

**BY-LAW S OF
MILL CREEK COMMUNITY ASSOCIATION
SALADO, TEXAS 76571**

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Revised January 2006

ARTICLE 1. OFFICE

The principal office of the Association shall be located in Mill Creek, Salado, Bell County, Texas 76571.

ARTICLE 11. OBJECT

The purpose for organizing the Mill Creek Community Association is to provide benefits for the Mill Creek Community through unified efforts.

ARTICLE 111. MEMBERSHIP

SECTION 1. CLASSES OF MEMBERSHIP: the Association shall have three classes of membership.

1-1. RESIDENT: Resident-owner membership maybe secured by any person (resident-owner) owning a home in Mill Creek, or by any person having a home under construction in Mill Creek.

1-2. NON-RESIDENT: Non-resident membership maybe secured by any person owning property, other than a home, in Mill Creek.

1-3. NON-OWNER RESIDENT: Non-owner resident membership may be secured by any person renting or leasing property in Mill Creek and residing in that property.

SECTION 2. ELECTION OF MEMBERS: Members shall be elected upon verification of ownership of property in Mill Creek, or upon verification of renting or leasing of property in Mill Creek, and upon verification of residence in said property and the payment of dues as prescribed in Section X.

SECTION 3. VOTING RIGHTS: Subject to provisions of Section 1; each member shall have one vote on matters brought before the membership. No additional votes shall be accorded because of ownership of more than one home or parcel of land in Mill Creek.

SECTION 4. TERMINATION OF MEMBERSHIP: Membership in the Association is automatically terminated by any member who is no longer eligible for membership in the Association according to Section 1. The Board of Directors, by affirmative vote of two thirds of all members of the Board may remove members from membership who are in default of payment of dues for a period of time as specified in Article X1 of these by-laws.

SECTION 5. REINSTATEMENT: Upon payment of current dues, a member who has been dropped from membership will be re-instated to membership.

SECTION 6. TRANSFER OF MEMBERSHIP: Membership in this Association is not transferable.

ARTICLE IV MEETING OF MEMBERS

SECTION 1. ANNUAL MEETING: An annual meeting of the members shall be held during the first three weeks in December each year, beginning in the year 1991, for the purpose of electing Directors and for the transaction of other business that may come before the meeting of members. Notice of the time, place and date of the annual meeting shall be provided all members at least thirty (30) days prior to the meeting.

SECTION 2. SPECIAL MEETINGS: Special meetings maybe called by the President, the Board of Directors or by typewritten request to the Secretary, of not less than one-fourth of the members having voting rights.

SECTION 3. PLACE OF MEETINGS: The Board of the Directors shall designate a place within twenty five miles of Mill Creek as the place for any annual meeting or special meeting called by the Board. of Directors.

SECTION 4. NOTICE OF MEETINGS: Announcement of special meetings, as in ARTICLE IV, SECTION 2, shall be made by mail to the last known address of the members seven (7) days prior to the meeting. U.S. Postmark of notice will be considered date of notice.

SECTION 5. QUORUM: Ten (10) Members other than directors, plus proxies, if any, in attendance, holding voting rights, shall constitute a quorum for an annual meeting, or a called special meeting. If a quorum is not present at any meeting, the members present may adjourn such meeting from time to time until a quorum has been attained.

SECTION 6. PROXIES: At any meeting of members, a member is entitled to vote by proxy executed in writing by the member, or the member's attorney-in-fact. No proxy shall be valid for more than one meeting, and no member may cast proxy votes for more than five (5) percent of all eligible votes.

SECTION 7. MANNER OF ACTING: A majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption of the matter being voted on by the members present unless otherwise required by these by-laws. Unless otherwise provided for in these by-laws Robert's Rules of Order shall govern all the procedures and actions.

SECTION 8. ORDER OF BUSINESS: The order OF BUSINESS at the Annual meeting shall be:

1. Report by the President
2. General Business (old and new)
3. Election of the Board of Directors

Any member in good standing and present at the annual meeting of the members may request a reading of minutes of the most recent meeting of the members.

Any member in good standing and present at the annual meeting of the members may request a report by the Treasurer as to the financial state and condition of the Association.

ARTICLE V BOARD OF DIRECTORS

SECTION 1A. MEMBERSHIP AND GENERAL POWERS: The business of the association shall be managed by its Board of Directors. The Board of Directors shall consist of seven (7) members who must be active members, in good standing, of the Association. Three (3) Directors shall be elected in May of 1991 to serve until December 31, 1992. Those Directors elected in May of 1990 to serve two years shall, instead, serve until December 31, 1991. Thereafter, four Directors shall be elected in odd numbered years and three Directors shall be elected in even numbered years. Upon election a member of the Board of Directors shall serve a term of two (2) years thereafter and until their successors are duly elected and qualified. The owner(s) of Mill Creek Inn and Country Club may designate a person to serve as member ex-officio of the Board of Directors.

SECTION 1B. NOMINATION AND ELECTION: The President shall appoint a Nominating Committee to meet in October to select a slate of potential Directors which shall be submitted to the membership at least thirty (30) days prior to the December annual meeting. The Nominating Committee shall consist of at least two current Directors. Nominations shall also be accepted from the floor only with prior nominee consent. If nominations from the Nominating Committee and the floor result in a greater number of nominees than Director positions to be filled, individual paper ballots shall be taken with the nominees receiving the most votes elected to the positions available. Directors elected at the December meeting shall assume office responsibilities at the Board of Directors meeting in January.

SECTION 2. REGULAR MEETINGS: A regular meeting of the Board of Directors shall be held during the first three weeks in January following the annual meeting of members in December for the purpose of electing officers, establishing a time and place for regular meetings and for the conducting of any other business of the Association. The immediate past president of the Association shall preside at the first meeting of the Board of Directors meeting in January until such time as a succeeding president is elected and duly installed.

SECTION 3. SPECIAL MEETINGS: Special meetings of the Board of Directors may be called by or at the request of the President or any three Directors submitted in writing to the Secretary. Due notice of such a meeting shall be given to each Director prior to the date thereof together with the purpose for

the meeting.

SECTION 4. ATTENDANCE: Any member of the Board of Directors who absents himself from three consecutive meetings without valid cause in the opinion of the Directors may have his office declared vacant by vote of majority of all members of the Board.

SECTION 5. QUORUM: A majority in number of the Board four (4) shall constitute a quorum for the transaction of business.

SECTION 6. MANNER OF ACTING: The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless an act of greater number is required by these by-laws.

SECTION 7. VACANCIES: Any vacancy occurring, for any reason, in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in the office.

SECTION 8. COMPENSATION: Directors as such shall not receive compensation for their services, except reimbursement for actual expenses incurred on behalf of the Association and approved by an affirmative vote of a majority vote of Directors present at a meeting at which a quorum is present.

SECTION 9. INFORMAL ACTION BY THE DIRECTORS: Any action which may be taken by the Directors at a meeting may also be taken without a meeting if consent is in writing setting forth the action so taken, shall be signed by all of the Directors and shall be included in the minutes of the next Directors meeting.

SECTION 10. MEMBERSHIP ATTENDANCE: Any member in good standing of the Association shall be permitted to attend any regular meeting of the Board of Directors and be granted a hearing provided the Secretary is notified in writing at least 5 days prior to the meeting

ARTICLE VI. OFFICERS

SECTION 1. OFFICERS: Officers of the Association shall be: President, Vice

President, Secretary and Treasurer.

SECTION 2. ELECTION: Officers of the Association shall be elected by ballot at the annual meeting of the Board of Directors. All officers must be members of the Board of Directors. Vacancies may be filled at any meeting of the Board.

SECTION 3. REMOVAL FROM OFFICE: Any officer elected or appointed by the Board of Directors may be removed from office by the Board of Directors whenever in its judgment the best interest of the Association would be served thereby. The affirmative vote of a 3/4 majority of the members of the Board of Directors is required for removal of any officer.

SECTION 4. PRESIDENT: The president, and in his absence the Vice President, shall be the principal executive officer of the Association and shall, in general, supervise and control all business and affairs of the Association. He shall preside at all meetings of the membership and the Board of Directors. The President shall appoint all committees as may be necessary, with approval of the Board of Directors, which committees shall be responsible to the Board. He may sign, with the Treasurer, or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts or other instruments which the Board of Directors has authorized to be executed. In general, he shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. VICE PRESIDENT: In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall: perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Should neither the President nor Vice President be present at any meeting, a chairman shall be elected by those members of the Board of Directors present.

SECTION 6. TREASURER: The treasurer shall be responsible for the collection and disbursement of all funds as directed by the Board of Directors. He shall keep safely all funds of the Association and pay them out as provided by these by-laws. His books shall at all times be open to inspection by the President and/or as directed by the Board of Directors and he shall prepare a statement for each monthly meeting to the Board covering the financial condition of the Association. At each annual meeting of the membership he shall render, if requested to do so, a full and complete statement of the finances of the

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Association for the preceding year.

SECTION 7. SECRETARY: The secretary shall keep the minutes of the meetings of the members and the Board of Directors and where required, shall be responsible for the mailing of notices of meetings of the Association and the Board of Directors in accordance with these by-laws. He shall keep a complete list of all members in good standing of the Association which shall be available to the Board of Directors at any and all reasonable times. He shall also perform such other duties from time to time as may be required by the Board of Directors.

SECTION 8. TERM OF OFFICE: Each officer shall continue in office until the next annual meeting of the Board of Directors, and until his successor is duly appointed or elected as provided by these by-laws, unless the office shall be sooner terminated, or unless such officer be removed from office, or unless such officer shall cease to qualify as a member thereof.

ARTICLE VII. COMMITTEES

SECTION 1. GENERAL: The President, with approval of the Board of Directors, shall appoint for the ensuing year the membership to the standing committees and such other committees as the Board of Directors shall deem proper. The Standing committees shall be as follows: Community Relations and Welcoming, Beautification, Governmental Relations, Health and Safety and Membership. The Chairman or one of the members of each standing committee shall be a member of the Board of Directors.

SECTION 2. TERM OF OFFICE: Each member of a committee shall continue in office until the next annual meeting of the Board of Directors meeting and until his successor is duly appointed, unless the committee is sooner terminated, or unless such member be removed from office or unless such member shall cease to qualify as a member thereof.

SECTION 3. CHAIRMAN: The chairman of each standing committee or his representative shall be responsible to give to the Board of Directors a report on the activities of the committee at each regular meeting of the Board of Directors.

ARTICLE VIII. CHECKS, DEPOSITS AND FUNDS

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SECTION 1. CHECKS, DRAFTS, ETC.: All checks, drafts, or orders for payment of money, notes or other evidences of indebtedness issued in the name of the Association, shall be signed by such officer or officers, agent or agents of the Association in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer and counter signed by the President or the Vice President.

SECTION 2. DEPOSITS: All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

SECTION 3. GIFTS: The Board of Directors may accept on behalf of the Association any contribution, gift, bequest or devise for the general purpose or for any special purpose of the Association.

ARTICLE IX. BOOKS AND RECORDS

the Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at its principal office a record of names and addresses of the members entitled to vote and date of dues payment. All books and records of the Association may be inspected by any member in good standing of the Association, or his agent or attorney, for any proper purpose at any reasonable time.

ARTICLE X. FISCAL YEAR

Fiscal year of the Association shall begin on the first day of January and end on the last day of December each year.

ARTICLE XI. DUES

SECTION I. ANNUAL DUES: The Board of Directors may determine from time to time the amount of an initiation fee, if any, and annual dues and assessments payable to the Association by members of each class and subject to the same provisions to amend the by-laws, as stated in Article XII. Members must be notified thirty (30) days prior to the annual meeting of any change in the annual dues or of any initiation fee.

SECTION 2. PAYMENT OF DUES: Dues shall be payable, in advance, on or before the first day of March in each fiscal year of the Association.

SECTION 3. DEFAULT AND TERMINATION OF MEMBERSHIP: When any member of any class shall be in default in payment of dues and/or assessments for a period of two months from the beginning of the fiscal year or period for which such dues or assessments became payable, his membership may thereupon be terminated by the Board of Directors in the manner provided in ARTICLE III of these by-laws.

ARTICLE XII. AMENDMENTS OF BY-LAWS

These By-laws may be altered, amended or repealed, and new Bylaws may be adopted by a 2/3 majority of eligible votes of the members present and by proxy at any regular meeting or at any special meeting if at least thirty (30) days written notice to the membership is given of intention to alter, amend, repeal or to adopt new By-laws at such meeting.