

**BYLAWS OF
THE KEY RANCH AT THE POLO CLUB
HOME OWNERS ASSOCIATION, INC.**

These Bylaws (referred to as the "Bylaws") govern the affairs of **THE KEY RANCH AT THE POLO CLUB HOME OWNERS ASSOCIATION, INC.**, a nonprofit corporation organized under the Texas Non-Profit Corporation Act (referred to as the "Act").

**ARTICLE ONE
NAME, PURPOSES AND OFFICES**

1.01. Name. The name of this association is **THE KEY RANCH AT THE POLO CLUB HOME OWNERS ASSOCIATION, INC.** (herein called the "Association").

1.02 Purposes. The Association is organized and will be operated exclusively for non-profit purposes.

1.03 Offices. The principal office of the Association is in the State of Texas and shall be located at 2901 RR 620 N, Austin, Texas 78731. The Association may have such other offices at such places, both within and without the State of Texas, as the Board of Directors may from time to time determine or as the activities of the Association may require.

1.04 Registered Office and Registered Agent. The Association shall comply with the requirements of the Act and maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board of Directors may change the registered office and the registered agent as provided in the Act.

**ARTICLE TWO
DEFINITIONS**

2.01 "Association" shall mean and refer to **THE KEY RANCH AT THE POLO CLUB HOME OWNERS ASSOCIATION, INC.**, a Texas non-profit corporation.

2.02 "Board of Directors" shall mean and refer to the Board of Directors of the Association.

2.03 "Common Properties" shall mean and refer to the Common Area described in the Declaration of Covenants, Conditions and Restrictions for Key Ranch At The Polo Club, as the same may be amended from time to time, as recorded in the Official Public Records of Hays County, Texas, together with and all improvements that are now or may hereafter be constructed thereon, including but not limited to (a) that certain real property described as Tract D, Amended Plat of Tract A, Tract B, Tract C, Tract D, Tract G, Tract I, and Tract L, of Key Ranch At The Polo Club, and Amended Plat of Resubdivision of Tract E, Tract F, Tract H, Tract J, Tract K, Tract M, Tract N, and Tract O of Key Ranch at the Polo Club, a subdivision in Hays County, Texas, according to the map

or plat recorded in Book 8, Pages 374-377, Plat Records of Hays County, Texas, which contains the private streets known as Canonade, Whirlaway and a portion of Winning Colors, (b) that certain real property described as Tract M-3, Amended Plat of Tract A, Tract B, Tract C, Tract D, Tract G, Tract I, and Tract L, of Key Ranch At The Polo Club, and Amended Plat of Resubdivision of Tract E, Tract F, Tract H, Tract J, Tract K, Tract M, Tract N, and Tract O of Key Ranch at the Polo Club, a subdivision in Hays County, Texas, according to the map or plat recorded in Book 8, Pages 374-377, Plat Records of Hays County, Texas, which contains the private street known as Silver Charm, (c) that certain real property that is the portion of the private street known as Winning Colors as set forth on the plat of Key Ranch At The Polo Club, Section Two, a subdivision in Hays County, Texas, according to the map or plat recorded in Book 9, Pages 341-342, Plat Records of Hays County, Texas, and (d) any other common areas, common properties, amenities and/or real property that may be conveyed to the Association, dedicated for the use of the Owners, approved by the Association and/or owned or managed by the Association for the common use and enjoyment of the Owners.

2.04 "Declarant" shall mean and refer to Rooster Springs L.P., a Texas Limited Partnership and its representatives, successors, heirs and assigns.

2.05 "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions For The Key Ranch At The Polo Club applicable to the Property and recorded in the office of the County Clerk of Hays County, Texas, and any amendments, modifications, supplements and additions thereto.

2.06 "Lot" or "Lots" shall mean and refer to any parcel or parcels of land within the Property shown as a subdivided lot on the plat or plats of the subdivision of which the Property is a part, together with all the Improvements located thereon, except that portion of the Property which constitutes or is described on any such plat as a private street, private road, private drive or local street shall be considered to be part of the Common Properties and shall not constitute a "Lot" as defined herein, but shall be subject to the easements and other rights applicable thereto for the benefit of the public, local governmental authorities, if applicable, and the Members of the Association pursuant to the Plat and this Declaration.

2.07 "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

2.08 "Owner" or "Owners" shall mean and refer to, individually or collectively as applicable, every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to the Declaration.

2.09 "Property" shall mean the property which is, and shall be held, transferred, sold, conveyed and occupied subject to the Declaration and which is more particularly described in the Declaration, including any additional property which may be added to such property or which may become subject to the Declaration, including but not limited to the property known as and described as (a) KEY RANCH AT THE POLO CLUB, a subdivision in Hays County, Texas, according to the map or plat recorded in Book 8, Page 129, Plat Records of Hays County, Texas, as amended by Amended Plat of Tract A, Tract B, Tract C, Tract D, Tract G, Tract I, and Tract L, of Key Ranch At

The Polo Club, (b) Amended Plat of Resubdivision of Tract E, Tract F, Tract H, Tract J, Tract K, Tract M, Tract N, and Tract O of Key Ranch at the Polo Club, a subdivision in Hays County, Texas, according to the map or plat recorded in Book 8, Pages 374-377, Plat Records of Hays County, Texas, and (c) Key Ranch At The Polo Club, Section Two, a subdivision in Hays County, Texas, according to the map or plat recorded in Book 9, Pages 341-342, Plat Records of Hays County, Texas.

ARTICLE THREE BOARD OF DIRECTORS

3.01 General Powers; Delegation. The activities, Property and affairs of the Association shall be managed by the Board of Directors except as otherwise set forth herein or in the Articles of Incorporation of the Association or in the Declaration.

3.02 Number, Qualifications and Tenure of Directors. The number of directors of the Association shall be not less than three (3). The number of directors may be increased or decreased only by amending the Articles of Incorporation of the Association, but may not in any event be decreased to less than three (3). Declarant shall select and appoint the initial Board of Directors. Declarant shall also select and appoint subsequent Board of Directors until such time as the Association is turned over to the Owners. Upon notification that the Association shall be turned over to the Owners, the Owners shall nominate a slate of three (3) qualified Owners for the next Board of Directors by way of a nominating committee or by written nominations delivered to the Declarant. A special meeting of the Association shall be called for the purpose of the election of the next Board of Directors with notice of the meeting to be at least five (5) days. Each class of vote entitled to be cast may be cast for five nominees, with no cumulative voting. The Board of Directors shall consist of three (3) Owners until or unless the Declaration is amended as provided therein. The five nominees securing the most votes cast shall serve for a term of one (1) year, or until the next annual meeting of the Members, whichever is shorter. At each annual meeting, the Members shall elect directors to hold office until the next succeeding annual meeting. At each election, the persons receiving the greatest number of votes shall be the directors. Each director elected shall hold office for the term for which he or she is elected and until his or her successor shall have been elected and qualified or until his or her earlier death, resignation, retirement, disqualification or removal. A director may be elected to succeed himself or herself as a director. A decrease in the number of directors constituting the entire Board of Directors will not have the effect of shortening the term of any incumbent director.

3.03 Vacancies. Any vacancy occurring in the Board of Directors, and any director position to be filled due to an increase in the number of directors, shall be filled by the Board of Directors. A vacancy is filled by the affirmative vote of a majority of the remaining directors, even if it is less than a quorum of the Board of Directors, or if it is a sole remaining director. A director elected to fill a vacancy will be elected for the un-expired term of the predecessor in office.

3.04 Annual Meeting. An annual meeting of the Board of Directors shall be held at such time and place as is designated by the Chair of the Board of Directors or a majority of the Board of Directors. At the annual meeting, the Directors shall elect officers and transact any and all other

business as may properly come before the meeting. Notice of annual meetings will be given to directors, and if notice is required by law to be given to anyone else, such notice will be given in the manner prescribed by law.

3.05 Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may be designated from time to time by the Chair or a majority of the Board of Directors. Notice of regular meetings will be given to directors, and if notice is required by law to be given to anyone else, such notice will be given in the manner prescribed by law.

3.06 Special Meetings. Except as otherwise specifically set forth in these Bylaws, special meetings of the Board of Directors may be called by the Chair or at the request of any 2 or more directors on seven (7) day's notice, with such notice to be delivered personally or by mail, facsimile or telegram. A person or persons authorized to call special meetings of the Board of Directors may fix any place within Texas as the place for holding a special meeting. The person or persons calling a special meeting shall notify the secretary of the Corporation of the information required to be included in the notice of the meeting. The secretary shall give notice to the directors as required in the Bylaws. Except as may be otherwise provided by statute, or by the Articles of Incorporation or by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

3.07 Quorum and Manner of Acting. At all meetings of the Board of Directors the presence of a majority of the number of directors then in office shall constitute a quorum for the transaction of business. The directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required to constitute a quorum. The act of a majority of the directors present and voting at a meeting at which quorum is present shall constitute the act of the Board of Directors unless the act of a greater number is required by law or the Bylaws. A director who is present at a meeting and abstains from a vote is considered to be present and voting for the purpose of determining the decision of the Board of Directors.

3.08 Rights, Powers and Duties. The Board of Directors shall have all of the rights, powers and duties as set forth in the Declaration and shall also have the following rights, powers and duties:

(a) adopt and publish rules and regulations, including the establishment of non-member usage fees, governing the operation and use of the Common Properties, and the personal conduct of the Members, their guests, and other non-members, thereon, and to establish penalties for the infraction thereof, and to amend them from time to time;

(b) suspend the voting rights of a Member and the Member's right to use of the Common Properties (other than roadways, drives and streets necessary to provide a Member with ingress and egress to such Member's Lot or Lots) during any period in which such Member shall be in default in the payment of any maintenance fee or assessment levied by the Association and for any period of time during which the Member is in violation of the rules and regulations adopted and published by

the Board of Directors or the Association;

(c) exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by other provisions of these By-laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event a member shall be absent from three (3) consecutive meetings of the Board of Directors;

(e) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-third (1/3) of the Members who are entitled to vote; and

(f) supervise all officers, agents and employees of the Association.

Directors shall discharge their duties, including any duties as committee members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the best interest of the Association. Ordinary care is care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In the discharge of any duty imposed or power conferred on directors, they may in good faith rely on information, opinions, reports or statements, including financial statements and other financial data, concerning the Association or another person that were prepared or presented by officers and employees of the Association, professional advisors or experts, or accountants or legal counsel. Directors are not deemed to have the duties of trustees of a trust with respect to the Association or with respect to any property held or administered by the Association, including property that may be subject to restrictions imposed by the donor or transferor of the property.

3.09 Director's and Officer's Compensation. The Corporation may reasonably compensate directors, or officers, for services rendered to or for the Corporation in furtherance of one or more of its purposes. No director shall receive compensation for his or her services as a director or as a member of a standing or special committee of the Board. The Corporation may not pay dividends to its directors, or officers, or otherwise accrue distributable profits, or permit any realization of private gain. Nothing herein contained shall be construed to preclude any director from receiving reimbursement for expenses incurred on behalf of the Corporation or in attending meetings of the Board of Directors or any such committee or from serving the Association in any other capacity and receiving reasonable compensation therefore.

3.10 Removal of Directors. The Board of Directors may vote to remove a director at any time with or without good cause. Cause for removal shall include absence from three consecutive meetings of the Board or three consecutive absences from meetings of any committee on which the director serves. A meeting to consider removal of a director may be called and notices given following the procedures provided in these Bylaws. The notice of the meeting shall state that the issue of possible removal of the director will be on the agenda. The director shall have the right to present evidence at the meeting as to why he or she should not be removed. A director may be

removed by the affirmative vote of a majority of the Board of Directors. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal of a director, his or her successor shall be selected by the remaining members of the Board of Directors and the successor shall serve for the un-expired term of his or her predecessor.

ARTICLE FOUR EXECUTIVE COMMITTEE

4.01 Executive Committee. The Board of Directors, by resolution adopted by a majority of the directors, may designate and appoint an Executive Committee of the Board of Directors. The Executive Committee will consist of three or more directors and will include the Chair, Vice Chair, Secretary and such other directors as determined by the Board of Directors. The Executive Committee will have and may exercise the authority of the Board of Directors in the management of the Association, except to the extent limited by these Bylaws and the resolutions appointing the Executive Committee. The Executive Committee will not have the authority of the Board of Directors to: amend the Corporation's Articles of Incorporation; amend, alter or repeal the Bylaws; elect, appoint or remove any member of any committee or any director or officer of the Association; authorize the sale, lease, exchange or mortgage of all or substantially all of the Property and assets of the Association; authorize the voluntary dissolution of the Association or revoke proceedings therefore; adopt a plan for the distribution of the assets of the Association; or amend, alter or repeal any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by the Executive Committee. The designation and appointment of an Executive Committee and the delegation thereto of authority will not operate to relieve the Board of Directors, or any individual director, of any responsibility imposed on them by law.

4.02 Other Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the Association may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be Members of the Association, and the Chair of the Board of Directors shall appoint the members thereof.

4.03 Term of Office. Each member of a committee shall serve until the next annual meeting of the Board of Directors and until his or her successor is appointed, unless the committee is sooner terminated, or unless such member resigns or is removed from such committee, or unless such member ceases to qualify as a member thereof. Any member of a committee may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interest of the Association will be served by such removal.

4.04 Chair. One member of each committee shall be appointed chair by the person or persons authorized to appoint the members thereof.

4.05 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

4.06 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

4.07 Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

4.08 Minutes. Each committee shall cause minutes of its proceedings to be prepared and shall report the minutes to the Board of Directors. Minutes of committee meetings shall be delivered to the Secretary for placement in the Association's minute book.

ARTICLE FIVE MEMBERS

5.01 Membership. Every owner of a Lot shall automatically be a Member of the Association.

5.02 Classes of Membership. The Association shall have two (2) classes of voting membership:

CLASS A. Class A Members shall be all of the Owners entitled to Vote. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership unless two or more Lots are joined in which case the Owner shall be entitled to .75 vote for each Lot so joined. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, may determine, but in no event shall more than one vote be cast with respect to any such Lot except as otherwise provided in the Declaration.

CLASS B. The Class B Member shall be the Declarant. In addition to the votes to which the Class B Member is entitled by reason of being an Owner and a Class A Member as described above, for every one (1) vote to which the Class B Member is entitled by reason of being an Owner and a Class A Member as described above, the Class B Member shall have an additional two (2) votes for each Lot owned by the Class B Member until the earlier of (i) December 31, 2020, or (ii) the number of total votes in Class A equals the number of total votes in Class B. Thereafter, the Class B Member will have only the votes, if any, to which it is entitled as a Class A Member, and the Class B membership shall cease when the Class B Member no longer owns a Lot or an interest in a Lot.

Membership shall be appurtenant to and may not be separated from ownership of any Lot that is subject to the Declaration or otherwise subject to assessment by the Association.

5.03 Annual Meetings. The first annual meeting of the Members shall be called by the Chair of the Board of Directors of the Association, shall be held at a time and place specified in the notice of the meeting. Each subsequent regular annual meeting of the Members shall be held on a

date to be determined by the Board of Directors and at a time and place specified in the notice of the meeting. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not legal holiday.

5.04 Special Meetings. Special meeting of the Members may be called at any time by the Chair of the Board of Directors or by a majority of the Board of Directors, or upon written request of the Members who are entitled to vote one-half (1/2) of all of the votes of the membership.

5.05 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, or personally delivering same, at least 10 days (except as otherwise provided herein) before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

5.06 Quorum. The presence at any meeting of the Association, in person or by proxy, of Members entitled to cast a majority of all of the votes of the Association, regardless of class, shall constitute the quorum required for any action to be taken by the Members of the Association. If however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum as aforesaid shall be present or be represented.

5.07 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary or other person as noted in any notice of proxy delivered to a Member. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Lot.

ARTICLE SIX OFFICERS, EMPLOYEES AND AGENTS: POWER AND DUTIES

6.01 Elected Officers. The elected officers of the Association shall be a President, Vice President, Treasurer and Secretary and such other offices as the Board of Directors may from time to time appoint. Two or more offices may be held by the same person.

6.02 Election. So far as is practicable, all elected officers shall be elected by the Board of Directors annually at the Board's annual meeting. If the election of officers is not held at this meeting, the election shall be held as soon thereafter as conveniently possible. Each officer shall hold office until a successor is duly elected and qualified, or until such officer's prior resignation or removal. An officer may be elected to succeed himself or herself in the same office.

6.03 Appointive Officers. The Board of Directors may also appoint such other officers as it shall from time to time deem appropriate, who shall exercise such powers and perform such duties as determined by the Board.

6.04 Removal, Filling of Vacancies. Any officer elected or appointed by the Board of

Directors may be removed at any time by the Board of Directors with or without good cause. The removal of any officer shall be without prejudice of the contract rights, if any, of the officer. If any office becomes vacant for any reason, the Board of Directors shall fill the vacancy for the un-expired portion of the officer's term.

6.05 President. The Board of Directors shall elect a President of the Association. The President shall preside when present at meetings of the Board of Directors and shall have such other powers and perform such other duties and services as are from time to time prescribed or delegated to him or her by the Board of Directors. In the absence or disability of the President, his/her duties shall be performed and his/her powers may be exercised by the Vice President or by any other officer appointed by the Board of Directors. The President and Vice President shall be members of the Board of Directors.

6.06 Vice President. The Board of Directors shall elect a Vice President of the Association. The Vice President shall generally assist the President and will have such powers and perform such duties and services as are from time to time prescribed or delegated to him or her by the President of the Association or the Board of Directors. The Vice President shall be a member of the Board of Directors.

6.07 Treasurer. The Board of Directors shall elect a Treasurer of the Association to serve as chief financial officer. The Treasurer will have active control of and will be responsible for all matters pertaining to the accounts and finances of the Association and shall direct the manner of certifying the same; shall supervise the manner of keeping all payrolls and vouchers for payments by the Association and all other documents relating to such payments; shall receive, audit and consolidate all operating and financial statements of the Association and its departments; shall have supervision of the books of accounts of the Association, their arrangements and classification; shall supervise the budget, account and auditing practices of the Association and shall have charge of all matters relating to taxation. The Treasurer shall prepare the annual budget of the Association and recommend approval thereof by the Board of Directors. The Treasurer shall also review all financial statements of the Association.

The Treasurer shall have the care and custody of all monies, funds and securities of the Association; shall deposit or cause to be deposited all such funds in and with such depositories as the Board of Directors shall from time to time direct or as shall be selected in accordance with procedures established by the Board of Directors; shall advise upon all terms of credit granted by the Association; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts, disbursements and contributions of the Association. The Treasurer shall have the authority to endorse for deposit, collection, or otherwise all checks, drafts, notes, bills of exchange, and other commercial papers payable to the Association and to give proper receipts and discharges for all payments to the Association. The Treasurer shall perform such additional duties as the Board of Directors may direct or prescribe from time to time.

In the absence or disability of the Treasurer, his/her duties shall be performed and his/her powers may be exercised by any Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the Chair or the Board of Directors.

6.08 Secretary. The Board of Directors shall appoint a Secretary of the Association. The Secretary shall give all notices as provided in the Bylaws or as required by law; take minutes of the meetings of the Board of Directors and keep the minutes as part of the Association records; maintain custody of the Association records and of the seal of the Association, if any; keep a register of the name and mailing, delivery and fax address of each director, officer and employee of the Association and each Member of the Association perform such other duties as may be assigned by the President of the Association or by the Board of Directors; and perform all duties incident to the office of Secretary.

In the absence or disability of the Secretary, his/her duties shall be performed and his/her powers may be exercised by any Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the Chair or the Board of Directors.

ARTICLE SEVEN SPECIAL PROCEDURES CONCERNING MEETINGS

7.01 Actions Without a Meeting. Any action required to be taken at a meeting of the Board of Directors or the Members or any action that may be taken at a meeting of the Board of Directors or the Members, including the members of any committee, may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of directors, Members or committee members as would be necessary to take that action at a meeting at which all of the directors, Members or members of the committee were present and voted.

Each written consent shall bear the date of signature of each director or committee member who signs the consent. A written consent signed by less than all of the directors or committee members is not effective to take the action that is the subject of the consent unless, within 60 days after the date of the earliest dated consent delivered to the Association in the manner required, a consent or consents signed by the required number of directors or committee members is delivered to the Association at its registered office, registered agent, principal place of business, transfer agent, registrar, exchange agent, or an officer or agent of the Association having custody of the books in which proceedings of meetings of directors or committees are recorded. Delivery shall be by hand delivery or certified or registered mail, postage prepaid, return receipt requested. Delivery to the Association's principal place of business shall be addressed to the president or principal executive officer of the Association.

The Association will give prompt notice of the taking of any action without a meeting to persons who do not sign consents. If the action requires documents to be filed with the secretary of state, the filed documents will state that the written consent procedures have been properly followed.

A telegram, telex, cablegram, email or similar transmission by a director, Member or member of a committee or a photographic, facsimile or similar reproduction of a signed writing shall be regarded as signed by the director, Member or member of a committee for purposes hereof.

7.02 Telephone Meetings. Members, directors or members of any committee designated

by the Board of Directors may participate in and hold a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in such a meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE EIGHT BOOKS AND RECORDS

8.01 Required Book and Records. The Association shall kept correct and complete books and records of account. The Association's books and records shall include:

- (a) A file-stamped copy of all documents filed with the Secretary of State relating to the Association, including but not limited to, the Articles of Incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or registered agent.
- (b) A copy of the Declaration and the Bylaws, and any amended versions or amendments to the Declaration and the Bylaws.
- (c) Minutes of the proceedings of the Board of Directors and committees having any of the authority of the Board of Directors.
- (d) A list of the names and addresses (mailing, delivery and fax) of the directors, officers, and any committee members of the Association.
- (e) A financial statement showing the assets, liabilities, and net worth of the Association at the end of the three most recent fiscal years.
- (f) A financial statement showing the income and expenses of the Association for the three most recent fiscal years.
- (g) All rulings, letters, and other documents relating to the Association's federal, state, and local tax status.
- (h) The Association's federal, state, and local information or income tax returns for each of the Association's three most recent tax years.

8.02 Inspection and Copying. Any director, officer, or member of the Association may inspect and receive copies of all books and records of the Association required to be kept by the Bylaws after payment of a reasonable copying cost. Such person may inspect or receive copies if the person has a proper purpose related to the person's interest in the Association and if the person submits a request in writing.

8.03 Audits. The Board of Directors may require an annual audit of the Association's

books, at the Association's expense, by an accounting firm selected by the Board of Directors. Any director may require an audit of the Association's books by an accounting firm selected by the director, such audit to be at the director's expense unless the Board of Directors votes to authorize payment. A director may exercise the right to compel an audit only once in any fiscal year.

8.04 Fiscal Year. The fiscal year of the Association will be shall begin on the first day of January and end on the last day of December of each year, except that the first fiscal year shall begin on the date of incorporation, unless changed by the Board of Directors.

ARTICLE NINE ASSESSMENTS

9.01 Creation of the Lien and Personal Obligation of Assessment. Except as provided in the Declaration as to Declarant, Owners shall pay to the Association (or to an entity or collection agency designated by the Association) the following: (1) annual maintenance assessments or charges; (2) special assessments for capital improvements and other purposes as hereinafter provided or as provided in the Declaration; (3) individual special assessments levied against an Owner of a Lot or Lots to reimburse the Association for maintenance and repair costs caused by the willful or negligent acts of any such Owner and not caused by ordinary wear and tear, all of such assessments to be fixed, established, and collected from time to time as hereinafter provided. The above described assessments, together with interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on each Lot and shall be a continuing lien upon each Lot against which each such assessment is made. Each such assessment, together with interest thereon and cost of collection thereof as hereinafter provided, shall also be the continuing personal obligation of the Owner of the Lot or Lots at the time the assessment fell due.

9.02 Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purposes set forth in the Declaration and for the purposes of promoting the health, safety, and welfare of the residents of the Property, and in particular for the improvement and maintenance of the Common Properties, streets, roadways, landscaping of the Common Properties, entrance and any other properties, services, improvements and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties. The assessments to be levied are intended to pay for items which may include, but not be limited to, the following: taxes on the Common Properties; insurance relating to the Common Properties and the repair, replacement, and additions thereto; costs of labor, management and supervision of the Association; maintenance, repair, upkeep, improvement and replacement of the Common Properties; replacement reserve, including a reserve fund for emergency purposes or to pay for unexpected costs, fees and expenses; costs, fees and expenses of enforcing the restrictions, rules and regulations, costs, fees and expenses incurred for carrying out the duties of the Board of Directors of the Association as set forth herein and for carrying out the purposes of the Association as stated in its Articles of Incorporation.

9.03 Improvement and Maintenance of the Common Properties. The Association shall then have the responsibility and duty of maintaining the Common Properties, except as otherwise provided herein or in the Declaration.

9.04 Basis and Amount of Maintenance Assessments. The amount of the annual maintenance assessments for each year shall be determined in accordance with the provisions of the Declaration, which assessments may include a reserve fund for working capital and for maintenance, repairs, improvement, upkeep and replacements of the Common Properties. The initial annual maintenance assessment may be established by the Declarant. When the assessment is computed for the Lots, all or a portion of such assessment shall be payable to the Association by the Owner of each Lot according to the ownership status of the Lot and according to the provisions of the Declaration. Written notice of the annual assessment to be paid by each Owner shall be sent to every Owner, but only to one (1) joint owner.

9.05 Special Assessments for Capital Improvements and Special Individual Assessments.

a. In addition to the annual maintenance assessment authorized herein, the Declarant or the Board of Directors may declare and levy in any assessment year a special capital assessment for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of improvements upon the Property or Common Properties or for carrying out the mandatory functions of the Association.

b. The Board of Directors may also levy special individual assessments against Owners of Lots for reimbursement for repairs occasioned by the willful or negligent acts of such Owners or their guests, tenants and invitees but not for ordinary wear and tear.

9.06 Uniform Rate of Maintenance Assessments and Special Capital Assessments. Except as otherwise provided herein or in the Declaration, the annual maintenance assessments and special capital assessments described above must be fixed at a uniform rate for all Lots payable as set forth herein.

9.07 Date of Commencement of Assessments. The annual maintenance assessments provided herein shall commence on the date fixed by the Declarant or the Board of Directors and, except as herein otherwise provided, shall be due and payable to the Association in advance on the first day of each payment period thereafter. The Declarant or the Board of Directors may provide that annual assessments shall be paid monthly, quarterly, semiannually or annually on a calendar year basis. The initial annual maintenance assessment may be made for the balance of the calendar year in which it is levied, determined on a pro-rata basis.

9.08 Duties of the Board of Directors with Respect to Assessments.

a. The Board of Directors shall prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association. Written notice of all assessments shall be delivered or mailed to every Owner subject thereto.

b. The Board of Directors shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any

assessment therein stated to have been paid. A reasonable charge may be assessed by the Board for the issuance of such certificates.

9.09 Effect of Non- Payment of Assessment; Personal obligation of the Owner; Lien; Remedies of Association.

a. If any assessment or any part thereof is not paid on the date(s) when due, then the unpaid amount of such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided or as provided in the Declaration, thereupon become a continuing lien on the Lot or Lots of the non-paying Owner. The obligation of the non-paying Owner to pay such assessment, however, shall be and remain a personal obligation and shall be binding upon Owner and Owner's heirs, executors, devisees, personal representatives, successors and assigns except as otherwise provided herein or in the Declaration. The lien for unpaid assessments shall be unaffected by any sale or assignment of a Lot and shall continue in full force and effect except as otherwise provided herein or in the Declaration. No Owner may waive or otherwise escape liability for the assessment provided herein by non-use of the Common Properties or abandonment of the Lot or Lots owned by Owner. The Association shall have the right to reject partial payments of an assessment and demand the full payment thereof.

b. Upon written request of the holder(s) of a mortgage on the Lot ("mortgagee"), the Association may provide notice to such mortgagee of the non-paying Owner of such Owner's default in paying any assessment when such default has not been cured within thirty (30) days.

c. If any assessment or part thereof is not paid within ten (10) days after the due date, the unpaid amount of such assessment shall bear interest from the date of delinquency at a rate equal to the lesser of eighteen percent (18%) per annum or the maximum lawful rate allowed by applicable law, and the Association may, at its election, foreclose the lien against the subject Lot as provided herein or in the Declaration or bring an action at law against the Owner personally obligated to pay the same in order to enforce payment, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint or petition in such action and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and reasonable attorney's fees, together with the costs of the action.

d. The Board of Directors or a managing agent appointed by the Board of Directors ("Managing Agent") may (but shall not be required to) prepare a written notice setting forth the amount of such unpaid assessments, the name of the Owner of the Lot and a description of the Lot. Such notice shall be signed by one of the members of the Board of Directors or by one of the officers of the Association or by a representative of the Managing Agent and may be recorded in the office of the County Clerk of Hays County, Texas. Such lien may be enforced by the foreclosure of the defaulting Owner's Lot by the Association in like manner as a mortgage on real property subsequent to the recording of a notice provided for above. In any such proceeding, the Owner shall be required to pay the costs, expenses, and attorney's fees incurred in connection with filing the lien, and in the event of any foreclosure proceeding, all additional costs, expenses and attorney's fees incurred in connection with any such foreclosure proceeding. The Association shall have the power to bid on the Lot at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote, convey, or

otherwise deal with the same in the same manner as any other Owner of a Lot. Any mortgagee holding a lien on a Lot may pay, but shall not be required to pay, any unpaid assessments owing with respect to such Lot, but such payment shall not be deemed a waiver of the Owner's default by either the Association or such mortgagee.

e. Each Owner, by acceptance of a deed to a Lot hereby expressly vests in the Association or its agents or trustees the right and power to bring all action against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid liens by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to the applicable provisions of the Texas Property Code as same may be amended from time to time, and Owner hereby expressly grants to the Association the private power of sale in connection with said liens. The Association may also suspend the Association membership and voting rights of any Owner who is in default in payment of any assessment in accordance with the Bylaws.

9.10 Subordination of the Lien to First Lien Mortgages. The lien for the assessments provided for herein shall be subordinate and inferior to the lien of any bona fide first mortgage or deed of trust recorded against any Lot in the Real Property Records of Travis County, Texas, after the date of recordation of the assessment notice described herein or in the Declaration. This subordination shall apply only to the assessments that have become due and payable prior to a sale, whether public or private, of such property pursuant to the terms and conditions of any such mortgage or deed of trust. Such sale shall not relieve such Lots from liability for the amount of any assessments thereafter becoming due nor from the lien of any subsequent assessment.

9.11 Statement of assessments. Upon payment to the Association of a reasonable fee, and upon the written request of any Owner, holder of a lien on a Lot or prospective purchaser of a Lot, the Association shall issue a written statement setting forth the status of the payment of any assessments made against the applicable Lot, the amount of any unpaid assessments, the date the next assessment or assessment becomes due and the current amount of the maintenance assessment.

ARTICLE TEN MISCELLANEOUS

10.01 Legal Authorities Governing Construction of Bylaws. The Bylaws shall be construed in accordance with the laws of the State of Texas. All references in the Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

10.02 Legal Construction. If any Bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision and the Bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the Bylaws.

10.03 Headings. The headings used in the Bylaws are used for convenience and shall not be considered in construing the terms of the Bylaws.

10.04 Gender. Wherever the context requires, all words in the Bylaws in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, all plural words shall include the singular.

10.05 Parties Bound. The Bylaws will be binding upon and inure to the benefit of the directors, officers, committee members, employees, and agents of the Association and their respective heirs, executors, administrators, legal representatives, successors and assigns except as otherwise provided in the Bylaws.

10.06 Dividends Prohibited. No part of the net income of the Association shall inure to the benefit of any private individual and no dividend shall be paid and no part of the income of the Association shall be distributed to its directors or officers. The Association may pay compensation in a reasonable amount to its officers for services rendered and may reimburse its directors as provided herein.

ARTICLE ELEVEN INDEMNIFICATION

The Association shall indemnify any person who was, is, or is threatened to be made a named defendant or respondent in a proceeding (as hereinafter defined) because the person (i) is or was a director or officer of the Association or (ii) while a director or officer of the Association, is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, employee benefit plan, other enterprise, or other entity to the fullest extent that a corporation may grant indemnification to a director under the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended. Such right shall be a contract right and as such shall run to the benefit of any director or officer who is elected and accepts the position of director or officer of the Association or elects to continue to serve as a director or officer of the Association while this Article is in effect. Any repeal or amendment of this Article shall be prospective only and shall not limit the rights of any such director or officer or the obligations of the Association with respect to any claim arising from or related to the services of such director or officer in any of the foregoing capacities prior to any such repeal or amendment of this Article. Such right shall include the right to be paid or reimbursed by the Association for expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent permitted under the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the Association within 90 days after a written claim has been received by the Association, the claimant may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall also be entitled to be paid the expenses of prosecuting such claim. It shall be a defense to any such action that such indemnification or advancement of costs of defense are not permitted under the Texas Non-Profit Corporation Act, but the burden of proving such defense shall be on the Association. Neither the failure of the Association (including its Board of Directors or any committee thereof, special legal counsel, or members) to have made its determination prior to the commencement of such action that indemnification of, or advancement of costs of defense to, the claimant is permissible in the circumstances nor an actual determination by the Association

(including its board of directors or any committee thereof, special legal counsel, or members) that such indemnification or advancement is not permissible, shall be a defense to the action or create a presumption that such indemnification or advancement is not permissible. In the event of the death of any person having a right of indemnification under the foregoing provisions, such right shall inure to the benefit of such person's heirs, executors, administrators, and personal representatives. The rights conferred above shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, bylaw, resolution of members or directors, agreement, or otherwise.

The Corporation may additionally indemnify any person covered by the grant of mandatory indemnification contained above to such further extent as is permitted by law and may indemnify any other person to the fullest extent permitted by law.

To the extent permitted by then applicable law, the grant of mandatory indemnification to any person pursuant to this Article shall extend to proceedings involving the negligence of such person.

As used herein, the term "proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

ARTICLE TWELVE LIMITATION OF LIABILITY

To the fullest extent permitted by applicable law, a director of the Association shall not be liable to the Association or its members for monetary damages for an act or omission in the director's capacity as a director, except that this Article does not eliminate or limit the liability of a director of the Association to the extent the director is found liable for:

- (a) a breach of the director's duty of loyalty to the Association or its members; or
- (b) an act or omission not in good faith that constitutes a breach of duty of the director to the Association or an act or omission that involves intentional misconduct or a knowing violation of the law; or
- (c) a transaction from which the director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or
- (d) an act or omission for which the liability of a director is expressly provided by an applicable statute.

Any repeal or amendment of this Article by the Members of the Association shall be prospective only and shall not adversely affect any limitation on the personal liability of a director of the Association arising from an act or omission occurring prior to the time of such repeal or amendment. In addition to the circumstances in which a director of the Association is not personally

liable as set forth in the foregoing provisions of this Article, a director shall not be liable to the Association or its members to such further extent as permitted by any law hereafter enacted, including without limitation any subsequent amendment to the Texas Non-Profit Corporation Act.

ARTICLE THIRTEEN AMENDMENTS

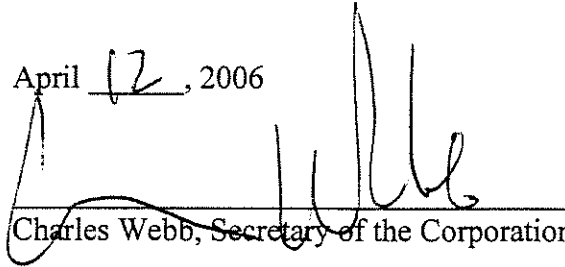
These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted by the Declarant as provided in the Declaration or by the Board of Directors at any annual, regular or special meeting of the Board of Directors. The notice of any meeting at which the Bylaws are altered, amended, or repealed, or at which new Bylaws are adopted shall include the text of the proposed Bylaw provisions as well as the text of any existing provisions proposed to be altered, amended or repealed. Alternatively, the notice may include a fair summary of those provisions. In case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

CERTIFICATION OF SECRETARY

I certify that I am the duly elected and acting Secretary of **THE KEY RANCH AT THE POLO CLUB HOME OWNERS ASSOCIATION, INC.** and that the foregoing Bylaws constitute the Bylaws of the Corporation. These Bylaws were duly adopted at a meeting of the Board of Directors held on the 12th day of April, 2006.

Dated: April 12, 2006

By:



Charles Webb, Secretary of the Corporation