

BYLAWS

FOR

SANGER CIRCLE HOMEOWNER'S ASSOCIATION

BYLAWS

OF

SANGER CIRCLE HOMEOWNERS' ASSOCIATION, INC. (A Texas Non-Profit Corporation)

ARTICLE ONE

DEFINITIONS

1.1 Definitions.

(a) All terms used herein, such as (but not by way of limitations) "Owners", "Lot", "Land", "Common Area", "Developer", and "Assessments" shall have the same meanings as set forth in that certain Declaration of Covenants, Conditions and Restrictions filed of record as instrument number 2014-107568 of the Real Property Records of Denton County, Texas.

(b) "TBOC" shall refer to the Texas Business Organizations Code, as amended from time to time.

ARTICLE TWO

NAME

2.1 Name. The name of this corporation shall be Sanger Circle Homeowners' Association, Inc. (hereinafter called the "Association").

ARTICLE THREE

OFFICES OF THE ASSOCIATION

3.1 Principal Office. The initial principal office of the Association shall be located at 108 Houston, Sherman, Texas 75090, but meeting of Members and Directors may be held at such place within the State of Texas as may be designated by the Board of Directors.

3.2 Other Offices. The Association may also have offices at such other places both within and outside the State of Texas as the Board of Directors may from time to time determine or as the business of the Association may require.

ARTICLE FOUR

ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS

4.1 Association Responsibilities. The members will constitute the Association, which shall be responsible for administering and enforcing the covenants, conditions and restrictions contained in the Declaration, including with respect to the collection and disbursement of charges and assessments as provided therein, and coordinating with other homeowners' associations in the adjacent subdivisions in administering and enforcing such covenants, conditions and restrictions through their respective boards of directors. In the event of any dispute or disagreement between any members relating to the land, or any questions of interpretation or application of the provisions of the Declaration, Certificate of Formation or these Bylaws, such dispute or disagreement shall be submitted to the Board of Directors of the Association. The resolution of such dispute or disagreement by such Board of Directors 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 such Board of Directors.

4.2 Place of Meeting. Meetings of the Association shall be held at such suitable place, reasonably convenient to the members, within the State of Texas, County of Denton, as the Board of Directors may determine.

4.3 Annual Meetings. The first meeting of the Association shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the members shall be held on the same day of the same month of each year thereafter unless otherwise determined by the Board. At such meetings, there shall be elected a Board of Directors by ballot of the members in accordance with the requirements of Article Five of these Bylaws. The members may also transact such other business of the Association as may properly come before them at such meeting. If the day for the annual meeting of the members is a legal holiday, the meeting will be held at the same hour on the first day following such day which is not a legal holiday.

4.4 Special Meetings. It shall be the duty of the President of the Association to call a special meeting of the members as directed by resolution of the Board of Directors or upon receipt of a written request of members entitled to vote at least one-fourth (1/4) of all of the votes of either class of membership. No business except as stated in the notice shall be transacted at a special meeting of the members. Any such meetings shall be held after the first annual meeting and shall be held within forty-five (45) days after receipt by the President of such request or petition.

4.5 Notice of Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered by the Secretary or Assistant Secretary of the Association not less than fifteen (15) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the books of the Association, with postage thereon prepaid. Business transacted at any special meeting shall be confined to the purposes stated in the notice or waiver thereof.

4.6 Quorum. The holders of one-tenth (1/10) of the votes of each class of membership, represented in person or by proxy, shall constitute a quorum for any meetings of member except as otherwise provided in the Certificate of Formation, the Declaration or the Bylaws. If, however, such quorum shall not be present or represented at any meeting of the members, the members present, or

represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which may have been transacted at the meeting as originally notified.

4.7 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease upon conveyance by a member of his lot.

4.8 Voting by Association and Members. The Association shall not be a voting member of the Association by virtue of its ownership of any Lot. Each member may vote the number of votes and in manner set forth in the Declaration and Certificate of Formation. Any member whose account reflects unpaid assessments, late charges, interest or costs of collection incurred in collecting unpaid assessments, shall have his or her voting rights automatically suspended until such time as said unpaid balance is paid in full. Any member whose voting rights have been suspended pursuant to this section shall be deemed not in good standing.

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

- (a) roll call and certifying proxies;
- (b) proof of notice of meeting or waiver of notice;
- (c) reading and disposal of unapproved minutes of prior meetings;
- (d) reports of officers;
- (e) reports of committees;
- (f) election of directors;
- (g) unfinished business;
- (h) new business; and
- (i) adjournment.

4.10 Membership List. The officers or agent having charge of the membership books shall make, at least five (5) days before each meeting of members, a complete list of the members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and number of votes held by each, which list, for a period of five (5) days prior to such meeting, shall be kept on file at the principal office of the Association, and shall be subject to inspection by any member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting, and shall be subject to the inspection of any

member during the whole time of the meeting. The original member books shall be prima facie evidence as to who are the members entitled to examine such list or to vote at any such meeting of members.

4.11 Action Taken Without a Meeting. Any action required by statute to be taken at an annual or special meeting of the members, or any action which is otherwise permitted by law or by these Bylaws, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of members. Subject to the provision required or permitted by statute for notice of meetings, unless otherwise restricted by the Certificate of Formation or these Bylaws, the members may participate in and hold a meeting by means of telephone conference or similar communications equipment by which all persons participating in the meeting can hear each other.

ARTICLE FIVE

BOARD OF DIRECTORS

5.1 Number and Qualification. Until the first meeting of the Association, the affairs of the Association shall be governed by a Board of Directors consisting of the three (3) persons delineated in the Certificate of Formation of the Association. At such first meeting, there shall be elected five (5) directors to the Board of Directors who shall thereafter govern the affairs of the Association until their successors have been duly elected and qualified.

5.2 Power and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the affairs of the Association and for the operation and maintenance of the land in keeping with the character and quality of the area in which it is located. The business and affairs of the Association shall be managed by or under the direction of the Board of Directors which may execute all such powers of the Association and do all such lawful acts and things as are not by statute, the Certificate of Formation, these Bylaws or the Declaration directed or required to be exercised to be done by the members. In addition to the foregoing, and not in limitation thereof, the Board of Directors shall have the power to suspend a member's right, and such member's family's right, to use and enjoy the areas of Common Responsibility (as defined in the Declaration) in the event said member's property is in violation of the Declaration or the member is not in good standing. Notwithstanding the foregoing, the rights to use and enjoy the Areas of Common Responsibility of a member may not be suspended unless and until the said member has received notice and an opportunity to request a hearing before the Board of Directors under Chapter 209 of the Texas Property Code (including any successor statute).

5.3 No Waiver of Rights. The omission or failure of the Association or any member to enforce the covenants, conditions, restrictions, easements, uses, liens, limitations, obligations or other provisions of the Declaration, these Bylaws or the rules and regulations adopted pursuant thereto or hereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same at any time thereafter.

5.4 Election and Term of Office. At the first meeting of the Association, the members shall elect five (5) persons to serve as directors. Upon the election of directors at the first annual meeting of the members, the term of office for one director shall be fixed at three (3) years, the term of office for two directors shall be fixed at two (2) years and the term of office for the remaining director shall be fixed at one (1) year. Thereafter, the term of office for each director shall be fixed at two (2) years. Each director shall hold office until his or her successor shall have been fully elected and qualified. At each election, the persons receiving the greatest number of votes shall be the directors.

5.5 Vacancies. Vacancies in the Board of Directors caused by death, resignation or disqualification (i.e., by any reason other than the removal of a Director by a vote of the Association as set forth in Section 5.6 hereof) shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall be a Director until his successor is elected at the next annual meeting of the Association to serve out the unexpired term (if any) of his predecessor in office. Vacancies in the Board of Directors caused by a removal of a Director by a vote of the Association shall be filled in the manner set forth in Section 5.6 hereof.

5.6 Removal of Directors. At any annual or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by the affirmative vote of a majority of members of each class entitled to vote who are present at a meeting at which a quorum is present, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the members shall be given an opportunity to be heard at the meeting.

5.7 Organizational Meeting. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the members at the annual meeting, and no notice of such meeting shall be necessary to the newly elected directors in order legally to constitute the meeting, provided a quorum shall be present. In the event of the failure of the members to fix the time and place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the members, the meeting shall be held within ten (10) days after the annual meeting of the members at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to newly elected Directors in order to legally constitute such meeting, provided a quorum of the board of Directors shall be present.

5.8 Regular Meeting. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one (1) such meeting shall be held during each calendar year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

5.9 Special Meeting. Special meetings of the Board of Directors may be called by the President upon five (5) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President, Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one (1) or more Directors.

5.10 Meeting by Telephonic Means. Members of the Board of Directors may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 5.10 shall constitute presence in person at the meeting.

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

5.12 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors in office shall constitute a quorum for the transactions of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. Directors present by proxy may not be counted toward a quorum. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time, without notice other than announcements at the meeting, until a quorum shall be present. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

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

5.14 Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at any meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

5.15 Nomination and Election of Directors. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meetings. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more members or representatives of a member of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from members or non-members. The appropriate number of members of the Board of Directors shall be elected at the annual meeting of members of the Association, which members of the Association shall vote the number of votes and in the manner set forth in the Declaration and the Certificate of Formation.

ARTICLE SIX

OFFICERS

6.1 Designation. The officers of the Association shall be a President, one (1) or more Vice-Presidents, a Secretary and a Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, appoint. Such officers need not be members of the Board of Directors. The office of President and Treasurer may be held by the same person, and the office of Vice-Presidents and Secretary or Assistant Secretary may be held by the same person.

6.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors, and such new officers shall hold office subject to the continuing approval of the Board of Directors.

6.3 Resignation and Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor appointed at any regular or special meeting of the Board of Directors called for such purpose. An officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date such notice is received, or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

6.4 Vacancies. A vacancy in any office due to the death, resignation, removal or other disqualification of the officer previously filling such office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

6.5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from 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 of Directors or by the members of the Association at any annual or special meetings.

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

6.7 Secretary.

(a) The Secretary shall keep all of the minutes of the meetings of the Board of Directors and the Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct, and shall, in general, perform all the duties incident to the office of Secretary as provided in the Declaration, Bylaws and Certificate of Formation.

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

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

6.9 Treasurer.

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

(b) The Treasurer shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors at its regular meetings, or when the Board of Directors so requires, an account of all his transactions as Treasurer, and of the financial condition of the Association.

ARTICLE SEVEN

INDEMNIFICATION OF OFFICERS AND DIRECTORS

7.1 Indemnification.

(a) The Association shall indemnify, to the extent provided in the following paragraphs, any person who is or was a director, officer, agent or employee of the Association. In the event the provisions of indemnification set forth below are more restrictive than the provisions of indemnification allowed by the TBOC, then such persons named above shall be indemnified to the full extent permitted by the TBOC as it may exist from time to time.

(b) In case of a threatened or pending suit, action or proceeding (collectively, "Suit"), civil, criminal, administrative or investigative (other than an , action by reason of such person's holding a position named in such paragraph (a), the Association shall indemnify such person, if such person satisfies the standard contained in paragraph (c) below, for amounts actually and reasonably incurred by such person in connection with the defense or settlement of the Suit as expenses (including court costs and attorneys' fees), amounts paid in settlement, judgments, penalties (including excise and similar taxes), and fines.

(c) A person named in paragraph (a) above will be indemnified only if it is determined in accordance with paragraph (d) below that such person:

- i. acted in good faith in transaction which is the subject of the Suit; and
- ii. reasonably believed;

(A) if acting in his or her official capacity as director, officer, agent or employee of the Association, that his or her conduct was in the best interests of the Association; and

(B) in all other cases, his or her conduct was not opposed to the best interests of the Association; and

- iii. in the case of any criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

The termination of a proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, will not, of itself, create a presumption that such person failed to satisfy the standard contained in this paragraph (c).

(d) a determination that the standard in paragraph (c) above has been satisfied must be made:

- i. by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of the vote, are not named defendants or respondents in the proceeding; or
- ii. if such quorum cannot be obtained, by a majority vote of a committee of the Board of Directors designated to act in the matter by a majority vote of all Directors, consisting solely of two (2) or more Directors who at the time of the vote are not named defendants or respondents in the proceeding; or
- iii. by special legal counsel selected by the Board of Directors or a committee of the Board of Directors by vote as set forth in the subparagraphs i or ii above, or, if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all Directors.

(e) Determination as to reasonableness of expenses must be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified by subparagraph (d) iii above for the selection of special legal counsel.

(f) The Association may reimburse or pay in advance any reasonable expenses (including court costs and attorneys' fees) which may become subject to indemnification under paragraphs (a) through (e) above, but only in accordance with the provisions as stated in paragraph (d) above, and only after the person to receive the payments (i) signs a written affirmation of his or her good faith belief that he or she has met the standards of conduct

necessary for indemnification under paragraph (c) above, and (ii) undertakes in writing to repay such advances if it is ultimately determined that such person is not entitled to indemnification by the Association. The written undertaking required by this paragraph must be an unlimited general obligation of the person but need not be secured. It may be accepted without reference to financial ability to make repayments.

(g) The indemnification provided by paragraph (a) through (e) above will not be exclusive of any other rights to which a person may be entitled by law, bylaw, agreement, vote of members or disinterested Directors, or otherwise.

(h) The indemnification and advance payments provided by paragraphs (a) through (f) above will continue as to a person who has ceased to hold a position named in paragraph (a) above and will inure to such person's heirs, executors and administrators.

(i) The Association may purchase and maintain insurance on behalf of any person who holds or has held any position named in paragraph (a) above against any liability incurred by such person in any such position, or arising out of such person's status as such, whether or not the Association would have the power to indemnify such person against such liability under paragraph (a) through (f) above.

(j) Indemnification payments and advance payments made under paragraphs (a) through (i) above are to be reported in writing to the members of the Association in the next notice or waiver of notice of annual meeting, or within twelve (12) months after the payments are made, whichever is sooner.

(k) All liability, loss, damage, cost and expense incurred or suffered by the Association by reason of 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 special assessment.

7.2 Other. The Board of Directors, officers, or representatives of the Association shall enter into contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contracts or commitments (except such liability as may be ascribed to them in their capacity as Owners).

7.3 Interested Directors and Officers.

(a) If paragraph (b) below is satisfied, no contract or transaction between the Association and any of its Directors or officers (or any other corporation, partnership, association, or other organization in which any of them directly or indirectly have a financial interest) shall be void or voidable solely because of this relationship or because of the presence or participation of such Directors or officer at the meeting of the Board of Directors or committee thereof which authorizes such contract or transaction, or solely because such person's votes are counted for such purpose.

(b) The contract or transaction referred to in paragraph (a) above will not be void or voidable if:

(i) the contract or transaction is fair to the Association as of the time it is authorized, approved or ratified by the Board of Directors, a committee of the Board of Directors, or the members; or

(ii) the material facts as to the relationship or interest of each such Director or officer as to the contract or transaction are known or disclosed (A) to the members entitled to vote thereon and they nevertheless in good faith authorize or ratify the contract or transaction by a majority of the members present, each such interested person to be counted for quorum and voting purposes, or (B) to the Board of Directors or a committee of the Board of Directors and the Board of Directors or committee nevertheless in good faith authorizes or ratifies the contract or transaction by a majority of the disinterested Directors present, each such interested Director to be counted in determining whether a quorum is present but not in calculating the majority necessary to carry the vote.

(c) The provisions contained in paragraphs (a) and (b) above may not be construed to invalidate a contract or transaction which would be valid in the absence of such provisions.

ARTICLE EIGHT

AMENDMENTS TO BYLAWS

8.1 Amendment to Bylaws. These Bylaws may be amended at a regular or special meeting of the members by a vote of a majority of a quorum of members in good standing and present in person or by proxy; provided, however, that such authority may be delegated by the majority of such members to the Board of Directors if allowed by the TBOC. In the case of any conflict between the Certificate of Formation and these Bylaws, the Certificate shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE NINE

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS

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

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

ARTICLE TEN

GENERAL

10.1 Assessments of Liens. As more fully provided in the Declaration, each Member shall pay to the Association annual and special assessments which are secured by a continuing lien upon the lot against which the assessment is made.

10.2 Abatement and Enjoyment. The violation of any rule or regulation, or the breach of any Bylaws or any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in the Declaration or herein, to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of such violation or breach. The Association, by and through its Board of Directors, is specifically authorized and empowered to promulgate (and amend from time to time) a comprehensive enforcement policy with respect to violations of the Declaration. Such policy or system shall comply with Section 209.006 and Section 209.007 of the Texas Property Code (including any successor statute) and may include, without limitation, component steps such as written warnings, notices of violation, due process hearings and appeals, and the imposition of a discretionary range of monetary fines for violations of the Declaration. Violation fines levied pursuant to any such policy shall be a personal debt of the owner of the Lot upon which the violation fine was levied and the Association will be entitled to its reasonable and necessary attorneys' fees incurred in enforcing the Declaration and collecting the violation fines.

10.3 Committees. The Association may appoint an Architectural Control Committee, subject to the terms of and as provided in the Declaration, and a Nominating Committee, as provided in these Bylaws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

10.4 Books and Records. The books, records and accounts of the Association shall, at reasonable times upon reasonable written notice, be subject to inspection by any member at such member's sole cost and expense. The Declaration, the Certificate of Formation and the Bylaws of the Association shall be available for inspection by any member at the principal office of the Association, and copies of such documents may be purchased from the Association at a reasonable cost.

10.5 Non-Profit Association. This Association is not organized for profit. No member of the Association, member of the Board of Directors, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of, any member of the Board of Directors, officer or member; provided, however, that (a) reasonable compensation may be paid to any member, Director or officer while acting as an agent or employee of a third party for services rendered to the Association in effecting one or more of the purposes of the Association, and (b) 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.

10.6 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 the President or any Vice President, and the Secretary or any Assistant Secretary, of the Association.

10.7 Proxy for Beneficiary or Mortgagee Under Deed of Trust. Owners shall have the right to irrevocably constitute and appoint their Mortgagees their true and lawful attorney to vote their lot 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 they have as owners under the Bylaws of this Association or by virtue of the Declaration. Such proxy shall become effective upon the filing of a notice by the beneficiary with the Secretary or Assistant Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy be reason of the failure, neglect or refusal of the Association or the owners to carry out their duties as set forth in the Declaration. Such proxy shall be valid until such time as a release of the beneficiary's deed of trust is executed and a copy thereof delivered to the Secretary or Assistant Secretary of the Association, which shall operate to revoke such proxy. Such proxy may be terminated prior to such revocation by the beneficiary's delivering written notice of such termination to the Secretary or Assistant Secretary of the Association. Nothing herein contained shall be construed to relieve owners of, or to impose upon the beneficiary of the Deed of Trust, the duties and obligation of an owner.

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

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

10.1 Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation of the Association.

IN WITNESS WHEREOF, the undersigned has hereunto set his hand this ____ day of _____, 2014.

Name: _____, Secretary