

BYLAWS OF
BEVERLY OAKS
HOMEOWNERS ASSOCIATION; INC.
A NON-PROFIT CORPORATION

The name of this non-profit corporation shall be BEVERLY OAKS HOMEOWNERS ASSOCIATION. INC. (the "Association").

ARTICLE I
PURPOSE AND PARTIES

1. The purpose for which the Association is formed is to provide for maintenance, preservation and architectural control of the residence lots and common area within a certain subdivided tract of real property described in Schedule A attached hereto, and to promote the health, safety, and welfare of the residents within the above described subdivision and such additions thereto as may be brought within the jurisdiction of the association for such purpose, all as more particularly described in Declaration of Covenants And Restrictions ("Declaration") filed of record in the deed records of Dallas County, Texas. All definitions and terms contained in said Declaration shall apply hereto and are incorporated herein by reference.
2. All present or future Owners, tenants, future tenants of any Living Unit, or any other person who might use in any manner the facilities of The Properties are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of any Living Unit or the mere act of occupancy of a Living Unit will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

ARTICLE II
MEMBERSHIP; VOTING; MAJORITY OF
OWNERS; QUORUM; PROXIES

1. **Membership.** Except as is otherwise provided in these Bylaws, ownership of a Living Unit is required in order to qualify for membership in this Association. Any person on becoming an Owner of a Lot or Living Unit shall automatically become a Member of this Association and be subject to these Bylaws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with this Association during the period of such ownership and membership in this Association, or impair any rights or remedies which the Owners have, either through the Board of Directors of the Association or directly against such former Owner and Member arising out of or in any way connected with ownership and membership and the covenants and obligations incident thereto.
2. **Voting.** Voting rights shall be as set out in Article III, Section 2 of the Declaration.
3. **Majority of Owners.** Except as set out in Article V of the Declaration, as used in these Bylaws, the term "majority of Owners" shall mean those voting Owners owning fifty-one percent (51%) of the lots in the subdivision including additions thereto.
4. **Quorum.** Except as otherwise provided in Article V of the Declaration and in these Bylaws, the presence in person or by proxy of fifty-one percent (51%) of the Owners shall constitute a quorum. In the event a quorum is not present, then the meeting called shall be adjourned, and notice of a new meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail, at which meeting the number of Owners represented in person or by proxy shall be sufficient to constitute a quorum. An affirmative vote of a majority of the Owners present, either in person or by proxy, shall be required to transact the business of the meeting.
5. **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 of the Association before the appointed time of each meeting.

ARTICLE III
ADMINISTRATION

1. **Association Responsibilities.** The Owners will constitute the Association which will have the responsibility of administering The Properties through a Board of Directors. In the event of any dispute or disagreement between any

Owners relating to The Properties, or any questions of interpretation or application of the provisions of the Declaration. Bylaws Rules And Regulations, 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 Owners, subject to the right of Owners to seek other remedies provided by law after such determination by the Board.

2. **Place of Meeting.** Meetings of the Association shall be held at such suitable place, convenient to the Owners, as the Board of Directors may determine.
3. **Annual Meetings.** The first meeting of the Association shall be held within thirty (30) days after the expiration of ninety (90) days from the date upon which there has occurred an event listed following "Class B." in Article III, Section 2 of the Declaration, or sooner at the option of Developer. 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 Owners a Board of Directors in accordance with the requirements of Paragraph 5 of Article IV of these Bylaws. The Owners may also transact such other business of the Association as may properly come before them.
4. **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 a majority of Owners and having been presented to the Secretary or Assistant Secretary of the Association. 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.
5. **Notice of meetings.** It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a 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 Owner of record at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.
6. **Order of Business.** The order of business at all meetings of the Owners 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 IV BOARD OF DIRECTORS

1. **Number and Qualification.** Until the first meeting of this 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 any five (5) Members of the Association to the Board of Directors who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.
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 The Properties in keeping with the character and quality as originally constructed. The Board of Directors shall do all such acts and things except as by law or by these Bylaws or by the Declaration may not be delegated to the Board of Directors.
3. **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 for and in behalf of the Owners:
 - (a) To administer and enforce the covenants conditions, restrictions, easements uses, limitations obligations and all other provisions set forth in the Declaration, the Bylaws of the Association and supplements and amendments thereto,

- (b) To establish make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation use and occupancy of The Properties with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each Owner promptly upon the adoption thereof.
- (c) To acquire, construct, manage, maintain and keep in good order, condition and repair all of the Common Properties and items of common personal property used by the Owners in the enjoyment of the Common Properties.
- (d) To insure and keep insured all of the insurable Common Proprieties (except land, foundation, excavation and other items normally excluded from coverage), including fixtures, building service equipment, and other common personal property and supplies belonging to the Association, against loss or damage by fire and all other perils customarily covered with respect to properties similar in construction, including if available, the standard "all risk" endorsement, in amounts equal to 100% of current replacement cost, such policies to provide for at least 10 days prior written notice to Association of cancellation or substantial modification. The limits and coverage shall be reviewed at intervals of not less than one (1) year and adjusted, if necessary .to provide such coverage and protection as the Association may deem prudent.
- (e) To obtain and maintain comprehensive public liability insurance covering all the Common Properties areas and public ways therein, amounts of at least \$1,000,000 for bodily injury, including deaths of persons and propriety damage arising out of a single occurrence. Such coverage shall include, without limitation, legal liability for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Properties and legal liability arising out of lawsuits related to employment contracts of the Association. Such policies must provide that they may not be cancelled or substantially modified without at least 10 days prior written notice to the Association. With respect to the coverage as required in (d) and (e) above; for so long as the Federal Home Loan Mortgage Corporation (FHLMC) and/or the Federal National Mortgage Association (FNMA) is a Mortgagee of a Living Unit in The Properties, or owns a unit therein, the Association shall maintain in effect at least insurance meeting standards established by FHLMC and FNMA for Planned Unit Developments, as published in the FHLMC "Servicer's Guide" and the FNMA Conventional Home Mortgage Selling Contract Supplement or otherwise, except to the extent such requirements shall have been waived in writing by FHLMC and/or FNMA, Workers compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association.

Each Owner shall obtain insurance at his own expense for his own benefits Insurance coverage on a Living Unit and the furnishings and other items of personal property belonging to an Owner and casualty and public liability insurance coverage within each Living Unit are specifically made the responsibility of each Owner.

- (f) To prepare an expense budget for the Common Properties, at least annually; to determine the amount of charges payable by the Owners to meet the expense and to allocate and assess such amounts among the Owners according to the Declaration and these Bylaws; to decrease or increase the amount of the Annual Assessments; to levy and collect special Assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies.
- (g) To collect delinquent assessments by suit or otherwise and to enjoin and seek damages from an Owner who may be in default as is provided in the Declaration and these Bylaws. To provide for and enforce a per diem late charge and to collect interest.
- (h) To protect and defend the Common Properties from loss and damage by suit or otherwise,
- (i) To borrow funds in order to pay for any expenditure or outlay required pursuant to authority granted by the provisions of the Declaration and these Bylaws, and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary.
- (j) To enter into contracts within the scope of their duties and powers.
- (k) To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors.
- (l) To make repairs, additions, alterations and improvements to the Common Properties consistent with managing The Common Properties in a manner in keeping with the character and quality of The Properties as originally constructed, the best interests of the Owners and the Declaration and these Bylaws.

- (m) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners, and to cause a complete audit of the books and accounts by a certified or public accountant, once each year.
- (n) To prepare and deliver annually to each Owner a statement showing receipts, expenses and disbursements since the last such statement.
- (o) To meet at least once each quarter; provided that any Board of Directors meeting may be attended and conducted by telephone or other device which permits all of the Directors in attendance to participate in such meeting» and provided further that any action required to be taken at any meeting of the Board of Directors, or any action which may be taken at such meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board.
- (p) To designate the personnel necessary for the maintenance and operation of The Common Properties.
- (q) To notify all Owners of actions and occurrences which may affect The Properties or the rights of the Association or Owners therein, including all legal actions affecting the Association or The Properties.
- (r) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the governing and the operation of The Properties.
- (s) The Board of Directors may employ for the Association a management agent (Managing Agent) who may be delegated and shall exercise some or all of the powers granted to the Board of Directors by the Declaration and Bylaws as determined by the Board, except as may be limited by the Declaration.

Any agreement for professional management of the Project, or any other contract providing for services by the Declarant, must have a maximum contract term of one (1) year and must provide for termination by either party without cause or payment of a termination fee on thirty (30) days' or less written notice.

- (t) To prepare and file annual tax returns with the federal government and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor statute conferring income tax benefits on homeowners' association. In connection therewith, the Board shall take such steps as are necessary to assure that the income and expenses of the Association for any taxable year shall meet the limitations and restrictions provided in said Section 528 of the Internal Revenue Code or any successor statute conferring benefits on homeowners' associations as are in effect from time to time. Initially the Board shall comply with the following limitations and restrictions:
 - (i) At least sixty percent (60%) of the gross income of the Association for any taxable year shall consist solely of amounts received as membership dues, fees, or assessments from Unit Owners;
 - (ii) At least ninety percent (90%) of the expenditures of the Association for any taxable year shall be for the acquisition construction, management, maintenance, and care of Association property;
 - (iii) No part of the net earnings of the Association shall inure (other than by acquiring, constructing, or providing management, maintenance) and care of Association property and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any private Member or individual,
- (u) To make available for inspection, upon request and within a reasonable time following such request, during normal business hours or under other reasonable circumstances, to all Owners and lenders, holders, insurers and guarantors of any first mortgage on a Lot or Living Unit, current copies of the Declaration, these Bylaws, and rules and regulations concerning the Properties, and all books, records and financial statements of the Association.
- (v) To furnish upon written .request by any holder, insurer or guarantor of a first mortgage upon any Lot or Living Unit, an audited financial statement for the Associations immediately preceding fiscal year, free of charge to the party so requesting.

- (w) Upon written request (including name, address and Living Unit Number or address) by the eligible holder, insurer or guarantor of any first mortgage on a Living Unit, to give such eligible holder, insurer or guarantor timely written notice of:
- (1) Any condemnation loss or any casualty loss which affects a material portion of the Proprieties or any Living Unit on which there is a first mortgage held, insured, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;
 - (2) Any delinquency in the payment of assessment or charges owed by an Owner of a Living Unit subject to a first mortgage held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of 60 days;
 - (3) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Owners Association;
 - (4) Any proposed action which would require the consent of eligible holders holding mortgages on Living Units which have at least 51 percent of the vote of Living Units subject to eligible holder mortgages,
4. **No Waiver of Rights.** The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses limitations, obligations or other provision 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 or the Managing Agent shall have the right to enforce the same thereafter,
5. **Election and Term of Office.** At the first meeting of the Association the term of office of three (3) Directors shall be fixed at two (2) years; and the term of office of two (2) 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 two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.
6. **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. **Removal of Directors.** At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.
8. **Organization Meeting.** The first meeting of a newly elected Board of Directors following the annual meeting of the Owners shall beheld 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.
9. **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.
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 tine, place (as herein above provided) 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 Director.
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 maybe transacted at such meeting.

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 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.
13. **Fidelity Bonds.** The Board of Directors shall require that all officers, directors, trustees and "employees of the Association or of the Managing Agent, if any, handling or responsible for Association funds shall furnish fidelity bonds in accordance with the Declaration. The premiums on such bonds shall be paid by the Association. Such bonds shall be in the aggregate not less than one and one-half (1 1/2) times the estimated annual expenses of the Association, and shall meet the following requirements: (a) name the Association as obligee; (b) contain waivers by the issuers of all defenses based upon exclusion of persons serving without compensation from the definition of "employees"; and (c) shall provide that they may not be cancelled or substantially modified without at least 10 days prior written notice to the Association.
14. **Compensation.** No member of the Board of Directors shall receive any compensation for acting as such.

ARTICLE V FISCAL MANAGEMENT

The provision for fiscal management of The Properties for and in behalf of all of the Owners as set forth in the Declaration shall be supplemented by the following provisions:

1. **Accounts.** The funds and expenditures of the Owners by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:
 - (a) Current expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.
 - (b) Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually.
 - (c) Reserve for replacement (sinking fund), which shall include funds for repair or replacement required because of damage, wear or obsolescence.
2. **Fiscal Year.** The fiscal year for the Association shall be the calendar year.

ARTICLE VI OFFICERS

1. **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, but each shall be either an Owner of a Lot or Living Unit or, if the Owner is a firm, partnership, corporation, association or other legal entity, the authorized representative of such entity, or the Developer or his representative(s). The office of President and Treasurer may be held by the same person, and the office of Vice President and Secretary or Assistant Secretary may be held by the same person.
2. **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,
3. **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 called for such purpose. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary, Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4. **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. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.
5. **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 Owners 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 established by the Board or by the Members of the Association at any regular or special meetings.
6. **Vice-President.** The Vice-President shall have all the powers and authority and perform all 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.
7. **Secretary.** The Secretary shall keep all the minutes of the meeting 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 the duties incident to the office of Secretary and as is provided in the Declaration and the 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 also show opposite each Members name the number or other appropriate designation of the Unit owned by such Member. 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.
8. **Assistant Secretary.** The Assistant Secretary, if any, shall have all the powers and authority to perform all 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. **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 depositories as may from time to time be designated by the Board of Directors. In the event a Managing Agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent within fifteen (15) days after the first day of each month.

ARTICLE VIII INDEMNIFICATION OF OFFICERS; DIRECTORS AND MANAGING AGENT

1. **Indemnification.** The Association shall have the power to indemnify any Officer or Director thereof and the Developer) who was or is a party , or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was a Director or Officer of the Association, against all loss, expenses (including but not limited to attorneys' fees and cost of the proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association; provided, that with respect to: (1) any criminal action or proceeding, such person had no reasonable cause to believe that his conduct was unlawful; or (2) any civil claim, issue or matter, such person shall not be guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his conduct was unlawful, that such person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, or that such person is guilty of gross negligence or willful misconduct in the performance of his duties to the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon the determination that indemnification of such person is proper in the circumstances because he has met the

applicable standards of conduct as set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable by (a) independent legal counsel in a written opinion, or (b) the Members of the Association and no Member shall be disqualified from voting because he is or was party to any such action, suit or proceedings. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sum so advanced if it is subsequently determined that he is not entitled thereto as provided in this Article.

To the extent that a Director or Officer of the Association has been successful on the merits or otherwise in the defense of any action, suit or proceeding, whether civil or criminal, such person shall be indemnified against such expenses (including costs and attorneys' fees) actually and reasonably incurred by him in connection therewith.

Indemnification provided herein shall be exclusive of any and all other rights and claims to which those indemnified may be entitled as against the Association, and every Director, Officer or employee thereof under any Bylaw, resolution, agreement or law and any request for payment thereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled hereto under the provision of this Article.

The Association shall purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provision of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Association current expenses; provided, however, that nothing in this Article VII contained shall be deemed to obligate the Association to indemnify any Member or Owner of a Unit who is or has been a director or officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration and these Bylaws that were assumed or incurred outside of his conduct specifically related to the fulfillment of his duties as an Officer or Director of the Association,

2. **Other** The Board of Directors, Officers or the Managing Agent shall enter into contracts or other commitments as agents for the Association and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners), provided, however, that such exclusion of personal liability- shall apply to the Managing Agent only so long as it is acting within its scope of authority, and the liability of any Owner on such contract or commitment shall be limited to such proportionate share of the total liability thereof that each Owner's lot bears to the total number of lots then included in the Declaration, including additions thereto.

ARTICLE VIII AMENDMENTS TO BYLAWS

1. **Amendments to Bylaws.** These Bylaws may be amended in writing by the majority of Owners; provided, however, that such authority may be delegated by the majority of Owners to the Board as allowed by the Texas Non-Profit Corporation Act.

ARTICLE IX EVIDENCE OF OWNERSHIP; REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE

1. **Proof of Ownership.** Except for those Owners who purchase a Unit from Developer, any person, on becoming an Owner of a Lot or Unit, shall furnish to the Managing Agent or 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 Unit, 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,
2. **Registration of Mailing Address.** The Owner or several Owners of an individual Unit 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 Unit owned by said Owner or Owners unless a different registered address is furnished by such Owner(s) to the Managing Agent or 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 Unit or by such persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

3. **Designation of Voting Representative - Proxy.** If a Unit is owned by one individual, his right to vote shall be established by the record title thereto. If title to a Unit is held by more than one individual or by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such Owners shall execute a proxy appointing and authorizing one individual or alternate individuals to attend all annual and special meetings of Members and thereat to cast whatever vote the Owners themselves might collectively cast if they were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that no proxy shall be valid after eleven (11) months from the date of execution unless specifically provided therein. Also, within thirty (30) days after such revocation, amendment or termination, the Owners shall reappoint and authorize one individual or alternate individuals to attend all annual and special meetings as provided by this Paragraph 3. The requirements herein contained in this Article IX shall be first met before an Owner of a Unit shall be deemed in good standing and entitled to vote at an annual or special meeting.

ARTICLE X RULES AND REGULATIONS

1. Rules and regulations. The initial rules and regulations, which shall be effective until amended or supplemented by the Association, are attached hereto as Exhibit "t" and incorporated herein by reference.
2. Each Owner shall comply strictly with the provisions of the recorded Declaration, these Bylaws and amendments thereto, and the Rules And Regulations.
3. Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Properties were declared.

ARTICLE XI ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS.

The violation of any rule or regulation, or the breach of any Bylaw, or the breach of any provision of the Declaration, shall give the Board of Directors or the Managing Agent the right; in addition to any other rights set forth in the Declaration or herein, (i) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any person, structures thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors or Managing Agent shall not be deemed guilty in any manner of trespass; and to expel, remove and put out, using such force as may be necessary in so doing, without being liable to prosecution or any damages therefor; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XII COMMITTEES

1. **Designation.** The Board of Directors may, but shall not be required to, appoint an executive committee, and it may designate and appoint members to the standing committees.
2. **Executive Committee.** The executive committee shall consist of at least three (3) persons who are Members and who shall be appointed by the Board of Directors from the members of the Board. One Member shall be the President. The executive committee shall supervise the affairs of the Association and shall regulate its internal economy, approve expenditures and commitments, act and carry out the established policies of the Association and report to the Directors at each meeting of the Board. The executive committee may hold regular meetings, monthly or as it may in its discretion determine. Special meetings may be called at any time by the chairman of the committee or by any of its members, either personally or by mail, telephone or telegraph, and a special meeting may be held by telephone.
3. **Nominating Committee.** Before each annual meeting, the Board of Directors may appoint a committee of three Members who shall nominate candidates for the Board. The names of the candidates shall be submitted on or before sixty (60) days before the election. Members may submit names of candidates other than those submitted by the nominating committee at

least thirty (30) days prior to the election. Unless such names are submitted, either by the nominating committee or by the Members, no person shall be elected whose name is not so submitted unless no nominations are made, in which event the names of candidates shall be submitted at the election by the Members.

4. **Vacancies.** A vacancy in any committee shall be filled by the President until the next meeting of the Board of Directors.

ARTICLE XIII 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 XIV EXECUTION OF DOCUMENTS

The persons who shall be authorized to execute any and all contracts, documents, instruments or 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.

ARTICLE XV PROXY TO TRUST

Owners shall have the right to irrevocably constitute and appoint their Mortgagees their true and lawful attorney to vote their Unit membership in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominees any and all rights, privileges, and power that they have as Owners under the Bylaws of this Association or by virtue of the Declaration. Such proxy shall become effective upon the filing of a notice by the beneficiary with the Secretary or Assistant Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of the failure, neglect, or refusal of the Association, the Managing Agent, or the Owners to carry out their duties as set forth in the Declaration. Such proxy shall be valid until such time as are lease of the beneficiary's deed of trust is executed and a copy thereof delivered to the Secretary or Assistant Secretary of the Association, which shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners or to impose upon the beneficiary of the Deed of Trust the duties and obligations of an Owner.

ARTICLE XVI 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 Non-Profit Corporation Act or any other Texas law, as amended, such Acts 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

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 Unit 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 21st day of May, 1982.

B.J. McPherson
Alfred L. Allred
Barbara Jean McPherson