

BYLAWS
OF
RIVER RIDGE 3 HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is River Ridge 3 Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the Association shall be located at 2313 Lake Austin Blvd., Austin, Texas 78703, but meetings of members and directors may be held at such places within the State of Texas as may be designated by the Board of Directors. The Board of Directors has full power and authority to change the principal office from one location to another.

ARTICLE II
DEFINITIONS

Unless the context otherwise specifies or requires, words and phrases when used in these Bylaws shall have the same meaning as those set forth in the Declaration. For purposes of these Bylaws, Declaration shall include the Declarations of Covenants, Conditions and Restrictions for River Ridge, Section Three - A and B, River Ridge, Section Three - C and D and River Ridge, Section Three - E, F and G, all recorded in the Official Records of Williamson County, Texas.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meeting. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of same month of each year thereafter, at the hour of 7:00 o'clock, p.m. unless a different date and/or time is selected by the Board of Directors. 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 a legal holiday. All meetings of the Members, whether annual or special, shall be held at such location as designated by the Board of Directors.

Section 2. Special Meeting. Special meetings of the Members may be called at any time by the President or the Board of Directors, or upon written request of the Members who are entitled to vote fifty-one percent (51%) or more of the votes of the Association.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall

mailing a copy of such notice, postage prepaid, at least ten (10) and no more than fifty (50) days before such meeting to each Member entitled to vote at the 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. All notices with respect to any meeting or for any other purpose shall be deemed to have been properly given if actually received, and whether or not actually received, when deposited in the United States Mail, postage prepaid, and addressed to the Member at his address as it appears on the books of the Association.

Section 4. Quorum. With respect to any annual or special membership meeting of the Association, at the first call of such meeting, the presence at the meeting in person or by proxy of a majority of the total votes of the membership shall constitute a quorum. If the required quorum is not forthcoming at such meeting, the meeting may be adjourned to a new date not more than seven (7) days from the current date and the required quorum at such a meeting shall be one-half ($\frac{1}{2}$) the required quorum at the immediately preceding meeting. This procedure shall be continued until a quorum has been obtained; provided, however, that such reduced quorum shall not be applicable at a subsequent meeting held more than sixty (60) days following the originally scheduled meeting. Action may then be taken by a vote of a majority of the votes present. 42

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, in such form as approved by the Board of Directors and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Majority Vote. Unless otherwise required by law, the Declaration, Articles of Incorporation or these Bylaws, the vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting, shall be the act of the Members meeting.

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors.

Section 2. Term of Office. At the first annual meeting the Members shall elect one (1) Director for a term of three (3) years, one (1) Director for a term of two (2) years, and one (1) Director for a term of one (1) year; and at each annual meeting thereafter the Members shall elect one (1) Director for a term of three (3) years.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting. In the event of death, resignation, or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties. Notwithstanding anything herein to the contrary, a Director may be employed by the Declarant and may receive compensation from the Declarant, as the case may be.

Section 5. Meetings. An annual meeting of the Board of Directors shall be held each year immediately following the adjournment of the annual meeting of the Members; and no special notice of such annual meeting of the Board of Directors shall be necessary. A special meeting of the Board of Directors may be called by any Director or by the President, and shall be held at such time and place as shall be specified in the notice given of such meeting. No particular form of notice shall be required for the calling and holding of a special meeting of the Board of Directors, provided that actual notice thereof shall have been given to each Director in advance of the time of such meeting. Absent actual notice, proper notice shall be deemed to have been given of any special meeting of the Board of Directors if notice in writing, or by telephone or facsimile message, shall have been sent to either the usual business or residence of the person entitled to receive notice not less than two (2) days preceding the date of the meeting.

Section 6. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine,

but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or nonmembers.

Section 2. Election. Election to the Board shall be by secret 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 elected. Cumulative voting is not permitted.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

ARTICLE VI POWERS AND DUTIES OF THE BOARD

Section 1. Powers. The business affairs and property of the Association shall be managed and controlled by the Board of Directors. The Board shall have power to:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof;
- (b) suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or related to this Association as set forth in the Declaration and Articles of Incorporation and not reserved to the membership by other provisions of the Declaration;
- (d) declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board; and
- (e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

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

(a) 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 Members who are entitled to cast fifty-one percent (51%) of all outstanding votes;

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

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

(1) fix the amount of the monthly Assessment against each Lot in advance of each annual assessment period and any other assessments provided by the Declaration; and

(2) foreclose the lien against any property for which assessments are not paid within sixty (60) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(d) issue, or to cause an appropriate officer 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 Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned, leased or managed by the Association;

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

(g) provide for the maintenance, repair, preservation and protection of any property owned, leased or managed by the Association; and

(h) exercise such other and further powers as provided in the Declaration.

ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and one or more Vice-Presidents, who shall at all times be members of the Board, a Secretary and a Treasurer, and such other officers as the Board may from time to time create by resolution.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he resigns sooner, or shall be removed, or otherwise disqualified to serve.

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

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the 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 Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

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

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

(a) President. The President shall preside at all meetings of the Members and the Board; shall see that orders and resolutions of the Board are carried out; shall sign all contracts, leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

(b) Vice-President. Each Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President or the Board. In the absence of the President or when it is inconvenient for the President to act, the Vice-President shall perform the duties and exercise the powers of the President.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the

Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the 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 Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting, and deliver a copy of each to the Members.

ARTICLE VIII OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board may, by resolution adopted by affirmative vote of a majority of the number of Directors fixed by these Bylaws, designate two or more Directors (with such alternates, if any, as may be deemed desirable) to constitute a committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and of carrying out and implementing any instructions or any policies, plans, programs and rules theretofore approved, authorized and adopted by the Board.

ARTICLE IX BOOKS AND RECORDS

The books, records, financial statements, budgets and papers of the Association shall at all times, during normal business hours, be subject to inspection by any Member. Such records shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid within ten (10) days after their due date shall be considered delinquent. If the Assessment is not paid before becoming delinquent, the Owner responsible for the payment thereof may be required by the Board to pay a late charge at such rate as the Board may designate from time to time [in lieu of interest at the rate of eighteen percent (18%) per annum] and the Association may

bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Lot or Lots and costs and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot or Lots.

ARTICLE XI CORPORATE SEAL

The Association may have a seal in a form adopted by the Board.

ARTICLE XII AMENDMENTS

Section 1. These Bylaws may be amended at any annual, regular or special meeting of the Board of Directors by a majority vote of the entire Board, subject to the approval of the Members by a vote of fifty one percent (51%) of the votes present and entitled to vote, cast by Members of the Association at a meeting duly called at which a quorum, as provided in these Bylaws, is present, provided that no amendment inconsistent with the Articles of Incorporation, applicable law, or the Declaration, shall be valid.

Section 2. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIII INDEMNIFICATION OF DIRECTORS AND OFFICERS


Each person who acts as a director or officer of the Association shall be indemnified by the Association against any costs, expenses and liabilities which may be imposed upon or reasonably incurred by him in connection with any civil or criminal action, suit or proceeding in which he may be named as a party defendant by reason of his being or having been such director or officer or by reason of any action alleged to have been taken or omitted by him in either such capacity and any person who, at the request of the Association, acts as a director or officer of any of its subsidiary or affiliate corporations shall likewise be indemnified by the Association against any such costs, expenses and liabilities; provided that in any case, the right or liabilities herein provided for shall not extend to any costs, expenses or liabilities imposed upon or incurred by any director or officer of the Association or of any subsidiary or affiliate corporation in relation to matters as to which he shall be finally adjudged to be liable for negligence or misconduct in the performance of his duties as such director or officer or to any sum paid by him to the Association or to such subsidiary or

subsidiary or affiliate corporation in relation to matters as to which he shall be finally adjudged to be liable for negligence or misconduct in the performance of his duties as such director or officer or to any sum paid by him to the Association or to such subsidiary or affiliate corporation, as the case may be, in settlement of any action, suit or proceeding based on his alleged dereliction of duty. The right of indemnification herein provided for shall inure to each of the directors and officers of the Association, whether or not the respective director or officer is acting as such at the time such costs, expenses or liabilities are imposed or incurred and whether or not the claim asserted against him is based on matters which antedate the adoption of this Article of the Bylaws, and in the event of this death shall extend to his legal representatives; but such rights shall not be exclusive of any other right to which he may be entitled.

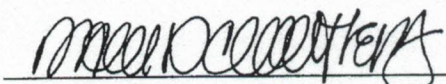
ARTICLE XIV MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

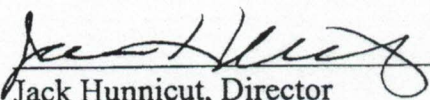
IN WITNESS WHEREOF, we, being all of the Directors of River Ridge 3 Homeowners Association, Inc. have hereunto set our hands this 14 day of December, 1999.



Stephen M. Hudson, Director



David C. Wolters, Director

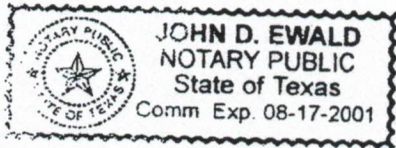


Jack Hunnicut, Director

STATE OF TEXAS

COUNTY OF Travis

This instrument was acknowledged before me on December 14, 1999, by Stephen M. Hudson, Director of River Ridge 3 Homeowners Association, Inc., a Texas non-profit corporation, on behalf of such corporation.

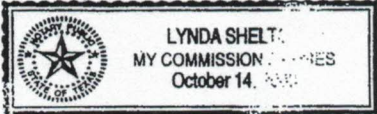


[Signature]
Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF Travis

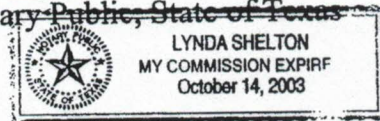
This instrument was acknowledged before me on Dec. 14, 1999, by David C. Wolters, Director of River Ridge 3 Homeowners Association, Inc., a Texas non-profit corporation, on behalf of such corporation.



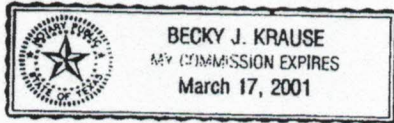
Lynda Shelton
~~Notary Public, State of Texas~~

STATE OF TEXAS

COUNTY OF Williamson



This instrument was acknowledged before me on Dec. 21, 1999, by Jack Hunnicutt, Director of River Ridge 3 Homeowners Association, Inc., a Texas non-profit corporation, on behalf of such corporation.



Becky J. Krause
Notary Public, State of Texas

② McMurry Ewald & Blackwelder