

OAK PARK OF FLOWER MOUND HOMEOWNERS ASSOCIATION

BYLAWS

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BYLAWS

OF

OAK PARK OF FLOWER MOUND HOMEOWNERS ASSOCIATION  
(A Texas Non-Profit Corporation)

ARTICLE I

DEFINITIONS

1.01 Definitions. The words defined in the Declaration of Covenants, Conditions, and Restrictions for Oak Park Addition recorded in Volume , Page , of the Real Property Records of Denton County, Texas (the "Declaration") shall have the same meaning in these Bylaws.

ARTICLE II

NAME

2. 01 Name. The name of this Corporation shall be OAK PARK OF FLOWER MOUND HOMEOWNERS ASSOCIATION (hereinafter called the "Association").

ARTICLE III

OFFICES

3.01 Registered Office. The registered office of the Association shall be as designated with the Secretary of State of the State of Texas, as it may be changed from time to time.

3.02 Other Offices. The Association may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Association may require.

ARTICLE IV

PURPOSES AND PARTIES

4.01 Purposes. The purpose or purposes for which the Association is organized are to provide for the maintenance, preservation, management, and architectural control of the Oak Park Addition, an Addition to the City of Flower Mound, Denton County, Texas, as is more fully described in the Declaration, and for any and all other property which is accepted by the Association for

similar purposes, and to promote the health, safety, and welfare of the residents within the Property and all other property which is accepted by the Association for similar purposes, those purposes being, without limitation, as follows:

- (a) To exercise all of the powers and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration as may be amended from time to time, the Declaration being incorporated herein as if set forth at length;
- (b) To operate without profit for the sole and exclusive benefit of its Members;
- (c) To have and to exercise any and all powers, rights, and privileges a corporation organized under the Non-Profit Corporation Act of the State of Texas may now or hereafter exercise.

4.02 Parties. All present or future Owners, occupants, tenants, and future tenants of any Lot, or any other person who might use in any manner the facilities of the Property, are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease, or rental of all or any portion of a Lot or the mere act of occupancy of all or any portion of a Lot will signify that these Bylaws are accepted, approved, ratified, and shall be complied with.

ARTICLE V

MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, VOTING, CUMULATIVE VOTING, QUORUM, PROXIES

5.01 Membership. Each and every Owner of a Lot shall automatically become, and must remain, a member in good standing of the Association during such Owner's period of ownership of such Lot. Such membership shall be appurtenant to each Lot, and may not be severed from or held separately therefrom. The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

5.02 Member in Good Standing. A Member of the Association shall be considered to be a Member in good standing and eligible to vote if such Member:

- (a) Has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for hereunder and in the Declaration;
- (b) Has discharged all other obligations to the Association as may be required of Members hereunder, including, without limitation, meeting the proof of ownership requirement provided for in Section 11.01 of these Bylaws.

The Board of Directors shall have sole responsibility and authority for determining the good standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board of Directors shall have the right and authority, in its sole discretion, to waive the seven (7) days prior payment requirement and require only that such payment be made at any time before such vote is taken if the Board of Directors shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting either or both of the requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of this Section shall be declared by the Board of Directors to be not a member in good standing and unless the time requirement required hereunder is specifically waived by the Board of Directors in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in good standing status is attained and so declared by the Board of Directors.

5.03 Voting Rights in the Association. The Association shall have two (2) classes of voting membership:

(a) Class A. Class A members shall be all Owners, with the exception of Declarant, and shall be entitled to one (1) vote for each Lot owned. When more than one person holds an interest in any Lot, all such persons shall be members, but the vote for such Lot shall be exercised as they, among themselves, determine, and in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B member shall be the Declarant who shall be entitled to three (3) votes for each unoccupied Lot owned by it. The Class B membership, shall cease and be converted to Class A membership one hundred twenty (120) days after the conveyance of the Lot which causes the total votes outstanding in the Class A membership to equal the total votes outstanding in the Class B membership, or ten (10) years after conveyance of the first Lot by Declarant, whichever occurs earlier.

(c) Suspension. All voting rights of an Owner shall be - suspended during any period in which such owner is delinquent in

the payment of any assessment duly established pursuant to the Declaration and/or Bylaws or is otherwise in default under the Declaration or Bylaws or Rules and Regulations of the Association, and such suspension shall apply to the proxy authority of the voting representative, if any.

5.04 Voting. Only Members in good standing shall be entitled to vote, and voting membership shall be decreased by the number of Members who are not Members in good standing to determine the votes entitled to be cast for the purpose of establishing a quorum, such determination of the total number of Members in good standing to be as of the date of which a vote is taken. The vote of the majority of those votes entitled to be cast by the Members in good standing present or voting by legitimate proxy at a duly called meeting at which a quorum of Members are represented shall be sufficient for the transaction of any business, unless otherwise provided by law, the Articles of Incorporation, or these Bylaws, and except for an amendment to the Declaration by the Members as provided in Article X, Section 2 of the Declaration.

5.05 Notice and Quorum. Written notice of any meeting called for the purpose of taking any action authorized herein shall be given to all members not less than ten (10) days nor more than thirty (30) days in advance of the meeting. At any such meeting called, the presence of members or of proxies or voting representatives entitled to cast two-thirds (2/3) of all the votes of each class of membership shall constitute a quorum. If the required quorum is not present, another meeting may be called subject to the same notice requirements, and the required quorum at such subsequent meeting shall be two-thirds (2/3) of the quorum requirement for such prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each such meeting). No such subsequent meeting shall be held more than thirty (30) days following the preceding meeting.

5.06 Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary, if any, of the Association before the appointed time of each meeting.

## ARTICLE VI

### ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS

6.01 Association Responsibilities. The Members will constitute the Association which will have the responsibilities of administering and enforcing the covenants, conditions and restrictions contained in the Declaration, including the collection

and disbursement of charges and assessments created therein, through a Board of Directors. In the event of any dispute or disagreement between any Members relating to the Property, or any questions of interpretation or application of the provisions of the Declaration, Articles of Incorporation, or these Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Members, subject to the right of Members to seek other remedies provided by law after such determination by the Board.

6.02 Place of Meeting. Meetings of the Association shall be held at such suitable place, reasonably convenient to the members, as the Board of Directors may determine.

6.03 Annual Meetings. The first meeting of the Association shall be held within thirty (30) days after the expiration of ninety (90) days after the termination of Class B membership, or sooner at the option of Declarant. Thereafter, the annual meetings of the Association shall be held on or before forty-five (45) days after the expiration of the prior fiscal year. At such meetings there shall be elected by ballot of the Members a Board of Directors in accordance with the requirements of Paragraph 5 of Article VII of these Bylaws. The Members may also transact such other business of the Association as may properly come before them. If, in any year, the election of Directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting, the Board of Directors shall call a special meeting of the Members as soon thereafter as is reasonably possible to conduct the election of Directors.

6.04 Special Meetings. Special meetings of the Members may be called by the President, the Board of Directors, or not less than one-sixth (1/6) of the voting members. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

6.05 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary, if any, of the Association to provide notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote at such meeting, at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner as provided in Section 17.01 of these Bylaws shall be considered notice served.

6.06 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and certifying proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of unapproved minutes;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors.;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

## ARTICLE VII

### BOARD OF DIRECTORS

7.01 Number, Character and Qualification. Until the first meeting of the Association, the affairs of this Association shall be governed by a Board of Directors consisting of the three (3) persons delineated in the Articles of Incorporation of the Association. At such first meeting, there shall be elected three (3) Members in good standing of the Association to the Board of Directors. Upon their election, such Directors shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.

7.02 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 the Property in keeping with the character and quality of the area in which they are located. The Board of Directors may do all such acts and things except as by law, by the Articles of Incorporation, by these Bylaws, or by the Declaration may not be delegated to the Board of Directors.

7.03 Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done solely for the benefit of the Property and for the mutual and reciprocal benefit of Members:

- (a) To set and collect regular maintenance charges and assessments as provided in the Declaration in any fiscal year or portion thereof and establish a maintenance fund to provide for the normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit

of all Members of the Association, and to pay out of such maintenance fund the following:

- (i) Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas, if any, rather than against the individual Owners;
- (ii) Care and preservation of the Common Maintenance Areas;
- (iii) Normal recurring maintenance charges for the use and benefit of members of the Association as set forth in Article II, Section 3, paragraph (c) of the Declaration;
- (iv) The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days' prior written notice to the managing party), and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager;
- (v) Legal and accounting services;
- (vi) A policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors, including a policy or policies of insurance as provided in Article IV of the Declaration;
- (vii) Workers' compensation insurance to the extent necessary to comply with any applicable laws;
- (viii) Such fidelity bonds as may be required by the Bylaws or as the Board may determine to be advisable;
- (ix) Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alterations, taxes, or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of the Declaration or by law or which in its opinion shall

be necessary or proper for the enforcement of the Declaration;

- (b) To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas, if any, on behalf of all owners;
- (c) To borrow funds to pay costs of operation secured by assignment or pledge of rights against delinquent Owners if the Board sees fit;
- (d) To enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association;
- (e) To protect or defend the Common Areas, if any, and Common Maintenance Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements;
- (f) To make reasonable rules and regulations for the operation of the Common Maintenance Areas and to amend them from time to time; provided that any rule or regulation may be amended or repealed by an instrument in writing signed by Owners constituting a majority of the votes of the Association, or with respect to a rule applicable to less than all of the Common Maintenance Areas, by a majority of the votes of the Owners in the portions affected;
- (g) To make available for inspection by Owners within sixty (60) days after the end of each year, an annual report and to make all books and records of the Association available for inspection by owners at reasonable times and intervals;
- (h) To adjust the amount, collect and use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency;
- (i) To enforce the provisions of any rules made hereunder and to enjoin and seek damages from any owner for violation of such provisions or rules;
- (j) To collect all assessments and enforce all penalties for non-payment, including the filing of liens and institution of legal proceedings;
- (k) To levy, collect and expend Special Assessments for Working Capital Funds, Non-Recurring Maintenance and

Capital Improvements authorized pursuant to Article II, Section 3, paragraph (d) of the Declaration;

- (l) To enter into contracts with utility companies with respect to utility installation, consumption and services matters;
- (m) To sue or to defend in any court of law on behalf of the Association;
- (n) To provide for and accumulate reserve funds to be used for repairs, replacement and/or maintenance, in such amounts and for such purposes as may reasonably be determined by the Board to be necessary and appropriate;
- (o) To make, or cause to be made, any tax returns, reports, or other filings required by federal, state, or local governmental authorities;
- (p) To make reasonable rules and regulations for the use of the Property as the Board deems necessary and appropriate to create a high level of environmental and aesthetic quality within the Property;
- (q) To enforce the provisions of the Declaration, and to seek damages and/or equitable relief or other remedial action from any Owner for violation of the Declaration or any of its individual provisions;
- (r) To contract with any Owner(s), including, without limitation, the Declarant, for performance of services which the Association is otherwise obligated or permitted to perform, such contracts to be at competitive rates then prevailing for such services and upon such terms and conditions, and for such considerations, as the Board may deem advisable and in the best interests of the Association;
- (s) To do anything which the Board of Directors deems appropriate and proper, in its reasonable opinion, to carry out the purposes of the Association as set forth in its Articles of Incorporation, the Declaration, or the Bylaws, or which, in its reasonable opinion, shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declaration.

7.04 No Waiver of Rights. The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, liens, limitations, obligations, or other provisions of the Declaration, the Bylaws, or the rules and regulations adopted pursuant thereto, shall not constitute or be

deemed a waiver, modification, or release thereof, and the Board of Directors shall have the right to enforce the same thereafter.

7.05 Election and Term of Office. At the first meeting of the Association the term of office of the three (3) Directors shall be fixed at one(1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of one (1) year. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.

7.06 Vacancies. Vacancies in the Board of Directors caused by death, resignation, or disqualification, i.e., 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; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

7.07 Removal of Directors. At any annual or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by a majority of Members entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

7.08 Organization Meeting . The first meeting of a newly elected Board of Directors following the annual meeting of the Members shall be held within ten (10) days thereafter 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.

7.09 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 such meeting shall be held during each calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

7.10 Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Directors.

7.11 Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7.12 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and, except as is otherwise specifically provided elsewhere in the Bylaws, the acts of the 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 be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

7.13 Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

## ARTICLE VIII

### FISCAL MANAGEMENT

8.01 Books and Records. The Association shall keep correct and complete books and records of account. The Association's books and records shall include:

- (a) A file-endorsed copy of all documents filed with the Texas 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;
- (b) A copy of the Bylaws and any amended versions or amendments to the Bylaws;
- (c) Minutes of the proceedings of the members and Board of Directors.

8.02 Accounts. The funds and expenditures of the Members by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

- (a) General Maintenance Fund Accounts for allocating funds to fulfill the purposes of the annual assessments and any special assessments for working capital authorized by subparagraph (i) of Paragraph (d) of Article II, Section 3 of the Declaration;
- (b) Special Assessment Account for allocating funds collected for non-recurring maintenance and capital improvements authorized by subparagraph (ii) of Paragraph (d) of Article II, Section 3 of the Declaration.

8.03 Separate Accounts. Separate accounts may be established in order to better demonstrate that the amounts deposited therein are capital contributions and not income to the Association.

8.04 Fiscal Year. The fiscal year for the Association shall be the calendar year.

## ARTICLE IX

### OFFICERS

9.01 Designation. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, elect. Such officers need not be members of the Board of Directors. The offices of President and Treasurer may be held by the same person, and the offices of Vice President and Secretary or Assistant Secretary may be held by the same person.

9.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office subject to the continuing approval of the Board.

9.03 Resignation and Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose. Any officer may resign at any time by giving written notice to the Board of Directors, 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.

9.04 Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification, or otherwise of the officer previously filling such office may be filled by appointment by the

Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.05 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any annual or special meetings.

9.06 Vice President. The Vice President shall have all of the powers and authority and perform all of the functions and duties of the President in the absence of the President or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the President.

9.07 Secretary. The Secretary shall keep all of the minutes of the meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all of the duties incident to the office of Secretary and as is provided in the Declaration and these Bylaws.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

9.08 Assistant Secretary. The Assistant Secretary, if any, shall have all of the powers and authority to perform all of the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also to perform any duties he is directed to perform by the Secretary.

9.09 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositaries as may from time to time be designated by the Board of Directors.

ARTICLE X

AMENDMENTS TO BYLAWS

10.01 Amendments to Bylaws. These Bylaws may be amended in writing (i) by the Class B Member on its own motion from the date of the adoption of these Bylaws until termination of the Class B membership, and/or (ii) by the majority of Class A Members in good standing and present in person or by proxy, and the assent of the Class B Member, if any; provided, however, that such authority may be delegated by the majority of such Members to the Board of Directors as allowed by the Texas Non-Profit Corporation Act.

ARTICLE XI

EVIDENCE OF OWNERSHIP,  
REGISTRATION OF MAILING ADDRESS

11.01 Proof of Ownership. Except for those Owners who purchase a Lot from Declarant, any person, on becoming an Owner of a Lot, shall furnish to the Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in the Lot, which copy shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

11.02 Registration of Mailing Address. The Owner or several Owners of a Lot shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands, and all other communications, and such registered address shall be the only mailing address of a person or persons to be used by the Association. Such registered address of an Owner or owners shall be deemed to be the mailing address of the Lot owned by said owner or Owners unless a different registered address is furnished by such Owner(s) to the Board of Directors within fifteen (15) days after transfer of title, or after a change of address; and such registration shall be in written form and signed by all of the Owners of the Lot or by such persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

ARTICLE XII

ASSESSMENTS AND LIENS

12.01 Purpose of Assessments. The Assessments levied hereunder by the Association shall be used exclusively for the purpose of protecting and promoting the comfort, collective mutual

enjoyment, health, safety, and welfare of the Owners of the Property, including, but not limited to, the following:

- (a) The maintenance fund composed of Owners' annual maintenance assessments and the proceeds of such fund shall be used in providing for normal, recurring maintenance charges for the Common Maintenance Areas for the use and benefit of all members of the Association. Such uses and benefits to be provided by the Association may include, by way of clarification and not limitation, any and all of the following: normal, recurring maintenance of the Common Maintenance Areas (including, but not limited to, mowing, edging, watering, clipping, sweeping, pruning, raking, and otherwise caring for existing landscaping) and the improvements to such Common Maintenance Areas, such as sprinkler systems, if any, provided the Association shall have no obligation (except as expressly provided hereinafter) to make capital improvements to the Common Maintenance Areas; payment of all legal and other expenses incurred in connection with the enforcement of all recorded covenants, restrictions, and conditions affecting the property to which the maintenance fund applies; payment of all reasonable and necessary expenses in connection with the collection and administration of the maintenance charges and assessments; employment of policemen and watchmen, if any, caring for vacant Lots; and doing any other thing or things necessary or desirable in the opinion of the Board of Directors of the Association to keep the Property neat and in good order, or which is considered of general benefit to the Owners or occupants of the Property, it being understood that the judgment of the Board of Directors in the expenditure of said funds and the determination of what constitutes normal, recurring maintenance shall be final and conclusive so long as such judgment is exercised in good faith. The Association shall, in addition, establish and maintain an adequate reserve fund for the periodic maintenance, repair, and replacement of improvements of the Common Maintenance Area, such as, but without limitation, any entry monuments, sprinkler systems, and/or perimeter masonry walls. The fund shall be established and maintained out of the regular maintenance assessments;
- (b) The special assessment equal to ten (10) months' estimated regular assessment assessed pursuant to Paragraph (d) of Section 3 of Article II of the Declaration shall be available for all necessary expenditures of the Association;
- (c) The special assessment for non-recurring maintenance and capital improvements pursuant to subparagraph (ii) of Paragraph (d) of Article II, Section 3 of the Declaration

shall be used for the purpose of defraying, in whole or in part, the cost of any non-recurring maintenance, or the acquisition, construction, reconstruction, repair, or replacement of a capital improvement upon any Common Maintenance Area, including fixtures and personal property related thereto. The Association shall not commingle the proceeds of such special assessment with the maintenance fund. Such proceeds shall be used solely and exclusively to fund the non-recurring maintenance or improvements in question;

- (d) The carrying out of the duties of the Board of Directors as provided herein and in the Declaration and Articles of Incorporation of the Association;
- (e) The carrying out of the purposes of the Association as stated herein and in the Declaration and Articles of Incorporation; and
- (f) The carrying out of all other matters set forth or contemplated in the Declaration.

12.02 Annual Budget and Regular Assessments. Each fiscal year while the Declaration is in force, the Board of Directors shall adopt an annual budget.

- (a) Units Owned by Class A Members. Subject to the terms of this Section 12.02 and the Declaration, each Lot is subject to an initial maximum maintenance charge of \$12.50 per month or \$150.00 per annum (until such maintenance charge shall be increased in these Bylaws of the Association), for the purpose of creating a fund to be designated and known as the "maintenance fund", which maintenance charge and assessment will be paid by the Owner or Owners of each Lot in advance in monthly, quarterly, or annual installments, commencing as to all Lots on which a completed Unit is then located on the conveyance of the first Lot to a Class A Member and as to all other Lots as of the completion of the Unit thereon. The rate at which each Lot will be assessed, and whether such assessment shall be payable monthly, quarterly, or annually, will be determined by resolution of the Board of Directors of the Association at least thirty (30) days in advance of each affected assessment period. Said rate may be adjusted from time to time by the Board of Directors as the needs of the Association may, in the judgment of the Directors, require. The assessment for each Lot shall be uniform except as provided in Subsection (b) of this Section 12.02. The Association shall, upon written demand and for a reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether or not the assessment has been paid for the assessment period;

- (b) Units or Lots Owned by Declarant. Notwithstanding the foregoing, the Declarant shall be exempt from the annual maintenance assessment charged to Owners so long as there is a Class B membership as set forth in Section 5.03 of these Bylaws and the Declaration.

Notwithstanding the above, in the event the Board of Directors fails for any reason to adopt an annual budget covering the succeeding fiscal year, then and until such time as an annual budget shall have been adopted for such succeeding fiscal year, the annual budget currently in effect shall continue, and the regular annual assessments shall be deemed the same as for the current year.

12.03 Special Assessments. In addition to the Regular Assessments provided for herein, the Association may levy Special Assessments as follows:

- (a) Special Assessment for Working Capital Fund. Upon the sale of the first Lot by Declarant to a Class A Member, a special assessment equal to ten (10) months' estimated regular assessment may be assessed which shall be due and payable upon conveyance of the Lot to a Class A Member. Such special assessment shall be available for all necessary expenditures of the Association;
- (b) Special Assessment for Non-Recurring Maintenance and Capital Improvements. In any assessment year, a special assessment applicable to that year only for the purpose of defraying, in whole or in part, the cost of any non-recurring maintenance, or the acquisition, construction, reconstruction, repair, or replacement of a capital improvement upon any Common Maintenance Area, including fixtures and personal property related thereto, may be assessed. The Association shall not commingle the proceeds of such special assessment with the maintenance fund. Such proceed shall be used solely and exclusively to fund the non-recurring maintenance or improvements in question.

12.04 Payment of Regular Assessments. The Regular Assessments for maintenance provided for herein shall commence on that date established in the Declaration and thereafter shall be due and payable as provided in the Declaration and/or these Bylaws.

12.05 Payment of Special Assessments.

- (a) The Special Assessment for working capital funds shall be due and payable as is provided in subsection (a) of Section 12.03 of these Bylaws;
- (b) Special Assessments for non-recurring maintenance or capital improvements shall be due and payable in full

thirty (30) days following the date at which any such assessment is set in the resolution adopting such assessment, except that, if it is specifically determined by the Board of Directors that any such assessment is to be paid instead in deferred installments, then the payment dates and amounts of such installments shall be fixed in the resolution authorizing such assessment.

12.06 Enforcement and Personal Obligation of Owners for Payment of Assessments. Assessments provided for herein shall be the personal and individual debt of the Owner of the Lot covered by such assessments. No Owner may, for any reason, exempt himself from liability for such assessments levied in accordance with the provisions of the Declaration and these Bylaws. In the event that any assessment or installment thereof is not paid when due, then the unpaid amount of any such assessment or installment thereof shall become delinquent and shall, together with interest thereon as herein provided and costs of collection thereof, be a continuing personal obligation and debt of the non-paying owner. Any assessment not paid within ten (10) days after the due date shall bear interest from the due date at the highest non-usurious rate of interest allowed by Texas law or eighteen percent (18%) per annum, whichever is less. The Association shall have the authority to impose late charges to compensate for the administrative and processing costs of late payments on such terms as it may establish by duly adopted resolutions, and the Association may bring an action at law against the Owner personally obligated to pay the same, and/or foreclose the lien retained against the Lot against which such assessment was made. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Maintenance Area or abandonment of his property. The Association shall have the right to reject any partial payment of any assessment or installment thereof and demand full payment thereof, or the Association may, in its sole discretion, elect to accept any such partial payment on account only, without in so doing waiving any rights established hereunder with respect to any remaining balance due.

The obligation of any Owner to pay any assessment imposed on a Lot during such Owner's period of ownership shall remain such Owner's personal obligation, and a sale or other transfer of title to such Lot shall not release such former Owner from said liability notwithstanding an assumption of liability by the purchaser or transferee.

12.07 Subordinated Lien to Secure Payment. To secure the payment of the maintenance charge and assessments established by the Declaration and to be levied upon individual Lots, there is reserved a lien for the benefit of the Association, said lien to be enforceable through appropriate proceedings at law or in equity by the Association; provided, however, that each such lien shall be specifically made secondary, subordinate, and inferior to all liens, present and future, given, granted, and created by or at the

insistence and request of the Owner of any such Lot to secure the payment of monies advanced or to be advanced on account of the purchase price and/or the improvement of any such Lot; and further provided that as a condition precedent to any proceeding to enforce such lien upon any Lot upon which there is an outstanding valid and subsisting first mortgage lien, the Association shall give the holder of such first mortgage sixty (60) days' written notice of such proposed action, such notice, which shall be sent to the nearest office of the lienholder by prepaid U.S. registered mail, to contain the statement of the delinquent maintenance charges upon which the proposed action is based. Upon the request of any such first mortgage lienholder, the Association shall acknowledge in writing its obligation to give the foregoing notice with respect to the particular property covered by such first mortgage lien to the holder thereof. Sale or transfer of a Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure shall extinguish the lien of such assessment as to payments which became due prior to such sale or transfer pursuant to mortgage foreclosure. No sale, foreclosure, or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. The Association shall have the right to file notices of liens in favor of such Association in the Official Records of Denton County, Texas.

12.08 Identity of Mortgage Lender. At the time any mortgage financing or refinancing is obtained for any Lot, which will, as provided above, be superior to the Association's lien, the Owner of such Lot shall, within ten (10) days prior to the consummation of any such mortgage or financing, deliver to the Association written notice identifying the lender making such mortgage loan in terms of its full legal name, its current address and telephone number, and the name of an officer or other person within the entity who is responsible for that particular loan account (if available). Upon the written request of any such lender holding a superior lien on any Lot as provided herein, the Association shall report to such lender any unpaid assessments which are delinquent. The Association may, from time to time, at its own initiative, elect to report delinquent assessments to such mortgage lenders.

12.09 Common Properties Exempt. The common properties of the Association, if any, and all properties owned by or otherwise dedicated to any political subdivision, shall be exempted from the assessments and Association's lien.

ARTICLE XIII

ARCHITECTURAL CONTROL COMMITTEE

13.01 Designation. An Architectural Control Committee consisting of three (3) persons shall be appointed and maintained as provided in the Declaration.

13.02 Authority. No building, fence, free-standing mailbox, or other structure shall be erected, placed, or altered on any Lot until plans and specifications therefor have been approved by the Architectural Control Committee. Following the completion of construction, no building, fence, free-standing mailbox, or other structure shall be occupied or otherwise utilized until the Committee has determined that the complete building, fence, or other structure was erected, placed, or altered on the Lot in compliance with the approved plans and specifications.

13.03 Procedure. Plans and specifications shall be submitted to the Architectural Control Committee at least fifteen (15) days prior to the commencement of any construction. These plans and specifications shall include the floor plans and elevations of all faces of the structures, and copies of the above-described plans and specifications shall be retained by the Architectural Control Committee. The Architectural Control Committee shall review the plans and specifications and notify the Owner in writing of its approval or disapproval. If said Architectural Control Committee fails to approve or disapprove said plans and specifications within fifteen (15) days after the same has been submitted to it, they will be deemed to have been approved by the Architectural Control Committee. A complete building, fence, or other structure shall be deemed to have been constructed in compliance with the plans and specifications unless within sixty (60) days after completion of construction the Architectural Control Committee places on record an instrument setting forth its disapproval. Any disapproval shall set forth the elements disapproved and the reason or reasons therefor, but need not contain suggestions as to methods of curing any matters or things disapproved. The judgment of the Architectural Control Committee in this respect shall be in the exercise of its sole and absolute discretion and shall be final and conclusive. The Architectural Control Committee may approve any deviation from the covenants and restrictions imposed by the Declaration as the Architectural Control Committee, in its sole and absolute discretion, deems consistent with the purposes thereof. Approval by the Architectural Control Committee of the plans and specifications or its determination that the completed building, fence, or other structure has been constructed in accordance with the plans and specifications shall be deemed to be an acknowledgment by the Architectural Control Committee that such are in accordance with the covenants and restrictions imposed by the Declaration, and such acknowledgment shall be binding against the Owners of the Lots and the Property.

13.04 Limitation of Liability. The Architectural Control Committee has no liability or obligation whatsoever in connection with any plans and/or specifications and no responsibility for the adequacy thereof or for the construction of any improvements contemplated by any such plans and/or specifications. The Architectural Control Committee has no duty to inspect any improvements, and, if the Architectural Control Committee should

inspect any improvements, the Architectural Control Committee shall have no liability or obligation to any party arising out of such inspection. The Architectural Control Committee expressly shall have no liability or responsibility for defects in or omissions from any plans and/or specifications or for defects in or omissions from the construction of any improvements. Notwithstanding any covenant, condition or term contained in the Declaration or provision of these Bylaws to the contrary, and notwithstanding any provision of applicable law to the contrary, the Architectural Control Committee shall not have any liability to any owner arising or resulting from any act or omission of the Architectural Control Committee taken or omitted pursuant to these Bylaws or to the Declaration. Each Owner by accepting a conveyance of any Lot or of any portion of the Property conclusively shall be deemed to have unconditionally and irrevocably waived all claims against the Architectural Control Committee arising or resulting from acts or omissions of the Architectural Control Committee taken or omitted pursuant to these Bylaws or to the Declaration.

#### ARTICLE XIV

##### NON-PROFIT ASSOCIATION

14.01 Non-Profit Association. This Association is not organized for profit. No Member, member of the Board of Directors, officer, 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 salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, officer or member; provided, however, always (1) that reasonable compensation may be paid to any Member, Director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any Member, Director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

#### ARTICLE XV

##### EXECUTION OF DOCUMENTS

15.01 Execution of Documents. The persons who shall be authorized to execute any and all contracts, documents, instruments of conveyance or encumbrances, including promissory notes, shall be two, one of each of the President or any Vice President, and the Secretary or any Assistant Secretary of the Association.

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ARTICLE XVI

CONFLICTING OR INVALID PROVISIONS

16.01 Conflicting or Invalid Provisions. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the provisions of the Texas NonProfit Corporation Act or any other Texas law, such Act or law shall control; and should any part of these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

ARTICLE XVII

NOTICES

17.01 Notices. All notices to Members of the Association shall be given by delivering the same to each owner in person or by depositing the notices in the U.S. mail, postage prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association. If an Owner shall fail to give an address to the Secretary for mailing of such notices, all such notices shall be sent to the street address of the Lot of such Owner, and all Owners shall be deemed to have been given notice of the meetings upon the proper mailing of the notices to such addresses irrespective of the actual receipt of the notices by the Owners.

By our signatures hereto the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing Bylaws for the Association as of the \_\_\_\_\_ day of November, 1992.

Tom Kline, Jr.

Mike Sinacola

Ron Davis