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BYLAWS
OF
SUNDOWN RANCH OWNERS ASSOCIATION, INC.

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BYLAWS
OF
SUNDOWN RANCH OWNERS ASSOCIATION, INC.

ARTICLE I. - NAME AND LOCATION

The name of the corporation is Sundown Ranch Owners Association, Inc. (hereinafter referred to as the "Association"). The principal office of the Association shall be located in the City of Denton, Denton County, Texas. The Association may have other offices as determined by the Board of Directors.

ARTICLE II. - DEFINITIONS

Section 1. "Declaration" means the Declaration of Covenants, Conditions and Restrictions for Sundown Ranch, recorded in the Deed Records of Denton County, Texas.

Section 2. Capitalized Terms. Unless otherwise specifically provided herein, the capitalized terms used in these Bylaws shall have the same meanings as are given to such terms in the Declaration.

ARTICLE III. - MEMBERSHIP AND VOTING RIGHTS

Section 1. Membership. Each Owner shall automatically be a Member of the Association. No person or entity who is not an Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of a Lot. Upon termination of ownership, an Owner's membership shall automatically terminate and be automatically transferred to the new Owner of the Lot.

Section 2. Voting. The Association shall have two classes of voting membership.

Class A. Class A Members shall be all Owners with the exception of Declarant; provided, however, that Declarant shall become a Class A Member when its Class B membership ceases as provided hereinafter. Class A Members shall be entitled to one (1) vote for each Lot owned. When more than one person holds an ownership interest in any Lot, all such persons shall be Members, but no more than one vote shall be cast with respect to any Lot. The vote for any such Lot shall be exercised as the Members holding an interest in such Lot determine among themselves.

Class B. Class B Member shall be Declarant and shall be entitled to three (3) votes for each Lot owned; provided that Declarant's Class B membership shall cease and be

converted to Class A membership when the total votes outstanding in the Class A membership equal the total number of votes outstanding in the Class B membership. In determining the number of Lots owned by Declarant for the purpose of Class B Membership status hereunder, the total number of Lots covered by the Declaration, including all Lots annexed thereto, shall be considered. If Class B Membership has previously lapsed, but annexation of additional property restores the ratio of Lots owned by Declarant to the number required for Class B Membership, such Class B Membership shall be reinstated until it expires pursuant to the terms of the Declaration.

ARTICLE IV. - MEETING OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association. Subsequent regular annual meetings of the Members shall be held not less frequently than once each calendar year, at a date, time and place selected by the Board. If the day for the annual meeting of the Members is a legal or religious holiday, a Saturday or a Sunday, the meeting shall be held at the same hour on the first working day thereafter.

Section 2. Special Meetings. The President may call a special meeting. In addition, special meetings of the Members shall be promptly scheduled in response to a majority vote of a quorum of the Board, or upon receipt of a written request signed by Members representing not less than ten percent (10%) of the Class A Membership of the Association.

Section 3. Notice of Meetings. Written notice of annual and special meetings of Members shall be given by, or at the direction of, the Secretary of the Association or other person authorized to call the meeting, by mailing a copy of such notice, first-class postage prepaid, not less than ten (10) days nor more than fifty (50) days before such meeting, to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Notice of a meeting shall specify the place, date and hour of the meeting, and, in the case of a special meeting, the general nature of the business to be undertaken. The notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is given to Members.

Section 4. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 5. Quorum. The presence at the meeting of Members entitled to cast, or of proxyholders entitled to cast, one-third (1/3) of the total votes of the Association shall

constitute a quorum for any action, except as may otherwise be provided in the Articles, the Declaration or these Bylaws. The Members present at any duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum. In the absence of a quorum, the Members entitled to vote at such meeting shall have the power to adjourn the meeting to another time subject to the same notice requirement, unless the meeting is held within thirty (30) days after the adjourned meeting, in which event no additional notice shall be required if the time and place of the following meeting is announced at the adjourned meeting. If a meeting is adjourned due to lack of a quorum, and a subsequent meeting is scheduled in lieu thereof, all notice requirements being applicable to such subsequent meeting, and such notice indicates that the subsequent meeting is being held due to lack of a quorum at the adjourned meeting, then the quorum requirement for the subsequent meeting shall be one-fourth (1/4) of the total votes of the Association, provided such subsequent meeting is held within thirty (30) days of the adjourned meeting.

Section 6. Proxies.

a. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association or other person designated at the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his Lot or upon receipt by the Association of written notice of the death or incapacity of the Member who executed the proxy. Any proxy shall be invalid after expiration of eleven (11) months from the date it is executed.

b. Any form of proxy or written ballot distributed to ten (10) or more Members shall afford an opportunity on the proxy or form of written ballot to specify a choice between approval and disapproval of each matter or group of related matters intended, at the time the written ballot or proxy is distributed, to be acted upon at the meeting for which the proxy is solicited or by such written ballot, and shall provide, subject to reasonable specific conditions, that where the Member solicited specifies a choice with respect to any such matter, the vote shall be cast in accordance therewith.

c. Every form of proxy or written ballot, which provides an opportunity to specify approval or disapproval with respect to any proposal, shall also contain an appropriate space marked "abstain," whereby a Member may indicate a desire to abstain from voting on the proposal. A proxy marked "abstain" by the Member with respect to a particular proposal shall not be voted either for or against such proposal.

d. In any election of Directors, any form of proxy or written ballot in which the Directors to be voted upon are named therein as candidates and which is marked by a Member "withhold" or otherwise marked in a manner indicating that the authority to vote for the election of Directors is withheld shall not be voted either for or against the election of a Director.

e. Failure to comply with this section shall not invalidate any corporate action taken, but may be the basis for challenging any proxy at a meeting and a court may compel compliance therewith at the suit of any Member.

Section 7. Location. Meetings of Members shall be held within the Project or as close thereto as reasonably possible.

Section 8. Action Taken Without a Meeting. Any action which may be taken by the vote of Members at a regular or special meeting may be taken in the absence of a meeting by unanimous written consent of the Members entitled to vote.

ARTICLE V. - BOARD OF DIRECTORS

Section 1. Number. The affairs of the Association shall be managed by a Board of at least three (3) but no more than seven (7) directors, who need not be Members of the Association. The initial Board shall consist of three (3) persons.

Section 2. Election. In accordance with Article 8 of the Declaration, the initial Directors shall be appointed by the Declarant and the Declarant shall retain the right to appoint and remove members of the Board until ninety (90) days after the termination of Class B Membership status of Declarant, or the Declarant has surrendered its authority to appoint and remove directors by an express amendment to the Declaration executed and recorded by Declarant. Thereafter, a meeting of the Association shall be called for the express purpose of electing a new Board. At such meeting, 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 Director(s) for a term of three (3) years to fill each expiring term. In the event that the Membership elects to expand the Board to five (5) members, then the Membership shall elect two (2) Directors for a term of one (1) year; two (2) Directors for a term of two (2) years and one (1) Director for a term of three (3) years, and thereafter the Members shall elect the Directors for a term of three (3) years to fill each expiring term.

Section 3. Removal. During the period of Declarant Control, a Director may only be removed by Declarant. Thereafter, any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a director, his successors shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual reasonable expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Board shall have the right to take any action in the absence of a meeting which it could take at a meeting by obtaining the written consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board. All such written consents shall be filed with the

minutes of the proceedings of the Board and an explanation of the action taken shall be posted at a prominent place within the Project within three (3) days after the written consents of all Board members have been obtained.

ARTICLE VI. - NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Except with respect to Directors selected by the Class B Members, nomination for election to the Board may be made by a nominating committee appointed by the Board prior to the annual meeting. The nominating committee shall consist of a chairman, who shall be a member of the Board, and two or more Members. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies to be filled. Nominations may also be made from the floor at the annual meeting.

Section 2. Election. The first election of the Board shall be conducted at the first meeting of the Association. Election to the Board shall be by secret written ballot.

Section 3. Vacancies. Any vacancies on the Board caused by death, disability, resignation or increase in the number of Directors may be filled by appointment by a majority of the remaining Directors or by the sole remaining Director.

ARTICLE VII. - MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board shall be held at such intervals as the Board considers necessary and desirable, but not less often than once every six (6) months. Regular meetings shall be held at the offices of the Association, a location within the Project, or any other reasonable location, and shall be held at such reasonable hour as may be fixed from time to time by the Board. Notice of the time and place of regular meeting shall be posted at a prominent place or places in the Project, and shall be communicated to all Directors not less than four (4) days prior to the meeting, provided, however, that notice of a meeting need not be given to any Director who has signed a waiver of notice or consent to holding of the meeting.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two (2) Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all Directors and posted in the manner prescribed for notice of regular meetings not less than seventy-two (72) hours before the scheduled time of the meeting, provided, however, that the notice need not be given to any Director who has signed a waiver of notice or consent to holding the meeting.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority

f. Incur and pay expenses on behalf of the Association and contract for goods and services for the Common Area or any other real or personal property for which the Association is responsible or as to which the Association may have duties and obligations; provided, however, that: (i) no contract with a third person wherein the third person will furnish goods or services for the Common Area or any other real or personal property for which the Association is responsible shall exceed a term of one year (except for a management contract or a contract with a public utility regulated by the Public Utilities Commission, in which case the contract shall be limited to the shortest term allowable by such public utility at the regulated rate, or prepaid casualty or liability insurance policies which shall not exceed three (3) years' duration, provided the policy permits short rate cancellation by the insured); (ii) expenditures in the aggregate exceeding five percent (5%) of the budgeted gross expenses of the Association for any fiscal year of the Association shall not be incurred for capital improvements to the Common Area in any fiscal year; and (iii) any management agreement for the Project shall be terminable for cause upon thirty (30) days' written notice and without cause upon ninety (90) days' written notice, without payment of a termination fee;

g. Delegate to committees, officers, employees and other agents of the Association reasonable powers to carry out the powers and duties of the Board; provided, however, that the Board shall not delegate the power to impose discipline against Members or to levy fines against Members;

h. Prepare and distribute budgets and financial statements of the Association;

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~~*~~ i. Enter any Lot, at reasonable hours, after forty-eight (48) hours' notice and with as little inconvenience to the Owners as possible, in connection with any work or thing required or permitted to be performed or done by the Association by these Bylaws, the Declaration or the rules and regulations. In the event of emergency threatening injury to persons or property, or reasonable cause to believe there is such an emergency, the right of entry shall be immediate and may be exercised without notice, whether or not the Owner is present. The Association shall repair any damage caused by such entry;

j. Employ a manager and such other employee as it deems necessary to carry out the powers and duties of the Association;

k. Sell, transfer and convey the property of the Association, except that, any sale, transfer or conveyance of real property shall require the approval of the Members in accordance with the Declaration;

l. Exercise all the powers set forth in the Texas Non-profit Corporation Act, except those reserved to the Members by the provisions of these Bylaws, the Articles or the Declaration; and

m. Compromise, settle, release and otherwise adjust claims, demands, causes of action and liabilities on behalf of the Association and Owners, as the case may be, provided any such claim, demand, cause of action or liability arises out of or relates to a condition or defect common to all of the Lots or improvements constructed thereon, or to the

development, design, construction, condition, repair or maintenance of or damage or injury to or defect in the Common Area or part thereof, and make and receive all payment or other consideration necessary therefor or in connection therewith. For such purposes, the Board shall be, and hereby is, irrevocably appointed attorney-in-fact to act on behalf of all Owners upon such terms and conditions and for such consideration as may be approved by a majority of the Board.

Section 2. Non-Liability. A Director of the Board shall not be liable to the Members if he performs the duties of a Director, including the duties as a member of any committee of the Board upon which the Director may serve, in good faith, in a manner such Director believes to be in the best interests of the Association and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared and presented by:

- a. One or more officers or employees of the Association whom the Director believes to be reliable and competent in the matters presented;
- b. Counsel, independent accountants or other persons as to matters which the Director believes to be within such persons professional or expert competence; or
- c. A committee of the Board on which the Director does not serve, as to matters within its designated authority, which committee the Director believes to merit confidence; so long as, in any such case, the Director acts in good faith, after reasonable inquiry, when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

Section 3. Duties. The Board shall:

- a. Cause to be kept a complete record of all its acts and corporate affairs and to present to the Members the following:
 - (1) A pro forma operating statement (budget) for each fiscal year, which statement shall be distributed not less than forty-five (45) days and not more than sixty (60) days before the beginning of the fiscal year;
 - (2) A balance sheet as of an accounting date which is the last day of the month closest in time to six (6) months from the date of closing of the first sale of a Lot in the Project and an operating statement for the period from said date of such first closing to said accounting date, which balance sheet and statement shall be distributed within sixty (60) days after the accounting date. The operating statement shall include a schedule of assessments received and receivable identified by Lot and Owner's name;
 - (3) An annual report, which annual report shall be distributed within one hundred twenty (120) days after the closing of the fiscal year, consisting of the following:

- (a) A balance sheet as of end of the fiscal year;
 - (b) An operating (income) statement for the fiscal year; and
 - (c) A statement of changes in financial position for the fiscal year.
- b. Supervise the officers, agents and employees of the Association in the proper performance of their duties;
- c. As more fully provided in the Declaration and subject to any limitations contained therein:
- (1) Fix the amount of the annual assessment against each Lot at least sixty (60) days in advance of each annual assessment period and, if necessary, revise such annual assessment;
 - (2) Send written notice of each assessment to every Owner in advance of each annual assessment period, provided that failure to comply with the provisions of this subparagraph shall not invalidate any assessment, lien or obligation to pay such assessment; and
 - (3) Take appropriate action against any Owner who is delinquent in the payment of any assessment to the Association, which action may include, but is not limited to, commencement of an action against the owner for payment thereof and/or foreclosure of the lien against the Lot of such Owner;
- d. Issue, or cause an appropriate officer to issue, upon demand by any person having a legitimate interest, a certificate setting forth whether or not any assessment has been paid, for which certificate a reasonable charge may be made by the Board;
- e. Procure and maintain liability, fire and extended coverage casualty insurance, and such additional insurance and endorsements as the Board may deem desirable;
- f. Cause the Common Area and any other real and personal property for which the Association may be responsible or as to which the Association may have duties and obligations to be kept in a good state of maintenance and repair;
- g. Pay proper expenses of the Association; and
- h. Establish and maintain reserve funds for Common Area replacements and maintenance in accordance with the initial budget of the Association or such budgets as may subsequently be adopted from time to time by the Board. Funds deposited in reserve for a particular purpose shall be held for that purpose and shall not be expended for any other purpose without (i) if a two-class voting structure is in effect, the vote or written consent of a majority of each class of Members, or (ii) if a two-class voting structure is not in effect, the vote or written consent of a majority of the total votes of the Association, except that if the Board determines that funds held in reserve for a particular purpose exceed an amount

reasonably required as a prudent reserve for that purpose, then, without the vote or written consent of Members, the excess may be allocated to any other reserve fund established by the Board and expended for the purpose for which such other reserve fund has been established.

ARTICLE IX. - OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a President and a Vice-President, who shall at all times be members of the Board, a Secretary, and a Treasurer, and such other officers as the Board may, from time to time, by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless such person sooner resigns, or is removed or is otherwise disqualified to serve.

Section 4. Special Appointments. The Board may appoint such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority and perform such duties as the Board may determine from time to time.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause, by the Board. 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.

Section 6. Vacancies. A vacancy in any 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.

Section 7. Multiple Offices. No person shall simultaneously hold more than one of any of the offices, except in the case of special offices created pursuant to Section 4 of this Article; provided however, that notwithstanding the foregoing, the offices of Secretary and Treasurer may be held by the same person.

Section 8. Duties. The duties of the officers shall be those usually vested in their respective offices, including the following:

a. President: The President shall preside at all meetings of the Board and shall see that orders and resolutions of the Board are carried out;

b. Vice President: The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board;

c. Secretary: The Secretary, or an Assistant Secretary elected and authorized by the Board, shall keep minutes of all meetings of the Board and of the members and shall have custody and charge of the Association's corporate seal, minute books membership transfer books, and such other books, papers and documents as the Board may prescribe; and

d. Treasurer: The Treasurer, or an Assistant Treasurer elected and authorized by the Board, shall be responsible for Association funds and securities and shall keep or supervise the keeping by persons designate by resolution of the Board of books of account of Association receipts and disbursements.

Section 9. Checks and Drafts. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable by the Association shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board.

Section 10. Execution of Contracts and Other Documents. The Board by resolution may authorize any officer or officers, agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Association by any contract or agreement or to pledge its credit to render it liable for any purpose or for any amount.

ARTICLE X. - BOOKS AND RECORDS

The membership register, books of account and minutes of meetings of the Members, Board and committees of the Board shall be made available for inspection and copying by any Member, or any Member's duly appointed representative, during normal business hours for a legitimate purpose, at such place or places within the Project as the Board may prescribe. The Board shall establish reasonable rules with respect to notice to be given to the custodian of the records by the Member desiring to make the inspection; hours and days of the week when such an inspection may be made; and payment of the cost of reproducing documents requested by a Member. The Declaration, the Articles and these Bylaws shall be available for inspection by any Member at the principal office the Association, where copies may be obtained at reasonable cost. Every Director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association, including the right to make extracts and copies of documents.

ARTICLE XI. - ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a lien upon the Lot against

which the assessment is made. Any assessments which are not paid within ten (10) days of the due date shall be delinquent. The Board may require that any delinquent assessment bear a late charge to cover administrative expenses incurred as a result of the late payment of the assessment. Late charges on delinquent assessments shall not exceed the rates set forth in the Declaration. The Association may bring an action at law against the Owner personally obligated to pay a delinquent assessment, or foreclose the lien against his Lot and, after notice and opportunity to cure, the Association may suspend a delinquent Owner's membership in the Association while the assessment remains unpaid. In any action to enforce payment of an assessment, the Association shall be entitled to recover interest, costs and reasonable attorney's fees. No Owner may exempt himself from payment or assessments by waiver of the use or enjoyment of all or any portion of the Common Area or abandonment of his Lot.

ARTICLE XII. - CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the name of the Association.

ARTICLE XIII. - AMENDMENTS AND INTERPRETATION OF DOCUMENTS

Section 1. Amendment. Any amendment of these Bylaws shall require the vote or written consent of both sixty-seven percent (67%) of the total votes of the Association; provided, however, that no such amendment shall change any provision hereof where such provision is contained in or governed by the Articles or the Declaration, unless the applicable provisions of the Articles and/or Declaration are likewise amended as therein required, and provided further that the percentage of the votes of the Association and of Members necessary to amend a specific provision of these Bylaws shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that provision. Any amendment which establishes, governs, provides for or regulates any one of the following: (i) voting; (ii) assessments, assessment liens or subordination of such liens; (iii) reserves for maintenance, repair and replacement of the Common Area; (iv) responsibility for maintenance and repair of the Project; (vii) expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project; (viii) the boundaries of any Lot; (ix) interests in the Common Area; or (x) any other material amendment shall require written consent of sixty-seven percent (67%) of the total votes of the Association.

Section 2. Interpretation. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case of any conflict between the Articles and the Declaration, the Declaration shall control.

ALONG A NON-TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 775.00 FEET, A DELTA ANGLE OF 07°11'33". A LONG CHORD THAT BEARS S 14°35'00" E A DISTANCE OF 97.22 FEET, AN ARC DISTANCE OF 97.29 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 10°59'14" E, A DISTANCE OF 232.29 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

ALONG A NON-TANGENT CURVE TO THE LEFT HAVING A RADIUS OF 1436.64 FEET, A DELTA ANGLE OF 05°10'19". A LONG CHORD THAT BEARS S 76°25'37" W A DISTANCE OF 129.64 FEET, AN ARC DISTANCE OF 129.68 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 16°09'33" E, A DISTANCE OF 50.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 10°59'14" E, A DISTANCE OF 311.02 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 26°58'10" E, A DISTANCE OF 92.01 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 37°11'30" E, A DISTANCE OF 91.91 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 46°31'20" E, A DISTANCE OF 74.98 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 65°26'09" E, A DISTANCE OF 110.71 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 78°46'29" E, A DISTANCE OF 106.97 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

N 00°00'13" W, A DISTANCE OF 26.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

N 89°59'47" E, A DISTANCE OF 50.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 00°00'13" E, A DISTANCE OF 10.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

N 89°59'47" E, A DISTANCE OF 125.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 00°00'13" E, A DISTANCE OF 365.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

N 89°59'47" E, A DISTANCE OF 32.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 00°00'13" E, A DISTANCE OF 50.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 89°59'47" W, A DISTANCE OF 10.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 00°00'13" E, A DISTANCE OF 115.00 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET IN THE SOUTH LINE OF SAID TRACT ONE AND THE COMMON NORTH LINE OF THAT TRACT OF LAND DESCRIBED IN DEED TO AUTHUR N. JOHNSON AND WIFE NORMA F. JOHNSON, RECORDED IN VOLUME 3337, PAGE 0530 O.R.D.C.T.;

THENCE ALONG SAID COMMON LINE THE FOLLOWING THREE COURSES AND DISTANCES;

S 89°59'47" W, A DISTANCE OF 26.25 FEET TO A 1/2" IRON ROD FOUND;

S 00°41'58" W, A DISTANCE OF 803.76 FEET TO A 1/2" IRON ROD FOUND;

S 89°59'42" W, A DISTANCE OF 796.42 FEET TO THE POINT OF BEGINNING, AND CONTAINING 62.352 ACRES OF LAND, MORE OR LESS.

EXHIBIT "B" PROPERTY WHICH MAY BE ANNEXED PER SECTION 2.5

All that certain tract of land situated in the J. Fisher Survey Abstract Number 421 and the B. Lewis Survey, Abstract Number 769 in the City and County of Denton, Texas and being all of the called 40.000 acre Tract One and all of the called 129.323 acre Tract Three, described in the deed from B. J. Glascock et ux to Jerome Cott et ux recorded in Volume 1152, Page 469 of the Real Property Records of Denton County, Texas and also being all of the called 0.009 acre tract described in the deed from Cott Associates, Inc. to Jerome Cott et ux recorded in Volume 3165, Page 639 Real Property Records;

BEGINNING for the Northeast corner of the tract being described herein at a 1/2" iron rod found for the Northeast corner of said 129.323 acre tract in said Lewis Survey in the West line of the called 136.365 acre tract described in the deed to Denton Security Investments, Inc., recorded under Clerk's File Number 94-R0022697 Real Property Records;

THENCE South 00 degrees 25 minutes 46 seconds West with the East line of said 129.323 acre tract and the West line of said 136.365 acre tract, generally along a fence at 1916.2 feet passing 1.4 feet East of a 1/2" iron rod found for the Southwest corner of said 136.365 acre tract, same being the Northwest corner of that certain State of Texas tract for the Denton State School recorded in Volume 435, Page 12 of the Deed Records and continuing along said course, in all, a total distance of 2103.06 feet to a 1/2" iron rod found for the most Easterly Southeast corner of said 129.323 acre tract at the Northeast corner of the called 77.600 acre tract described in the deed to Arthur N. Johnson et ux recorded in Volume 3337, Page 530 Real Property Records;

THENCE South 89 degrees 59 minutes 47 seconds West with the North line thereof and the South line of said 129.323 acre tract, generally along a fence a distance of 1569.01 feet to a 1/2" iron rod found for the most Northerly Northwest corner of said Johnson tract in the apparent West line of said Lewis Survey and the East line of said Fisher Survey;

THENCE South 00 degrees 41 minutes 58 seconds West with the said Survey line, generally along a fence a distance of 803.76 feet to a 1/2" iron rod found for the most Southerly Southeast corner of said 129.323 acre tract;

THENCE South 89 degrees 59 minutes 42 seconds West with the most Southerly South line of said 129.323 acre tract and the most Westerly North line of said Johnson tract, generally along a fence a distance of 795.42 feet to a capped iron rod set near a fence corner for the Southwest corner of said 129.323 acre tract in the Easterly right of way line of F.M. Highway 2181;

THENCE North 20 degrees 06 minutes 46 seconds West with said East line and the West line of said 129.323 acres along a near fence a distance of 440.80 feet to a capped iron rod set for the beginning of a curve to the left having a radius of 2909.78 feet;

THENCE along the arc of said curve along said highway along and near a fence an arc distance of 607.93 feet (chord bearing of North 26 degrees 05 minutes 53 seconds west a distance of 606.82 feet) to a capped iron rod set for the end of said curve;

THENCE North 32 degrees 10 minutes 16 seconds West continuing along said highway and the West line of said 129.323 acres along and near a fence a distance of 654.66 feet to a 1/2" iron rod found for the South corner of a called 1.816 acre tract described in the deed recorded in Volume 2502 Page 413 Real Property Records;

THENCE North 05 degrees 53 minutes 47 seconds East with the most Northerly West line of said 129.323 acre tract, generally along a fence a distance of 980.88 feet to a metal fence corner post for the Northeast Corner of the called 4.996 acre tract described in the Deed to George P. Kolb, Jr. and Cayleen M. Kolb recorded in Volume 2884, Page 985 Real Property Records, same being the Northwest corner of said 129.323 acre tract in the South line of the above mentioned 40.000 acre tract;

THENCE North 88 degrees 09 minutes 35 seconds West with the South line thereof and the North line of said Kolb tract, along and near a fence a distance of 439.13 feet to a capped iron rod set for an angle point in the North line of said Kolb tract and the East corner of the above mentioned 0.009 acre tract;

THENCE South 74 degrees 25 minutes 53 seconds West with the South line thereof and the North line of said Kolb tract a distance of 26.82 feet to a 1/2" iron rod found for an angle point in said line;

THENCE North 87 degrees 56 minutes 25 seconds West continuing with said line a distance of 24.90 feet to a 1/2" iron rod found for the Southwest corner of said 0.009 acre tract in the East line of said highway;

THENCE North 00 degrees 31 minutes 30 seconds West along said highway, crossing a drive entrance a distance of 41.07 feet to a capped iron rod set for the Southwest corner of the Called 4.004 acre Tract Two described in said Cott Deed;

THENCE South 88 degrees 09 minutes 35 seconds East with the South line of said 4.004 acre tract a distance of 347.97 feet to a capped iron rod set for the Southeast corner of said 4.004 acre tract;

THENCE North 01 degrees 32 minutes 21 seconds East with the East line thereof generally along a fence most of the way a distance of 485.37 feet to a 1/2" iron rod found for the Northeast corner of said 4.004 acre tract, same being the Northwest corner of the said 40.000 acre tract in the South line of the called 140.6925 acre tract described in the deed to Veri Lybbert et ux recorded in Volume 3453, Page 878 of the Real Property Records;

THENCE South 88 degrees 07 minutes 04 seconds East with the South line thereof and the North line of said 40.000 acres a distance of 3188.24 feet to the Place of Beginning and enclosing 169.391 acres of land more or less.

SAVE AND EXCEPT the following tract:

WHEREAS WESTMINSTER, LTD. IS THE SOLE OWNER OF A 62.352 ACRE TRACT OF LAND SITUATED IN THE JEREMIAH FISHER SURVEY, ABSTRACT NO. 421 AND THE BENJAMIN LEWIS SURVEY, ABSTRACT NO. 769, DENTON COUNTY, TEXAS AND BEING A PORTION OF TRACT 1 & TRACT 2, DESCRIBED IN DEED TO WESTMINSTER, LTD. RECORDED IN COUNTY CLERKS FILE NO. 97-00019209 OF THE DEED RECORDS OF DENTON COUNTY, TEXAS (O.R.D.C.T.). SAID 62.352 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDOS AS FOLLOWS:

BEGINNING AT A 1/2" IRON ROD FOUND FOR THE SOUTHWEST CORNER OF SAID TRACT 1, BEING IN THE EAST RIGHT-OF-WAY LINE OF F.M. 2181 (90' R.O.W.)

THENCE ALONG SAID EAST RIGHT-OF-WAY LINE THE FOLLOWING EIGHT COURSES AND DISTANCES:

N 20°06'46" W, A DISTANCE OF 440.80 FEET TO A 1/2" IRON ROD FOUND;

ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 2909.78 FEET, A DELTA ANGLE OF 11°58'14", A LONG CHORD THAT BEARS N 26°05'53" W A DISTANCE OF 606.82 FEET, AN ARC DISTANCE OF 607.92 FEET TO A 1/2" IRON ROD FOUND;

N 32°10'16" W, A DISTANCE OF 654.66 FEET TO A 1/2" IRON ROD FOUND FOR THE SOUTH CORNER OF THAT TRACT OF LAND DESCRIBED IN DEED TO LEONARD HIGGINS, ET. UX., RECORDED IN VOLUME 3051, PAGE 476 D.R.D.C.T.;

THENCE N 05°53'47" E, DEPARTING SAID EAST RIGHT-OF-WAY LINE, ALONG THE EAST LINE OF SAID HIGGINS TRACT, AND THE EAST LINE OF A TRACT OF LAND DESCRIBED IN DEED TO GEORGE KOLB, ET. UX., RECORDED IN VOLUME 2884, PAGE 985 D.R.D.C.T., A DISTANCE OF 980.88 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET FOR THE COMMON NORTHEAST CORNER OF SAID KOLB TRACT AND THE SOUTHEAST CORNER OF SAID TRACT 2;

THENCE N 88°09'35" W, ALONG THE SOUTH LINE OF SAID TRACT 2, A DISTANCE OF 143.17 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET FOR THE SOUTHEAST CORNER OF SAID TRACT 2;

THENCE N 01°32'21" E, ALONG THE EAST LINE OF SAID TRACT 2, A DISTANCE OF 161.55 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

THENCE DEPARTING SAID EAST LINE, OVER AND ACROSS SAID TRACT 2, THE FOLLOWING FOUR COURSES AND DISTANCES:

ALONG A NON-TANGENT CURVE TO THE RIGHT HAVING A RADIUS OF 275.00 FEET, A DELTA ANGLE OF 02°50'22", A LONG CHORD THAT BEARS N 25°15'03" W A DISTANCE OF 13.63 FEET, AN ARC DISTANCE OF 13.63 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

N 23°49'52" W, A DISTANCE OF 104.11 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 225.00 FEET, A DELTA ANGLE OF 05°11'46", A LONG CHORD THAT BEARS N 26°25'45" W A DISTANCE OF 20.40 FEET, AN ARC DISTANCE OF 20.41 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 190.50 FEET, A DELTA ANGLE OF 48°11'23", A LONG CHORD THAT BEARS N 53°07'20" W A DISTANCE OF 155.54 FEET, AN ARC DISTANCE OF 160.22 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

N 77°13'01" W, A DISTANCE OF 25.71 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

ALONG A CURVE TO THE LEFT HAVING A RADIUS OF 213.50 FEET, A DELTA ANGLE OF 13°33'11", A LONG CHORD THAT BEARS N 83°59'36" W A DISTANCE OF 50.38 FEET, AN ARC DISTANCE OF 50.50 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 89°13'48" W, A DISTANCE OF 84.81 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;

S 44°04'45" W, A DISTANCE OF 21.16 FEET TO A 5/8" IRON ROD CAPPED "CARTER & BURGESS" SET;