

BYLAWS OF  
RUBY RANCH HOMEOWNER'S ASSOCIATION  
A NONPROFIT CORPORATION

ARTICLE I  
NAME AND LOCATION

The name of the corporation is RUBY RANCH HOMEOWNER'S ASSOCIATION (referred to herein as the "Association"). The principal office of the corporation will be located at 1900 FM 967, Buda, Texas, but meetings of members and directors may be held at such places within the State of Texas as may be designated by the board of directors.

ARTICLE II  
PURPOSES AND POWERS

A. The purpose or purposes for which the Association is organized are to act as agent for the property owners of Ruby Ranch Phase One, a subdivision in Hays County, Texas, according to the map or plat of such subdivision filed for record in Volume 6, Pages 398-400, Plat Records of Hays County, Texas (herein referred to as the "Subdivision"), and to perform those functions (in addition to those set out herein) set forth in that certain Declaration of Covenants, Conditions, and Restrictions For Ruby Ranch Subdivision filed for record in Volume 1181, Pages 57-79 (Clerk's Document #388121), Official Public Records of Hays County, Texas (herein referred to as the "Declaration"). The specific primary purposes for which the Association is formed are to provide for maintenance, preservation, and architectural control of the residence lots and common area within the Subdivision, and to promote the health, safety, and welfare of the residents within the above-described Subdivision and such additions to it as may hereafter be brought within the jurisdiction of the Association for such purposes.

B. In furtherance of such purposes, and subject to the terms and provisions of the Declaration, the Association will have power to:

(1) Perform all of the duties and obligations of the Association as set forth in the Declaration;

(2) Affix, levy, and collect all charges and assessments pursuant to the terms of the Declaration, and enforce payment of them by any lawful means; and pay all expenses related to such enforcement, and all office and other expenses incident to the

(Bylaws)  
(Ruby Ranch Homeowner's Association)

conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed on the property of the Association;

(3) Acquire (by gift, purchase, or otherwise), own, hold, improve, build on, operate, maintain, convey, sell, lease, transfer, dedicate to public use, or otherwise dispose of real and personal property in connection with the affairs of the Association;

(4) Borrow money and, subject to the consent by vote or written instrument of two-thirds of the voting members, mortgage, pledge, convey by deed of trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;

(5) Provide repair, maintenance and replacement of the common areas as set forth in the Declaration, including but not limited to the roads/streets shown and described on the plat of the Subdivision;

(6) Dedicate, sell, or transfer all or any part of the common areas to any municipality, public agency, authority, or utility for such purposes and subject to such conditions as maybe agreed on by the members. Except as provided in the Declaration and subject to the terms and conditions of any instrument transferring property to the Association, no such dedication or transfer will be effective unless an instrument has been signed by two-thirds of the voting members, agreeing to such dedication, sale, or transfer;

(7) Participate in mergers and consolidations with other nonprofit corporations organized for the same purposes, or annex additional residential property and common areas, provided that any merger, consolidation, or annexation will have the consent by vote or written instrument of two-thirds of the voting members; and,

(8) Have and exercise any and all powers, rights, and privileges that a corporation organized under the Texas Non-Profit Corporation Act by law may now or hereafter have or exercise.

C. The Association is organized and will be operated exclusively for the aforementioned purposes. The activities of the Association will be financed by assessments on members as provided in the Declaration, and no part of any net earnings will inure to the benefit of any member.

(Bylaws)  
(Ruby Ranch Homeowner's Association)



ARTICLE III  
MEMBERSHIP AND VOTING RIGHTS

A. Membership. Each and every owner of a lot in the Subdivision shall automatically become, and must remain, a member of the Association during such owner's period of ownership of such lot; membership will be appurtenant to and may not be separated from ownership of a lot. A Member of the Association shall be considered to be a Member in good standing and eligible to vote, subject to the conditions set forth herein, if such Member:

- a. Has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for in the Declaration;
- b. Does not have a lien filed by the Association against his/her/its lot; and
- c. Has discharged other obligations to the Association as may be required of Members hereunder.

The Board of Directors of the Association shall have sole responsibility and authority for determining the good standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) days prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting any or all of the three requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of this Article shall be declared by the Board to be not a Member in good standing and unless the time requirement required hereunder is specifically waived by the Board in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in good standing status is attained and so declared by the Board.

(Bylaws)  
(Ruby Ranch Homeowner's Association)

The Association shall have two (2) classes of voting membership:

- a. CLASS A. The Class A Members shall be all owners of lots in the Subdivision with exception of the Declarant. After the Conversion Date, Declarant shall also become a Class A Member to the extent Declarant is the Owner of a lot or lots in the Subdivision.
- b. CLASS B. The Class B Member shall be the Declarant. The Class B membership of Declarant shall cease and become converted to Class A membership upon occurrence of the earlier of the following (the "Conversion Date"):
  - (i) At September 1, 2005; or
  - (ii) Such earlier date as may be established by Declarant in a Supplemental Declaration to be recorded by Declarant in the Official Public Records of Hays County, Texas.

Until the Conversion Date, the Class A Members shall not be entitled to vote (except as provided for the levying of Special Assessments under Article IV, Section 4.04 of the Declaration and amendments to the Declaration under Article IX of the Declaration). The Class B Member shall be entitled to one (1) vote for each lot that it owns in the Subdivision.

From and after the Conversion Date (and at anytime with respect to votes pertaining to Special Assessments and amendments to the Declaration), each Class A Member shall be entitled one (1) vote for each lot that he/she/it owns in the Subdivision. Where more than one person or entity owns in any lot, all such persons collectively shall be a single Member, and the vote for such Member shall be exercised as the several parties shall determine among themselves.

The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of ownership, nor impair any rights or remedies which the Association or any other owner has with regard to such former owner.

(Bylaws)  
(Ruby Ranch Homeowner's Association)



The terms "Declarant", "Subdivision", "Lot", and "Owner" as used herein shall have the same meaning as set forth in the Declaration.

#### ARTICLE IV MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the voting members will be held within one year from the date of incorporation of the Association. Subsequent annual meetings of the voting members will be held on the same day of the same month of each year thereafter at 6:00 p.m.. If the day for the annual meeting of the voting members is a legal holiday, the meeting will be held at the same hour on the next following day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the voting members may be called at any time by the president or by the board of directors, or on written request of one-fourth of the voting members.

Section 3. Notice of Meetings. Written notice of each meeting of members will be given by, or at the direction of, the secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) but not more than thirty (30) days before such meeting to each member entitled to vote, addressed to the member's address last appearing on the books of the Association or supplied by such member to the Association for the purpose of receiving notice. The notice will specify the day, hour, and place of the meeting, and in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting, in person or by proxy, of members entitled to cast a majority of the votes of the voting members will constitute a quorum for authorization of any action, except as may otherwise be provided in the Declaration, the articles of incorporation, or these bylaws. If a quorum is not present at any meeting, the members entitled to vote will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 5. Proxies. At all meetings of members, each voting member may vote in person or by proxy. All proxies will be in writing and filed with the secretary. Proxies will be revocable, and the proxy of any owner will automatically terminate on conveyance by such owner of his or her lot.

(Bylaws)  
(Ruby Ranch Homeowner's Association)



ARTICLE V  
BOARD OF DIRECTORS

Bk Vol Pg  
12032774 DFR 4484 276

Section 1. Number and Qualifications. The affairs of the Association will be managed by a board of three (3) directors, who will be natural persons, 18 years of age or older and citizens of the State of Texas.

Section 2. Nomination. Nomination for election to the board of directors may be by nominating committee, and may also be made from the floor at any annual meeting of the voting members. The committee will be appointed by the board of directors prior to each annual meeting to serve from the close of such meeting until the close of the next annual meeting, and such appointment will be announced at each annual meeting. The nominating committee will make as many nominations for election to the board of directors as it will in its discretion determine, but in no event will it nominate less than the number of vacancies to be filled.

Section 3. Election. Election to the board of directors will be by secret written ballot. At such election the voting members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Persons receiving the largest number of votes will be elected. Cumulative voting is permitted in favor of candidates for fewer than all the vacancies, provided that any voting member who intends to cumulate his or her votes must give written notice of such intention to the secretary of the Association on or before the day preceding the election at which such voting member intends to cumulate his or her votes.

Section 4. Meetings.

(a) Regular Meetings. Regular meetings of the board of directors will be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the board. In the event the regular date for a meeting falls on a legal holiday, such meeting will be held at the same time on the next following day which is not a legal holiday.

(b) Special Meetings. Special meetings of the board of directors will be held when called by the president of the Association, or by any two directors, after not less than three-days' notice to each director.

(c) Quorum. A majority of the directors will constitute a quorum for the transaction of business. Every act performed or decision made by a majority of directors present at a duly held

(Bylaws)  
(Ruby Ranch Homeowner's Association)

meeting in which a quorum is present will constitute the act or decision of the board.

Section 5. Powers. The board of directors will have power to:

(a) Adopt and publish rules and regulations governing the use of the common areas and facilities, including the personal conduct of the members and their guests in using them; and to establish penalties for infractions of such rules and regulations;

(b) Suspend the voting rights of any member during any period in which such member is in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed thirty (30) days for infraction of published rules and regulations;

(c) Exercise on behalf of the Association all powers, duties, and authority vested in or delegated to the Association and not specifically reserved to the membership by the Declaration, articles of incorporation, or by other provisions of these bylaws;

(d) Declare the office of a member of the board of directors to be vacant in the event that such member is absent from three consecutive regular meetings of the board of directors; and,

(e) Employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties.

Section 6. Duties. It will be the duty of the board of directors to:

(a) Cause to be kept a complete record of all its acts and corporate affairs and to present a statement of such acts and affairs to the members at each annual meeting, or at any special meeting at which such a statement is requested in writing by one-fourth of the voting members;

(b) Supervise all officers, agents, and employees of the Association and see to it that their duties are properly performed;

(Bylaws)  
(Ruby Ranch Homeowner's Association)



(c) As more fully provided in the Declaration, to:

(1) Fix the amount of the annual assessment against each lot at least thirty (30) days in advance of each annual assessment period;

(2) Send written notice of each assessment to every owner subject to the assessment at least thirty (30) days in advance of each annual assessment period; and

(3) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date, or to bring an action at law against the owner personally obligated to pay the same;

(d) Issue, or cause an appropriate officer to issue, on demand by any person and on imposition of a reasonable charge, a certificate setting forth whether or not any assessment has been paid, a statement in a certificate to the effect that an assessment has been paid constituting conclusive evidence of such payment;

(e) Procure and maintain adequate liability and hazard insurance on all property owned by the Association;

(f) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(g) Cause the common area to be maintained, including but not limited to the roads/streets shown within the boundaries of the Subdivision on the plat or map of such Subdivision as referenced herein.

Section 7. Term of Office. Directors shall hold office for one year from the date of their election. There is no limit on the number of terms a director may serve.

Section 8. Compensation. No director will receive compensation for any service he or she may render to the Association. However, any director may be reimbursed for his or her actual expenses incurred in the performance of his duties.

Section 9. Removal. Any director may be removed from the board, with or without cause, by a majority vote of the voting members of the Association. In the event of death, resignation, or removal of a director, his or her successor will be selected by the remaining members of the board and will serve for the unexpired term of his or her predecessor.

(Bylaws)  
(Ruby Ranch Homeowner's Association)



ARTICLE VI  
OFFICERS

Bk Vol Pg  
12032774 OPR 4484 279

Section 1. Enumeration of Offices. The officers of the Association will be a president and vice president, who will at all times be members of the board of directors, and a secretary, treasurer, and such other officers as the board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers will take place at the first meeting of the board of directors following each annual meeting of members.

Section 3. Term. The officers of the Association will be elected annually by the board. Each will hold office for a term of one (1) unless he or she will sooner resign, or will be removed or otherwise disqualified to serve.

Section 4. Special Appointments. The board may elect such other officers as the affairs in the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office by the board at any time with or without cause. 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 receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment of the board. The officer appointed to such vacancy will serve for the unexpired term of the officer he or she replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person will simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(Bylaws)  
(Ruby Ranch Homeowner's Association)

(a) President. The president will preside at all meetings of the board of directors, will see that orders and resolutions of the board are carried out, will sign all leases, mortgages, deeds, and other instruments, and will cosign all checks and promissory notes.

(b) Vice President. The vice president will act in the place of the president in the event of his or her absence, inability, or refusal to act, and will exercise and discharge such other duties as may be required of him or her by the board.

(c) Secretary. The secretary will record the votes and keep the minutes of all meetings and proceedings of the board and of the members, keep the corporate seal of the Association and affix it to all papers so requiring; serve notice of meetings of the board and of members, keep appropriate current records showing the members of the Association together with their addresses, and perform such other duties as may be required by the board or by law.

(d) Treasurer. The treasurer will receive and deposit in appropriate bank accounts all funds of the Association, and will disburse such funds as directed by resolution of the board of directors; will sign all checks and promissory notes of the Association; will keep proper books of account; will cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year; and will prepare an annual budget and statement of income and expenditures, a copy of which documents will be delivered to each member, and a report on which will be given at the regular annual meeting of members.

#### ARTICLE VII COMMITTEES

• The Association will appoint an architectural committee, as provided in the Declaration, and a nominating committee as provided in Article V of these bylaws. In addition, the board of directors may appoint such other committees as it may deem appropriate in the performance of its duties.

#### ARTICLE VIII ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien on the property against which such assessments are made. Any

(Bylaws)  
(Ruby Ranch Homeowner's Association)



assessments which are not paid when due are considered delinquent. If an assessment is not paid within thirty (30) days after the due date, the assessment bears interest from the date of delinquency at the rate of ten percent (10.0%) per annum, and the Association may bring an action at law against the owner personally obligated to pay the same, or may foreclose the lien against his or her property. Interest, costs, and reasonable attorney fees of any such action will be added to the amount of any assessment due. No owner may waive or otherwise escape liability for assessments by nonuse of the common area or abandonment of his or her lot.

#### ARTICLE IX INDEMNIFICATION

Section 1. When Indemnification is Required, Permitted, and Prohibited.

(a) The Association shall indemnify a director, officer, committee member, employee, or agent or the Association who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Association. For the purposes of this article, an agent includes one who is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Association shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Association's best interests. In a case of criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Association shall not indemnify a person who is found liable to the Association or is found liable to another on the basis of improperly receiving personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the Association.

(Bylaws)  
(Ruby Ranch Homeowner's Association)



(c) The Association shall pay or reimburse expenses incurred by a director, officer, member, committee member, employee, or agent of the Association in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Association when the person is not named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this paragraph, the Association may indemnify a director, officer, member, committee member, employee, or agent of the Association to the extent permitted by law. However, the Association shall not indemnify any person in any situation in which indemnification is prohibited by the terms of paragraph Section 1 (a), above.

(e) Before the final disposition of a proceeding, the Association may pay indemnification expenses permitted by the bylaws and authorized by the Association. However, the Association shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is named a defendant or respondent in a proceeding brought by the Association or one or more members; or the person is alleged to have improperly received a personal benefit or committed other wilful or intentional misconduct.

(f) If the Association may indemnify a person under the bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Association, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

## Section 2. Procedures Relating to Indemnification Payments.

(a) Before the Association may pay any indemnification expenses (including attorney's fees), the Association shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in paragraph Section 2 (c), below. The Association may make these determinations and decisions by any one of the following procedures:

(Bylaws)  
(Ruby Ranch Homeowner's Association)



(i) Majority vote of a quorum consisting of directors who, at the time of the vote are not named defendants or respondents in the proceeding.

(ii) If such a quorum can not be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding.

(iii) Determination by special legal counsel selected by the Board of Directors by vote as provided in paragraph Section 2 (a) (i) or Section 2 (a) (ii), or if such a quorum can not be obtained and such a committee can not be established, by a majority vote of all directors.

(iv) Majority vote of members, excluding directors who are named defendants or respondents in the proceeding.

(b) The Association shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by paragraph Section 2 (a) (iii), above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the bylaws, or a resolution of members or the Board of Directors that requires the indemnification permitted by Section 1, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

\* (c) The Association shall pay indemnification expenses before final disposition of a proceeding only after the Association determines that the facts then known would not preclude indemnification and the Association receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under paragraph Section 2 (a), above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under the bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by

(Bylaws)  
(Ruby Ranch Homeowner's Association)



the Association if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

(d) Any indemnification or advance of expenses shall be reported in writing to the members of the Association. The report shall be made with or before the notice or waiver of notice of the next membership meeting, or with or before the next submission to members of a consent to action without a meeting. In any case, the report shall be sent within the 12-month period immediately following the date of the indemnification or advance.

#### ARTICLE X BOOKS AND RECORDS; INSPECTION

The books, records, papers of the Association will be subject to inspection by any member during ordinary business hours. The declaration, articles of incorporation, and bylaws of the Association will be available for inspection by any member at the principal office of the Association, where copies will be made available for sale at a reasonable price.

#### ARTICLE XI CORPORATE SEAL

The Association will have a seal in circular form having within its circumference the words: "Ruby Ranch Homeowner's Association".

#### ARTICLE XII FISCAL MANAGEMENT

The fiscal year of the Association will be the calendar year, except that the first fiscal period will begin on the date of incorporation and will end on December 31st of the year of incorporation.

The Association shall establish at least two (2) separate bank accounts for the following purposes:

- (a) Normal operating expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.

(Bylaws)  
(Ruby Ranch Homeowner's Association)



- (b) Reserve for maintenance, repair and/or replacement relating to Common Areas (as such term is defined in the Declaration, including, but not limited to the roads/streets in the Subdivision) which shall include funds for maintenance, repair or replacement required because of damage, wear or obsolescence.

The Association may have such other accounts as the Board of Directors deem appropriate. The Board of Directors of the Association may invest the funds in any account of the Association as it deems appropriate. In making any such investments, the Board of Directors shall use the standards set forth in the Texas Trust Code for trustees of trusts.

At least one-half (1/2) of the annual assessments paid by the Members of the Association shall be placed in the reserve account described in paragraph (b) above; subject to such requirement, the Board of Directors of the Association shall determine the exact amount from year to year to place in such reserve account.

ARTICLE XIII  
AMENDMENTS

These bylaws may be amended, at a regular or special meeting of the voting members, by vote of a majority of a quorum of the voting members present in person or by proxy.

ARTICLE IV  
CONFLICTS WITH ARTICLES OF INCORPORATION  
OR DECLARATION OF COVENANTS

In the case of any conflict between the articles of incorporation and these bylaws, the articles will control. In the case of any conflict between the Declaration and these bylaws, the Declaration will control.

## CERTIFICATE OF SECRETARY

Bk Vol Pg  
12032774 OPR 4484 286

I certify that I was duly elected by the Board of Directors of the RUBY RANCH HOMEOWNER'S ASSOCIATION to act as the Secretary for the Organizational Meeting of the Board of Directors of the RUBY RANCH HOMEOWNER'S ASSOCIATION held on October 18, 1995, and that the foregoing Bylaws constitute the Bylaws of the Association as were duly approved and adopted by the Board of Directors at such Organizational Meeting.

DATED: October 18, 1995.

By:   
Typed Name: Larry Cearley, Secretary

(Bylaws)  
(Ruby Ranch Homeowner's Association)