

**BY-LAWS
OF
CANYON LAKE HILLS PROPERTY OWNERS ASSOCIATION**

ARTICLE I

The name of this corporation is CANYON LAKE HILLS PROPERTY OWNERS ASSOCIATION.

ARTICLE II

The purpose or purposes for which the corporation is organized are: to collect and to hold assessments collected from the property owners in Canyon Lake Hills, Unit No. 1; Canyon Lake Hills, Unit No. 2; Canyon Lake Hills, Unit No. 3; Canyon Lake Hills, Unit No. 4; Canyon Lake Hills, Unit No. 5; and Canyon Lake Hills, Unit No. 6, Subdivisions in Comal County, Texas, as provided in the Deed Restrictions applicable to property in said Subdivisions, and to disburse these funds as and when necessary to comply with the usage thereof as designated in said Deed Restrictions, and to take over and stand in the shoes of the original subdivider of said Subdivisions with reference to any act or thing necessary in connection with providing maintenance and preservation of the appearances of the public areas in said Subdivisions as contemplated and provided for in the Deed Restrictions aforesaid. Furthermore it shall be the purpose of the corporation to own and maintain the non-residential, non-commercial properties and areas within said Subdivisions dedicated for the general use and benefit of property owners therein. The primary purpose is to provide recreational facilities for members. The association is organized for pleasure, recreation, and other non-profit purposes.

ARTICLE III

Membership in the corporation shall be composed of all persons now or hereafter owning property in Canyon Lake Hills, Unit No. 1; Canyon Lake Hills, Unit No. 2; Canyon Lake Hills, Unit No. 3; Canyon Lake Hills, Unit No. 4; Canyon Lake Hills, Unit No. 5; and Canyon Lake Hills, Unit No. 6, Subdivisions in Comal County, Texas, according to Plats thereof recorded in the Map and Plat Records of Comal County, Texas. For the purpose of these By-Laws a "member" is defined as follows:

- (a) Every lot owner (whether one or more, a natural person, or otherwise), owning fee simple title and/or a contract to acquire fee simple title, and required by contract, deed, or other restrictions or lien to pay the full property maintenance assessment set out in any of the covenants and restrictions of record affecting the title to property in said Subdivisions.
- (b) If more than one owner has a fee simple interest and/or a contract to acquire fee simple interest in any one lot, it is specifically provided that such multiple owners are considered as a unit to be one member.

Each member shall, regardless of the number of lots owned, have the right to cast one vote per Director for the election of Directors and one vote in the determination of any other matters properly presented to the membership of the corporation.

ARTICLE IV

The initial membership of the corporation shall be determined by the initial Board of Directors who shall prepare a membership list, placing thereon members as defined in Article III hereof. Thereafter, memberships may be transferred only upon the books of the corporation upon submission to the Treasurer of evidence of the transfer of property in the aforesaid Subdivisions.

ARTICLE V

The annual meeting of members of the corporation shall be held on the second Saturday of July in each year. Written or printed notices setting the place and time of the meeting shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by mail, at the direction of the President or the Secretary, to each member, and such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his or her address as it appears in the records of the corporation, with postage paid thereon. Three percent (3%) of the membership present at said meeting shall constitute a quorum for the transaction of business at such meeting.

Special meetings of the members may be called by either the President, the Board of Directors, or by written petition filed with the Board of Directors signed by not less than one-tenth (1/10th) of the total membership. Written or printed notices setting forth the place, time, and purpose of a special meeting shall be delivered not less than ten (10) nor more than thirty (30) days before the date of the meeting, either personally or by mail, to each member, and such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the member at his or her address as it appears in the records of the corporation, with postage paid thereon. The members present at a special meeting shall constitute a quorum for the transaction of business at such meeting.

ARTICLE VI

The management of the corporation shall be vested in a Board of Directors composed of not less than five (5) and not more than thirteen (13) persons who are qualified members of the corporation. Directors' terms shall be for two (2) years except that the initial directors shall select by lot one-half (1/2) of their number (excluding fraction, if any) who shall serve for one (1) year. Subject to the foregoing, the election of any additional Director or Directors at any time shall, without any additional action by the members, automatically increase the number of Directors to the number elected. The Directors constituting the first Board of Directors shall be named in the Articles of Incorporation and shall hold office until the Special Meeting of the members. Directors shall be elected annually at the regular meeting of the members. Vacancies on the Board of Directors may be filled by the Board of Directors at any regular or called meeting of the Board to serve the remainder of the term. A

regular annual meeting of the Board of Directors shall be held without other notice than this By-Law immediately after and at the same place as the annual meeting of the members. The Directors may by resolution fix dates of regular meetings which require no notice beyond notice of such resolution. Special meetings of the Board of Directors may be called by the President, or by the majority of the Board of Directors. Written or printed notice stating the place, day, and hour of such special meeting of the Board, and the purpose or purposes for which the meeting is called, shall be delivered to each Director not less than three (3) nor more than thirty (30) days before the date of the meeting, either personally or by mail. Such notice may be waived in writing by any Director either before or after the meeting is held. A majority of the Directors then serving shall constitute a quorum for the transaction of business by the Board of Directors at any such annual, regular, or special called meeting. No Director shall receive any compensation as a Director, but any actual out-of-pocket expenses incurred by the Director in pursuit of the business of the corporation shall be reimbursed to the Director. Mileage reimbursement shall be equal to the standard mileage rate for charitable contributions allowed by the Internal Revenue Service. A Director may not supervise a paid or salaried employee of the CLHPOA if that employee is an immediate or extended family member or a person living within their domicile. However, all directors can participate in Board discussions and vote on all matters regarding employees' duties, wages, and benefits. A paid or salaried employee cannot be fired, released from duty, or be penalized unless a majority of the Board of Directors, in an authorized meeting, approves; provided, however, such majority vote shall be a number of votes constituting not less than a majority of the full Board of Directors then duly elected and serving. Any action required by law to be taken at a meeting of the Directors, or any action which may be taken at a meeting of the Directors, may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by all of the Directors.

ARTICLE VII

The officers of the corporation shall be a President, one or more Vice-Presidents, a Secretary, and a Treasurer. No Director may hold more than one (1) office at a time. The Officers of the corporation shall be chosen by the Directors. A Director who is absent for three (3) or more consecutive regularly scheduled meetings in one (1) year may be removed by the majority vote of the Directors present at a regular meeting; provided, however, such majority vote shall be a number of votes constituting not less than a majority of the full Board of Directors then duly elected and serving. Whenever the office of an officer becomes vacant for any reason, the Board of Directors may elect a successor to fill the vacancy. The term of office of each officer shall expire at the annual meeting of the members provided, however, the term of office of each officer shall continue until his or her successor shall have been elected and qualified. The Directors may, by resolution, prescribe the powers, authority, and duties of the respective officers, and may from time to time extend, restrict, alter, or abolish such powers, authority, and duties.

ARTICLE VIII

It is the intent and purpose of the corporation to expend funds for the general benefit of all property owners in the six Subdivisions above described in compliance with and pursuant to the restrictions adopted in connection with the initial sale of property in said Subdivisions. Within the guidelines of these By-Laws, the Articles of Incorporation of the corporation, and the aforesaid restrictive covenants affecting property in the said Subdivisions, the Board of Directors shall be authorized to expend funds of the corporation on such projects as shall qualify under said guidelines for the benefit of all property owners in said Subdivisions.

ARTICLE IX

The annual property maintenance assessment of Twenty-Four Dollars (\$24.00) per member shall be due and payable in advance on or before June 1st of each year. In the event said assessment is not paid by thirty (30) days after due date, the non-paying member's voting rights and right to use the corporation's facilities shall be suspended until all assessments due shall have been paid. The Board of Directors shall be authorized to take such action as the Board shall deem necessary to collect delinquent assessments, including the enforcement of any liens on real property the corporation may hold, or by any other reasonable collection procedure.

All property maintenance assessments not paid by July 31st of each year shall incur a late payment penalty of Five Dollars (\$5.00) for that year and each subsequent year that the assessment remains unpaid. In the event said late payment penalty is not paid by August 31st of each applicable year, the non-paying member's voting rights and right to use the association's facilities shall be suspended until such penalty shall have been paid.

ARTICLE X

These By-Laws may be altered, amended, or repealed by vote of the majority of the members present at an annual meeting of the members or at a special meeting of the members called for such purpose. The Board of Directors has the authority to make any amendments to the Articles of Incorporation not incompatible with these By-Laws.

ARTICLE XI

Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act, or under the provisions of the Articles of Incorporation, or the By-Laws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

AMENDMENTS ADOPTED AT THE 2002 ANNUAL MEETING

Fine Assessment Amendment. Amendment #1.

WHEREAS Section 202.004 of the Texas Property Code permits the exercise of reasonable discretionary authority by a Property Owners Association concerning the enforcement of restrictive covenants;

WHEREAS Canyon Lake Hills Property Owners Association (hereafter the Association) is a duly registered Property Owners Association with the Texas Secretary of State;

WHEREAS the courts may assess civil damages for violation of a deed restriction not to exceed Two Hundred Dollars (\$200.00) per day (Section 202.004);

AND WHEREAS the Association requires an expedient method of enforcing properly construed and filed deed restrictions without the added expense of a civil remedy;

THEREFORE in addition to other methods of enforcement of the Deed Restrictions, the Membership hereby establishes fines for violations of Deed Restrictions, after a hearing and formal finding of non-compliance, not to exceed Twenty-Five Dollars (\$25.00) per day. Board-approved fines may begin as early as ten (10) days after the finding of non-compliance and continue until the owner has come into compliance and notified the Board of that compliance. Provision for the hearing and prior notice thereof to the owner, is provided under Hearing Procedure. Prior to the hearing, the owner may notify the Board either that he/she has come into compliance or of his/her intent to contest the fine(s) at the scheduled hearing. Failure to come into compliance with the Deed Restrictions or to appear at the scheduled hearing is a waiver of defense at the hearing and constitutes consent to the imposition of the fine(s). The fine(s) assessed may be secured with an attachment against the owner's property until paid.

It is further resolved that this Fine Assessment Policy shall be adopted as an attachment to the By-Laws of the Association as a resolution, and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

Hearing Procedure Amendment. Amendment #2.

WHEREAS Section 202.004 of the Texas Property Code permits the exercise of reasonable discretionary authority by a Property Owners Association concerning the enforcement of restrictive covenants;

WHEREAS Canyon Lake Hills Property Owners Association (hereafter the Association) is a duly registered Property Owners Association with the Texas Secretary of State;

WHEREAS the Association requires a fair and expedient method of enforcing properly construed and filed deed restrictions;

AND WHEREAS the Association Charter requires the Association to be the custodian and protector of the community;

THEREFORE as an adjunct to other methods of enforcement of the Deed Restrictions, the Board of Directors hereby establishes the following Hearing Procedure.

Hearings, if any, will be included at regularly scheduled monthly meetings of the Board of Directors, to provide due process for actions or recommended actions. The date, time, place, and cause of the hearing is to be included in a notice sent by certified mail to the owner, to his/her address of record with CLHPOA, at least ten (10) days prior to the hearing. Exceptions to the hearing date may be granted at the sole discretion of the President to accommodate unusual circumstances affecting the owner, but any such accommodation will not delay the hearing beyond the second regularly scheduled meeting of the Board after the notice to the owner.

The President of the Board or his/her alternate shall preside and serve as moderator for the proceedings. There must be a quorum of Board members present for the hearing to commence. Upon satisfaction that a quorum is present, the person presiding will call the hearing to order.

After a Board member and/or complaining CLHPOA member(s) have presented the case for a finding of non-compliance, the owner, if present (absence constitutes waiver of defense), will have an opportunity to address the panel and to present cause as to why action should not be taken for non-compliance. Any of the above-named parties may submit evidence, call witnesses or other persons as appropriate to the case at hand, or submit materials to support its position. Board members may ask questions during or after each presentation and may examine any materials submitted.

Upon completion of the presentation(s), the person presiding will move the Board into executive session for a decision on the case. The owner and any non-Board member(s) will be excused from the executive session. A three-quarters affirmative vote of the quorum is required to sustain a charge of non-compliance. The Board will return to open session to announce its findings and consider any action to be taken. A majority vote of the quorum suffices to determine the action; but if a fine is sustained or imposed, the fine shall not exceed Twenty-Five Dollars (\$25.00) per day. The action taken will have the full force of a final decision of the Board of Directors, and there is no provision for appeal to any other member(s) or meeting(s) of the Board or membership. The findings and action will be recorded as part of the minutes of the Board meeting.

It is further resolved that this Hearing Procedure Policy shall be adopted as an amendment to the By-Laws of the Association and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

Building Permit Application Fee Amendment. Amendment #3.

WHEREAS Section 202.004 of the Texas Property Code permits the exercise of reasonable discretionary authority to a Property Owners Association concerning the enforcement of restrictive covenants;

WHEREAS Canyon Lake Hills Property Owners Association (hereafter the Association) is a duly registered Property Owners Association with the Texas Secretary of State;

WHEREAS the Association Charter requires the Association to be the custodian and protector of the community;

AND WHEREAS the Association requires an expedient method of enforcing properly construed and filed deed restrictions, and to make the fees therefore appropriate for the current cost of services rendered;

THEREFORE in addition to other methods of enforcement of the Deed Restrictions, the members of the Association hereby establish the following Building Permit Application Fee Policy.

Building Permit Application Fee

\$100 – Dwellings with or without attached garage

\$ 50 – Additions to dwelling or to attach a garage

\$ 25 – Detached garage, outbuildings, sheds, etc., and additions thereto

It is further resolved that this Policy shall be adopted as an amendment to the By-Laws of the Association as a resolution, and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

2002-2003 Special Assessment Amendment. Amendment #4.

WHEREAS Section 202.004 of the Texas Property Code permits the exercise of reasonable discretionary authority by a Property Owners Association concerning the enforcement of restrictive covenants;

WHEREAS Canyon Lake Hills Property Owners Association (hereafter the Association) is a duly registered Property Owners Association with the Texas Secretary of State;

AND WHEREAS the Association requires an expedient method of budgeting for previous year and future capital expenses;

THEREFORE in addition to the annual maintenance assessment for the operating budget, the membership hereby establishes a “special assessment” of Twenty-Five Dollars (\$25.00) for the current year capital improvements, specifically fire hydrants. This assessment is to be collected under the same rules of collection and enforcement as the maintenance assessment.

It is further resolved that this Special Assessment Amendment shall be adopted, as a restrictive covenant and attached to the By-Laws of the Association according to Chapter 202.004 of the Texas Property Code, as a resolution and shall be effective upon adoption thereof and remaining in force only for the current and upcoming budget year.

AMENDMENTS ADOPTED AT THE 2004 ANNUAL MEETING

Date of Annual Meeting Amendment. Amendment #5

WHEREAS Section 202.004 of the Texas Property Code permits the exercise of reasonable discretionary authority by a Property Owners Association concerning the enforcement of restrictive covenants;

WHEREAS Canyon Lake Hills Property Owners Association (hereafter the Association) is a duly registered Property Owners Association with the Texas Secretary of State;

WHEREAS the Association requires a fair and expedient method of enforcing properly construed and filed deed restrictions;

AND WHEREAS the Association Charter requires the Association to hold an annual meeting in July of every year;

THEREFORE the Board of Directors hereby establishes an annual meeting schedule that allows for flexibility in scheduling as long as said meeting falls on any Saturday in July other than the first Saturday.

All annual meeting scheduling notifications will not change and will remain as stated in Article V.

Capital Improvement Assessment Amendment. Amendment #6.

WHEREAS Section 202.004 of the Texas Property Code permits the exercise of reasonable discretionary authority by a Property Owners Association concerning the enforcement of restrictive covenants;

WHEREAS Canyon Lake Property Owners Association (hereafter the Association) is a duly registered Property Owners Association with the Texas Secretary of State;

AND WHEREAS the Association requires an expedient method of budgeting for previous year and future capital expenses;

THEREFORE, in addition to the annual maintenance assessment for the operating budget, the membership hereby establishes an assessment of Twenty-Six Dollars (\$26.00) for capital improvements and expenses generally related to the common area of the Subdivision. This assessment is to be collected in conjunction with the maintenance assessment.

It is further resolved that this assessment amendment shall be adopted and attached to the By-Laws of the Association according to Chapter 202.004 of the Texas Property Code, as a resolution and shall be effective upon adoption thereof and remaining in force for every upcoming future budget year.

The undersigned Secretary of CANYON LAKE HILLS PROPERTY OWNERS ASSOCIATION, a Texas Non-Profit Corporation, does hereby certify that the above and foregoing is the complete set of By-Laws of said corporation adopted at the meeting of the Board of Directors held on July 31, 1982; as amended at the meeting of the members held on September 11, 1982; as amended at the meeting of the members held on July 14, 1984; as amended at the meeting of the members held on July 11, 1987; as amended at the meeting of the members held on August 29, 1998; as amended at the meeting of the members held on July 10, 1999; as amended at the meeting of the members held on July 13, 2002; and as amended at the meeting of the members held on July 17, 2004.

Dated: April 18, 2006

Maria Munder, Secretary

**AMENDMENTS ADOPTED AT THE 2010 ANNUAL MEETING
JULY 10, 2010**

Proxy and Voting Amendment, Amendment #7.

WHEREAS the Association is a Texas non-profit corporation, it is governed by the Texas Property Code and Texas Business Organization Code. These codes require association members be allowed to vote at the annual or special meeting in person or by proxy.

WHEREAS Article V of the Association By-Laws does not address proxy voting, Article V must be amended to allow proxy voting by members that would otherwise be authorized to vote in accordance with Article III of the By-laws in order to bring the Association into compliance with Texas codes. This amendment is not a debatable issue.

WHEREAS the Board has developed and distributed an attorney approved proxy to property owners for use in the 2010 Annual meeting, the proxy complies with the Texas Property and Business Organizations Codes.

WHEREAS cumulative voting for the election of Officers and Directors is not authorized in subdivision covenants.

THEREFORE proxy voting is authorized for the 2010 Annual meeting and Article V of the By-Laws is amended to allow proxy voting by members that would otherwise be authorized to vote in accordance with Article III of the By-laws. Cumulative voting in the election of Officers and Directors is not authorized. The proxy format used at the 2010 Annual meeting has been approved for use by the Association's legal counsel. However, this does not preclude a property owner that is entitled to vote from submitting a proxy using a different format than that provided by the Association, and will be considered a valid proxy form. The proxy may be updated by the Board as required to list new Board members and information concerning the date, time, and location of the Annual or Special meeting. Other changes to wording will be approved by the Association's legal counsel. Unless otherwise specified, the proxy will be valid for a period of eleven months from the date of signature. It is further resolved that this Proxy amendment shall be adopted as an attachment to the By-Laws of the Association, and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

Amendment requiring the use of a printed and validated ballot for voting process at the Annual or Special Meetings, Amendment #8.

WHEREAS the Association has used a hand count for vote counting in past elections.

WHEREAS the use of raised voter cards and a hand count of raised cards does not provide a secure and verifiable voting process.

THEREFORE printed ballots will be used for voting at Annual or Special Meetings. Each ballot will have a mailing label with the property owners' name and any other information deemed necessary to validate an authorized voter affixed to the top of the ballot. This mailing label may also be stamped or otherwise annotated to validate an authorized ballot. Authorized voters will fill out the ballot during the voting procedure and return it to the Board at the conclusion of the voting process. The ballots will be collected, secured overnight and counted by the Board the following day if possible, but not later than seven days following the Annual or Special Meeting. The results of the voting process will be posted on the POA website and printed in the next newsletter. It is further resolved that this Balloting Procedure Policy shall be adopted as an amendment to the By-Laws of the Association and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

Amendment prohibiting short term rentals in residential platted property, Amendment #9.

WHEREAS the subdivision deed restrictions specify in part that all lots shall be used solely for residential purposes, except lots designated for business purposes. Lots designated as business may be used either for residential or business purposes provided, however that if used for a

business the nature and purpose of the business use shall first be approved in writing by the Grantor, his assignees or designees

WHEREAS the subdivision deed restrictions specify in part that no building other than a single family residence...shall be erected or constructed on any residential lot in Canyon Lake Hills.

WHEREAS the subdivision deed restrictions specify in part that motels and motor courts shall be deemed to be a business use.

WHEREAS in Cause No. C2009-1016C, dated June 7, 2010, the Comal County District Court, 274th Judicial District, has ordered, adjudged and decreed that the restrictive covenants of the Canyon Lake Hills Subdivision prohibit the rental and /or subletting of any property designated for single family residential use for periods of less than 30 consecutive days (hereinafter referred to as "short term rentals").

THEREFORE the By-Laws are amended to expressly prohibit all short term rentals for a period less than 30 consecutive days with no subletting in all Canyon Lake Hills properties that are restricted to residential use. Violations of this amendment will be fined the maximum amount authorized in the By-Laws. It is further resolved that this amendment prohibiting short term rentals for a period of less than 30 consecutive days shall be adopted as an attachment to the By-Laws of the Association, and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

Fine Assessment Amendment, Amendment #10.

WHEREAS the Texas Property Code and Texas Business Organization Codes permit the exercise of reasonable discretionary authority by a Property Owners Association concerning the enforcement of restrictive covenants;

WHEREAS Canyon Lake Hills Property Owners Association (hereafter the Association) is a duly registered Property Owners Association with the Texas Secretary of State;

WHEREAS the courts may assess civil damages for violation of a deed restriction not to exceed Two Hundred Dollars (\$200.00) per day (Section 202.004);

AND WHEREAS the Association requires an expedient method of enforcing properly construed and filed deed restrictions without the added expense of a civil remedy;

THEREFORE in addition to other methods of enforcement of the Deed Restrictions **and By-laws**, the Membership hereby establishes fines for violations of Deed Restrictions **and By-Laws**, after a hearing and formal finding of non-compliance, not to exceed **One Hundred Dollars (\$100.00) per day**. Board-approved fines may begin as early as ten (10) days after the finding of noncompliance and continue until the owner has come into compliance and notified the Board of that compliance. Provision for the hearing and prior notice thereof to the owner, is provided under Hearing Procedure. Prior to the hearing, the owner may notify the Board either that he/she has come into compliance or of his/her intent to contest the fine(s) at the scheduled hearing. Failure to come into compliance with the Deed Restrictions or to appear at the scheduled hearing is a waiver of defense at the hearing and constitutes consent to the imposition of the fine(s). The fine(s) assessed may be secured with an attachment against the owner's property until paid. It is further resolved that this Fine Assessment Policy shall be adopted as an attachment to the By-Laws of the Association, and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

Hearing Procedure Amendment, Amendment #11

WHEREAS the Texas Property Code and Texas Business Organizations Code permit the exercise of reasonable discretionary authority by a Property Owners Association concerning the enforcement of restrictive covenants;

WHEREAS Canyon Lake Hills Property Owners Association (hereafter the Association) is a duly registered Property Owners Association with the Texas Secretary of State; By-Laws of Canyon Lake Hills Property Owners Association Page Six

WHEREAS the Association requires a fair and expedient method of enforcing properly construed and filed deed restrictions **and by-laws**;

AND WHEREAS the Association Charter requires the Association to be the custodian and protector of the community;

THEREFORE as an adjunct to other methods of enforcement of the Deed Restrictions **and By-Laws**, the Board of Directors hereby establishes the following Hearing Procedure. Hearings, if any, will be included at regularly scheduled monthly meetings of the Board of Directors, to provide due process for actions or recommended actions. The date, time, place, and cause of the hearing is to be included in a notice sent by certified mail to the owner, to his/her address of record with CLHPOA, at least ten (10) days prior to the hearing. Exceptions to the hearing date may be granted at the sole discretion of the President to accommodate unusual circumstances affecting the owner, but any such accommodation will not delay the hearing beyond the second regularly scheduled meeting of the Board after the notice to the owner. The President of the Board or his/her alternate shall preside and serve as moderator for the proceedings. There must be a quorum of Board members present for the hearing to commence. Upon satisfaction that a quorum is present, the person presiding will call the hearing to order. After a Board member and/or complaining CLHPOA member(s) have presented the case for a finding of non-compliance, the owner, if present (absence constitutes waiver of defense), will have an opportunity to address the panel and to present cause as to why action should not be taken for non-compliance. Any of the above-named parties may submit evidence, call witnesses or other persons as appropriate to the case at hand, or submit materials to support its position. Board members may ask questions during or after each presentation and may examine any materials submitted. Upon completion of the presentation(s), the person presiding will move the Board into executive session for a decision on the case. The owner and any non-Board member(s) will be excused from the executive session. A three-quarters affirmative vote of the quorum is required to sustain a charge of non-compliance. The Board will return to open session to announce its findings and consider any action to be taken. A majority vote of the quorum suffices to determine the action; but if a fine is sustained or imposed, the fine shall not exceed **One hundred dollars (\$100.00)** per day. The action taken will have the full force of a final decision of the Board of Directors, and there is no provision for appeal to any other member(s) or meeting(s) of the Board or membership. The findings and action will be recorded as part of the minutes of the Board meeting. It is further resolved that this Hearing Procedure Policy shall be adopted as an amendment to the By-Laws of the Association and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

Addition of Texas Business Organization Code to sections of the By-Laws that also reference the Texas Property Code, Amendment #12.

WHEREAS the Association, as a non-profit corporation, is now governed by both the Texas Property Code and Texas Business Organization Code.

WHEREAS the Association By-Laws do not contain appropriate references to the Texas Business Organization Code.

THEREFORE the Association By-Laws are amended to add "and the Texas Business Organization Code" to all sentences containing "the Texas Property Code". It is further resolved that this amendment to add the Texas Business Organization code to appropriate sections of the By-Laws shall be adopted as an attachment to the By-Laws of the Association, and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.

Mileage Compensation Amendment, Amendment #13.

WHEREAS the applicable section of Article VI states "...No Director shall receive any compensation as a Director, but any actual out-of-pocket expenses incurred by the Director in pursuit of the business of the corporation shall be reimbursed to the Director. Mileage reimbursement shall be equal to the standard mileage rate for charitable contributions allowed by the Internal Revenue Service."

WHEREAS our CPA has advised us that the computations used in the current Article VI are not consistent with our status as a non-charitable organization and the mileage expenses may be reimbursed up to that amount allowed by the IRS for business related expenses;

AND WHEREAS the Directors should not be expected to absorb mileage expenses.

THEREFORE Directors may be reimbursed for substantiated mileage expenses, or alternatively reimbursed at the standard mileage rate for business related expenses allowed by the Internal Revenue Service.

It is further resolved that this mileage rate shall be adopted as an attachment to the By-Laws of the Association as a resolution, and shall be effective upon adoption thereof and remain in force and effect until revoked, modified, or amended.