a meeting, it cannot be broken by the subsequent withdrawal of a member in question.

Section 1.7 Proxies, No Cumulative Voting. At any meeting of members, the member entitled to vote may vote by proxy executed in writing by the member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. No cumulative voting will be allowed.

Section 1.8 Voting. Except as provided below or in Art. 2.29.A. of the Texas Business Association Act, each member by reason of its ownership, is entitled to vote upon a matter submitted to a vote at a meeting of members and will be entitled to one vote on such matter for each lot owned.

An Owner may cast its vote by any of the following methods: (i) in person or by proxy; (ii) by absentee ballot in accordance with Section 209.00592 of the Property Code; (iii) by electronic ballot in accordance with Section 209.00592 of the Property Code; or (iv) by any other method permitted under the Declaration. An absentee or electronic ballot (i) may be counted as an Owner present and voting for the purpose of establishing a quorum only for items appearing on the ballot; (ii) may not be counted, even if properly delivered, if the Owner attends any meeting to vote in person (any vote cast at a meeting in person supersedes any vote submitted by absentee or electronic ballot); and (iii) may not be counted on the final vote of a proposal if the motion was amended at the meeting to be different from the exact language on the absentee or electronic ballot. Votes solicited by absentee ballot must include the following: (i) an absentee ballot that contains each proposed action and provides an opportunity to vote for or against each proposed action; (ii) instructions for delivery of the completed absentee ballot, including a delivery location; and (iii) the following language: "By casting your vote via absentee ballot, you will forego the opportunity to consider a vote on any action from the floor on these proposals if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail." For the purposes of this Section 1.8, an electronic ballot means a ballot: (i) given by e-mail, facsimile or posting on an Internet website; (ii) for which the identity of the property Owner submitting the ballot can be confirmed; and (iii) for which the property Owner may receive a receipt via electronic transmission and receipt of the Owner's ballot. If an electronic ballot is posted on an Internet website, a notice of the posting shall be sent to each Owner that contains instructions on obtaining access to the posting on the website.

For any lot in Waterford on Lake Travis which is owned jointly or in common by more than one person, such persons may designate in writing an individual member who shall be entitled to cast votes on behalf of the lot, and if all Owners do so, no other person shall be authorized to vote on behalf of such lot. Upon the failure of any Owners who own jointly or in common to file such designation with the Association, the vote of the first of such Owners to be cast on any particular issue shall be the governing vote for such lot; provided that, any vote cast in person at the meeting shall override any proxy, electronic, absentee or other method of delivering the vote. Any lot owned by an entity, as opposed to individual persons, shall designate its representative in the same manner. If no representative is designated, the Board may accept a vote from any person purporting to have authority on behalf of such entity, without duty of inquiry or investigation by the Board.

Any provision in the Association's governing documents that would disqualify an Owner from voting in an Association election of Board members or on any matter concerning the rights or responsibilities of the Owner is void.

Section 1.9 Order of Business. The order of business at all meetings of the members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meetings or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

Section 1.10 Officers. The President will preside at and the Secretary will keep the records of each meeting of members, and in the absence of either such officer, such duties will be performed by some person appointed by the meeting.

Section 1.11 List of Members. Not later than two (2) business days after the date notice is given of a member meeting, a complete list of members entitled to vote at each members' meeting, arranged in alphabetical order, with the address of each, will be prepared by the Secretary and filed at the registered office of the Association and subject to inspection by any member during usual business hours for a period of ten (10) days prior to such meeting and will be produced at such meeting and at all times during such meeting be subject to inspection by any member.

Section 1.12 Action Without Meeting. Any action required by law to be taken at a meeting of members of the Association, or any action which may be taken at a meeting of the members thereof, 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 will have the same force and effect as a unanimous vote of members, and may be stated as such in any articles or documents filed with the Secretary of State, or any regulatory agency.

Section 1.13 Deleted in its entirety

Section 1.14 Recount of Votes. Not later than the fifteenth (15th) day after the date of the meeting at which an election was held, any Owner may require a recount of the votes. A demand for a recount must be submitted in writing either: (i) by Certified Mail--Return Receipt Requested, or by delivery by the United States Postal Service with signature confirmation service to the Association's mailing address as reflected in the latest management certificate, or (ii) in person to the Association's managing agent as reflected in the latest management certificate, if any, or to the address to which absentee and proxy ballots are mailed. The Association shall, at the expense of the Owner requesting the recount, retain for the purpose of performing the recount, the services of a person qualified to tabulate votes. The Association shall enter into a contract for the services of a person who: (x) is not a member of the Association or related to a member of the Association Board within the third degree of consanguinity or affinity, and (y) is (A) a current or former county judge, county elections administrator, justice of the peace or county voter registrar, or (B) a person agreed on by the Association and the persons requesting the recount. Any recount must be performed on or before the thirtieth (30th) day after the date of receipt of a request and payment for a recount. If the recount

changes the results of the election, the Association shall reimburse the requesting Owner for the cost of the recount. The Association shall provide the results of the recount to each Owner who requested the recount. Any action taken by the Board in the period between the initial election vote tally and the completion of the recount is not affected by any recount.”

ARTICLE 2. Board of Directors

Section 2.1 Number and Term of Office. The business and property of the Association will be managed and controlled by the board of directors and, subject to the restrictions imposed by law, by the articles of incorporation, or by these By-laws, they may exercise all the powers of the Association.

The board of directors will consist of five (5) directors, but the number of directors may be increased or decreased (provided such decrease does not shorten the term of any incumbent director) from time to time by amendment to the By-laws, however there shall never be less than three (3) directors.

Each director shall hold office until an election of directors is held at the first annual meeting of the members, which shall be called pursuant to Section 1.2 herein. Each director will hold office for two years and until his successor will have been elected and qualified. New directors will be elected thereafter at the annual meeting of the members. Board Positions 1, 2 and 3 will be elected in odd-numbered years. Positions 4, 5 will be elected in even-numbered years. Directors may serve repeat terms. Any director may be removed from office, with cause, by a majority vote of the votes entitled to be voted at any meeting at which a quorum is present.

Any vacancy occurring in the board of directors may be filled by the 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 will be elected for the unexpired term of his predecessor in office. In case of any increase in the number of directors the additional directors will be elected at an annual meeting or at a special meeting of members called for that purpose.

Section 2.2 Nomination of Directors. At any meeting at which the election of a director occurs, a member or director may nominate a person with the second of any other member or director.

Section 2.3 Meeting of Directors. All regular and special Board meetings must be open to Owners, subject to the right of the Board to adjourn a Board meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association’s attorney, matters involving the invasion of privacy of individual Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual Owners, violating any privilege or disclosing information that was to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session. Except for a meeting held by electronic or telephonic means, a Board meeting must be held in Travis County or an adjacent county to Travis County.

Section 2.4 First Meeting. Each newly-elected board of directors may hold its first meeting for the purpose of organization and the transaction of business, if a quorum is present, immediately after and at the same place as the annual meeting of the members, and no notice of such meeting will be necessary.

Section 2.5 Election of Officers. At the first meeting of the board of directors in each year at which a quorum will be present, held next after the annual meeting of members, the board of directors will proceed to the election of the officers of the Association.

Section 2.6 Regular Meetings. Regular meetings of the board of directors will be held at such times and places as will be designated from time to time by resolution of the board of directors. Notice of such regular meetings will not be required.

Section 2.7 Special Meetings. Special meetings of the board of directors will be held whenever called, by the president, or by a majority of the directors for the time being in office.

Section 2.8 Notice.

- (a) Notice. The Secretary will give notice of each regular and special meeting, giving notice of the date, hour, place and general subject of such meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be (i) mailed to each property Owner not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of the meeting or (ii) provided at least seventy-two (72) hours before the start of the meeting by (a) posting the notice in a conspicuous manner (i) in a place located in the Association's common property or on other conspicuously located privately owned property within the subdivision, or (ii) on any Internet website maintained by the Association or other Internet media, and (b) sending the notice by e-mail to each Owner who has registered an e-mail address with the Association. It is an Owner's duty to keep an updated e-mail address registered with the Property Owners' Association. If the Board recesses a regular or special Board meeting to continue the following regular business day, the Board is not required to post notice if the recess is taken in good faith and not to circumvent the law. If a regular or special Board meeting is continued for a third (3rd) day, the Board shall give notice of the continuation in at least one (1) manner prescribed by Item (ii)(a) above within two (2) hours after adjourning the meeting to be continued.
- (b) Action Permitted Without Notice. A Board may meet by any method of communication, including electronic and telephonic without prior notice to Owners, if each director may hear and be heard by every other director, or the Board may take action by unanimous written consent to consider routine administrative matters or reasonably unforeseen emergency or urgent necessity that requires immediate Board action. Any action taken without notice to Owners as set forth above may be summarized orally, including an explanation of any known actual or estimated expenditures approved at the meeting, and documented in the minutes of the next regular or special Board meeting. The Board may not without prior notice to Owners as set forth in 2.8(a) above consider or vote on any of the following: (i) fines; (ii) damage assessments; (iii) initiation of foreclosure actions; (iv) initiation of enforcement action, excluding temporary restraining orders or violations involving a threat to health or safety; (v) increases in assessments; (vi) levying of special assessments; (vii) appeals from a denial of architectural control approval or (viii) a suspension of a right of a particular Owner before the Owner has an opportunity to attend a Board meeting to present the Owner's position, including any defense, on the issue.
- (c) Notice to Owners Before Vote. Further, not later than the tenth (10th) day or earlier than the sixtieth

(60th) day before the date of an election or vote, the Association shall give written notice of the election or vote to each Owner of property in the Association or each Owner in the Association entitled to vote to elect Board members, for such an election.

Section 2.9 Quorum. A majority of the directors fixed by these By-laws will constitute a quorum for the transaction of business, but if at any meeting of the board of directors there is less than a quorum present (3 directors), a majority of those present or any director solely present may adjourn the meeting from time to time without further notice. The act of a majority of the directors present at a meeting at which a quorum is in attendance will be the act of the board of directors, unless the act of a greater number is required by the articles of incorporation or by these By-laws. No director may vote by proxy.

Section 2.10 Order of Business. At meetings of the board of directors, business will be transacted in such order as from time to time the board may determine.

The secretary of the Association will act as secretary of the meetings of the board of directors, but in the absence of the secretary, the presiding officer may appoint any person to act as secretary of the meeting.

Section 2.11 Compensation. Directors as such will not receive any stated salary for their service, but by resolution of the board a fixed sum and the payment of expenses of attendance, if any, may be allowed for attendance at regular or special meetings of the board, provided, that nothing contained herein will be construed to preclude any director from serving the Association in any other capacity or receiving compensation therefor.

Section 2.12 Presumption of Assent. A director of the Association who is present at a meeting of the board of directors at which action on any Association matter is taken will be presumed to have assented to the action unless his dissent will be entered in the minutes of the meeting or unless he will file his written dissent to such action with the person acting as secretary of the meeting before the adjournment thereof or will forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent will not apply to a director who voted in favor of such action.

Section 2.13 Executive Committee. The board of directors may, by resolution adopted by a majority of the number of directors fixed by these By-laws, designate two or more directors to constitute an executive committee, which committee, to the extent provided in such resolution, will have and may exercise all of the authority of the board of directors in the business and affairs of the Association, except that no such committee will have the authority of the board of directors in reference to amending the Articles of Incorporation, approving a plan of merger or consolidation, recommending to the members the sale, lease, or exchange of all or substantially all of the property and assets of the Association otherwise than in the usual and regular course of its business, recommending to the members a voluntary dissolution of the Association or a revocation thereof, amending, altering, or repealing the By-laws of the Association or adopting new By-laws for the Association, filling vacancies in the board of directors or any such committee, electing or removing officers or members of any such committee, fixing the compensation of any member of such committee, or altering or repealing any resolution of the board of directors which by its terms provides that it will not be so amendable or repealable; and, unless such resolution expressly so provides, no such committee will have the power or authority to declare a dividend or to authorize a change in the qualifications for membership in the Association. The designation of such committee and the delegation thereto of authority will not operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

Sections 2.14 and 2.15 Action Without a Meeting; Telephone Meetings are hereby deleted in their entirety.

Section 2.16 Loans to Directors Prohibited. No loans shall be made by the Association to its directors. The directors of an Association who vote for or assent to the making of a loan to a director of the Association, and any officer or officers participating in the making of such loan, shall be jointly and severally liable to the Association for the amount of such loan until the repayment of such loan.

Section 2.17 Definition of Board Meeting. “Board meeting” means (a) a deliberation between a quorum of the Board, or between a quorum of the Board and another person, during which Association business is considered and the Board takes formal action. A Board meeting does not include the gathering of a quorum of the Board at a social function unrelated to the business of the Association, or the attendance by a quorum of the Board at a regional, state or national convention, ceremonial event or press conference, if formal action is not taken and any discussion of Association business is incidental to the social function, convention, ceremonial event or press conference.

Section 2.18 Records; Minutes. The Board shall keep a record of each regular or special Board meeting in the form of written minutes of the meeting. The Board shall make meeting records, including approved minutes, available to a member for inspection and copying on the member’s written request to the Association’s Board or managing agent.

ARTICLE 3. Officers

Section 3.1 Number, Titles, and Term of Office. The officers of the Association will be a president, one or more vice presidents, a secretary, a treasurer, and such other officers as the board of directors may from time to time elect or appoint. Each officer will hold office until his successor will have been duly elected and qualified or until his death or until he will resign or will have been removed in the manner hereinafter provided, however, the board of directors will not elect or appoint any officer for a term longer than three (3) years. Officers may serve repeat terms. One person may hold more than one office, except the offices of president and secretary. None of the officers need be a director.

Section 3.2 Removal. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the Association will be served thereby, but such removal will be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of any officer or agent will not of itself create contract rights.

Section 3.3 Vacancy. Any Board member whose term has expired must be elected by Owners in the Association. A Board member may be appointed by the Board only to fill a vacancy caused by the resignation, death or disability of a Board member. A Board member appointed to fill a vacant position shall serve the unexpired term of the predecessor Board member.

Section 3.4 Chairman of the Board. Section 3.4 is hereby intentionally deleted in its entirety.

Section 3.5 Powers and Duties of the President. The president will be the chief executive officer of the Association and, subject to the board of directors, he will have general executive charge, management, and control of the properties and operations of the Association in the ordinary course of its business with all such powers with respect to such properties and operations as may be reasonably

incident to such responsibilities; he may agree upon and execute all division and transfer orders, bonds, contracts and other obligations in the name of the Association; he will preside at all meetings of the members and of the board of directors, and he may sign all documentation relating to membership of the Association.

Section 3.6 Vice Presidents. In the absence of the president or in the event of his inability or refusal to act, a vice president designated by the board of directors will perform the duties of the president, and when so acting, will have all the powers of and be subject to all the restrictions upon the president. The vice presidents will perform such other duties and have such other powers as the board of directors may from time to time prescribe.

Section 3.7 Treasurer. The treasurer will have custody of all the funds and securities of the Association which come into his hands. When necessary or proper, he may endorse, On behalf of the Association, for collection checks, notes, and other obligations and will deposit the same to the credit of the Association in such bank or banks or depositories as will be designated in the manner prescribed by the board of directors. Whenever required by the board of directors, he will render a statement of his cash account; he will enter or cause to be entered regularly in the books of the Association to be kept by him for that purpose full and accurate accounts of all monies received and paid out on account of the Association; he will perform all acts incident to the position of treasurer subject to the control of the board of directors; and he will, if required by the board of directors, give such bond for the faithful discharge of his duties in such form as the board of directors may require.

Section 3.8 Assistant Treasurer. Each assistant treasurer will have the usual powers and duties pertaining to his office, together with such other powers and duties as may be assigned to him by the board of directors. The assistant treasurers will exercise the powers of the treasurer during that officer's absence or inability to act.

Section 3.9 Secretary. The secretary will keep the minutes of all meetings of the board of directors and the minutes of all meetings of the members, in books provided for that purpose; he will attend to the giving and serving of all notices; he may sign with the president, in the name of the Association, all contracts of the Association and affix the seal of the Association thereto; he may sign with the president all documentation relating to membership of the Association; he will have charge of such other books and papers as the board of directors may direct, all of which will at all reasonable times be open to inspection by any director upon application at the office of the Association during business hours; and he will in general perform all duties incident to the office of secretary, subject to the control of the board of directors.

Section 3.10 Assistant Secretaries. Each assistant secretary will have the usual powers and duties pertaining to his office, together with such other powers and duties as may be assigned to him by the board of directors or the secretary. The assistant secretary will exercise the powers of the secretary during that officer's absence or inability to act.

ARTICLE 4. Indemnification and Insurance

Section 4.1 The Association shall indemnify every Director and Officer of the Association and committee members against, and reimburse and advance to every Director, Officer and committee member for, all liabilities, costs and expenses incurred in connection with such directorship or office and any actions taken or omitted in such capacity to the greatest extent permitted under the Texas

Business Organizations Code and all other applicable laws at the time of such indemnification, reimbursement or advance payment; provided, however, no Director, Officer or committee member shall be indemnified for: (a) a breach of duty or loyalty to the Association or its Members; (b) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (c) a transaction from which such Director, Officer or committee member received an improper benefit, whether or not the benefit resulted from an action taken within the scope of directorship or office; or (d) an act or omission for which the liability of such Director, Officer or committee member is expressly provided for by statute.

Sections 4.2, 4.3, 4.4, 4.5, 4.6, 4.8 and 4.9 are hereby deleted in their entirety.

Section 4.7 Insurance. The Association may purchase and maintain insurance or another arrangement on behalf of any person associated with the Association who is or was a director, officer, employee, or agent of the corporation or who is or was serving at the request of the Association 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, employee benefit plan, or other enterprise, against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the Association would have the power to indemnify him against that liability under this Article.

Section 4.8 Reports of Indemnification and Advances. Any indemnification or advance of expenses to a director in accordance with this Article shall be reported in writing to the members 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 Art. 9.10 of the Texas Non-Profit Corporation Act, and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

Section 4.9 Repeal or Modification. Any repeal or modification of this Article shall be prospective only, and shall not adversely affect any obligation on the part of the Association to indemnify a director existing at the time of the repeal or modification.

ARTICLE 5. Membership

Section 5.1 Membership. Each owner of a lot in Waterford on Lake Travis will be members of the Association; however no person or entity shall be a member by reason of ownership of lands inside Waterford on Lake Travis used by or for any park, public land, road easement, other easement, right of way, mineral interest, mortgage or deed of trust. Membership herein shall run with the property interest ownership and may not be severed from it.

Section 5.2 Not Transferable. Membership may not be severed from, or in any way transferred, pledged, mortgaged, or alienated except together with the title to the property ownership which qualifies the owner thereof for membership, and then only to the transferee to said property ownership. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void.

Section 5.3 Membership List. The Board of Directors shall make provision for a listing of all members, to be available at all times to all other members and to the Board of Directors. It shall be

kept with the books and records of the Association and shall be updated every calendar quarter to add the names of new members and delete the names of persons no longer members. The Board of Directors may set a fee to supply the member list to other members to defray the cost of supplying such list.

Section 5.4 Closing of Transfer Books. For the purpose of determining members entitled to notice of or to vote at any meeting of members, or any adjournment thereof, or in order to make a determination of members for any other proper purpose, the board of directors of the Association may provide that the Association membership books will be closed for a stated period but not to exceed, in any case, sixty (60) days. If the Association membership books will be closed for the purpose of determining members entitled to notice of or to vote at a meeting of members, such books will be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the Association membership books the board of directors may fix in advance a date as the record date for any such determination of members, such date in any case to be not more than sixty (60) days and, in case of a meeting of members, not less than ten (10) days prior to the date on which the particular action requiring such determination of members is to be taken. If the Association membership books are not closed and no record date is fixed for the determination of members entitled to notice of or to vote at a meeting of members, the date on which the notice of the meeting is mailed will be the record date for such determination of members.

Section 5.5 Regulations. The board of directors will have power and authority to make all such rules and regulations as they may deem expedient concerning the transfer of membership rights in the Association.

ARTICLE 6. Transactions of the Association

Section 6.1 Contracts. The Board of Directors may authorize any officer or agent of the Association to enter into a contract or execute and deliver any instrument in the name of and on behalf of the Association. This authority may be limited to a specific contract or instrument or it may extend to any number and type of possible contracts and instruments.

Section 6.2 Deposits. All funds of the Association shall be deposited to the credit of the Corporation in banks, trust companies, or other depositories that the Board of Directors selects.

Section 6.3 Gifts. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association. The Board of Directors may make gifts and give charitable contributions that are not prohibited by the bylaws, the articles of incorporation, state law, and any requirements for maintaining the Corporation's federal and state tax status.

Section 6.4 Potential Conflicts of Interest. The Association shall not make any loan to a director or officer of the Association. A member, director, officer, or committee member of the Association may lend money to and otherwise transact business with the Association except as otherwise provided by the bylaws, articles of incorporation, and all applicable laws. Such a person transacting business with the Association has the same rights and obligations relating to those matters as other persons transacting business with the Association. The Association shall not borrow money from or otherwise transact business with a member, director, officer, or committee member of the Association unless the transaction is described fully in a legally binding instrument and is in the best

interests of the Association. The Association shall not borrow money from or otherwise transact business with a member, director, officer, or committee member of the Association without full disclosure of all relevant facts and without the approval of the Board of Directors, not including the vote of any person having a personal interest in the transaction.

Prohibited Acts

Section 6.5 Prohibited Acts. As long as the Association is in existence, and except with the prior approval of the Board of Directors, no member, director, officer, or committee member of the Association shall:

- (a) Do any act in violation of the bylaws or a binding obligation of the Association.
- (b) Do any act with the intention of harming the Association or any of its operations.
- (c) Do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Association.
- (d) Receive an improper personal benefit from the operation of the Association.
- (e) Use the assets of this Association, directly or indirectly, for any purpose other than carrying on the business of this Association.
- (f) Wrongfully transfer or dispose of Association property, including intangible property such as good will.
- (g) Use the name of the Association (or any substantially similar name) or any trademark or trade name adopted by the Association, except on behalf of the Association in the ordinary course of the Association's business.
- (h) Disclose any of the Association business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

ARTICLE 7. Books and Records

Section 7.1 Required Books and Records. The Association shall keep correct and complete books and records of account. The Association's books and records shall include:

- (a) A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Association, including, but not limited to, the articles of incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or registered agent.
- (b) A copy of the bylaws, and any amended versions or amendments to the bylaws.
- (c) Minutes of the proceedings of the members, Board of Directors, and committees having any of the authority of the Board of Directors.
- (d) A list of the names and addresses of the members, directors, officers, and any committee members of the Association.
- (e) A financial statement showing the assets, liabilities and net worth of the Association at the end of the three most recent fiscal years.
- (f) A financial statement showing the income and expenses of the Association for the three most recent fiscal years.
- (g) All rulings, letters, and other documents relating to the Association's federal, state and local

tax status.

- (h) The Association's federal, state, and local information or income tax returns for each of the Association's three most recent tax years.
- (i) Governing Documents. All dedicatory instruments of the Association will be posted on the Association website.

Section 7.2 Records Inspection Policy.

- (a) Written Form. The Association shall maintain its records in written form or in another form capable of conversion into written form within a reasonable time.
- (b) Requesting in Writing; Pay Estimated Costs In Advance. An Owner (or an individual identified as an Owner's agent, attorney or certified public accountant, provided the designation is in writing and delivered to the Association) may submit a written request via certified mail to the Association's mailing address or authorized representative listed in the management certificate (if any) to access the Association's records. The written request must include sufficient detail describing the books and records requested and whether the Owner desires to inspect or copy the records. Upon receipt of a written request, the Association may estimate the costs associated with responding to each request, which costs may not exceed the costs allowed pursuant to Texas Administrative Code Section 70.3, as may be amended from time to time (a current copy of which is attached hereto as Exhibit (A)). Before providing the requested records, the Association will require that the Owner remit such estimated amount to the Association. The Association will provide a final invoice to the Owner on or before the 30th business day after the records are provided by the Association. If the final invoice includes additional amounts due from the requesting party, the additional amounts, if not reimbursed to the Association before the 30th business day after the date the invoice is sent to the Owner, may be added to the Owner's account as an assessment. If the estimated costs exceeded the final invoice amount, the Owner is entitled to a refund, and the refund shall be issued to the Owner not later than the 30th business day after the date the final invoice is sent to the Owner.
- (c) Period of Inspection. Within ten (10) business days from receipt of the written request, the Association must either: (1) provide the copies to the Owner (hard copies, electronic copies, or other format reasonably available to the Association); (2) provide available inspection dates; or (3) provide written notice that the Association cannot produce the documents within the ten (10) days along with another date within an additional fifteen (15) days on which the records may either be inspected or by which the copies will be sent to the Owner.
- (d) Confidential Records. As determined in the discretion of the Board, certain Association records may be kept confidential such as personnel files, Owner account or other personal information (except addresses) unless the Owner requesting the records provides a court order or written authorization from the person whose records are sought.
- (e) Attorney Files. Attorney's files and records relating to the Association (excluding invoices requested by a Owner pursuant to Texas Property Code Section 209.008(d)), are not records of the Association and are not: (a) subject to inspection by the Owner; or (b) subject to production in a legal proceeding. If a document in an attorney's files and records relating to the Association would be responsive to a legally authorized request to inspect or copy

Association documents, the document shall be produced by using the copy from the attorney's files and records if the Association has not maintained a separate copy of the document. The Association is not required under any circumstance to produce a document for inspection or copying that constitutes attorney work product or that is privileged as an attorney-client communication.

- (f) Presence of Board Member or Manager; No Removal. At the discretion of the Board or the Association's manager, if any, certain records may only be inspected in the presence of a Board member or employee of the Association's manager. No such records may be removed from the office without the express written consent of the Board.

7.3 Records Retention Policy. The Association shall keep the following records for at least the time periods stated below:

- (a) **PERMANENT:** The Articles of Incorporation or the Certificate of Formation, the Bylaws and the Declaration, any and all other governing documents, guidelines, rules, regulations and policies and all amendments thereto recorded in the property records to be effective against any Owner and/or Member of the Association.
- (b) **FOUR (4) YEARS:** Contracts with a term of more than one (1) year or more between the Association and a third party. The four (4) year retention term begins upon expiration of the contract term.
- (c) **FIVE (5) YEARS:** Account records of each Owner. Account records include debit and credit entries associated with amounts due and payable by the Owner to the Association, and written or electronic records related to the Owner and produced by the Association in the ordinary course of business.
- (d) **SEVEN (7) YEARS:** Minutes of all meetings of the Board and the Owners.
- (e) **SEVEN (7) YEARS:** Financial books and records produced in the ordinary course of business, tax returns and audits of the Association.
- (f) **GENERAL RETENTION INSTRUCTIONS:** "Permanent" means records which are not to be destroyed. Except for contracts with a term of one (1) year or more (See item 10.b above), a retention period starts on the last day of the year in which the record is created and ends on the last day of the year of the retention period. For example, if a record is created on June 14, 2012, and the retention period is five (5) years, the retention period for the record ends on December 31, 2017. If the retention period for a record has elapsed and the record will be destroyed, the record should be shredded or otherwise safely and completely destroyed. Electronic files should be destroyed to ensure that data cannot be reconstructed from the storage mechanism on which the record resides."

Section 7.4 Audit. Any member shall have the right to have an audit conducted of the Association's books. The member requesting the audit shall bear the expense of the audit unless the members vote to authorize payment of audit expenses. The member requesting the audit may select the accounting firm to conduct the audit. A member may not exercise these rights to compel audits so as to subject the Association to an audit more than once in any fiscal year.

ARTICLE 8. Miscellaneous Provisions

Section 8.1 Offices. Until the board of directors otherwise determines, the registered office of the Association need not be the principal place of business of the Association, and such registered office may be changed from time to time by the board of directors in the manner provided by law. The principal place of business will be 18001 Kingfisher Ridge Drive, Lago Vista, TX 78645

Section 8.2 Fiscal Year. The fiscal year of the Association will be the calendar year.

Section 8.3 Seal. The seal of the Association will be such as from time to time may be approved by the board of directors.

Section 8.4. Notice and Waiver of Notice. Whenever any notice is required to be given under the provisions of these by-laws, said notice will be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapper addressed to the person entitled thereto at his post office address, as it appears on the books of the Association, and such notice will be deemed to have been given on the date of such mailing. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, will be deemed equivalent thereto.

Section 8.5 Resignations. Any director or officer may resign at any time. Such resignations will be made in writing and will take effect at the time specified therein, or, if no time be specified, at the time of its receipt by the president or secretary. The acceptance of a resignation will not be necessary to make it effective, unless expressly so provided in the resignation.

Section 8.6 Securities of Other Associations. The president, any vice president, or the treasurer of the Association will have power and authority to transfer, endorse for transfer, vote, consent, or take any other action with respect to any securities of another issuer which may be held or owned by the Association and to make, execute, and deliver any waiver, proxy, or consent with respect to any such securities.

Section 8.7 Application of Late Fees. After the Association notifies the Owner of a delinquency and the Owner's liability for late fees or interest in collection costs, any payment received by the Association shall be applied in the following order starting with the oldest charge in each category until that category is fully paid, regardless of the amount of payment, notations on checks and the date the obligations arose: (i) delinquent assessments; (ii) current assessments; (iii) attorney fees and costs associated with delinquent assessments; (iv) other attorneys' fees; (v) fines; or (vi) any other amount.

The Association shall offer a payment plan to a delinquent Owner with a minimum term of at least three (3) months and maximum term of eighteen (18) months from the date the payment plan is requested for which the Owner may be charged reasonable administrative costs and interest. The Association will determine the actual term of each payment plan offered to an Owner. An Owner is not entitled to a payment plan if the Owner has defaulted on a previous payment plan in the last two (2) years. If an Owner is in default under a payment plan at the time the Owner submits a payment, the Association is not required to follow the application of payment schedule set forth immediately above.

The Association may require that payment of delinquent Assessments be made only in the form of cash, cashier's check, wire or certified funds.

ARTICLE 9. Amendments

Subject to the provisions of the Association’s articles of incorporation, the By-laws may contain any provision for the regulation and management of the affairs of the Association not inconsistent with law or the articles of incorporation. The Association’s board of directors may amend or repeal the Association’s By-laws, or adopt new By-laws, unless (i) the articles of incorporation or the Act reserves the power exclusively to the members in whole or in part or (ii) the members in amending, repealing, or adopting a particular By-law expressly provide that the board of directors may not amend or repeal that By-law. Unless the Association’s articles of incorporation or a By-law adopted by the members provides otherwise as to all or some portion of the Association’s By-laws, the Association’s members may amend, repeal, or adopt the Association’s By-laws even though the By-laws may be amended, repealed, or adopted by its board of directors.

EXECUTED effective as of November ____, 2012.

BEFORE ME, the undersigned authority, personally appeared _____, known to me to be the Secretary of WOLT Property Owners Association II, Inc., a Texas non-profit corporation, who executed the foregoing document in the capacity therein stated and for the purposes therein described.

Given under my hand and seal of office this ____ day of _____, 2012.

Notary Public, State of Texas

**WOLT PROPERTY OWNERS ASSOCIATION
II, INC.,** a Texas non-profit corporation

By: _____
Name: _____
Title: Secretary

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Notary Public, State of Texas

Exhibit A

Current copy charges

1. Standard paper copy. The charge for standard paper copies reproduced by means of an office machine copier or a computer printer is \$.10 per page or part of a page. Each side that has recorded information is considered a page.
2. Nonstandard copy. The charges in this subsection are to cover the materials onto which information is copied and do not reflect any additional charges, including labor, that may be associated with a particular request. The charges for nonstandard copies are:
 - (a) Diskette--\$1.00;
 - (b) Magnetic tape--actual cost;
 - (c) Data cartridge--actual cost;
 - (d) Tape cartridge--actual cost;
 - (e) Rewritable CD (CD-RW)--\$1.00;
 - (f) Non-rewritable CD (CD-R)--\$1.00;
 - (g) Digital video disc (DVD)--\$3.00;
 - (h) JAZ drive--actual cost;
 - (i) Other electronic media--actual cost;
 - (j) VHS video cassette--\$2.50;
 - (k) Audio cassette--\$1.00;
 - (l) Oversize paper copy (e.g.: 11 inches by 17 inches, greenbar, bluebar, not including maps and photographs using specialty paper--See also § 70.9 of this title)--\$.50;
 - (m) Specialty paper (e.g., Mylar, blueprint, blueline, map, photographic--actual cost.
3. Charges are subject to change by law.