

CORPORATE CERTIFICATE
STONECREST RANCH PROPERTY OWNERS' ASSOCIATION

The undersigned certifies that he is the President of Stonecrest Ranch Property Owners' Association (the "Association"). The Association is the property owners' association for Stonecrest Ranch, a subdivision in Montgomery County, Texas, according to the map or plat thereof recorded in the Map Records of Montgomery County, Texas (the "Subdivision").

The Association is a Texas non-profit corporation and attached to this certificate is a true and correct copy of the Bylaws of Stonecrest Ranch Property Owners' Association, as amended on ~~March 24, 2021~~ July 25, 2018.

Signed this ____ day of _____, 2018~~21~~.

STONECREST RANCH PROPERTY
OWNERS' ASSOCIATION

By: _____
Tom Siegler, President

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

SWORN TO AND SUBSCRIBED BEFORE ME on the ____ day of _____, 2018~~21~~, by **Tom Siegler**, President of STONECREST RANCH PROPERTY OWNERS' ASSOCIATION, a Texas non-profit corporation, on behalf of said corporation.

Notary Public, State of Texas

~~THE STATE OF TEXAS~~ _____ §

~~COUNTY OF MONTGOMERY~~ _____ §

~~This instrument was acknowledged before me on the _____ day of _____, 2018, by **Tom Siegler**, President of STONECREST RANCH PROPERTY OWNERS' ASSOCIATION, a Texas non-profit corporation, on behalf of said corporation.~~

~~Notary Public, State of Texas~~

**BYLAWS OF
STONECREST RANCH
PROPERTY OWNERS' ASSOCIATION, INC.**

(Amended ~~July 25, 2018~~ March 24, 2021)

ARTICLE I

MEMBERS - (OWNERS)

Section 1. Eligibility. Membership in Stonecrest Ranch Property Owners' Association, Inc. ("Association") shall be as set forth in the Articles of Incorporation of the Association ("Member(s)").

Section 2. Regular Meetings. ~~The~~ A regular annual meeting of Members shall be held on such date and at such place and time as designated by the Board of Directors in written notice given to all Members at least ten (10) days, but no more than thirty (30) days, prior to the date of such meeting for the purpose of electing the Board of Directors of the Association in accordance with Article II, Section 1 herein below and for the transaction of other business of the Association as may properly come before the meeting.

Section 3. Special Meetings. Special meetings of the Members may be called by the President, by a majority of the Board of Directors, or upon petition signed by a majority of Members and presented to the Secretary of the Association. Said special meetings shall be called by delivering written notice to all ~~m~~Members not less than ten (10) days prior to the date of said meeting stating the date, time, and place of said special meeting and the matters to be considered. A meeting called by a majority of the ~~m~~Members shall be held within thirty (30) days of receipt of the petition by the Secretary.

Section 4. Delivery of Notice of Meetings. Notices of meetings may be delivered either personally, ~~or~~ by regular mail or electronically to a Member at the physical, mailing or email address given to the Board of Directors for such purpose or at the last known address if no address was so given to the Board of Directors.

Commented [DF1]: This language allows for the additional option to provide notice by email.

Section 5. Voting Rights. The voting rights of a Member may be cast or given:

- (1) in person or by proxy at a meeting of the Association;
- (2) by absentee ballot; or
- (3) by electronic ballot by electronic mail or facsimile.

Absentee ballots may not be counted, even if properly delivered, if the Member attends any meeting to vote in person so that any vote cast at a meeting by the Member supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal. Absentee or electronic ballots may not be counted on the final vote of a proposal if the motion was amended at a meeting of the Members to be different from the exact language on the absentee or electronic ballot. Any solicitation for votes by absentee ballot by the Association must include an absentee ballot that contains each proposed action and provides an opportunity to vote for or against the

proposed action, instructions for delivery of the completed absentee ballot, including the delivery location, all of which are required by Section 209.00592 of the TEXAS PROPERTY CODE.

Section 6. Quorum. A quorum of Members for any meeting shall be constituted by Members represented in person or by proxy and holding at least ten percent (10%) of the votes entitled to be cast at such meeting.

In the absence of a quorum at a meeting of Members, the meeting may be nevertheless convened for the sole purpose of conducting Director elections. The quorum required for election of Directors at such convened meeting shall be the number of votes cast in person, by proxy, by absentee ballot, or electronic ballot.

Section 7. Rules of Meetings. The Board may prescribe reasonable rules for the conduct of all meetings of the Board and ~~the~~ Members and in the absence of such rules, Robert's Rules of Order shall be used.

Section 8. Proxies. All proxies shall be in writing and signed and dated by the person or persons entitled to vote. In no event shall any proxy be valid for a period longer than eleven (11) months from the date of its execution, unless otherwise provided therein. A proxy shall be revocable in writing at any time in the sole discretion of the Member who executed it. If a lot is owned by more than one (1) person, a proxy must be signed by all such owners for the proxy to be valid.

Section 9. Waiver and Consent. Whenever the vote of Members at an Association meeting is required or permitted by any provision of these Bylaws, the meeting and vote of Members may be dispensed with, and matter(s) in question may be voted upon by mail-in ballot if Members representing a majority of the total votes eligible to be voted by all of the ~~the~~ Members consent in writing to dispense with the meeting and to vote upon the matters(s) in question by mail-in ballot. Mail-in ballots may accompany the required consent of Members; and may be completed and returned simultaneously therewith. For the purposes of this Section "mail-in" ballots shall include hard-copy or electronic ballots as referenced in Section 5 above.

Section 10. Recount Procedures. A Member may, not later than the fifteenth (15th) day after the date of a meeting at which an election was held, require a recount of votes in accordance with Section 209.0057 of the TEXAS PROPERTY CODE.

Section 11. Election Vote Tabulators. A person who is a candidate in an Association election or who is otherwise the subject of an Association vote, or a person related to that person within the third degree of consanguinity or affinity, as determined under Chapter 573 of the TEXAS GOVERNMENT CODE, may not tabulate or otherwise be given access to the ballots cast in the election or vote.

ARTICLE II

BOARD OF DIRECTORS

Section 1. Number, Election and Term of Office. The ~~initial~~ Board of Directors of the Association (“Board of Directors” or “Board”); shall consist of three (3) but not more than five (5) (“Director(s)”) ~~elected by vote of the Members, appointed by Lipar Group (the “Developer”).~~

Commented [DF2]: This is no longer necessary as well as references to the Lipar Group or developer.

~~At the first annual meeting of the Members five (5) Directors shall be elected by the vote of the members and shall serve for terms of three (3) years and/or until their successor has been elected; provided however that a maximum of two (2) Directors shall be elected during any given year in order for the Directors’ terms to have staggered expirations in successive years. two (2) of the first Directors so elected shall serve for an initial term of one (1) year, two (2) of the first Directors so elected shall serve for an initial term of two (2) years, and the remaining Director first elected shall serve for an initial term of three (3) years. There after the Directors terms shall be three (3) year terms. Those candidates for election as Director receiving the greatest percentage of the votes either in person or by proxy shall be elected to serve until their term expires. Directors receiving the highest number of votes will serve the longest term as Director.~~

Commented [DF3]: This language allows for the Director’s term to continue until it expires at the Annual Meeting of the given year that it is due to expire; whether the Annual Meeting is before or after the calendar date of expiration. The COVID related postponement of the 2020 Annual Meeting exposed this flaw.

Commented [DF4]: This language has been removed because the staggered terms of the Directors have been set since the 1990s and it is now obsolete in 2021. The preceding inserted language confirms the established schedule of continuing to elect 2 Directors in 1 year, 2 in the next and 1 the following year.

Section 2. Nomination of Directors. At least ten (10) days before the Association disseminates absentee ballots to Association ~~m~~Members for the purpose of voting in a Board member election, the Association must provide notice to the Association ~~m~~Members soliciting candidates interested in running for a position on the Board. The notice must contain instructions for an eligible candidate to notify the Association of the candidate’s request to be placed on the ballot and the deadline to submit the candidate’s request. The notice must also state (a) the number of positions available on the Board that will be filled at the upcoming election; (b) the phone number, fax number, email address and/or physical address at which the ~~m~~Member may notify the Association that he or she wishes to have his or her name placed on the ballot for the election; and (c) any other information necessary to inform the ~~m~~Members how to have their name listed on the ballot for the election. The deadline may not be earlier than the 10th day after the date the Association provides the notice required herein. The Association shall include on each absentee ballot for a Board member election the name of each eligible candidate from whom the Association received a request to be placed on the ballot.

Commented [DF5]: Obsolete since it addressed the election of the initial Directors during the formation of the subdivision

Section 3. Qualifications. Each Director shall be a Member of the Association as well as a property owner of Stonecrest Ranch Subdivision. Members with a felony conviction or a conviction for a crime involving moral turpitude, within twenty (20) years before the date of election, are not eligible to serve. If a Member is a trustee of a trust, a Director may be a beneficiary of such trust; or if a ~~m~~Member is a corporation, a Director may be an officer, partner, or employee of such Member. If an elected Director shall cease to meet such qualifications during his term, he shall thereupon cease to be a Director and his place on the Board shall be deemed vacant. A Member may not serve on the Board if the Member cohabits at the same primary residence with a Director.

Commented [DF6]: Added as a reminder of State law prohibiting same

Section 4. Vacancies. Any Board member whose term has expired must be elected by the owners who are ~~Members~~ Members of the Association. A Board member may be appointed by the Board only to fill a vacancy caused by a resignation, death, or disability, as provided in these bylaws. A Board member appointed to fill a vacant position shall serve the unexpired term of the predecessor Board member.

Notwithstanding any other provision in these bylaws, a quorum for purposes of election of directors shall be the number of ballots cast in person or by proxy, by absentee ballot, and by electronic ballot as provided in these bylaws.

Section 5. Meetings. A regular annual meeting of the Board shall be held ~~within ten~~ (10) days following the regular annual meeting of Members. Regular and special Board meetings shall be open to Members, subject to the right of the Board to adjourn a meeting and reconvene in closed executive session to consider actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the property 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 any executive session, any decision made in the executive session shall 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 shall include a general explanation of any expenditures approved in executive session.

Commented [DF7]: The previous language created a hard date which may or may not be convenient for the Board. By inserting "within" the meeting can happen immediately following the Annual meeting and/or give some flexibility.

Section 6. Meetings with Notice to Members. Members shall be given notice of the date, hour, place, and general subject of a regular or special meeting of the Board, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be (a) mailed to each ~~Member~~ Member not later than the tenth (10th) day or earlier than the sixtieth (60th) day before the date of the meeting; or (b) provided at least seventy-two (72) hours before the start of the meeting by (i) posting the notice in a conspicuous manner reasonably designed to provide notice to the ~~Members~~ Members in a place located on the Association's common property, or on conspicuously located private property within the subdivision, or (ii) by posting the notice on an Internet website maintained by the Association; and (iii) by sending the notice by e-mail to each owner who has registered an e-mail address with the Association.

~~A Board meeting may be held by electronic or telephonic means provided that (1) a Board member may hear and be heard by every other Board member, (2) except for any portion of the meeting conducted in executive session, (a) that all owners in attendance at the meeting may hear all Board members, and (b) Owners are allowed to listen using any electronic or telephonic communication methods used or expected to be used by the Board member to participate, and (3) notice of meeting includes instructions for owners to access any communication method required to be assessable hereunder.~~

Commented [DF8]: Moved to Section 9 to avoid redundancy.

Section 7. Meetings without Notice to Members. A Board may take action outside of a meeting, including voting by electronic or telephonic means, without prior notice to owners as required herein, if each Board member is given a reasonable opportunity to express the Board member's opinion to all other Board members and to vote. Any action taken without notice to the Members must be summarized orally, including an explanation of any known actual or estimated

expenditures approved at the meeting, and documented in the minutes at the next regular or special meeting of the Board. The Board may not, unless done in an open Board meeting for which prior notice was given to owners as required herein, consider or vote on fines; damage assessments; initiation of foreclosure actions; initiation of enforcement actions, excluding temporary restraining orders or violations involving a threat to health or safety; increases in assessments; levying of special assessments; appeals from a denial of architectural control approval; or the suspension of a right of a particular Member before the Member has an opportunity to attend a Board meeting to present the Member's position, including any defense on the issue, lending or borrowing, the adoption of an amendment to any dedicatory instruments, the approval of an annual budget or the approval of an amendment to an annual budget which raises the budget by more than ten percent (10%), sale of purchase of real property, the filling of a vacancy on the Board, the construction of capital improvements other than the repair, replacement, or enhancement of existing capital improvements, or the election of an officer.

Section 8. Removal. Any elected Director may be removed from office for cause by a majority vote of ~~the~~Members entitled to vote at any annual or special meeting of the Association, duly called.

Section 9. Meetings by Telephone or Electronic Conference. A Board meeting may be held by electronic or telephonic means provided that (1) a Board member may hear and be heard by every other Board member, (2) except for any portion of the meeting conducted in executive session, (a) that all owners in attendance at the meeting may hear all Board members, and (b) Owners are allowed to listen using any electronic or telephonic communication methods used or expected to be used by the Board member to participate, and (3) notice of meeting includes instructions for owners to access any communication method required to be assessable hereunder.

Commented [DF9]: Moved from Section 6.

Both annual and special Board meeting may be conducted by telephone or electronic conference. To the extent permitted by law, any Director who is not physically in attendance at any meetings of the Board of Directors, but who is in telephone and/or electronic contact with the other Directors during such meeting and is thereby able to participate in the discussions, reports, debates, votes and other matters conducted thereat, shall be deemed to be in attendance at said meeting for all purposes, including but not limited to the purpose of creating a quorum.

Section 10. Compensation. Directors shall receive no compensation for their services as Directors, unless expressly provided for in resolutions duly adopted by a majority of the Members. Nothing contained herein shall preclude any Director from serving the Association in any other capacity and receiving compensation therefore.

Section 11. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there be less than a quorum present, the majority of those present may adjourn the meeting, one or more times, to a subsequent time, date and place.

Section 12. Voting. The vote of a majority of those Directors present at a meeting at which a quorum is in attendance shall constitute the decision of the Board of Directors.

Section 13. Powers and Duties. The Board shall have the following powers and duties:

- (a) To elect and remove the officers of the Association as hereinafter provided;
- (b) To administer the affairs and attain the purposes of the Association;
- (c) To formulate policies for the administration, management and operation of the property held for the use and benefit of all Members (“Common Elements”);
- (d) To adopt rules and regulations, with written notice thereof to all Members, governing the administration, management, operation and use of the Common Elements, and to amend such rules and regulations from time to time;
- (e) To provide for the maintenance, repair and replacement of the Common Elements and payments therefore, and to approve payment vouchers or delegate such approval to the officer;
- (f) To provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management, and operation of the Common Elements and to delegate any such powers to a managing agent (and any such employees or other personnel who may be the employees of a managing agent);
- (g) To appoint committees of the Board and to delegate to such committees the Board’s authority to carry out certain duties of the Board;
- (h) To determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;
- (i) To collect all assessments and charges provided for in any covenants and restrictions imposed in Stonecrest Ranch Subdivision ~~at such time as Developer assigns said right to the Association pursuant to the restrictions,~~ and to use the proceeds there from for the purpose set forth in such covenants and restrictions and in the Articles of incorporation of the Association;
- (j) To enforce all covenants and restrictions imposed in Stonecrest Ranch;
- (k) To establish bank accounts which are interest bearing or non-interest bearing, as may be deemed advisable by the Board of Directors;
- (l) To enter such contracts and agreements relating to the providing of maintenance, management and operational services as the Board may deem advisable;
- (m) To enter such leases of portions of the Common Elements as the Board may deem advisable;
- (n) To exercise all powers and duties of a Board of Directors referred to in these Bylaws;
- (o) To obtain insurance coverage as may be deemed advisable by the Board of Directors;
- (p) To establish budgets and long range plans as may be deemed advisable by the Board of Directors; and;

Commented [DF10]: Because the Association is no longer run by the Developer, this language is unnecessary now.

- (q) In general, to carry on the administration of the Association and to do all of those things necessary and/or desirable in order to carry out the governing and operating of the Association.

Notwithstanding any of the powers and duties set forth herein, capital expenditures which exceed \$15,000.00, other than those specifically for maintenance, repair, replacement, administration, management, or operation of the Common Elements, shall be approved by a majority of the Members voting at an annual or special meeting of the Members.

Section 14. Association Contracts. The Association may enter into an enforceable contract with a current Association ~~h~~B~~o~~ard member, a person related to a current Association ~~h~~B~~o~~ard member within the third degree by consanguinity or affinity, as determined under Chapter 573, GOVERNMENT CODE, a company in which a current Association ~~h~~B~~o~~ard member has a financial interest in at least ~~51-fifty-one~~ percent (51%) of profits, or a company in which a person related to a current Association ~~m~~Member within the third degree by consanguinity or affinity, as determined under Chapter 573, GOVERNMENT CODE, has a financial interest in at least ~~51-fifty-one~~ percent (51%) of profits, if the following conditions are satisfied:

- (a) the ~~h~~B~~o~~ard member, relative, or company bids on the proposed contract and the Association has received at least two other bids for the contract from persons not associated with the ~~h~~B~~o~~ard member, relative, or company, if reasonably available in the community; and
- (b) the ~~h~~B~~o~~ard member:
 - (1) is not given access to the other bids;
 - (2) does not participate in any ~~h~~B~~o~~ard discussion regarding the contract; and
 - (3) does not vote on the award of the contract.

Section 15. Non-Delegation. Nothing in this Article or elsewhere in these Bylaws shall be considered to grant the Board, the Association, or the officers of the Association any powers or duties which, by law, have been delegated to the Members.

ARTICLE III

OFFICERS

Section 1. Designation. At each regular annual meeting of the Members, the Members either in person or by proxy at said meeting shall elect the following officers of the Association by a majority vote:

- (a) A President, who shall be a Director and who shall preside over the meetings of the Board and of the Members, and who shall be the chief executive officer of the Association;

- (b) A Secretary, who shall keep the minutes of all meetings of the Board and of the Members, and who shall, in general, perform all the duties incident to the office of Secretary;
- (c) A Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported; and
- (d) Such additional officers as the Board shall see fit to elect.

Section 2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. Term of Office. Each officer shall hold office for the term of one (1) year or until such officer's successor shall have been appointed or elected and qualified.

Section 4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the Board at a special meeting of said Board. Any officer so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer which was succeeded. Any officer may be removed for cause at any time by vote of a majority of the total membership of the Board at a special meeting thereof.

Section 5. Compensation. The officers shall receive no compensation for their services as officers, unless expressly provided for in a resolution duly adopted by a majority of the Members.

ARTICLE IV

INDEMNIFICATION

Section 1. General. To the fullest extent permitted by law the Association shall indemnify and hold harmless each of its Directors, officers and each member of any committee appointed pursuant to the Bylaws of the Association against all contractual and other liabilities to others arising out of contracts made by or other acts of such Directors, officers, committee members, on behalf of contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including but not limited to, attorney's fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such Director, officer, or committee member; provided, however, that such indemnity shall not be operative with respect to (a) any matter as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such Director, officer, or committee member, or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross

negligence or fraud in the performance of his duties as such Director, officer, or committee member.

Section 2. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is reasonable ground for such persons being adjudged liable for gross negligence or fraud in performance of his duties as such Director, officer, or committee member.

ARTICLE V

AMENDMENTS

These Bylaws may only be amended at a regular or special meeting of the Members by a vote of the majority of a quorum of the Members present in person or by proxy; and the provisions of the Bylaws which are covered by the Articles of Incorporation of the Association may not be amended except as provided in the Articles of Incorporation or applicable law.

In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. Should all or part of any Article of these Bylaws be in conflict with the provisions of the TEXAS BUSINESS ORGANIZATIONS CODE or any other Texas law, such Code or law shall control.

IN WITNESS WHEREOF, we, being a majority of the Directors of STONECREST RANCH
PROPERTY OWNERS' ASSOCIATION, have hereunto set our hands this _____ day of _____,
20~~18~~21.

Director

Director

Director

Director

Director

Attest:

Secretary