

BY-LAWS OF CAT MOUNTAIN HOMEOWNERS ASSOCIATION, INC.
(as amended by the Membership at the Feb. 15, 2006 Annual Meeting)

ARTICLE I
MEMBERS

1.1 DEFINITIONS:

- (a) "Association" shall mean and refer to the Cat Mountain Homeowners Association, Inc., a membership corporation organized under the Texas Non-Profit Membership Corporation Act.
- (b) "Lot" shall mean and refer to a separate plot of land as shown on any recorded subdivision plat located within Cat Mountain Villas and subject to the Declaration of Covenants, Conditions and Restrictions ("Declaration") of record in the Real Property Records of Travis County, Texas, Volume 5077, Page 1440 and all amendments and joinders thereto with the exception of the Common Areas. Said Declaration and all amendments and joinders thereto are hereby incorporated by reference herein for all purposes.
- (c) "Member" shall mean and refer to each Owner of a lot. When more than one person owns an interest in any lot, all such persons shall be members.
- (d) "Owner" shall mean and refer to the owner of record, whether one or more persons or entities, of the legal fee simple title to any Lot which is part of Cat Mountain Villas. A lienholder or mortgagee, trustee under a Deed of Trust, or owner of any mineral, right-of-way easement or similar interest, shall not, as such, be deemed to be the owner of record of the legal fee simple title of a portion of the subject property and shall not by reason of any such interest owned or held or acquired by it be or become a member of the Association. If any lienholder, mortgagee, or other party shall purchase or become the legal title holder (as contrasted to a lienholder) of a Lot upon foreclosure of a Lot, then such party shall become a member of the Association, so long as such party shall be a owner of record of the legal fee simple title of the Lot.

1.2 VOTING RIGHTS: The Owner of each Lot shall have such voting rights as are set forth in the Declaration and in all amendments and joinders thereto. The vote for each Lot shall be exercised as the members holding legal fee simple title to a Lot determine among themselves, but in no event shall more than one vote be cast with respect to any Lot.

1.3 MEETINGS: The members of the Association shall have an annual meeting each year and may have special meetings.

- (a) The annual meeting of the members shall be held on the third Wednesday in February of each year, at Seven (7:00) p.m. in the Association's Clubhouse or on such other day between February 15 and the last day of February, and at such other time and such other place in Travis County, Texas, as shall be designated by the Board of Directors in the notice of the meeting.
- (b) A notice of the annual meeting of members shall be given: (1) in writing, as provided in Section 1.4, to each Owner of each lot at the address in the records of the Association not less than thirty (30) days nor more than fifty (50) days prior to the meeting, (2) by posting on the Association's web site and on the inside surface of the Clubhouse window at the time the notice is given in writing, to remain legible from outside the Clubhouse

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until after the meeting, and (3) by posting meeting signs or placards at each entrance to the Association seven (7) days prior to the annual meeting and maintaining the signs or placards through the day of the annual meeting. Failure to comply with (3) above shall not be grounds to invalidate the meeting. The notice given in writing and the notice posted on the Association's web site and on the Clubhouse window shall include an agenda of business proposed by the Board of Directors to be conducted at the meeting and shall include an invitation for members to request additional agenda items.

- (c) The agenda proposed by the Board of Directors for the annual meeting of members shall include, but not limited to, the election of members to the Board and a vote to retain or disburse excess funds in the Reserve Fund, as provided in Section 4.5 and 4.6. The agenda for an annual meeting may be amended at the meeting by not less than two-thirds of the eligible members in attendance or represented by proxy, and as provided for in Section 1.3 (d).
- (d) A group consisting of not less than twenty-five (25) Owners representing Lots eligible to vote may request that an additional items or items of business be added to the agenda. Such a request shall be in writing, signed by the requesting members, addressed to the Board, and mailed or hand-delivered to the Association's business office not more than ten (10) calendar days after the notice of the annual meeting is mailed. Such request shall state each agenda item requested to be added. Upon receipt of each such request, the Association's business office shall record on the request the date it was mailed or hand-delivered, and shall acknowledge the receipt in writing to the requesters, stating whether the request was provided in accordance with this paragraph. All such requests shall be retained in the Association's records. Each such request timely received shall be added to the agenda for the annual meeting of the members. No less than fourteen (14) calendar days prior to the annual meeting, a revised agenda shall be provided to the members and shall be posted on the Association's web site and the Clubhouse window in place of the original annual meeting agenda.
- (e) A special meeting of the members shall be called by the Board upon receiving valid signatures of not less than 20% of the Owners representing Lots eligible to vote, and shall be held at the Association's Clubhouse or such other place in Travis County, Texas, and at such time as specified in the notice of the meeting. The special meeting shall be held not less than thirty (30) days and no more than sixty (60) days upon receipt of the required signatures.
- (f) Notice of the special meeting shall be in accordance with Section 1.3 (b).

1.4 NOTICE: All notices given or required to be given by the Association to its members with respect to any meeting or for any other purposes shall be deemed to have been properly given if actually received, and whether or not actually received, when deposited in the United States Mail, postage prepaid, and addressed to the member at his address as it appears on the books of the Association, and shall be deemed given when mailed. All notices given or required to be given by a member or members to the Association shall be in writing and deemed to have been properly given if actually received, including but not limited to by facsimile, certified mail return receipt requested, or had-delivered with receipt.

1.5 PARLIAMENTARY AUTHORITY: Meetings of the Association membership shall be carried out in

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conformity with the Modern Edition of *Roberts Rules of Order* so long as they are consistent with the Articles of Incorporation, these by-laws, the Declaration, applicable law, and any special rules of order the Association may adopt.

ARTICLE II
DIRECTORS

2.1 NUMBERS: The number of directors of the corporation shall be five (5). A quorum for a Board of Director's meeting shall be three (3) Directors. The term of each director shall be two years and the terms may be staggered to provide continuity. A director shall be a member of the Association.

2.1A TERM OF DIRECTORS: No member of the board of directors may serve more than three (3) consecutive two-year terms without being off the board for at least two years. If appointed or elected to a partial term, a director's service during that partial term shall not count as part of the three consecutive two-year term sequence. After a two-year hiatus, a previous director may serve again.

2.2 ELECTION: Prior to issuing notice of the Annual Meeting of the members, the Board of Directors shall solicit candidates for Director positions to be filled at the Annual Meeting. In the notice of the Annual Meeting, the Board of Directors shall list the Director candidates for filling available positions. Director positions shall be filled by candidates who shall be elected by a majority of members eligible to vote in attendance or represented by proxy at the Annual Meeting or special meetings at which a quorum is established. The Board may appoint Directors for unexpected vacancies until the next annual meeting or a special meeting, at which time an election shall be held to fill the remainder of the unexpired term.

2.3 REMOVAL OF DIRECTORS: Any one or more directors or the entire Board of Directors may be removed for cause by the following process:

- (a) A petition requesting a members meeting to vote the removal of a director or directors with a description of cause which has been signed by not less than twenty percent (20%) of the eligible members of the Cat Mountain Homeowners Association shall be presented to the Board of Directors.
- (b) The Board of Directors shall call a meeting of the members to take place within thirty (30) days of the presentation of the petition and shall provide notice, according to Article I Members, Section 1.3 (b), to the members of the removal question to be voted on at the meeting. Such meeting may coincide with the annual members meeting or may be a special meeting of the members.
- (c) A director or directors will be removed upon a vote of not less than two-thirds of the members entitled to vote at such meeting.
- (d) In the event one or more directors are removed, then an immediate election, at the same meeting, shall be held to elect replacement director(s).
- (e) Any board Member who is absent for three (3) consecutive regular board meetings or six (6) regular board meetings in any 12-month period shall be removed from serving on the Board of Directors.

2.4 MEETINGS:

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- (a) An annual meeting of the Board of Directors shall be held each year immediately following the adjournment of the annual meeting of the members, and at the same place as the annual meeting of the members; and no special notice of such annual meeting of the Board of Directors shall be required. Special meetings of the Board of Directors may be called by any Director or by the President of the Association, and shall be held at such time and place as shall be specified in the notice given of such meeting. No particular form of notice shall be required for the calling and holding of a special meeting of the Board of Directors, provided that actual notice thereof shall have been given to each director in advance of the time of such meeting. Absent actual notice, proper notice shall be deemed to have been given of any special meeting of the Board of Directors if notice in writing, or by telephone or telegraph message, shall have been sent to either the usual business or residence of the person entitled to receive notice not less than two (2) days preceding the date of the meeting.
- (b) The proposed draft of the minutes of each meeting of the Board of Directors shall be available to any member of the Association not more than five business days following the meeting. Such minutes shall be available at the Cat Mountain Homeowners Association Clubhouse at 6007 Mt. Bonnell Road during normal business hours. The proposed draft of the minutes shall also be posted on the Association's web site.

2.5 MANAGEMENT: The business affairs and property of the corporation shall be managed and controlled by the Board of Directors. The Board of Directors shall be the duty to maintain, operate, repair, and replace the common elements as described in the Declaration, to administer the Common Fund and Reserve Fund, and to perform such other duties as shall be appropriate to the management of the subject property for the use, enjoyment and benefit of the members of the corporation in accordance with the terms and provision of the Declaration,, The Board of Directors is expressly given full powers (not inconsistent with these By-laws, the Articles of Incorporation of the corporation, the Declaration which is filed in the Real Property Records of the County Clerk of Travis County, Texas, and applicable provisions of law) to accomplish the foregoing purposes.

2.6 AUTHORITY:

- (a) The Board of Directors shall have power to make rules for their own government and for the government of the corporation; to prescribe and enforce the penalties for violations of the rules and By-laws of the corporation; to assess and fix charges to be levied against the members of the corporation; and to exercise such other powers as may be necessary or proper to attain the objective of the corporation. Except to the extent inconsistent with any provision of the Declaration, the Association's Articles of Incorporation or the Association's Bylaws, the Board shall have the authority to exercise the powers conveyed to it by statute, including, but not limited to Texas Property Code Section 204.010.
- (b) The Board of Directors shall have authority to create committees, appoint committee members and specify the duties of any committee so created, in accordance with the Texas Non-Profit Corporation Act.
- (c) On matters involving lots and/or lot owners, the Board of Directors shall have the authority to create mediation committees and specify the duties of any mediation committee so created, but any mediation committee shall only make recommendations to the Board of Directors. The Board of Directors shall serve as the arbitrator or mediator of last resort

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for the appeals by any property owner seeking to resolve a covenant or architectural dispute.

(d) No loans shall be made by the Association to any entity.

2.6 EMPLOYEES: The Board of Directors shall have responsibility and authority to employ such employees as the affairs of the corporation shall require and may delegate to any such employee so much of its authority it shall deem advisable. The Board of Directors may engage the services of a Managing Agent who shall manage and operate the common elements for the members of the corporation, upon such terms and for such compensation and with such specific duties and authority as the Board of Directors may approve and delegate to such Managing Agent. The compensation paid to such Managing Agent shall be deemed to be a part of the common expenses for which the members shall be assessed. The Board of Directors shall likewise have the power for any cause they deem sufficient to discharge any or all employees of the corporation, including the Managing Agent, and may delegate their authority to do so to any officer or committee of the corporation.

2.8 USE OF PROFESSIONAL SERVICES: Before any professional services can be engaged to serve the Board of Directors or the Association, the Board of Directors must determine the need for and the scope of professional services,, The Board of Directors must hold a regular or special meeting and to enter into the minutes of such a meeting of the Board of Directors the identified need for retaining the services and the general scope of services to be performed,, Engagement of professional services shall require a majority vote by the Board of Directors, The Secretary shall record into the minutes of such a meeting the voting action of each Director, No individual Director or Association officer shall have the authority to engage professional services in the name of the Association or the Board of Directors, unless such engagement is in response to an emergency,, In the event of such an emergency, a regular or special meeting of the Board of Directors shall be held within forty five (45) days to ratify the engagement including the items described above.

2.9 AUDIT OF EXPENDITURES: The Board of Directors shall employ a certified public accountant or accounting firm to conduct a review at least every two years of the budget and of all income or receipts and expenditures made on behalf of the Cat Mountain Homeowners Association to assure the financial integrity of the Cat Mountain Homeowners Association.

**ARTICLE III
OFFICERS**

3.1 The officers of the corporation shall consist of a President, a Vice-President, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors at its annual meeting. The Board of Directors shall have full authority to remove any officer of the corporation from office by the vote of a majority of the members of the entire board at any time; and the election of each officer of the corporation shall be subject to such power of the Board of Directors.

3.2 The duties of the officers of the corporation shall be as follows:

(a) The President shall be the chief executive officer of the corporation. He shall preside at all meetings of the members and directors and shall be responsible for the carrying out of their decisions in the administration of the affairs of the corporation. The President shall also execute contracts, conveyances and other documents on behalf of the corporation as agreed to and approved by the Board of Directors. The President is the spokesperson for the Board, unless he designates another Board Member, in all matters that require either written or verbal comments by the Board.

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- (b)** In the absence of the President or when it is inconvenient for the President to act, the Vice-President shall perform the duties and exercise the powers of the President. At any time when the Vice-President is performing a duty or exercising a power of the President, any third party dealing with the corporation may presume conclusively that the Vice-President was authorized to act in his place.
- (c)** The Secretary shall issue notice of directors' and members' meeting if so directed by the party calling the meeting, and shall be responsible for the corporate minutes and records. The Board of Directors may, if it deems it advisable, from time to time, designate one or more persons as the Assistant Secretaries, who may perform the duties and exercise the powers of the Secretary when the Secretary is absent or it is inconvenient for the Secretary to act. Any third person dealing with the corporation may presume conclusively that any Assistant Secretary acting in the capacity of the Secretary was fully authorized so to act.
- (d)** The Treasurer shall be responsible for the custody and disbursement of corporation funds and securities and the keeping of adequate books of accounts. Any extraordinary disbursements in excess of \$5,000.00 shall be cosigned by another officer of the Association. The Board of Directors may, from time to time, if it deems advisable, designate one or more persons as Assistant Treasurer who may perform the duties and exercise the powers of the Treasurer if the Treasurer is absent or it is inconvenient for the Treasurer to act. Any third person dealing with the corporation shall be entitled to presume conclusively that any Assistant Treasurer, acting in the capacity of the Treasurer, was duly authorized to do so. The Treasurer shall prepare a roster of the members and the assessment applicable thereto, and a record of the payment of such assessments. All books of accounts and all other records shall be kept at the principal office of the Corporation (6007 Mount Bonnell Road) and shall be open to inspection by any Member during normal business hours.

**ARTICLE IV
ASSESSMENT**

4.1 The Board of Directors shall have full power and authority to assess or charge the members of the corporation for funds required for the performance of its objects and purposes as set forth in the Declaration. Each assessment shall be due and payable by each member at the time and in the manner set forth in the resolution fixing such assessment. In the absence of specific provision therefore in such resolution, each assessment shall be due and payable on or before ten (10) days from and after the date of the adoption of such assessment, and shall be payable at the place designated by the Board of Directors.

4.2 Assessments may be levied and assessed upon members of the Association according to the Declaration filed for record in the Real Property Records of the County Clerk of Travis County, Texas. Where a single lot shall be owned by more than one person, such members shall not be assessed a sum in excess of the amount which a single individual member owning such lot would have been assessed.

4.3 The Board of Directors shall also fix and determine the charges, if any, to be made with respect to the use by such persons of various facilities, property and equipment maintained and operated by the corporation.

4.4 No member who is delinquent more than 30 days in the payment of any assessment, charge, fee or

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other sum due to the corporation shall vote with respect to the subject Lot upon any matter, unless and until all such delinquent sums shall have been paid to the corporation in full.

4.5 The Board of Directors shall establish two financial accounts to be used for the deposit and/or the disbursement of the assessments.

(a) A Common Fund shall be maintained to carry out the annual financial requirements of the Association as determined by the Board of Directors. Annual surpluses shall be deposited in the Reserve Fund or refunded to the membership.

(b) A Reserve Fund shall be established and maintained by the Board of Directors to pay unanticipated or additional expenses incurred to manage the Common Areas, as described in the Articles and Declaration, and to reimburse deficiencies or over expenditures of the Common Fund, if required. Any annual excess in the Reserve Fund exceeding \$150,000 indexed for inflation according to the annual U.S. Consumer Price Index (CPI) for the preceding calendar year may be disbursed to the members in accordance with Article 4.6 or used to reduce the annual assessment of the members.

4.6 At each annual meeting of the members, the Board of Directors shall announce the amount of excess funds remaining in the Reserve Fund at the end of the previous fiscal year. In the event of such excess, the members shall determine whether such funds should be refunded to each member in good standing through the end of the previous fiscal year on a pro rata per lot basis or be retained in the Reserve Fund by the corporation for the use and benefit of all members during the ensuing year. Any authorization to make such refund shall require an affirmative vote of a majority of the members eligible to vote in attendance at the meeting or represented by proxy.

4.7 At each annual meeting, the Board of Directors shall give members an accounting of the past year's receipts and expenditures.

**ARTICLE V
AMENDMENTS**

5.1 The power to alter, amend, or repeal the By-laws or to adopt new By-laws shall be vested in the members.

5.2 Written notice setting forth the proposed amendment or a summary of the changes to be effected to the By-laws shall be given to each member entitled to vote within the time and in the manner provided in the By-laws for the giving of notice of member meetings. The proposed amendment or such summary shall be included in the notice of the meeting as provided in sections 1.3 (b) and (f) and Section 1.4.

5.3 A vote of the members eligible to vote in attendance at the meeting or represented by proxy shall be taken on the proposed amendment. The proposed amendment shall be adopted upon receiving the affirmative vote of at least two thirds of the members eligible to vote in attendance at the meeting or represented by proxy.

**ARTICLE VI
QUORUM AND ACTION BY MEMBERS**

6.1 Except as otherwise provided in these By-laws or the Declaration, members holding at least forty percent (40%) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum.

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Unless otherwise required by law, by the Declaration described above or by these By-laws, the vote of the majority of the votes entitled to be cast by the members present, or represented by proxy, at a meeting shall be the act of the members meeting.

6.2 A member may vote in person or may vote by proxy executed in writing by the member or by his duly authorized attorney in fact.

6.3 The Secretary or other person taking the minutes at a duly called meeting shall record the name of the person who executed the proxy and the name of the person authorized to exercise the proxy. If a person who has duly executed a proxy personally attends a meeting, the proxy shall not be effective while the person is in attendance at the meeting.

6.4 Proxies shall be provided to the membership in the general form of a ballot, All known items to be voted on at the annual or other meeting shall be listed thereon, and a space shall be provided that enables the members to check "For" or "Against", or "Discretion of the Proxy holder" for each item so listed,, Board members and their position shall be listed in order for the member to assign his (her) proxy to a member of the Board, if desired. A blank space shall also be provided for writing in the name of any individual who is authorized to exercise the proxy. An item shall also be listed for the member to answer "Yes" or "No" as to whether the proxy shall extend to other business brought before the meeting. Proxies shall be delivered to the Association or to the person who is to exercise the proxy. Proxies shall be applicable only for the meeting indicated thereon.

**ARTICLE VII
DECLARATION**

7.1 This corporation shall at all times be subject to, and operated in conformity with the terms of the Articles of Incorporation, these By-laws, the Non-Profit Corporation Act and other applicable law, and the Declaration recorded in the Real Property Records of Travis County, Texas.

**ARTICLE VIII
INDEMNIFICATION**

8.1 The Association shall defend, indemnify, and hold completely harmless, to the extent permitted by Article 2.2-A of the Texas Non-profit Corporation Act as it currently exists or may hereafter be amended, any and all of its present or former directors, officers, or employees against any and all expenses reasonably incurred by or imposed upon such person in connection with any action, suit, or other proceeding (including settlement of any suit or proceeding if approved by the then Board of Directors of the Association) to which he/she may be made a party to by reason of his/her service as an officer, director, or employee of the Association, whether or not such person is an officer, director, or employee at the time such expenses are incurred.

8.2 The officers, directors, and employees of the Association shall not be liable to the members for any errors of Judgment, negligence, or otherwise, but each officer, director, and employee shall remain liable for his/her own intentional misconduct or bad faith.

8.3 The officers, directors, and employees of the Association shall have no personal liability with the respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers, directors, or employees may also be owners of lots), and the Association shall defend, indemnify, and hold completely harmless each such officer, director, or employee against any and all liabilities to others on account of any such contract or commitment.