

**BY LAWS
OF
INDIAN RIDGE AT MESSER RANCH
HOMEOWNER'S ASSOCIATION**

Basic Information

Name: Indian Ridge at Messer Ranch Homeowner's Association, a Texas non-profit association which is an unincorporated association ("Association").

Principal Office. 118 South East Street, Belton, Texas 76513. The Association may have other offices.

Declaration: The Declaration of Covenants, Conditions and Restrictions of the Indian Ridge at Messer Ranch, recorded in the Real Property Records of Bell County, Texas.

Definitions. Capitalized terms used but not defined herein have the meaning set forth in the Declaration.

Voting Members: Members entitled to vote or their proxies.

1. Members

- A. **Membership.** The Association has two classes of members. The Declaration establishes the classes and rights of each.
- B. **Place of Meeting.** Member meetings will be held at the Principal Office or at another place designated by the Board.
- C. **Annual Meetings.** The first Member meeting will be held within six months after the formation of the Association. Subsequent regular annual Member meetings will be held on November 1 of each year.
- D. **Special Meetings.** The President may call special meetings. The President must call a special meeting if directed by the Board or by a petition signed by 35 percent of the Voting Members.
- E. **Notice of Meetings.** Written notice, stating the place, day, and hour of each Member meeting, other than a reconvened meeting, must be given to each Member not less than twenty (20) nor more than sixty (60) days before the meeting. The special member meeting notices must also state the meeting's purpose and no business may be conducted except as stated in the notice. Notice to a Member is deemed given when hand delivered or mailed. If mailed, notice is deemed as given (whether actually received or not) when deposited with the United States Postal Service, postage prepaid.

- F. **Waiver of Notice.** A Member may, in writing, waive notice of a meeting. Attendance at a meeting is a waiver of notice of the meeting, unless the Member objects to lack of notice when the meeting is called to order.
- G. **Quorum.** A majority of the Voting Members is a quorum. If a Members' meeting cannot be held because a quorum is not present, a majority of the Voting Members who are present may adjourn the meeting. At the reconvened meeting, forty percent of the Voting Members is a quorum. If a quorum is not present, then a majority of the Voting Members who are present may adjourn the meeting. At the second reconvened meeting, a majority of the Board is a quorum. Written notice of the place, date and hour of each reconvened meeting shall be given to each Member not more than 20 or less than seven days before the reconvened meeting.
- H. **Voting.** The voting rights of Members are in the Declaration. An action may be taken at a Members' meeting by majority vote. Votes representing more than fifty percent of the Voting Members present at a meeting at which a quorum is present is a majority vote.
- I. **Proxies.** Voting Members may vote by proxy. All proxies must be in writing.
- J. **Conduct of Meetings.** The President will preside over Member meetings. The Secretary will keep minutes of the meetings and will record in a minute book the votes of the Members.
- K. **Action Without a Meeting.** Any action that may be taken at a Members meeting, may be taken without a meeting by written consent setting forth the action taken signed by greater than fifty percent of the Voting Members.

2. The Board of Directors

- A. **Governing Body; Composition.** The affairs of the Association will be governed by the Board, each member of which will have one (1) vote. Except with respect to the initial directors appointed in the Articles of Incorporation, the directors will be members or spouses of members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a member which is a corporation or partnership, the person designated in writing to the Secretary as the representative of such corporation or partnership will be eligible to serve as a director.
- B. **Number of Directors.** The number of directors in the Association will be not less than three (3) or more than five (5). The initial Board will consist of JOHN B. MESSER, SR., ANN MESSER, and JOHN B. MESSER, JR. The Board may be increased in size by majority vote of the then-existing Board.
- C. **Election and Term of Office.**

- (i) At the first annual meeting of the membership, the Voting Members will elect three (3) new directors to replace the initial directors. At such election, one director will be elected for a term of one (1) year, one for a term of two (2) years, and one for a term of three (3) years, under such procedures as Board may determine. At the expiration of the initial term of office of each director and at each annual meeting thereafter, successors for each director whose term is expiring will be elected to serve for a term of three (3) years.
- (ii) Each Voting Member will be entitled to cast all votes attributable to the Lots which it represents with respect to each vacancy to be filled from each slate on which such Voting Member is entitled to vote. There will be no cumulative voting. The candidate(s) receiving the most votes will be elected. The directors elected by the Voting Members will hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

D. **Removal of Directors and Vacancies.** Any director elected by the Voting Members may be removed, with or without cause, by a majority of the votes in the Association. Any director whose removal is sought will be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor will then and there be elected by the remaining directors.

Any director elected by the Voting Members who has three (3) consecutive unexcused absences from Board meetings within one year or who is delinquent in the payment of any Assessment or other charge due the Association for more than forty-five (45) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor to fill the vacancy for the remainder of the term.

E. **Compensation.** No director will receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total votes of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

F. **Powers.** The Board will be responsible for the affairs of the Association and will have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not directed to be done and exercised exclusively by the Voting Members or the membership generally by the Declaration, Certificate of Formation, or these By-Laws.

The Board will delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

- G. **Management.** The Board may employ for the Association a professional management agent at a compensation established by the Board to perform such duties and services as the Board authorizes. The Board may delegate to the managing agent, subject to the Board's supervision, all of the powers granted to the Board by these By-Laws that can properly be delegated. Declarant, or an affiliate of the Declarant, may be employed as managing agent.
- H. **Accounts and Reports.** The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:
- (i) accrual accounting, as defined by generally accepted accounting principles, will be employed;
 - (ii) accounting and controls should conform to generally accepted accounting principles;
 - (iii) cash accounts of the Association will not be commingled with any other accounts;
 - (iv) no remuneration will be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received will benefit the Association;
 - (v) any financial or other interest that the managing agent may have in any firm providing goods or services to the Association will be disclosed promptly to the Board;
 - (vi) financial reports will be prepared for the Association at least quarterly containing:
 - (1) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - (2) a statement reflecting all cash receipts and disbursements for the preceding period;
 - (3) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (4) a balance sheet as of the last day of the preceding period; and
 - (5) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent (any Assessment or installment thereof will be

considered to be delinquent on the tenth (10th) day following the due date unless otherwise determined by the Board); and

(viii) an annual report consisting of at least the following will be available to all members within sixty (60) days after the close of the fiscal year:

(1) a balance sheet;

(2) an operating (income) statement; and

(3) a statement of changes in financial position for the fiscal year.

I. **Borrowing**. The Board will have the power to borrow money for the purpose of maintenance, repair or restoration of Common Area without the approval of the Voting Members. The Board will also have the power to borrow money for other purposes; provided, the Board will obtain Voting Member approval in the same manner provided in the Declaration for Special Assessments if the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed twenty percent (20%) of the budgeted gross expenses of the Association for that fiscal year.

J. **Rights of the Association**. With respect to the Common Area, and in accordance with the Articles of Incorporation and the Declaration, the Association will have the right to contract with any person for the performance of various duties and functions. Such agreements will require the consent of a majority of the total number of directors of the Association.

K. **Enforcement**. The Board will have the power to impose reasonable fines that will constitute a lien upon the Lot of the violating Owner, as provided in the Declaration, and to suspend an Owner's right to vote or any person's right to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted by the Association. If any occupant of a lot or any guest, licensee or invitee of an owner or occupant of a Lot violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine will first be assessed against the occupant; if the fine is not paid by the occupant within thirty days after the date of the notice of such fine, the Owner will pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation will not be a waiver of the right of the Board to do so thereafter.

(a) **Notice**. Before the Board may

(1) suspend an Owner's right to use a common area;

(2) file a suit against an Owner other than a suit to collect a regular or special assessment;

(3) foreclose under the Association's lien;

(4) charge an Owner for property damage; or

(5) levy a fine for a violation of the restrictions or bylaws or rules of the Association,

the Association or its agent must give written notice to the owner by certified mail, return receipt requested.

The notice must:

(1) describe the violation or property damage that is the basis for the suspension action, charge, or fine and state any amount due the Association from the Owner; and

(2) inform the Owner that the Owner:

(A) is entitled to a reasonable period to cure the violation and avoid the fine or suspension unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six months; and

(B) may request a hearing on or before the 30th day after the date the Owner receives the notice.

(b) Hearing.

(1) If the Owner is entitled to an opportunity to cure the violation, the Owner has the right to submit a written request for a hearing to discuss and verify facts and resolve the matter in issue before a committee appointed by the Board of the Association or before the Board if the Board does not appoint a committee.

(2) If a hearing is to be held before a committee, the notice must state that the Owner has the right to appeal the committee's decision to the board by written notice to the Board.

(3) The Association shall hold a hearing under this section not later than the 30th day after the date the Board receives the Owner's request for a hearing and shall notify the Owner of the date, time, and place of the hearing not later than the 10th day before the date of the hearing. The Board or the owner may request a postponement, and, if requested, a postponement shall be granted for a period of not more than 10 days. Additional postponements may be granted by agreement of the parties. The Owner or the Association may make an audio recording of the meeting.

(4) The hearing will be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice will be placed in the minutes of the meeting. Such proof will be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement will be satisfied if the alleged violator appears at the meeting. The minutes of the meeting will contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board may, but will not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period.

Such suspension will not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

(c) **Appeal.** Following hearing before a committee, if any, the violator will have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the managing agent, if any, President, or Secretary within five (5) days after the hearing date.

Section 3.19 **Additional Enforcement Rights.** The Association, acting through the Board, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both or an action to foreclose the lien against any Lot without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent legally permissible, the Owner or occupant responsible for the violation of which abatement is sought will pay all costs, including reasonable attorneys' fees and expenses actually incurred.

3. Board Meetings

- A. **Organizational Meetings.** The first meeting of the Board following each annual meeting of the membership will be held within thirty (30) days thereafter at such time and place as will be fixed by the Board.
- B. **Regular Meetings.** Regular meetings of the Board may be held at such time and place as will be determined from time to time by a majority of the directors, but such meetings will be held at least every ninety (90) days during each fiscal year. Notice of the time and place of the meeting will be communicated to directors not less than thirty (30) days prior to the meeting.
- C. **Special Meetings.** Special meetings of the Board will be held when called by written notice signed by the President or by any two (2) directors. The notice will specify the time and place of the meeting. The notice will be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office home who would reasonably be expected to communicate such notice promptly to the director; or (d) by fax, charges prepaid. All such notices will be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail will be deposited into a United States mailbox at least twenty (20) days before the time set for the meeting. Notices given by personal delivery, telephone, or fax, will be delivered, telephoned, faxed at least seventy-two (72) hours before the time set for the meeting.
- D. **Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed or wherever held, will be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before

or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting will also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

- E. **Quorum of Board.** At all meetings of the Board, a majority of the directors will constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present will constitute the decision of the Board. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than seven (7) nor more than twenty (20) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.
- F. **Conduct of Meetings.** The President will preside over all meetings of the Board, and the Secretary will keep a minute book of meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings.
- G. **Action Without a Formal Meeting.** Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, will be signed by a number of directors sufficient to take such action if all directors were present and voted on such action.

4. Officers

Section 4.1 **Officers.** The officers of the Association will be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it will deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.2 **Election, Term of Office, and Vacancies.** The officers of the Association will be elected annually by the Board at the first meeting of the Board following each annual meeting of the Voting Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.3 **Removal.** Any officer may be removed by the Board whenever, in the Board's judgment, the best interests of the Association will be served thereby.

Section 4.4 **Powers and Duties.** The officers of the Association will each have such powers and duties as generally associated with their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board. The President will be the chief executive officer of the Association. The Treasurer will have primary responsibility for the preparation of the budget and reports as provided for herein and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 4.5 **Resignation.** Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation will take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation will not be necessary to make it effective.

Section 4.6 **Agreements, Contracts, Deeds, Leases, Checks, Etc.** All agreements, contracts, deeds, leases, checks, and other instruments of the Association will be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board.

ARTICLE 5 **COMMITTEES**

The Board is authorized to establish committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee established by the Board will operate in accordance with the terms of the resolution of the Board designating the committee and such rules as are adopted by the Board.

ARTICLE 6 **MISCELLANEOUS**

Section 6.1 **Fiscal Year.** The fiscal year of the Association will be set by resolution of the Board. In the absence of a resolution, the fiscal year will be the calendar year.

Section 6.2 **Parliamentary Rules.** Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) will be used as a guide for the conduct of Association proceedings when not in conflict with law, the Articles of Incorporation, the Declaration, or these By-Laws.

Section 6.3 **Conflicts.** If there are conflicts between the provisions of law, the Articles of Incorporation, the Declaration, and/or these By-Laws, then the provisions of law, the Declaration, the Certificate of Formation, and the By-Laws (in that order) will prevail.

Section 6.4 **Books and Records.**

(a) **Inspection by Members and Mortgagees.** The Declaration, By-Laws, Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the members, the Board, and committees will be made available for inspection and copying by any holder, insurer or guarantor of a first mortgage on a Lot at any reasonable time during reasonable business hours and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Property as the Board will prescribe. The Board may impose a reasonable fee for costs of copying any such information, which will be payable in advance.

(b) **Rules for Inspection.** The Board will establish reasonable rules with respect to: (1) notice to be given to the custodian of the records; (2) hours and days of the week when such an inspection may be made; and (3) payment of the cost of reproducing copies of documents requested.

(c) **Inspection by Directors.** Every director will have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 6.5 **Notices.** Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws will be in writing and will be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a member or Voting Member, at the address which the member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such member or Voting Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as will be designated by notice in writing to the members pursuant to this Section.

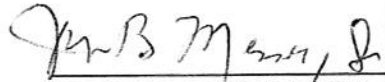
Section 6.6 **Amendment.** The Declaration may only be amended pursuant to its provisions.

Except as otherwise specifically provided above and elsewhere in these By-Laws, these By-Laws may be amended only by the affirmative vote or written consent, or combination thereof, of Voting Members representing seventy-five percent (75%) of the total votes in the Association. Notwithstanding the above, the percentage of votes or other approval necessary to amend a specific clause will not be less than the prescribed percentage of affirmative votes or other approval required for action to be taken under that clause.

In addition, so long as the Class B membership provided for in Section 5.2(b) of the Declaration exists, any amendment to these By-Laws will require the prior written approval of Housing and Urban Development or Veterans' Administration.

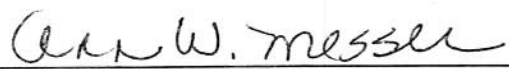
If an Owner consents to an amendment to these By-Laws, it will be conclusively presumed that such Owner has the authority to so consent and no contrary provision in any mortgage or contract between Owner and a third party will affect the validity of such amendment.

Adopted by the all the owners on May 13, 2005.



JOHN B. MESSER, SR.

THE BILL & ANN FAMILY LIMITED
PARTNERSHIP, a Texas limited
partnerhsip

By: 

Ann Whitworth Messer,
Secretary and Manager