

BYLAWS OF THE PRESERVE AT DRIPPING SPRINGS
HOMEOWNERS ASSOCIATION, INC.

These Bylaws (referred to as the “Bylaws”) govern the affairs of **THE PRESERVE AT DRIPPING SPRINGS HOMEOWNERS ASSOCIATION, INC.**, a non-profit corporation organized under the Texas Business Organizations Code (referred to as the “Act”).

ARTICLE ONE
NAME, PURPOSES AND OFFICES

1.01 **Name.** The name of this association is **THE PRESERVE AT DRIPPING SPRINGS HOMEOWNERS 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 P.O. Box 1394, Dripping Springs, Texas 78620. 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 Preserve at Dripping Springs Homeowners 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 **“Declaration”** shall mean and refer to the Amended and Restated Declaration of Covenants, Conditions and Restrictions applicable to the Property recorded in the office of the County Clerk of Hays County, Texas, and any amendments, modifications, supplements and additions thereto.

2.04 **“Director”** shall mean and refer to a member of the Board of Directors.

2.05 **“Lot or Lots”** shall mean and refer to a lot within the Property shown on a duly recorded subdivision plat of which the Property is a part, together with all the Improvements located thereon.

2.06 “**Member**” shall mean and refer to those persons who are Members as more particularly described in the Declaration.

2.07 “**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.

2.08 “**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.

2.09 “**Secretary**” shall mean and refer to the Secretary of the Association.

ARTICLE THREE BOARD OF DIRECTORS

3.0 1 **General Powers: Delegation.** The activities, Property and affairs of the Association shall be managed by the Board of Directors.

3.0 2 **Number, Qualifications and Tenure of Directors.** The number of Directors of the Association shall be not less than three (3) and not more than five (5). The number of Directors will be determined by resolution of the Board of Directors at any meeting thereof, but shall never be less than three (3). 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 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.

3.0 3 **Vacancies.** Any Director whose term has expired must be elected by the Members. A Director may be appointed by the Board of Directors only to fill a vacancy caused by a resignation, death, or disability. A Director appointed by the Board of Directors to fill a vacant position shall serve the unexpired term of the predecessor Director.

3.0 4 **Annual Meeting.** An annual meeting of the Board of Directors shall be held at such time and place as is designated by the chairman 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.

3.0 5 **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 chairman of the Board of Directors 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.

3.0 6 **Special Meetings.** Special meetings of the Board of Directors may be called by the chairman of the Board of Directors or at the request of any 2 or more Directors on seven days' notice, either personally or by mail, facsimile or electronic mail. 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 Association 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. Notice of the Special Board meeting shall be given as required by Texas law.

3.0 7 **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.

3.0 8 **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) 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;

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

(c) 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 entitle to vote; and

(d) supervise all officers, agents and employees of the Association to see that their duties are properly preformed.

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. A Director is not relying in good faith if the Director has knowledge concerning a matter in question that renders reliance unwarranted. 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 Compensation.** 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 of Directors. Nothing herein contained shall be construed to preclude any Director from receiving reimbursement for expenses incurred on behalf of the Association 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 of Directors 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 a 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 Directors and the successor shall serve for the unexpired 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 chairman of the Board of Directors, 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 Association'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 therefor; 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, and the chairman 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 members 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 **Committee Chairs.** 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 provide 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 of 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.

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

5.02 **Annual Meetings.** Each regular annual meeting of the Members shall be held on the on a date that is no more than forty-five (45) days before the date of the last annual meeting of the Members or no more than forty-five (45) days after the date of the last annual meeting of the Members.

5.03 **Special Meetings.** Special meeting of the Members may be called at any time by the chairman 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.

5.04 **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, personally delivering such notice or delivering such notice by electronic mail (to each Owner who has registered an e-mail address with the Association), at least 15 days before such meeting to each Member entitled to vote thereat, addressed to the Member's address (or, if applicable, electronic mail 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. notice of each meeting of the Members shall be posted on any Internet website maintained by the Association at least 15 days before such meeting.

5.05 **Quorum.** Section 5.07.A of the Declaration shall be applied to determine what constitutes a quorum required for any action to be taken by the Members of the Association.

5.06 **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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Lot. The Secretary shall determine the form of written proxy. A proxy shall be deemed filed with the Secretary when such proxy has been delivered to the Secretary either personally or by mail, facsimile or electronic mail.

**ARTICLE SIX
OFFICERS, EMPLOYEES AND AGENTS: POWER AND DUTIES**

6.01 **Elected Officers.** The elected officers of the Association shall be a Secretary and such other officers 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 unexpired portion of the officer's term.

6.05 **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; 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.

The Secretary 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 operation 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 Secretary shall prepare the annual budget of the Association and recommend approval thereof by the Board of Directors. The Secretary shall also review all financial statements of the Association.

The Secretary 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 the 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 Secretary 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 Secretary 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 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, Chairman or the Board of Directors.

ARTICLE SEVEN

SPECIAL PROCEDURES CONCERNING MEETINGS

7.01 **Actions Without a Meeting.** Any action required by the Act to be taken at a meeting of the Board of Directors of the Association or any action that may be taken at a meeting of the Board of Directors or 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 or committee members as would be necessary to take that action at a meeting at which all of the Directors 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 principal executive officer of the Association.

Prompt notice of the taking of any action by Directors or a committee without a meeting by less than unanimous written consent shall be given to all Directors or committee members who did not consent in writing to the action.

A facsimile, electronic mail or similar transmission by a Director or member of a committee or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a Director or member of a committee shall be regarded as signed by the Director or member of a committee for purposes hereof.

7.02 **Telephone Meetings.** Members of the Board of Directors of the Association or members of any committee designated by the Board of Directors may participate in and hold a meeting by means of a 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 Books and Records.** The Association shall keep correct and complete books and records of account for the time periods set forth in the Declaration. 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 shall be retained in the Association's permanent file.
- (b) A copy of the Declaration and the Bylaws, and any amended versions or amendments to the Declaration and the Bylaws, shall be retained in the Association's permanent file.
- (c) Minutes of the proceedings of the Board of Directors and committees having any of the authority of the Board of Directors shall be retained for seven years.
- (d) A list of the names and addresses (mailing, delivery and fax) of the Directors, officers, and any committee members of the Association.
- (e) Account records for current homeowners shall be retained for five years.
- (f) A financial statement showing the assets, liabilities, and net worth of the Association shall be retained for seven years.
- (g) A financial statement showing the income and expenses of the Association shall be retained for seven years.
- (h) All rulings, letters, and other documents relating to the Association's federal, state, and local tax status shall be retained for seven years.
- (i) The Association's federal, state, and local information or income tax returns shall be retained for seven years.
- (j) All contracts with a term of one year or more shall be retained for four years after the expiration of the contract.

8.02 **Inspection and Copying.** Any Director, officer or Member may inspect and receive copies of all books and records of the Association required to be kept by the Bylaws or Declaration after payment of the cost set forth in Exhibit Four of the Declaration. 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 annual 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 **Audits**. The fiscal year of the Association shall begin on the first day of January and end on the last day of January of each year.

ARTICLE NINE MAINTENANCE FUNDS AND ASSESSMENTS

9.01 **Purpose of Assessments**. The Maintenance Fund and assessments levied by the Association shall be used for the purposes set forth in the Declaration.

9.02 **Basis and Amount of Maintenance Fund and Assessments**. The Board of Directors shall determine the amount of the Maintenance Fund and assessments as set forth in the Declaration.

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 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.

10.07 **Loans to Officers and Directors Prohibited.** No loans shall be made by the Association to its officers and Directors, and any Directors voting for or assenting to the making of any such loan, and any officer participating in the making thereof, shall be jointly and severally liable to the Association for the amount of such loan until repayment thereof.

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, venture, 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 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 elect 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 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 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 with any person may have or hereafter acquire under any statute, bylaw, resolution of Members or Directors, agreement, or otherwise.

The Association 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 circumstance 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 Act.

**ARTICLE THIRTEEN
AMENDMENTS**

These Bylaws may be altered, amended or repealed, or new Bylaws may be adopted 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 Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

CERTIFICATION OF SECRETARY

I certify that I am the duly elected and acting Secretary of **THE PRESERVE AT DRIPPING SPRINGS HOMEOWNERS ASSOCIATION, INC.** and that the foregoing Bylaws constitute the Bylaws of the Association. These Bylaws were duly adopted at a meeting of the Board of Directors held on the _ day of _____, 2025.

Dated: _____, 2025

By: _____
Secretary of the Association