

**BYLAWS
OF
HIDEOUT RANCH HOME OWNERS
ASSOCIATION, INC.**

ARTICLE I

Definitions

In these Bylaws, unless otherwise specifically provided, all capitalized terms shall have the meanings set forth in that certain Declaration of Restrictions, Conditions, Easement, Covenants, Agreements, Liens and Charges of the HIDEOUT RANCH SUBDIVISION dated January 14, 2022, entered into by Declarant and recorded in Document No. 22-00505 of the Kerr County Public Registry, as such Declaration may be amended, modified, supplemented or restated from time to time (the "Declaration").

ARTICLE II

Name and Location

Section 1. Name. The name of the corporation is HIDEOUT RANCH HOME OWNERS ASSOCIATION, INC., a Texas nonprofit corporation, its successors and assigns (the "Association").

Section 2. Principal Office. The principal office of the Association shall be located at such place as the Executive Board shall determine from time to time. The initial principal office of the Association is 200 North Harbor Place Dr. Ste D Davidson, NC 28036, Attention: John W. Oakes, II.

Section 3. Registered Office. The registered office of the Association may be, but need not be, identical to the principal office. The initial registered office of the Association is 200 North Harbor Place Dr. Ste D Davidson, NC 28036.

Section 4. Other Offices. The Association may have any number of additional offices, at such other places as the Executive Board may determine from time to time, or as the affairs of the Association may require.

ARTICLE III

Purposes

The purposes for which the Association is organized are to enforce all covenants and restrictions as provided in the Declaration; to own, maintain and manage the Property as provided in the Declaration; to assess and enforce all charges and Assessments created under the Declaration; to exercise all powers and privileges and to perform all duties and obligations of the Association as provided in the Declaration; and to engage in any other lawful act or activity.

ARTICLE IV

Meetings of Members

Section 1. Annual Meetings. The annual meeting of the Members shall be held on the second Tuesday of December of each year. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held on the next business day that is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by (a) the President of the Association or (b) the holders of at least ten percent (10%) of all the votes entitled to be cast on any issue proposed to be considered at a proposed special meeting upon the delivery to the Secretary of the Association of one (1) or more signed and dated written demands describing the purpose or purposes for which such special meeting is to be held. Any such special meeting called by the Members in the manner described in clause (b) above shall be held within thirty (30) days after the delivery of such written demand by the holders of at least ten percent (10%) of the votes entitled to be cast at such meeting.

Section 3. Place of Meetings. All meetings of the Members shall be held at such place as shall be determined by the Executive Board of the Association.

Section 4. Notice of Meetings. Written notice of each meeting of the Association shall be given by, or at the direction of, the Secretary or other person authorized to call the meeting. Any such written notice shall be provided by mailing a copy of such notice, postage prepaid, not less than ten (10) days nor more than sixty (60) days before the date of such meeting to each Member entitled to vote at such meeting, 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 notice. 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.

Section 5. Waiver of Notice. A Member may waive any notice required by the Act, the Articles of Incorporation or these Bylaws before or after the date and time stated in the notice. The waiver must be in writing, signed by the Member entitled to such notice and delivered to the Association for inclusion in the minutes or for filing with the corporate records. A Member's attendance at a meeting:

(a) waives such Member's objection to lack of notice or defective notice of such meeting, unless such Member, at the beginning of the meeting, objects to holding such meeting or transacting business at such meeting; and

(b) waives such Member's objection to consideration of a particular matter at such meeting that is not within the purpose or purposes described in such meeting notice, unless such Member objects to considering the matter before it is voted upon.

Section 6. Fixing of Record Date. For the purposes of determining Members entitled to notice of, or to vote at, any meeting of Members or any adjournment thereof, the Executive Board may fix in advance a date for any such determination of Members, such date in any case to be not more than sixty (60) days nor less than ten (10) days prior to the date on which the particular action, requiring such determination of Members, is to be taken. If no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members, the close of business on the day before the first notice is delivered to Members shall be the record date for such determination. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Section 6, such determination shall apply to any adjournment thereof, unless the Executive Board fixes a new record date.

Section 7. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes appurtenant to the Lots shall constitute a quorum for any action, except as otherwise provided in the Declaration, the Articles of Incorporation or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, subsequent meetings may be called, subject to the same notice requirement, until the required quorum is present. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy dated and executed in writing by such Member or such Member's duly authorized attorney-in-fact. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable by actual notice of revocation to the person presiding over the meeting and shall automatically cease upon conveyance by the Member of such Member's Lot.

Section 9. Membership in the Association. Each Lot Owner of a Lot subject to the jurisdiction of the Association shall be a Member of the Association. In addition, for so long as Declarant owns any part of the Property, Declarant shall be a Member.

Section 10. Voting Rights.

(a) **Class A Members.** Class A Members shall be all Lot Owners with the exception of the Declarant. Declarant may, however, be a Class A Member upon the termination of Class B Membership. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one Person holds an interest in any one Lot, the vote of such Lot shall be exercised as such Persons among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot. Fractional voting is prohibited.

(b) **Class B Members.** The Class B Member shall be the Declarant, its successors and assigns. Class B Members shall be entitled to five (5) votes for each Lot owned. The Class B Membership shall cease and be converted to Class A Membership upon the earlier of:

- (i) the expiration of the Declarant Control Period; or
- (ii) such earlier date as the Class B Member, in its sole discretion, executes and records a written notice voluntarily terminating the Class B membership.

Section 11. Voting Rights for Conveyance or Encumbrance of Association Property. Subject to Declarant's right to convey or cause to be conveyed Common Elements to the Association from time to time and without the consent or approval of the Association or its Members, the Association may acquire additional Common Elements with the approval of two-thirds of the votes of the Members who are entitled to vote; provided, however, during Declarant's Control Period no such action shall be effective without Declarant's consent and approval. Subject to the foregoing, the approval of any conveyance or encumbrance of any portion of the Common Elements shall require the written approval of Members entitled to at least eighty percent (80%) of the votes to be cast on such matter.

Section 12. Action by Members. Except as provided otherwise in the Declaration, the Articles of Incorporation or these Bylaws, the vote of a majority of the votes entitled to be cast by the Members present or represented by proxy at a duly held meeting at which a quorum is present shall be necessary for the adoption of any matter voted upon by the Members. Notwithstanding the above, and subject to the terms of the Declaration, the affirmative vote of no less than two-thirds of all votes entitled to be cast by the Members shall be required in order for the Association to (a) file a complaint, on account of an act or omission of

Declarant, with any governmental agency or judicial authority over the Property or any part thereof; or (b) assert a claim against or sue Declarant.

Section 13. Informal Action by Members. Any action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Members who would be entitled to vote upon such action at a meeting and filed with the Secretary to be kept in the Association's minute book, whether done before or after the action so taken.

ARTICLE V

Executive Board

Section 1. Number. The business and affairs of the Association shall be managed by an Executive Board appointed by Declarant, subject to Section 3 of this Article V. The number of Directors of the Association shall be at least three (3), but not more than seven (7). The actual number to serve in each year shall be fixed by the Executive Board prior to the annual meeting. The Directors need not be Members.

The Directors shall be divided into three (3) classes, as nearly equal in number as possible, to serve in the first instance for terms of one (1), two (2) and three (3) years, respectively, and thereafter the successors in each class of Directors shall be elected to serve for terms of three (3) years. In the event of any increase or decrease in the number of Directors, the additional or eliminated directorships shall be so classified or chosen such that all classes of Directors shall remain or become as nearly equal in number as possible.

Section 2. Initial Directors. The initial Directors shall be appointed by Declarant. Such initial Directors shall serve at the election of Declarant from the date of their election until such time as their successors are duly elected and qualified.

Section 3. Declarant's Right to Appoint or Remove. Declarant shall have the sole right to appoint or remove, by written notice to the Executive Board, any Director or Directors of the Executive Board or any officer or officers of the Association until such time as the first of the following events occurs:

- (1) Declarant no longer owns any of the Property (*i.e.*, the Declarant Control Period expires); or
- (2) Declarant surrenders the authority to appoint and remove Directors of the Executive Board and officers of the Association by an express amendment to the Declaration executed and recorded by Declarant.

Section 4. Election by Members. Upon the happening of either of the events provided in Section 3 of this Article V, the Directors shall be elected at the annual meetings of the Members and the election shall be by written ballot. At such election, the 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. The persons receiving the largest number of votes shall be deemed to have been elected. Cumulative voting is not permitted.

Section 5. Term of Office. Each Director shall hold office for the term for which such Director was appointed or elected, or until such Director's death, resignation, retirement, removal, disqualification or until such Director's successor is appointed or elected and qualified. The terms of all other Directors shall be for the number of years set forth in Section 1 of this Article V. A decrease in the number of Directors shall not shorten any incumbent Director's term. The Director elected to fill a vacancy shall serve for the

unexpired term of the successor Director's predecessor. Despite the expiration of a Director's term, however, such Director shall continue to serve until the Director's successor is elected and qualified or until there is a decrease in the number of Directors. Nothing herein shall be construed to prevent the election of a Director to succeed himself or herself. Votes shall be tallied at the meeting where they are so cast and, in the event of a tie vote, a run-off election shall be conducted at the same meeting.

Section 6. Vacancies. Unless the Articles of Incorporation provide otherwise, if a vacancy occurs on the Executive Board, including, without limitation, a vacancy resulting from an increase in the number of Directors or from the failure of the Members to elect the full authorized number of Directors, then the vacancy shall be filled as provided in this Section 6. So long as Declarant owns any portion of the Property and has not relinquished its power to appoint Directors as provided in Section 3 of this Article V, then Declarant shall appoint a person to fill the vacancy. If Declarant does not own any portion of the Property or has relinquished its power to appoint Directors as provided in Section 3 of this Article V, then the Directors remaining in office may fill the vacancy by the affirmative vote of a majority of all the Directors, or by the sole Director, remaining in office. A vacancy that will occur at a specific later date (by reason of a resignation effective at a later date or otherwise) may be filled before the vacancy occurs, but the new Director may not take office until the vacancy occurs.

Section 7. Removal. Subject to the terms of Sections 1 and 3 of this Article V, a newly-elected Director may be removed from the Executive Board, with or without cause, by a majority vote of the Members. In the event of the death, resignation or removal of a Director, such Director's successor shall be selected by the remaining Directors of the Executive Board and shall serve for the unexpired term of the successor Director's predecessor. The Members may elect a Director at any time to fill any vacancy not filled by the remaining Directors of the Executive Board or, if applicable, not appointed by Declarant.

Section 8. Compensation. No Director shall receive compensation for any service such Director may render to the Association; however, any Director may be reimbursed for such Director's actual expenses incurred in the performance of such Director's duties.

ARTICLE VI

Meetings of Directors

Section 1. Regular Meetings. Meetings of the Executive Board shall be held on a regular basis as often as the Executive Board sees fit, but no less often than annually, on such days and at such place and hour as may be fixed from time to time by the Executive Board. Should said meeting fall upon a legal holiday, then such meeting shall be held at the same time on the next business day which is not a legal holiday. Regular meetings of the Executive Board may be held without notice.

Section 2. Special Meetings. Special meetings of the Executive Board shall be held when called by the President or by any two (2) Directors. The person or persons calling a special meeting of the Executive Board shall, at least two (2) business days before the meeting, give notice thereof by any usual means of communication (including oral notice).

Section 3. Quorum. A majority of the number of Directors fixed by or pursuant to these Bylaws shall constitute a quorum for the transaction of business at any meeting of the Executive Board. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Executive Board, unless the act of a greater number is required by the Declaration, the Articles of Incorporation, these Bylaws or by law. In the event business cannot be conducted at any meeting because a quorum is not present, that meeting may be adjourned to a later date by an affirmative vote of a majority of those present in person or by proxy. At any such subsequent meeting held as a result of such adjournment,

the quorum shall be reduced by fifty percent (50%) from that required at the previous meeting, as previously reduced, until such time as a quorum is present and business can be conducted.

Section 4. Informal Action by Directors. Action taken by a majority of the Directors without a meeting is nevertheless the action of the Executive Board if written consent to the action in question is signed by all of the Directors and filed with the minutes of the proceedings of the Executive Board, whether done before or after the action so taken.

Section 5. Committees. The Executive Board may, by resolution adopted by a majority of the number of Directors then in office, designate one (1) or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent provided in such resolution, shall have and exercise the authority of the Executive Board in the management of the Association.

Section 6. Participation by Telephone Conference. Any one (1) or more Directors may participate in a meeting of the Executive Board by means of a telephone conference or similar communications device that allows all Directors participating in the meeting to simultaneously hear each other during the meeting, and such participation in a meeting shall be deemed presence in person at such meeting.

ARTICLE VII

Powers and Duties of the Executive Board

Section 1. Powers. The Executive Board, for the mutual benefit of the Members and Lot Owners, shall have the following specific powers and rights (without limiting other powers and rights the Executive Board may have):

(a) To adopt and publish rules and regulations governing the use of the Property, including, without limitation, the Common Elements, and facilities and amenities thereon, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof or of the terms of the Declaration;

(b) To enter into agreements or contracts with insurance companies with respect to insurance coverage relating to the Common Elements and/or the Association;

(c) To enter into agreements or contracts with utility companies with respect to utility installation, consumption and service matters relating to the Common Elements and/or the Association;

(d) Subject to the affirmative vote of no less than a majority of all votes present, in person or by proxy, at a duly held meeting of the Members at which a quorum is present, all in accordance with these Bylaws, to borrow funds to pay costs of operation of the Association, which borrowings may be secured by assignment or pledge of rights against delinquent Lot Owners or by liens on other Association assets, if the Members see fit; provided, however, until such time as Declarant no longer owns any portion of the Property, the Executive Board may not mortgage or otherwise grant security interests in any portion of the Common Elements without the prior written approval of Declarant;

(e) To enter into contracts, maintain one (1) or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association;

- (f) To sue or defend in any court of law on behalf of the Association;
- (g) To levy Assessments in accordance with the Declaration;
- (h) To adjust the amount, collect and use any insurance proceeds to repair damages or replace lost property of the Association, and if proceeds are insufficient to repair damage or replace lost property, to assess Lot Owners in proportionate amounts to cover the deficiency;
- (i) To exercise on behalf of the Association all powers, duties and authority vested or delegated by the Declaration, the Articles of Incorporation or these Bylaws and not reserved to the Members or Declarant by other provisions of the Declaration, the Articles of Incorporation or these Bylaws;
- (j) To declare the office of a Director of the Executive Board to be vacant in the event such Director shall be absent, without the consent of the Executive Board, from three (3) consecutive regular meetings of the Executive Board;
- (k) To employ a Person to manage the affairs and property of the Association, to employ independent contractors or such other employees as the Executive Board may deem necessary, and to prescribe their duties and to set their compensation;
- (l) To enter into agreements or contracts with Builders regarding the construction of improvements on Lots, and to require that all Lot Owners building improvements on Lots use only a Builder;
- (m) To employ attorneys to represent the Association when deemed necessary;
- (n) To grant all necessary easements and rights-of-way over and across the Common Elements when, in its sole discretion, it deems such an action to be necessary and appropriate, including, but not limited to, easements for the installation and maintenance of electrical, telecommunication, sewer, water and other utilities and drainage facilities; provided, however, until such time as Declarant no longer owns any portion of the Property, the Executive Board may not grant such an easement or right-of-way without the prior written approval of Declarant;
- (o) Subject to the rights of Declarant set forth herein and in the Declaration, to appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation and require of them such security or fidelity bond as it may deem expedient;
- (p) In the event a Member violates the terms of the Declaration beyond any applicable notice and cured periods set forth therein, to suspend the membership rights of such violating Member, including, without limitation, its right to vote; and
- (q) To do anything necessary or desirable to carry out the purposes of the Association as set forth herein, the Articles of Incorporation, the Declaration or as permitted by law.

Section 2. Duties. It shall be the duty of the Executive Board:

- (a) To maintain or cause to be maintained the Common Elements, including, but not limited to, planting, mowing, pruning, fertilizing, preservation and replacement of landscaping and the upkeep and maintenance of associated improvements;

(b) Until accepted for maintenance by a governmental authority, to own and maintain or cause to be maintained the roadways and associated improvements to the standard of maintenance (if one is ascertainable) which would be required by the governmental authority before it would accept such roadways and associated improvements for maintenance;

(c) To the extent not maintained by any governmental authority, to maintain or cause to be maintained any sidewalks on the Property;

(d) To pay for the cost of electricity for the street lights to be located on the Property and the electricity serving any of the Common Elements;

(e) To enter into agreements or contracts for rubbish removal services to be provided to all the Lots (if and to the extent such services are not provided by a governmental authority), and to pay for services rendered under such agreements or contracts;

(f) To make available to each Member within sixty (60) days after the end of each fiscal year, an annual report of the Association and, upon resolution adopted by the Executive Board or upon the written request of the Members holding at least three-fourths of the eligible votes of the Association at such time, to have such annual report audited (at the expense of the Association) by an independent certified public accountant, which audited report shall be made available to each Member within thirty (30) days after its completion;

(g) To cause to be kept a complete record of all its acts and corporate affairs;

(h) To supervise all officers, agents and employees of the Association and to see that their duties are properly performed;

(i) As more fully provided in the Declaration:

(1) To fix the amount of the Assessments (including, without limitation, Annual Assessments and Special Assessments); and

(2) To send written notice of the Assessments to the Lot Owners;

(j) To issue, or cause an appropriate officer of the Association to issue, upon demand by any Person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Executive Board for the issuance of any such certificate. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(k) To procure and maintain adequate liability insurance covering the Association and the Directors and officers thereof and adequate hazard insurance on the property owned by the Association;

(l) Subject to Declarant's right to serve as and control the Architectural Review Committee, to serve as the Architectural Review Committee or delegate such authority to an architectural committee as contemplated in the Declaration; and

(m) To cause all officers or employees of the Association having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE VIII

Officers and Their Duties

Section 1. Officers. The officers of the Association shall be a President, a Vice-President, a Secretary, a Treasurer, and such other officers as the Executive Board may from time to time by resolution create.

Section 2. Election of Officers. The officers of the Association shall be elected by the Executive Board. Such elections may be held at any regular or special meeting of the Executive Board.

Section 3. Term. Each officer of the Association shall be elected annually by the Executive Board and each shall hold office for one (1) year or until such officer's death, resignation, retirement, removal, disqualification or such officer's successor is elected and qualified.

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

Section 5. Resignation and Removal. Any officer may be removed from office, with or without cause, by the Executive Board. Any officer may resign at any time by giving written notice to the Executive Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Executive Board. The officer appointed to such vacancy shall serve for the unexpired term of such successor officer's predecessor.

Section 7. Multiple Offices. Any two (2) or more offices may be held by the same person, but no individual may act in more than one (1) capacity where action of two (2) or more officers is required.

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

(a) **President.** The President shall be the principal executive officer of the Association and, subject to the control of the Executive Board, shall supervise and control the management of the Association. The President shall preside at meetings of the Executive Board. The President shall see that orders and resolutions of the Executive Board are carried out, may sign all leases, mortgages, deeds, checks, promissory notes, amendments to the Declaration and other written instruments on behalf of the Association, and the President shall perform such other duties as may be required by the Executive Board.

(b) **Vice-President.** The Vice-President shall act in the place and stead of the President in the event of the President's absence or inability or refusal to act, and the Vice-President shall exercise and discharge such other duties as may be required by the Executive Board.

(c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Executive Board and of the Members, shall keep the corporate seal of the Association (if one exists) and affix it to all papers requiring said seal, shall serve notice of meetings of the Executive Board and of the Members, shall keep appropriate current records showing the Members of the Association together with their addresses, shall record any

amendments to the Declaration and shall perform such other duties as required by the Executive Board.

(d) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Executive Board. The Treasurer may sign all checks and promissory notes of the Association, shall keep proper books of account, shall prepare an annual budget and a statement of income and expenditures to be presented to the Members at their regular annual meeting and deliver a copy of each to the Members, and, if required pursuant to Section 2(f) of Article VII, shall cause an annual audit of the Association's books to be made by a public accountant at the completion of each fiscal year.

ARTICLE IX

Books and Records

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of Incorporation and these Bylaws shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE X

Assessments

Section 1. Payment of Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Association Assessments. Any Assessment shall be due and payable in full within thirty (30) days after billed to a Lot Owner by the Association. If any Assessment is not paid by its due date, as set forth in the Declaration, such Assessment shall be delinquent and any fines and other consequences arising due to such delinquency shall be as set forth in Article 6 of the Declaration.

Section 2. Liens for Assessments. If any Assessment is not paid within thirty (30) days after the date due and payable, then, the Association shall have the rights set forth in Article 6 of the Declaration (which include, without limitation, the right to file a claim of lien in the Registry with respect to such unpaid Assessment).

ARTICLE XI

Construction; The Declaration

These Bylaws shall be construed, to the extent possible, so as to be consistent with the Declaration; and in the event that these Bylaws conflict with the Declaration, the provisions of the Declaration shall control.

ARTICLE XII

Amendments

Subject to the limitations hereinafter contained, the Articles of Incorporation and these Bylaws may be amended or modified at any time by the affirmative vote or written agreement of Members to which not less than sixty-seven percent (67%) of the votes in the Association are allocated. Provided further any

amendment or modification to the Articles of Incorporation or these Bylaws must be consented to by Declarant, so long as Declarant owns any Lot or other portion of the Property, which consent Declarant may grant or withhold in its sole discretion.

In addition, Declarant, without obtaining the approval of any other Member or any other Lot Owner other than Declarant, may make amendments or modifications to the Articles of Incorporation and these Bylaws which either (a) are correctional in nature only and do not involve a change which materially adversely affects the rights, duties or obligations specified herein or therein or (b) apply only to the portions of the Property then owned by Declarant. An amendment or modification, in lieu of being executed by the Members voting for such amendment or modification, may contain a certification of the Secretary stating that the amendment or modification has been voted on and approved by the Members possessing the requisite number of votes as provided in this Article XII. With respect to the Articles of Incorporation, any amendment or modification shall be filed of record in the Office of the Texas Secretary of State. In addition to the foregoing rights, Declarant may, at Declarant's option, amend and modify the Articles of Incorporation and these Bylaws without obtaining the consent or approval of any other Person if such amendment or modification is necessary to cause the Articles of Incorporation and these Bylaws to comply with the requirements of any governmental agency or applicable law or legal mandate or requirement.

ARTICLE XIII

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall end on the 31st day of December of each year.

Section 2. Corporate Seal. The Association may have a seal in circular form having within its circumference the name of the Association, the state of its incorporation, the year of its incorporation and the word "Seal."

ARTICLE XIV

Indemnification of Directors and Officers

Section 1. Indemnification.

Neither Declarant, nor any Member, nor Directors of the Executive Board, nor any officers, Directors, agents or employees of any of them shall be personally liable for debts contracted for or otherwise incurred by the Association or for a tort of another Member, whether or not such other Member was acting on behalf of the Association or otherwise. Neither Declarant, the Directors of the Executive Board, nor the Association, nor their officers, directors, agents or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portions thereof with respect to the Property or for failure to repair or maintain the same. Neither Declarant, the Directors of the Executive Board, the Association nor any other Person making such repairs or maintenance shall be liable for any personal injury or other incidental or consequential damages occasioned by any act or omission in the repair or maintenance of any premises, improvements or portions thereof with respect to the Property.

The Association shall, to the extent permitted by applicable law, indemnify and defend all Directors of the Executive Board from and against any and all loss, cost, expense, damage, liability, claim, action or cause of action arising from or relating to the performance by the Executive Board of its duties and obligations, except for any such loss, cost, expense, damage, liability, claim, action or cause of action resulting from the gross negligence or willful misconduct of the person(s) so indemnified.

The Association shall indemnify any Director or officer, or former Director or officer, of the Association or any person who may have served at the request of the Association as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, whether for profit or not for profit, against liabilities and reasonable litigation expenses (including attorneys' fees) incurred by such Director or officer in connection with any action, suit or proceeding (whether civil or criminal) in which such Director or officer is made or threatened to be made a party by reason of being or having been such Director or officer, except in relation to matters as to which such Director or officer shall be adjudged in such action, suit or proceeding to have acted in bad faith or to have been liable or guilty by reason of willful misconduct in the performance of duty.

The indemnifications provided herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of Members or disinterested Directors, or otherwise, both as to action in the indemnified's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

The Association's indemnity of any person who is or was a Director or officer of the Association, is or was serving at the request of the Association as a Director or officer of the Association, or is or was serving at the request of the Association as a Director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be reduced by any amounts such person may collect as indemnification (i) under any policy of insurance purchased and maintained on such Director's or officer's behalf by the Association or (ii) from such other corporation, partnership, joint venture, trust or other enterprise.

Expenses incurred by a Director or officer in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Executive Board in the specific case upon receipt of an undertaking by or on behalf of the Director or officer to repay such amount.

Nothing contained in this Article XIV, or elsewhere in these Bylaws, shall operate to indemnify any Director or officer if such indemnification is contrary to any applicable state or federal law.

Section 2. Insurance. The Association may purchase and maintain insurance on behalf of its Directors, officers, employees and agents and those persons who serve at the request of the Association in any capacity in another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, to protect against any liability asserted against or incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under the provisions of this Article XIV or otherwise. Any full or partial payment made by an insurance company under any insurance policy covering any director, officer, employee or agent made to or on behalf of a person entitled to indemnification under this Article XIV shall relieve the Association of its liability provided for in this Article XIV or otherwise to the extent of such payment, and no insurer shall have a right of subrogation against the Association with respect to any such payment.

IN WITNESS WHEREOF, the Declarant has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its managers, the day and year first above written.

TX7 Land, LLC,
A North Carolina limited liability company

By: _____
JOHN SNOW, Member Manager