

**BYLAWS OF  
PARK PLACE WEST  
HOMEOWNERS ASSOCIATION, INC.**

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TABLE OF CONTENTS

ARTICLE 1. DEFINITIONS .....	1
1.1    Definitions.....	1
ARTICLE 2. NAME .....	1
2.1    Name.....	1
ARTICLE 3. OFFICES .....	1
3.1    Registered Office.....	1
3.2    Other Offices.....	1
ARTICLE 4. PURPOSES AND PARTIES.....	1
4.1    Purposes.....	1
4.2    Parties.....	2
ARTICLE 5. MEMBERSHIP, MEMBERS IN GOOD STANDING, VOTING RIGHTS, QUORUM, PROXIES .....	2
5.1    Membership.....	2
5.2    Member in Good Standing.....	2
5.3    Voting Rights in the Association.....	3
5.4    Majority.....	4
5.5    Quorum.....	4
5.6    Proxies.....	4
ARTICLE 6. ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS.....	4
6.1    Association Responsibilities.....	4
6.2    Place of Meeting.....	4
6.3    Annual Meetings.....	5

6.4	Special Meetings.....	5
6.5	Notice of Meetings. ....	5
6.6	Order of Business. ....	5
ARTICLE 7. BOARD OF DIRECTORS.....		6
7.1	Number and Qualifications. ....	6
7.2	Powers and Duties. ....	6
7.3	Other Powers and Duties.....	6
7.4	No Waiver of Rights.....	7
7.5	Election and Term of Office.....	7
7.6	Vacancies. ....	8
7.7	Removal of Directors.....	8
7.8	Organization Meeting. ....	8
7.9	Regular Meetings.....	8
7.10	Special Meetings.....	8
7.11	Waiver of Notice. ....	8
7.12	Board of Directors’ Quorum. ....	8
7.13	Compensation.....	9
ARTICLE 8. FISCAL MANAGEMENT .....		9
8.1	Accounts.....	9
8.2	Separate Accounts. ....	9
8.3	Fiscal Year. ....	9
ARTICLE 9. OFFICERS .....		9
9.1	Designation.....	9
9.2	Election of Officers.....	9
9.3	Resignations and Removal of Officers. ....	9

9.4	Vacancies.....	10
9.5	President.....	10
9.6	Vice President.....	10
9.7	Secretary.....	10
9.8	Assistant Secretary.....	10
9.9	Treasurer.....	10
ARTICLE 10. INDEMNIFICATION OF OFFICERS AND DIRECTORS .....		11
10.1	Indemnification.....	11
10.2	Other.....	12
ARTICLE 11. AMENDMENTS TO BYLAWS .....		12
11.1	Amendments to Bylaws.....	12
ARTICLE 12. EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE .....		12
12.1	Proof of Ownership.....	12
12.2	Registration of Mailing Address.....	12
ARTICLE 13. ASSESSMENTS AND LIENS.....		12
13.1	Purpose of Assessments.....	12
13.2	Annual Budget and Annual Assessments.....	13
13.3	Special Assessments.....	13
13.4	Special Member Assessments.....	13
13.5	Enforcement and Personal Obligation of Owners for Payment of Assessments.....	14
13.6	Lien and Foreclosure.....	15
13.7	Lien Subordination.....	15
13.8	Notice of Lien or Suit.....	16
13.9	Mechanic’s Lien.....	16

ARTICLE 14. ABATEMENT AND ENJOINMENT OF VIOLATION BY OWNERS .....	16
14.1 Abatement and Enjoinment.....	16
ARTICLE 15. COMMITTEES.....	16
15.1 Committees.....	16
15.2 Terms of Office. ....	17
15.3 Chairman.....	17
15.4 Vacancies.....	17
15.5 Quorum.....	17
15.6 Rules.....	17
ARTICLE 16. NON-PROFIT ASSOCIATION .....	17
16.1 Non-Profit Association.....	17
ARTICLE 17. EXECUTION OF DOCUMENTS.....	17
17.1 Execution of Documents.....	17
ARTICLE 18. PROXY TO TRUST .....	18
18.1 Proxy to Trust.....	18
ARTICLE 19. CONFLICTING OR INVALID PROVISIONS.....	18
19.1 Conflicting or Invalid Provisions.....	18
ARTICLE 20. NOTICES .....	18
20.1 Notices.....	18

**BYLAWS OF  
PARK PLACE WEST  
HOMEOWNERS ASSOCIATION, INC.**

**(A Texas Non-Profit Corporation)**

**ARTICLE 1.  
DEFINITIONS**

**1.1 Definitions.**

Except as expressly defined herein, capitalized term shall have the same meaning as in the Declaration of Protective Covenants, Conditions, Restrictions and Easement for Park Place West recorded in the records of Rockwall County, Texas, Document Number 00339506 (the "Declaration").

**ARTICLE 2.  
NAME**

**2.1 Name.**

The name of this corporation shall be PARK PLACE WEST HOMEOWNERS ASSOCIATION, INC. (hereinafter called the "Association").

**ARTICLE 3.  
OFFICES**

**3.1 Registered Office.**

The registered office of the Association shall be as designated in the Articles of Incorporation of the Association filed with the Secretary of State of the State of Texas, as it may be changed from time to time.

**3.2 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 4.  
PURPOSES AND PARTIES**

**4.1 Purposes.**

The purpose or purposes for which the Association is organized are to act as agent for each and every person, persons or legal entity who shall own any lot, tract or parcel of land within either the Property or any and all other property which is accepted by this Association for similar purposes (excluding any person or entity who holds such an interest merely as security for the performance of any obligation) (collectively referred to hereinafter as the "Owners" and singularly referred to hereinafter as an "Owner"), those purposes being as follows:

(a) To exercise all of the power and privileges, and perform all of the duties and obligations, of this Association as set forth in the Declaration;

(b) To affix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; and, as agent, to pay all expenses incurred by the Association in connection with the performance of its duties and obligations under the Declaration and all office and other expenses incident to the conduct of the business of this Association including all licenses, taxes or governmental charges levied or imposed and to make disbursements, expenditures and payments on behalf of the Owners as required by the Declaration and these Bylaws, and to hold as agent for the Owners reserves for periodic repairs and capital improvements to be made as directed by the Owners acting through the Board (as defined below);

(c) To acquire by gift, purchase or otherwise, to own, hold operate, maintain, convey, sell, lease, transfer or otherwise to dispose of personal property in connection with the affairs of the Association subject to the limitations set forth in the Declaration;

(d) To operate and maintain all Common Areas as provided in the Declaration;

(e) To promulgate rules and regulations, not in conflict with the Declaration, as the Board deems proper covering any and all aspects of the Association's functions;

(f) To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of the Association in accordance with the Declaration.

(g) To have and to exercise and all powers, rights and privileges a corporation organized under the non-profit corporation laws of the State of Texas may now or hereafter exercise.

#### **4.2 Parties.**

All present or future Owners are subject to the provisions and regulations set forth in these Bylaws and established by the Board. Furthermore, such Owners are responsible for causing all occupants of their respective properties to comply therewith. The mere acquisition of all or any portion of the Property will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

### **ARTICLE 5. MEMBERSHIP, MEMBERS IN GOOD STANDING, VOTING RIGHTS, QUORUM, PROXIES**

#### **5.1 Membership.**

Each and every Owner shall automatically become, and must remain, a member in good standing of the Association during such Owner's period of ownership of property within the Property. Such membership shall be appurtenant to such property and may not be severed from or held separately there from.

#### **5.2 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 the seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association against such member's

property and then due and payable, as such assessments or charges are provided for in the Declaration;

(b) Does not have a lien filed by the Association against such members' property; and

(c) Has discharged any and all other obligations to the Association as may be required of its members hereunder or under the Declaration.

The Board of Directors of the Association (the "Board" or the "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 shall have the right and authority, in its sole discretion, to waive (i) the seven (7) days' prior payment requirement established herein (provided the Board requires that such payment be made prior to the time such vote is taken) or (ii) any requirement imposed under subsection (c) above, provided the Board shall determine, in its own judgment, that extenuating circumstances exist. Any member not conforming with the provisions of this Article shall be declared by the Board not to be a member in good standing (unless the provision violated can be and is specifically waived by the Board in writing prior to any particular vote being taken) shall be disqualified from voting on all matters before the Association until such time as said member attains good standing status and same is so declared by the Board.

### **5.3 Voting Rights in the Association.**

The Association shall have two (2) classes of voting membership.

(a) CLASS A. Class A members shall be Owners (as defined in the Declaration) with the exception of the 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. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

(b) CLASS B. Class B member(s) shall be the Declarant (as defined in the Declaration) and shall be entitled to ten (10) votes for each Lot owned by Declarant and twelve (12) votes for each acre of undeveloped acreage owned by Declarant in Park Place West. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events ("Conversion Date") whichever occurs earlier:

(i) When all of the Lots in the final phase of development of Park Place West have been sold and conveyed to Owners other than a successor Declarant, or

(ii) At such earlier time as Declarant may elect in writing to terminate Class B membership.

The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to own Lot(s) within the Property, except that such termination shall not release or relieve any such person or entity from any liability 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 party has with regard to such person or entity.



#### **5.4 Majority.**

As used in these Bylaws, the term "Majority of Members" shall mean members holding fifty-one percent (51%) of the votes of the Association entitled to be cast.

#### **5.5 Meetings and Quorum.**

A duly held meeting must be held in order to conduct the business of the Association. Written notice, setting forth the purpose of the meeting shall be given to all members of each class not less than thirty (30) days nor more than fifty (50) days in advance of the meeting. The presence of members or of proxies entitled to cast two-thirds (2/3) of the votes of members of each class of membership shall constitute a quorum. In the event that the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirements set forth herein, and the required quorum at such subsequent meeting shall be two-thirds (2/3) of the required quorum of the preceding 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 subsequent meeting in accordance with the terms and provisions of the immediately preceding sentence). No such meeting shall be held more than sixty (60) days following the preceding meeting. In the event that votes constituting the required quorum are not present in person or by proxy, members not present may give their written consent to the action taken thereat. The members in good standing present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members in good standing to leave less than a quorum.

#### **5.6 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 6.**

#### **ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS**

##### **6.1 Association Responsibilities.**

The members will constitute the Association, which will have the responsibility 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 the Board. In the event of any dispute or disagreement shall be submitted to the Board. In the event of any dispute or disagreement between any members relating to the Properties, or to any question 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.

##### **6.2 Place of Meeting.**

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

### **6.3 Annual Meetings.**

The first meeting of the Association shall be held within ninety (90) days from the filing of the Articles of Incorporation of the Association with the Secretary of State of the state of Texas, or sooner at the option of Declarant. Thereafter, the annual meeting of the Association shall be held on or before forty-five (45) days after the expiration of the prior fiscal year. At such meetings the Board shall be elected by ballot of the members in accordance with the requirements of Paragraph 7.5 of these Bylaws. The members may also transact such other business of the Association as may properly come before them.

### **6.4 Special Meetings.**

It shall be the duty of the President to call a special meeting of the members as directed by resolution of the Board or upon a petition signed by a Majority of Members and 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 Secretary or Assistant Secretary of such resolution or petition.

### **6.5 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 all members and to all Beneficiaries who have requested notice of same, at least ten (10) days, but not more than fifteen (15) days prior to such meeting. The mailing of a notice in the manner provided in the Declaration (including specifically the provisions of Sections 6.4 and 7.10 thereof) shall be considered notice served.

### **6.6 Order of Business.**

The order of business at 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 disposition 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 7.  
BOARD OF DIRECTORS**

**7.1 Number and Qualifications.**

Until the first meeting of the Association, the affairs of this Association shall be governed by a Board consisting of the three (3) persons designated in the Articles of Incorporation of the Association. At such first meeting, members shall elect a Board to serve for a full term as provided herein, which person (individually, a "Director") shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.

**7.2 Powers and Duties.**

The Board 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 the manner required by the Declaration. The Board may 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.

**7.3 Other Powers and Duties.**

Such powers and duties of the Board shall include, but shall not be limited to, those set forth in the Declaration as well as the following, all of which shall be done solely for the benefit of the Property and for the mutual and reciprocal benefit of all members:

(a) To set, collect and disburse annual and special assessments, in accordance with the provision of the Declaration, in any fiscal year or portion thereof for the following purposes:

(i) The employment of personnel or independent contractors;

(ii) The employment of legal, accounting, engineering, architectural or other independent professional services;

(iii) The purchase of a policy or policies of insurance insuring the Association against any liability to the public or an Owner, or any occupant of property within the Properties incidental to operation of the Association'

(iv) The purchase of fidelity bonds; and

(v) Anything which the Board deems appropriate and proper in fulfilling its obligations and responsibilities under the terms of the Declaration or by law 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;

(b) To expend annual assessments collected pursuant to the Declaration;

(c) To expend special assessments collected pursuant to the Declaration;

(d) To enter into agreements or contracts with insurance companies with respect to insurance coverage for Common Areas and improvements thereon and other property of the Association;

(e) To enter into contract with utility companies with respect to utility installation, consumption and service matters;

(f) To borrow funds to pay any costs of operation, secured by assignment or pledge of rights against Owners for current, delinquent or future assessments, as the Board may determine in its sole discretion to be necessary and appropriate;

(g) To enter into contracts for goods and services or other Association purposes, provide services it deems proper, maintain one or more bank accounts, and generally to have all the powers necessary or incidental to the prudent operation and management of the Association;

(h) To sue or to defend in any court of law on behalf of the Association;

(i) 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, subject to provisions of the Declaration;

(j) To make, or cause to be made, any tax returns, reports or other filing required by Federal, State, or local governmental authorities;

(k) To enact the Rules and Regulations;

(l) To adjust the amount of, collect and use any insurance proceeds to repair or replace any damaged or lost property, or to reimburse persons or entities entitled to receive reimbursements for injury, damage or losses, and if said insurance proceeds are insufficient to provide full reimbursement as may be required, the Board may act to obtain the funds required in such manner as prescribed in the Declaration;

(m) 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; and

(n) To contract with any Owner, including, without limitation, 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 interest of the Association. The Board also shall have full power and authority, but not an obligation, to contract with any Owner to provide maintenance, repair or replacement services, or any combination thereof, through the Association for an individual property.

#### **7.4 No Waiver of Rights.**

The omission or failure of the Association or any member to enforce the covenants, conditions, restriction, easements, uses, limitation, obligation or other provision of the Declaration, the Bylaws or the Rules and Regulations, shall not constitute or be deemed a waiver, modification or release thereof, and the Board shall have the right to enforce same thereafter.

#### **7.5 Election and Term of Office.**

The Directors shall be elected by a vote of the Majority of Members. At the first annual meeting of the Association, the members shall elect one (1) director for a term of one (1) year, one (1) director for a term of two (2) years, and one (1) director for a term of three (3) years; and at each annual meeting thereafter the members shall elect the directors for a term of three (3)

years to fill each expiring term. The Directors shall hold office until their successors have been elected and hold their first meeting.

#### **7.6 Vacancies.**

Any vacancy on the Board caused by death, resignation or disqualification (i.e., by any reason other than the removal of a Director in accordance with Section 7.7 below), shall be filled by vote of a majority of the remaining Directors, even though they may constitute less than a quorum. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

#### **7.7 Removal of Directors.**

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

#### **7.8 Organization Meeting.**

The first meeting of a newly elected Board following the annual meeting of the members shall be held within ten (10) days thereafter at such a place as shall be fixed by the President at the meeting at which such new Board was elected, and no notice shall be necessary to the newly elected Board in order to legally constitute such meeting, providing a majority of the whole Board shall be present.

#### **7.9 Regular Meetings.**

Regular meetings of the Board 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 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 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 (as hereinabove provided) and purpose of the meeting. Special meetings of the Board 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, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to 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, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of a majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less

than quorum present, the majority of those present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum is present.

**7.13 Compensation.**

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

**ARTICLE 8.  
FISCAL MANAGEMENT**

**8.1 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) Normal operating expenses, 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 maintenance, repair and/or replacement relating to Common Areas which shall include funds for maintenance, repair or replacement required because of damage, wear or obsolescence.

**8.2 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.

**8.3 Fiscal Year.**

The fiscal year of the Association shall be the calendar year.

**ARTICLE 9.  
OFFICERS**

**9.1 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, and such assistant Officers as the Board shall, from time to time, elect, such Officers may, but need not be members of the Board. 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.

**9.2 Election of Officers.**

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

**9.3 Resignations and Removal of Officers.**

Upon an affirmative vote of a majority of the Directors, any Officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, 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 later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

#### **9.4 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 Office he replaces.

#### **9.5 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. He shall have all of the general powers and duties which are usually vested in the office of president of a Texas non-profit corporation, 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 at any regular or special meetings.

#### **9.6 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 due to his inability for any reason to exercise such powers and functions or perform such duties, and also will perform any duties he is directed to perform by the President.

#### **9.7 Secretary.**

The Secretary shall keep all the minutes of the meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct and he shall, in general, perform all the duties incident to the office of Secretary and those duties as 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 same at reasonable times during regular business hours.

#### **9.8 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 will perform any duties he is directed to perform by the Secretary.

#### **9.9 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.

**ARTICLE 10.**  
**INDEMNIFICATION OF OFFICERS AND DIRECTORS**

**10.1 Indemnification.**

As described in and in addition to the powers of indemnification set forth in the Declaration, the Association shall have the power to indemnify and to reimburse or advance expenses and/or purchase and maintain insurance or any other arrangement on behalf of any person, who is or was an Officer, Director, committee member, employee, servant or agent of the Association, or who is or was serving at the request of the Association as an Officer, Director, partner, venturer, proprietor, trustee, employee, servant, agent or similar functionary of another corporation, partnership, association, joint venture, sole proprietorship, trust or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, to the maximum extent allowable by law. The provisions of this Section 10.1 shall not be deemed exclusive of any other rights to which such person may be entitled under any bylaw, agreement, insurance policy, vote of members in good standing of the Association or otherwise.

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 under applicable law. Such determination shall be made (1) by the Board 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 in good standing of the Association and no member shall be disqualified from voting because he is or was party to any such action, suit or proceeding unless such member is also a Director. 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 sums 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, employee or agent thereof under any Bylaw, resolution, agreement or law and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer and employee thereto. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provisions of this Article.

All liability, loss, damage, cost and expenses 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 an expense subject to a special assessment; provided however, that nothing contained in the Article 10 shall be deemed to obligate the Association to indemnify any member 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 liability outside of his conduct specifically related to the fulfillment of his duties as an Officer or Director of the Association.

#### **10.2 Other.**

The members, Board, officers or representatives of the Association shall enter 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.)

### **ARTICLE 11. AMENDMENTS TO BYLAWS**

#### **11.1 Amendments to Bylaws.**

The power to alter, amend or repeal these Bylaws, or to adopt new Bylaws has been delegated by the members to the Board, who may exercise this power at any regular or special meeting of the Board. These Bylaws may be amended in writing by a majority of the Board.

### **ARTICLE 12. EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE**

#### **12.1 Proof of Ownership.**

Any person who purchases property within the Properties, following such purchase, shall furnish to the Board a true and correct copy of the original or certified copy of the recorded instrument vesting that person with an interest or ownership in said property, which copy shall remain in the files of the Association. A member shall not be deemed to be in good standing nor shall be entitled to vote at any annual or special meeting of members unless this requirement first is met.

#### **12.2 Registration of Mailing Address.**

Each Owner 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 such owner to be used by the Association, provided that when two (2) or more entities hold individual interests in any part of the Properties each such person and/or entity may receive such monthly statements, notices, demands and all other communications at the registered mailing address furnished to the Association by such person or entity. Such registered address shall be deemed to be the mailing address of the property within the Properties owned by the applicable Owner or Owners unless a different registered address is furnished by such Owner(s) to be the Board 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 said Owners or by such persons as are authorized by law to represent the interest of the Owner(s) thereof.

### **ARTICLE 13. ASSESSMENTS AND LIENS**

#### **13.1 Purpose of Assessments.**

Subject to the terms of the Declaration, 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, including but not limited to, the following:

- (a) The maintenance, repair or replacement of any and all Common Area improvements along with the cost of any associated management or supervisory services, fees, labor, equipment, and materials;
- (b) The special maintenance, repair or replacement of improvements located in Common Areas;
- (c) The design, purchase and installation of any Common Area improvements;
- (d) The purchase of insurance coverage relating to Common Areas and any improvements thereon, and other property of the Association;
- (e) The carrying out of duties of the Board as provided herein and in the Declaration and Articles of Incorporation of the Association;
- (f) The carrying out of purposes of the Association as stated herein and in the Declaration and its Articles of Incorporation; and
- (g) The carrying out of all other matters set forth or contemplated in the Declaration.

### **13.2 Annual Budget and Annual Assessments.**

Subject to the provisions of the Declaration, each fiscal year the Board shall adopt an annual budget based upon the amount of the annual assessment to be levied for the next year, taking into consideration Association operating costs for the then current year, including the establishment and maintenance of an Association reserve fund as provided for herein. The annual budget shall be adopted by the Board no later than fifteen (15) days prior to the commencement of each fiscal year. Notwithstanding the above, in the event the Board fails for any reason to adopt an annual budget covering the succeeding fiscal year, the annual budget currently in effect shall continue and the annual assessment shall be deemed the same as for the current year. Procedures for levying and payment of the annual assessment are set forth in the Declaration.

### **13.3 Special Assessments.**

In addition to the annual assessments, the Association may levy in and for any year, applicable to the year only, a special assessment, subject to the provision of the Declaration. Procedures for levying and payment of a special assessment are set forth in the Declaration.

### **13.4 Special Member Assessments.**

In addition to the annual assessments and any special assessments, the Association, by vote of its Board, may levy a special member assessment on any member for the purpose of:

- (a) Paying the cost of any unexpected damage or loss requiring maintenance, repairs, or replacement of improvements associated with a Common Areas (and not owned by the member causing such damage or loss), which damage or loss has been determined by the Board to have been caused, either directly or indirectly, by the willful or negligent acts of such member, or its agent, the occupant of the property, or a visitor to the member's property. In reaching a decision

to levy such special member assessment upon any member, the Board shall first determine, in its sole discretion, that reasonable evidence exists to support a determination that said damage or loss was caused, directly or indirectly, by a particular member, or its agent, occupant, or visitor. Prior to making such determination, the Board shall inform such member of its findings and afford the member the reasonable opportunity (not less than seven (7) days) to (i) introduce evidence regarding such damage or loss and the cause thereof, or (ii) remedy such loss or damage.

(b) Reimbursing the Association for any and all direct or indirect costs incurred by the Association with regard to the maintenance, repair or replacement of any improvement situated on any property within the Properties owned by such member, when:

(i) It has been determined by the Board that the maintenance, repair or replacement of such improvements has been neglected to the point where conditions existing on such member's property are not in conformance with the maintenance obligation set forth in the Declaration;

(ii) The member owning such property shall have been informed in writing of deficiencies found to exist and shall have been afforded a specific and reasonable period of time (not less than seven (7) days) to respond to said notice and/or remedy such deficiencies, the determination of what constitutes a reasonable period of time for remedial action to be made by the Board in its sole discretion;

(iii) Those deficiencies determined by the Board and reported in writing to the member owning such property are not fully corrected within the time period established by the Board for such corrective action to be completed; and

(iv) Due to the failure of the member owning such property to take corrective action within the period of time established by the Board, it has been necessary or appropriate for the Association to contract for, initiate or complete such corrective action to meet the maintenance requirements of the Declaration. In the event such member shall start corrective action on an improvement after the Association has either contracted for such work to be done or actually accomplished such work in whole or in part, such member shall be obligated to the Association for the reimbursement of any costs actually incurred by the Association, including: release from contract settlements; design, legal or other professional fees; labor, equipment, materials or guarantees required to accomplish corrective work; management or supervisory services; and any other costs directly or indirectly attributable to the work.

### **13.5 Enforcement and Personal Obligation of Owners for Payment of Assessments.**

The annual assessments, special assessments, and special member assessments provided for herein shall be the personal and individual debt of each Owner. No Owner may, for any reason, exempt itself 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, and remains unpaid for a period of thirty (30) days thereafter, then the unpaid amount of any such assessment or installment thereof shall be considered delinquent and shall together with interest thereon and costs of collection thereof become a continuing personal obligation, and debt of the non-paying owner secured by a self-executing lien on the property covered by the assessment or installment thereof, including all improvements thereon, with

priority as of the due date of such assessment. 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 waiving any rights established hereunder with respect to any remaining balance due.

The obligation of any owner to pay any assessment imposed on a property during such owner's period of ownership shall remain his personal obligation, and a sale or other transfer of title to such property shall not release such former Owner from said liability notwithstanding an assumption of liability by the purchaser or transferee. The lien for any unpaid assessments shall be unaffected by any sale or transfer of full or partial ownership interest in a property, and shall continue in full force and effect. In the event of full or partial sale or transfer of an ownership interest in a property, it shall be the sole obligation of the Owner selling or transferring such interest (and not the Association) to disclose to any buyer, or transferee that an unpaid sale or transfer is to be consummated (provided that any such buyer or transferee or any Beneficiary may request from the Association a certificate setting forth any delinquent assessments). A copy of such disclosure shall be sent to the Association at the same time. Upon written request, the Association shall provide an Owner with a statement reflecting the amount of any unpaid or delinquent assessments with respect to a property owned by said Owner.

The Board may elect to retain the services of an attorney of its choice for the purposes of collecting any unpaid assessment or installment thereof, and interest charges thereon, and/or to foreclose the lien against the property subject thereto and/or to pursue any other legal or equitable remedy which the Association may have and there shall be added to the amount of unpaid assessment or installment thereof and interest charges thereon, any and all collection costs incurred by the Association, whether judicial or non-judicial, and including, but not limited to, reasonable attorney's fees and costs of legal suit.

### **13.6 Lien and Foreclosure.**

All sums assessed in the manner provided in these Bylaws or the Declaration, together with all interest costs and costs of collection, shall be secured by the lien provided for under these Bylaws and the Declaration. As further evidence and notice of such assessment lien, the Association may prepare a written notice of such lien setting forth the amount of delinquent indebtedness, the name of the Owner whose property is covered by such lien, and a description of the property. Such notice shall be signed by a duly authorized Officer of the Association and shall be recorded in the Real Property Records of Rockwell County, Texas, or such other place as may be required by law for the recording of liens affecting real property at such time as such notice is recorded. Such lien for payment of assessments shall be superior to all other liens and charges against said property except as provided in Paragraph 13.7 below and may be enforced after recording said notice through (i) foreclosure of such lien on the property and any improvements thereon in like manner as a mortgage on real property, (ii) suit against the Owner personally obligated to pay the assessment and/or (iii) foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or non-judicial, the Owner shall be required to pay the costs, expenses and reasonable attorney's fees incurred by the Association. The Association shall have the power to bid on the property being foreclosed.

### **13.7 Lien Subordination.**

Any lien established as provided for in these Bylaws or the Declaration, shall be subordinate and inferior to (i) any mortgage or deed of trust of record against the Property which

secures sums borrowed for the purchase of improvement of the property in question, and (ii) tax liens; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a foreclosure sale (whether public or private) of any such property pursuant to the terms and conditions of any such mortgage or deed of trust or through any tax lien. Such foreclosure sale shall not relieve any new Owner taking title at such sale from liability for the amount of any assessments thereafter becoming due or from a lien arising from any such subsequent assessment.

At the time any mortgage financing or refinancing is obtained for any property, which will as provided above be superior to any existing or future assessment lien of the Association, the Owner of such property shall within thirty (30) days prior to the consummation of any such mortgage or financing, deliver to the Association written notice identifying the Beneficiary 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. Upon the written request of any such beneficiary holding a superior lien on any property as provided herein, the Association shall report to such Beneficiary any unpaid assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative elect to report delinquent assessments to any such Beneficiary.

### **13.8 Notice of Lien or Suit.**

An Owner shall give notice to the association of every lien or encumbrance upon his property or subdivided portion thereof, other than for taxes and assessments, and notice of every suit or other proceeding which may affect the title to his property, and such notice shall be given within five (5) days after the Owner has knowledge thereof.

### **13.9 Mechanic's Lien.**

Each Owner agrees to indemnify and to hold harmless each of the other Owners from any and all claims of mechanic's liens filed for labor, materials, services or other products incorporated in the Owner's improvements.

## **ARTICLE 14.**

### **ABATEMENT AND ENJOINMENT OF VIOLATION BY OWNERS**

#### **14.1 Abatement and Enjoinment.**

The violation of any rule or regulation, or the breach of any provision of these Bylaws, or the breach of any provision of the Declaration or herein, (i) to enter the property on which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions hereof or thereof, and the Board 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 therefore; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such violation or breach.

## **ARTICLE 15. COMMITTEES**

### **15.1 Committees.**

The Board by resolution adopted by a majority of the Directors, may designate one or more committees to assist it and shall establish the committees required in the Declaration.

Except as otherwise provided in such resolution, members of such committee or committees shall be members in good standing of the Association (or the designee of a member in good standing), and the President of the Association shall appoint the members thereof.

**15.2 Terms of Office.**

Each member of a committee shall continue as such until the next annual meeting of the members of the Association or until his successor is appointed unless the committee shall be sooner terminated, or unless such member shall be removed from such committee, or unless such member shall cease to qualify as a member thereof.

**15.3 Chairman.**

One member of each committee shall be appointed chairman by the President of the Association.

**15.4 Vacancies.**

Vacancies in the membership of any committees may be filled by appointments made in the same manner as provided in the case of the original appointments.

**15.5 Quorum.**

Unless otherwise provided in the Declaration or the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

**15.6 Rules.**

Each committee may adopt rules for its own government not inconsistent with these Bylaws, the Declaration or with rules adopted by the Board.

**ARTICLE 16.  
NON-PROFIT ASSOCIATION**

**16.1 Non-Profit Association.**

This Association is not organized for profit. No member, Director, 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 be distributed to, or inure to the benefit of any Director, 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 17.  
EXECUTION OF DOCUMENTS**

**17.1 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: (a) the

President or any Vice President, and (b) the Secretary or any Assistant Secretary of the Association.

## **ARTICLE 18. PROXY TO TRUST**

### **18.1 Proxy to Trust.**

Each Owner shall have the right to irrevocably constitute and appoint its Beneficiary as its true and lawful attorney to vote its 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 powers that it has as an Owner 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. Such proxy shall be valid until such time as a release of the lien of the Beneficiary's deed of trust or mortgage 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 any Owner or to impose upon any Beneficiary the duties and obligations of an Owner.

## **ARTICLE 19. CONFLICTING OR INVALID PROVISIONS**

### **19.1 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, any other Texas law or the Declaration, such Act or law or the Declaration 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 20. NOTICES**

### **20.1 Notices.**

All notices permitted or required to be given by these Bylaws shall be accomplished in accordance with the Declaration.