

**BY-LAWS  
OF  
SCENIC HEIGHTS PROPERTY OWNERS ASSOCIATION**

**ARTICLE I - NAME**

The name of this corporation is **SCENIC HEIGHTS PROPERTY OWNERS ASSOCIATION**.

**ARTICLE II - PURPOSE**

The purpose or purposes for which the corporation is organized are: to collect and to hold assessments collected from the property owners in **SCENIC HEIGHTS, Unit No. 1 and SCENIC HEIGHTS, Unit No. 2. SCENIC HEIGHTS, 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 appearance of the public areas in said subdivisions as contemplated and provided for 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.

**ARTICLE III - MEMBERSHIP**

Membership in the corporation shall be composed of all persons now or hereafter owning property in **SCENIC HEIGHTS, Unit No. 1 and SCENIC HEIGHTS, Unit No. 2. SCENIC HEIGHTS Subdivision 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 restriction 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 fee simple interest and/or a contract to acquire a fee simple interest in any one lot, it is specifically provided that such multiple owners are considered as a unit to be on members.

Each member shall, regardless of the number of lots owned, have the right to cast one vote per Director for the elections of Directors

and one vote in the determination of any other matters properly presented to the membership of the corporation.

#### ARTICLE IV - INITIAL MEMBERSHIP

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 Secretary of evidence of the transfer of property in the aforesaid Subdivisions.

#### ARTICLE V - MEETINGS

The annual meeting of members of the corporation shall be held in October 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 at the direction of the President or the Secretary, 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 said annual 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 Broad 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, 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 - TERMS

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 be 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 meetings 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 meetings 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. 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 an consent in writing setting forth the actions so taken shall be signed by all of the Directors.

#### ARTICLE VII - OFFICERS

The officers of the corporation shall be a President, one or more Vice Presidents, and Secretary-Treasurer. No Director may hold more than one ( 1 ) office at a time. The officers of the corporation shall be chosen by the Directors. Whenever the office of a n 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 - INTENT

It is the intent and purpose of the corporation to expend funds for the general benefit of all property owners in the two Subdivisions above described in compliance with and pursuant to the restrictions adopted in connection with the 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 - ASSESSMENTS

The annual property maintenance assessment of Twelve Dollars ( \$12.00 ) per member shall be due and payable in advance on or before October 1st of each year. In the event said assessment is not paid be 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 November 31st of each year shall incur a late payment penalty of Five Dollars ( \$5.00 ) for the 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 members voting rights and right to use the associations 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.

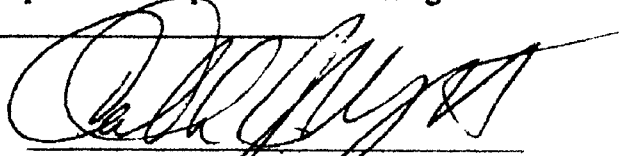
ARTICLE XI.

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.

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The undersigned Secretary of SCENIC HEIGHTS 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 JUNE 1997

*RATIFIED BY GENERAL MEETING  
OCTOBER 1997*



Cathy Wingert, Secretary

# **AMENDMENT 1**

## **to the BY-LAWS of SCENIC HEIGHTS SUBDIVISION PROPERTY OWNERS ASSOCIATION**

As approved by the General Membership at a Special Meeting of Members convened Oct 5, 2007 at 6:30 p.m. at the Senior Citizens Center, 655 Landa Street, New Braunfels, Texas 78130 pursuant to Notice duly mailed on September 22, 2007 to all members according to the records of the Corporation, Article V and Article IX of the Bylaws are amended to read:

### **ARTICLE V –MEETINGS**

The Annual Meeting shall be held in October of each year, except under extraordinary circumstances, in sole the discretion of the Board, the Annual Meeting may be held no later than December 31. Written or printed notices setting the place and time of the meeting shall be delivered not less than ten (10) days 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, 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 said annual meetings 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 (1/10) 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, 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 IX - ASSESSMENTS**

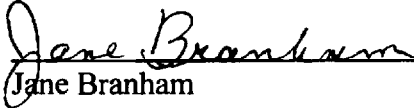
The annual property maintenance assessment of Twelve Dollars (\$12.00) per member shall be due and payable in advance on or before October 1st of each year. In the event said assessment is not paid by thirty ( 30 ) days after due date, the non-paying member's voting rights and right to use the corporation's 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.

On November 30, all property maintenance assessments not paid in full shall incur a late payment penalty of \$5.00 for that year and each subsequent year the assessment remains unpaid. In the event said late payment penalty is not paid by August 31st of each applicable year, the non-paying members voting rights and right to use the associations facilities shall be suspended until such penalty shall have been paid.

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The undersigned Secretary of SCENIC HEIGHTS SUBDIVISION PROPERTY OWNERS ASSOCIATION, a Texas Non-Profit Corporation, does hereby certify that the above and foregoing AMENDMENT 1 to By Laws of said corporation was approved and ratified by majority vote of the general membership at the special meeting of members held October 5, 2007.

  
Jane Branham Secretary



## **Amendment 2**

### **to the By-Laws of Scenic Heights Subdivision Property Owners Association**

As approved by the General Membership at the December 28, 2008 Annual Meeting, convened at 2:00 at the association's park, 1201 Whispering Hills Drive, Canyon Lake, Texas 78133 pursuant to Notice duly mailed on December 13, 2008 to all members according to the records of the Corporation, the Taxation Amendment is added and Articles I, II, X, XII of the By-Laws are amended to read:

#### **Amended Article I of By-Laws:**

The name of this corporation is Scenic Heights Subdivision Property Owners Association.

#### **Amended Article II of By-Laws:**

The purpose or purposes for which the corporation is organized are: to collect and to hold assessments collected from the property owners in Scenic Heights Subdivision in Comal County, Texas, as provided in the Deed restrictions applicable to property in said Subdivision, 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 Subdivision with reference to any act or thing necessary in connection with providing maintenance and preservation of the appearance of public areas in said subdivision as contemplated and provided for in the Deed restrictions aforesaid. Furthermore it shall be the purpose of the corporation to own and maintain the nonresidential, non-commercial properties and areas within the Subdivision dedicated for the general use and benefit of property owners therein.

#### **Amended Article X of By-Laws:**

These By-laws may be altered, amended or repealed by vote of 2/3 majority of the voting members present in person or by proxy or otherwise voting as permitted by these By-Laws at an annual meeting of the members or at a special meeting of the members called for such purpose.

#### **Amended Article XII of By-Laws:**

Each qualified member of the corporation shall be entitled to one (1) vote on each matter submitted to a vote of the members. A member may vote in person, or by valid proxy executed in writing by the member or by his duly authorized attorney-in-fact, or by signed ballot delivered by hand or by mail or by combination facsimile/mail provided that the ballot is received before the time of the vote and the original signed ballot is received within three days thereafter.

#### **Taxation Amendment: Taxing of Special Assessment to members to pay debt.**

The Corporation has paid over \$22,000 in attorney's fees to defend against the Sanchez litigation attacking the validity of the deed restrictions, and another \$8,499 in indemnification costs. The corporation is required by the law (the non-profit corporation act) to indemnify Officers or Board Members for attorney's fees and costs they incur or suffer for being made or

named a defendant in litigation resulting from their being or having been an Officer or Director of the Corporation. Recently, the association had to borrow \$10,400 to pay some of those attorney's fees and indemnification costs because the \$12.00 annual assessments are simply inadequate to cover these costs.

The Corporation borrowed \$10,400 on a three year note to cover some of these costs. To secure the loan, the board authorized a lien on certain non-essential real property of the corporation, being those unimproved park property lots that are not cleared or being used (lots 506 and 507 Unit 2, and lots 37, 38, 40, and 41 Unit 1). This does not include the cleared and improved park lot where the building and playground are located.

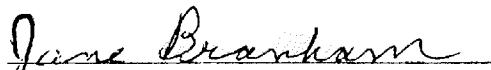
As an integral part of the negotiations, the lenders agreed to waive any prepayment penalty and further agreed to release the lien on all of the park lots immediately in consideration for the one time transfer of the secured indebtedness to general members assessment accounts on a pro-rata share basis in the form of a one-time Assessment to be collected in due course of administration in the same manner as other assessments.

In order to repay this loan early without penalty and have the lien immediately released on the park lots, (thus eliminating the necessity of annual loan payments of \$4,035.35 per year), the board proposes a one time assessment on a pro-rata share basis amounting to \$34.45 per member - based upon 302 members.

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The undersigned Secretary of SCENIC HEIGHTS SUBDIVISION PROPERTY OWNERS ASSOCIATION, a Texas Non-Profit Corporation, does hereby certify that the above and foregoing AMENDMENT **2** to the By-Laws of said corporation was approved and ratified by majority vote of the general membership at the annual meeting of members held December 28, 2008.

December 29, 2008

  
Jane Branham Secretary