

**BYLAWS**  
**OF**  
**VALLE HERMOSO RANCH HOMEOWNER'S ASSOCIATION, LLC.**  
**(A TEXAS NON-PROFIT LIMITED LIABILITY COMPANY)**  
**Cameron County, Texas**

**Bylaws**  
**of**  
**VALLE HERMOSO RANCH HOMEOWNER'S ASSOCIATION, LLC.**

A Texas Nonprofit Limited Liability Company

**Article I**

**Name**

Section 1.1: NAME. The NAME of the organization shall be the VALLE HERMOSO RANCH HOMEOWNER'S ASSOCIATION, LLC, hereafter referred to as THE ASSOCIATION. It shall be a nonprofit organization formed under the laws of the State of Texas.

**Article II**

**PURPOSE AND OWNER OBLIGATION**

Section 2.1: PURPOSE: The purpose for which this non-profit Association is formed is to govern the Organization and its members and facilitate the fulfillment of the purposes provided in the Articles of Organization.

Section 2.2: OWNER OBLIGATION: All present or future owners, tenants, future tenants or any other person who might use the facilities of the property in any manner, are subject to the regulations set forth in the Bylaws. Developer, Valle Hermoso Ranch, LLC or any successors are exempt from paying assessments.

**Article III**

**DEFINITION AND TERMS**

SECTION 3.1: MEMBERSHIP. Any current resident of, or owner of property in, the Valle Hermoso Ranch Addition (blocks provided in Exhibit A), Bayview, Texas, shall automatically become a Member of this Association and be subject to the Bylaws. Such membership shall terminate without any formal Association action upon the event that such person ceases to own property in Valle Hermoso Ranch. Such termination shall not relieve or release any such former Owner from any ability or obligation incurred under or in any way connected with Valle Hermoso Ranch during the periods of such ownership and membership in the Association, or impair any rights or

remedies which the Board of Directors of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto.

Section 3.2: ANNUAL DUES. The amount required for annual dues shall be \$360 each year (\$30 due monthly), unless changed by a majority vote of the members in attendance at an annual meeting of the full membership. Full payment of the annual dues will entitle the Resident or Property Owner to full membership privileges for one year from the date of payment. Dues may, on occasion, be paid by donation of comparable products or services to the Association, by prior approval of the Officers of the Association.

Section 3.3: VOTING RIGHTS. The full payment of the annual dues will entitle each Property owner one (1) vote per block in the affairs of the Association. Voting shall not be split among more than one (1) block owner. The present number of votes that can be cast by the block owners is twelve (12). The combined weighted votes calculated in accordance with Exhibit A shall equal one hundred percent (100%).

Section 3.4: MAJORITY OF BLOCK OWNERS. As used in these Bylaws, the term “majority of block owners” shall mean those owners with fifty-one percent (51%) of the votes entitled to be cast.

Section 3.5: QUORUM. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a “majority of block owners” as defined in Paragraph 3.4 of this Article shall constitute a quorum.

Section 3.6: PROXIES. Votes may be cast in person or by Proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

Section 3.7: TERMINATION OF MEMBERSHIP. Membership in the Association is automatically terminated whenever the Member is in default of payment of the annual Association Dues. A member may also be removed by a majority vote of the membership.

## **ARTICLE IV**

### **ADMINISTRATION**

Section 4.1: DECLARANT CONTROL. Notwithstanding any provision herein to the contrary, and in accordance with Paragraph 4.2 of the Declaration for Valle Hermoso Ranch, the Declarant shall retain control over management of the affairs of the Association for a maximum period not to exceed one (1) year from the sale of the first unit or upon the sale of seventy-five percent (75%) of the blocks.

Section 4.2: ASSOCIATION RESPONSIBILITIES. The Owners of the blocks will constitute the Association of Block Owners, hereinafter referred to as the “Association”, who will have the responsibility of administering the property through a Board of Directors.

Section 4.3: PLACE OF MEETINGS. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Directors and designated in the notices of such meetings.

Section 4.4: ANNUAL MEETINGS. Annual meetings shall be held the fourth (4<sup>th</sup>) Tuesday of January each year.

Section 4.5: SPECIAL MEETINGS. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors, or upon a petition signed by at least one tenth (1/10) of the Owners and presented to the Secretary. The notices of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of four-fifths (4/5) of the Owners present, either in person or by proxy.

Section 4.6: NOTICE OF MEETINGS. The Secretary shall mail notices of annual and special meetings to each Member of the Association, directed by U.S. First Class Mail. Such notice be mailed not less than ten (10) days, nor more than twenty (20) days, before the date of such meeting and shall state the date, time and place of the meeting and purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand or left at the Member's residence in their absence.

Section 4.7: ADJOURNED MEETING. If any meeting of Owners cannot be organized because of a quorum has not attended, the Owners who are present, wither in person or by proxy, may adjourn the meeting from time to time until a quorum is attained.

Section 4.8: ORDER OF BUSINESS. The order of business at all meetings of the Owners of Blocks shall be as follows:

- (A) Roll call
- (B) Proof of Notice of meeting or waiver of notice
- (C) Reading of the minutes of preceding meeting
- (D) Reports of officers
- (E) Reports of committees
- (F) Election of Directors
- (G) Unfinished business
- (H) New business

## **ARTICLE V**

### **BOARD OF DIRECTORS**

Section 5.1: NUMBER AND QUALIFICATION. The affairs of this Association shall be governed by a Board of Directors composed of the developer limited liability company. The following entity shall act in such capacity and shall manage the affairs of the Association until successors are elected, to-wit:

VALLE HERMOSO RANCH, LLC.

Section 5.2: POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential property. The Board of Directors may do all such acts and things that are not by these Bylaws or by the Declaration for Valle Hermoso Ranch directed to be exercised and done by the Owners.

Section 5.3: OTHER POWERS AND DUTIES. The Board of Directors shall have the following duties:

- (A) To administer and enforce the covenants, conditions, restrictions, uses limitations, obligations and all other provisions set forth in the Declaration.
- (B) To establish, make and enforce compliance with rules necessary for the orderly operation, use and occupancy of this Property.
- (C) To keep in good order, condition, and repair all General and Limited Common Area and all items of personal property used in the enjoyment of the entire Premises. Common Area includes 40' roadway, gate and other shared structures.
- (D) To insure and keep insured all insurable Common Areas of the Property in an amount equal to their maximum replacement value, as provided in the Declaration. Further, to obtain and maintain comprehensive liability insurance covering the entire Premises in amounts not less than One Million Dollars (\$1,000,000) covering all claims for personal injury and/or property damage arising out of a single occurrence. To insure and keep all the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Owners of the Blocks and their First Mortgagees.
- (E) To fix, determine, levy and collect the monthly assessments to be paid by each of the Owners, and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and additional capital expense. All monthly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.
- (F) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration and these Bylaws.
- (G) To protect and defend the entire Premises from loss and damage by suit or otherwise.

- (H) To borrow funds in order to pay for any required expenditure or outlay; to execute all such instruments evidencing such indebtedness which shall be the several obligations of all the Owners in the same proportion as the interest in the Common Areas.
- (I) To enter into contracts within the scope of their duties and power.
- (J) To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.
- (K) To keep and maintain full and accurate books and records showing all receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners and any First Mortgagee of a Block.
- (L) To meet at least once each year.
- (M) To designate the personnel necessary for the maintenance and operation of the Common Areas.
- (N) In general, to carry on the administration of this Association and to do all things necessary and reasonable in order to carry out the purpose of the Association.
- (O) To ensure irrigation canals are clear of debris and weeds. See attached map and addendum.

Section 5.4: ELECTION AND TERM OF OFFICE. At the first annual meeting of the Association the term office of the Directors shall be fixed for one (1) year. At the expiration of the initial term of office of each Director, his/her successor shall be elected to serve a term of one (1) year. The persons acting as Directors shall hold office until their successors have been elected and hold their first meeting.

Section 5.5: VACANCIES. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each Director so elected shall serve out the remaining term of his predecessor.

Section 5.6: REMOVAL OF DIRECTORS. At any regular or special meeting duly called, any one (1) or more of the Directors may be removed with or without cause by a majority of the Owners, and a successor may then and there be elected to fill the vacancy created.

Section 5.7: ORGANIZATIONAL MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of the election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

Section 5.8: REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one (1) meeting shall be held during each year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally, by mail or telephone at least three (3) days to the date of such meeting.

Section 5.9: SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon written request of at least one (1) Director. The President or Secretary will give three (3) days' personal notice to the Director by mail or telephone, which notice shall state the time, place and purpose of the meeting.

Section 5.10: BOARD OF DIRECTORS QUORUM. At all meetings of the Board of Directors, a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any adjourned meeting, any business which might have been transacted at the meeting, as originally called, may be transacted without additional notice.

## **ARTICLE VI**

### **OFFICERS**

Section 6.1: DESIGNATION. The officers of the Association shall be a President, Vice-President, Secretary and Treasurer.

Section 6.2: ELECTION OF OFFICERS. The Officers shall be elected by majority vote at the annual meeting of the full membership.

Section 6.3: TERM OF OFFICE. The Officers shall serve a one-year term, with no limitations on future terms.

Section 6.4 REMOVAL OF OFFICERS. Upon affirmative vote of the majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and a successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

Section 6.5: PRESIDENT. The President shall be the chief executive officer of the Association. Shall preside at all meetings of both the Association and the Board of Directors. Shall have the all the general powers and duties which are usually vested in the office of the President of an association including, but not limited to, the power to appoint committees from among the Owners to assist in the administration of the affairs of the Association. The President, or designated alternate, shall represent the Association at all meetings of the VALLE HERMOSO RANCH HOMEOWNER'S ASSOCIATION, LLC.

Section 6.6: VICE PRESIDENT. The Vice President shall perform all of the duties of the President in their absence and such other duties as may be required from time to time by the Board of Directors.

Section 6.7: SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall have charge of

such books and papers as the Board of Directors may direct; and shall, in general, perform all the duties incident to the office of the Secretary.

Section 6.8: TREASURER. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such as directed by resolution of the Board of Directors shall not be necessary for the disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors, including authority to: sign all checks and promissory notes of the Association; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each year; prepare an annual budget to be presented to the Membership at its regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned by the Board of Directors.

## **ARTICLE VII**

### **MANAGEMENT CONTRACT**

Section 7.1: MANAGEMENT COMPANY. The Board of Directors may, but shall not be required, to enter into a management agreement with a management company at a rate of compensation agreed upon by the Board of Directors. In accordance with the Declaration and these Bylaws, the management company, if engaged, shall have, but shall not be limited to, the following functions, duties and responsibilities:

#### **(A) Fiscal Management**

1. Prepare annual operating budget detailed to reelect expected operation for each month. This budget is established to show expected recurring receipts and operating disbursements. It is further used for comparison with actual monthly income and expenditures.
2. Prepare reserve budget projection for capital expenditures on items recurring only periodically, i.e., painting, etc. for Common Areas.
3. Analyze and compare operating receipts and disbursements against the Board-approved budget. Where a significant variation is shown (10% above or below the budgeted amount), prepare explanations of variations from budgeted figures.
4. Collect maintenance fees and special assessments; deposit them in checking, savings or other income producing accounts on behalf of the Board and maintain comprehensive records thereof. Establish individual checking and reserve accounts, as directed by the Board.
5. Mail notices of delinquency to any Owner in arrears and exert reasonable effort to collect delinquent accounts.
6. Examine all expense invoices for accuracy and pay all bills in accordance with the terms of the property management agreement.
7. Prepare year-end statement of operations for Owners



(B) Physical Management

1. Assume full responsibility for maintenance and control of Common Area improvements and equipment.
2. Maintain the Property in constant repair in accordance with the provisions of the operating budget as approved by the Board of Directors.
3. Enter into contracts and supervise services for lawn care and refuse hauling as approved operating budgets.

**ARTICLE VIII**

**INDEMNIFICATION OF OFFICERS AND DIRECTORS**

Section 8.1: INDEMNIFICATION. The Association shall indemnify every Director or officer, their heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonably incurred by him/her in connection with any action, suit or proceeding to which he/she may be made a party by reason of his/her being or having been a Director or officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, nothing contained in this Article VIII shall be deemed to obligate the Association to indemnify any Member or Owner of a Block, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration for Valle Hermoso Ranch as a Member or Owner of a Block covered thereby.

**ARTICLE IX**

**OBLIGATIONS OF THE OWNERS**

Section 9.1: ASSESSMENTS. All Owners shall be obligated to pay the monthly assessments imposed by the Association as defined in the Declaration. A Member shall be deemed to be in good standing and entitled to vote any annual or special meetings of Members, within the meaning of the Bylaws, only if he/her is current in the assessments made or levied against him/her.

Section 9.2: GENERAL.

- A. Each Owner shall comply strictly with the provisions of the Declaration for Valle Hermoso Ranch.
- B. Each Owner shall always endeavor to observe and promote the cooperative purposes for which the Property was built.

Section 9.3: USE OF COMMON AREAS. Each Owner may use the Common Area in accordance with the purposes for which they were intended.

**ARTICLE X**

**MORTGAGES**

Section 10.1: NOTICE TO ASSOCIATION. An Owner who mortgages his/her Block shall notify the Association through the President of the Association giving the name and address of his Mortgagee.

Section 10.2: NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a Mortgagee of a Block, report any unpaid assessments due from the Owner of such Block.

**ARTICLE XI**

**NON-PROFIT ASSOCIATION**

Section 11.1: NON-PROFIT PURPOSE. This Association is not organized for profit. No Block Owner, Member of the Board of Directors or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Member of the Board of Directors; provided, however, always (a) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association, and (b) that any Member of the Board of Directors may, from time to time, be reimbursed for his/her actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

## **ARTICLE XII**

### **EXECUTION OF INSTRUMENTS**

Section 12.1: AUTHORIZED AGENTS. The person who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and Secretary of the Association.

## **ARTICLE XIII**

### **DEFINITION OF TERMS**

Section 13.1: DEFINITION OF TERMS. The terms used in these Bylaws, to the extent they are defined in said Declaration, shall have the same definition as set forth in the Declaration for Valle Hermoso Ranch, and the same may be amended from time to time, and recorded in the office of the County Clerk of Cameron County, Texas.

\_\_\_\_\_, Secretary

## **EXHIBIT A**

Blocks included in Valle Hermoso Ranch addition:

- 1) 28
- 2) 31
- 3) 32
- 4) 29
- 5) 30
- 6) 33
- 7) 34
- 8) 37
- 9) 38
- 10) 42
- 11) 43
- 12) 45

## Addendum 1

Landowners will allow irrigation canals to exist on their land for the purpose of transporting non-treated water for irrigation to neighboring landowners. Lots 38, 42, and 43 will have canal on the east side of their property. Lots 28-35 will have irrigation canals on the west side of their property. In addition, Lot 43 will have a canal on the south side of their lot. Lot 45 will have an irrigation canal on its east boundary. Lots 28, 29 and 38 will have an irrigation canal on their north property line. Please refer to the enclosed map.

Owners will maintain canal free of debris and keep weeds clear. HOA Board will insure that canals are in compliance, if not in compliance, the Board will assess a fee established by them to bring canal into compliance.

If canal requires any retrenching in the future, HOA will pay for this work.