

**BYLAWS
OF
516 W BONDS RANCH CONDOMINIUM ASSOCIATION**

**ARTICLE 1
NAME, OFFICES**

1.1 Name. The name of this condo association is 516 W Bonds Ranch Condominium Association (the "Association").

1.2 Principal Office. The principal office of the Association shall be as set forth in the Certificate of Formation of the Association. The address of the principal office may be changed from time to time by the Board of Directors.

1.3 Registered Office and Agent. The Association's registered agent and registered office are as set forth in the Certificate of Formation of the Association, as the same may be changed from time to time by the Board of Directors. The registered office of the Association required by the TBOC to be maintained in the State of Texas, may be, but need not be, identical with the principal office.

1.4 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 2
APPLICATION**

These Bylaws are applicable to the Association. In accordance with the terms of the Declaration, Declarant (for such time as Declarant is the owner of any portion of the Property), all present and future Owners as Members of the Association, and any other Person who may be permitted to use the Common Elements are subject to these Bylaws and to any Regulations adopted from time to time by the Board of Directors. Ownership, rental or occupancy of any Unit in the Property shall be deemed conclusively to mean that the Owner, Tenant or occupant has accepted, ratified and will comply with these Bylaws and the Governing Documents.

**ARTICLE 3
PURPOSE**

The purpose of the Association is to promote the health and welfare of the Members and to protect and enhance the value of the Property, including, without limitation, providing for the management, and when applicable, the maintenance, repair and replacement of the General Common Elements. The Association does not contemplate pecuniary gain or profit to its Members as a result of membership in the Association.

**ARTICLE 4
DEFINITIONS**

4.1 Definitions. The following terms have the meanings set forth below:

“Act” means the Uniform Condominium Act, Texas Property Code, Chapter 82, Section 82.001 et seq., as amended from time to time.

“Assistant Secretaries” means the Officer(s) of the Association having the duties described in Section 8.8 of these Bylaws.

“Assistant Treasurers” means the Officer(s) of the Association having the duties described in Section 8.9 of these Bylaws.

“Board of Directors” or “Board” means the individuals serving as Directors pursuant to Article 7 of these Bylaws and their successors as duly elected and qualified from time to time.

“Bylaws” means these Bylaws of the Association.

“Code” means the Internal Revenue Code of 1986, as amended.

“Declarant” means 516 W Bonds Ranch Limited Liability Company, a Texas limited liability company, and its successors and assigns.

“Declaration” means the Declaration of Covenants, Conditions, and Restrictions for the Association, and all recorded amendments and supplements thereto.

“Director” means a member of the Board of Directors.

“Manager” means Hahei Management Corp., d/b/a Office Equity Solutions, and its successors and assigns.

“Member” means all present and future Owners of any Unit in the Condominium (including Declarant) as provided for herein.

“Minute Book” means the minute book of the Association that contains the minutes of all annual and special meetings of the Members and the Board of Directors and all resolutions of the Board of Directors.

“Officer(s)” means the Officer(s) described in Article 8 of these Bylaws.

“Past Due Rate” means 18% per annum, subject to the applicable maximum lawful rate of interest under Texas law.

“President” means the Officer of the Association having the duties described in Section 8.4 of these Bylaws.

“Secretary” means the Officer of the Association having the duties described in Section 8.5 of these Bylaws.

“TBOC” means the Texas Business Organizations Code, as amended from time to time.

“Treasurer” means the Officer of the Association having the duties described in Section 8.6 of these Bylaws.

“Vice President” means the Officer of the Association having the duties described in Section 8.7 of these Bylaws.

Any capitalized term that is not defined in this Section has the meaning set forth in the Declaration.

4.2 Interpretation. In the event of a conflict of interpretation between the provisions set forth in these Bylaws and the Declaration, the Declaration governs. In the event that the Code is hereafter amended or changed, both the Declaration and these Bylaws must be interpreted in a manner that conforms to the provisions of the Code with respect to non-profit entities, it being the intention to preserve the status of the Association as a non-profit entity. In the event of a direct conflict between the provisions of these Bylaws and the mandatory provisions of the TBOC, such provisions of the TBOC will be controlling, provided however, in the event of a conflict between any other provision of these Bylaws and the TBOC, the provisions of these Bylaws will be controlling.

Article 5 **Membership**

5.1 Membership. Each Owner is automatically a Member of the Association.

5.2 Votes. The number of votes which each Member shall be entitled to cast with respect to any matter on which Members shall be entitled to vote shall be as set forth in the Declaration. In cases where more than one Person owns an interest in a Unit, all such Persons must arrange among themselves for one of them to exercise the voting rights herein established. If only one of the Persons is present at a meeting of the Association, that Person may cast that Unit’s vote. If more than one of the Persons is present and after such Person casts the vote, another Person present makes prompt protest to the person presiding over the meeting, such vote is not counted unless all such Persons can unanimously agree on such vote by the end of the meeting. Each person that owns a portion of title to a Unit may vote or register protest to the casting of votes by the other Persons owning an interest in the same Unit through a proxy duly executed by such Member. A Person may not revoke a proxy except by giving actual notice of revocation to the person presiding over the meeting. A Member’s membership in the Association shall terminate automatically whenever such Member ceases to be an Owner; provided, however, that such termination shall not release or relieve such Member from any liability or obligation arising under the Declaration that was incurred during its period of ownership of a Unit. Any transfer of title to any Unit (as defined in the Declaration) shall operate automatically to transfer membership in the Association appurtenant to such Unit to the new Owner.

5.3 Member in Good Standing. A Member shall be considered to be a “Member in Good Standing” and eligible to vote if such Member: (a) has, at least twenty-four (24) hours prior to the taking of a vote by the Association, fully paid all Assessments (as defined in the Declaration) levied by the Association; and (b) has discharged all other obligations to the Association as may be required of the Members under the Governing Documents. The Board of Directors of the Association shall have the right, in its sole discretion, to waive the twenty-four (24) prior payment requirement and require only that such payment be made at any time before such vote is taken. Any Member not conforming with the provisions of this Section shall be declared by the Board of Directors not to be a Member in Good

Standing and shall not be entitled to vote on matters before the Association until such time as the Member in Good Standing status is attained and so declared by the Board of Directors.

5.4 Affirmative Vote. Except as otherwise provided herein or in the Declaration, the Members are entitled to vote upon any decision or resolution, and the majority of votes cast determines the passage of any decision or resolution. A vote may be cast either in person or by proxy by Members of record who are entitled to vote. Notice and quorum requirements are as set forth herein. Cumulative voting is not permitted. Any Member whose voting rights have been suspended under any provision of the Declaration is not entitled to vote.

5.5 Membership List. The Secretary is responsible for maintaining, at the principal office of the Association, an updated list of Members and their last known mailing addresses as provided by each Member in such form and containing such other information as required by the TBOC. The list must also show opposite each Member's name the address of the Unit he owns. The list must be revised by the Secretary to reflect changes in the ownership of Unit(s) occurring prior to the date of the annual or special meeting. The list must be open to inspection by all Members and other Persons lawfully entitled to inspect the list during regular business hours up to the date of each annual or special meeting. The Secretary must also keep current and retain custody of the Minute Book.

5.6 Proxies. Votes may be cast by written proxy or by ballot. Written proxies may be submitted by United States mail, delivered to the office of the Association, delivered directly to the Secretary or delivered in such other manner as directed by the Association. A proxy vote is a written vote submitted by a Member which either states the specific vote of the Member with respect to the issues, resolutions or election being voted on by the Members at the annual or special meeting or which is written permission for the Board of Directors or a specific Director to exercise the Member's vote(s) as the Board of Directors or the specific Director sees fit. A proxy shall be valid for the meeting specified in the proxy or any valid continuation of such meeting. Each proxy will be valid after eleven (11) months from the date of its execution unless otherwise provided therein. A Member may not revoke a proxy except by giving actual written notice of revocation to the Person presiding over the meeting.

5.7 Quorum. Members holding sixty-seven percent (67%) of the aggregate votes entitled to be cast by Members in Good Standing represented at a meeting of Members in person or by proxy shall be necessary and sufficient to constitute a quorum for the transaction of business at such meeting. If a quorum is not present at any meeting, the Members present and entitled to vote at such meeting may adjourn the meeting from time to time, without further notice other than an announcement at that meeting, until a quorum is present. At any such adjourned meeting at which a quorum is later present, any business may be transacted which might have been transacted at the meeting as originally convened. Any Member who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened shall not be counted toward a quorum.

ARTICLE 6

MEETINGS

6.1 Place of Annual and Special Meetings. All annual and special meetings of the Members of the Association may be held at the principal office of the Association or at another suitable and convenient place permitted by law and fixed by the Board of Directors from time to time and designated

in the notices of the meetings.

6.2 Date of Annual Meetings. The first annual meeting of the Members shall be held within 18 months of the Association's formation. Thereafter, annual meetings of the Members must be held at least once each year on a date fixed by the Board of Directors by written notice to the Members. The Members may transact any business that may properly come before the meeting.

6.3 Notice of Annual Meetings. The Secretary must mail notices of annual meetings to each Member directed to the most recent post office address provided to the Association by such Member, as shown on the records of the Association, by regular mail, postage prepaid. This notice must be mailed not less than ten (10) nor more than sixty (60) days before the date of the meeting and must state the date, time and place of the meeting, the purpose or purposes thereof and the items on the agenda, including the specific nature of any proposed amendment or change to the Governing Documents. In lieu of mailing notice as herein provided, notice may be delivered by hand to the Members or left at the Unit address in their absence.

6.4 Special Meeting. A special meeting of the Members may be called by the President, a majority of the Directors, or upon presentation to the Secretary of a petition stating the specific purpose of the special meeting, which petition has been signed by the Members having not less than twenty percent (20%) of the votes entitled to be cast at such meeting.

6.5 Notice of Special Meetings. The Secretary must mail or deliver notice of any special meeting of the Members of the Association to each Member in the manner provided in Section 6.3 of these Bylaws. The notice must state the same items required by Section 6.3 of these Bylaws for notices of annual meetings. No business may be transacted at any special meeting except as stated in the notice thereof.

6.6 Agenda. The agenda at all meetings of the Members shall include: a) Roll call; b) Notice of meeting or waiver of notice; c) Reading of minutes of the preceding meeting, and approve of same; d) Reports of Officers and committees; e) Election of Directors, if applicable; f) Unfinished business; g) New business; and h) Adjournment.

6.7 Action Without Meeting. Any action which may be taken by the vote of the Members at an annual or special meeting, other than the election of Directors, may be taken without a meeting if done in compliance with relevant provisions of the TBOC. If an action is taken without a meeting, the Secretary must distribute a written ballot to every Member entitled to vote on the matter. The ballot must set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association. Approval by written ballot is valid only when the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the proposal at an annual or special meeting authorizing the action.

6.8 Administration of Affairs. Subject to the provisions of the Governing Documents, the Association is governed by the Board of Directors. The Association must provide to any Mortgagee so requesting prior written notice of any meeting of the Owners, which request for such notice, once made, relates to all subsequent meetings, and permits its such Mortgagee, its agents and representatives, to attend same.

ARTICLE 7
BOARD OF DIRECTORS

7.1 Authority; Number of Directors. (a) The affairs of the Association are governed by a Board of Directors. The Board of Directors establishes the number of Directors from time to time. The initial Directors are three (3) in number and are those Directors named in the Certificate of Formation. The initial Directors serve until their successors are elected and qualified. Declarant may appoint and remove the Officers and Directors until the termination of the Declarant Control Period. If Declarant voluntarily surrenders the right to appoint and remove the Officers and Directors prior to the termination of the Declarant Control Period, Declarant may require that specified actions of the Board of Directors be subject to Declarant's approval until the expiration of the Declarant Control Period. (b) Each Director, including Directors appointed by Declarant, need not be a Member, or in the case of corporate, partnership or other entity or organization ownership of a Unit, a duly authorized agent or representative of the corporate, partnership or other entity or organization Owner. In any election of Directors, the nominees receiving the highest number of votes, either in person or by proxy, are elected to the Board of Directors.

7.2 Term of Directors and Compensation. Except for the Declarant who may serve as long as they are the Declarant and as otherwise set forth herein and in the Declaration, each Director elected by the Members serves for a term of four (4) years and then until his successor shall be duly elected and shall qualify or until his death, resignation or removal as provided herein. The number of Directors may be changed by amendment to these Bylaws, but may not be less than three (3). A Director takes office upon his election or appointment and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected and appointed. The Directors serve without compensation for such service.

7.3 Nominations to Board of Directors. During the Declarant Control Period, the Directors will be appointed by the Declarant for the period of time as determined by the Declarant in its sole and absolute discretion. Persons may be nominated for election to the Board of Directors in either of the following ways: (a) A Member who is not a Director and who desires to run for election to that position is nominated for election upon his filing with the Board of Directors a written petition of nomination bearing the genuine signature of at least one (1) other Member; or (b) A Director is nominated for re-election to the position he holds by signifying his intention to seek re-election in a writing addressed to the Board of Directors.

7.4 Election of Directors. The nominee, or nominees, as the case may be, receiving the highest number of votes shall be elected to the Board of Directors. Cumulative voting is not allowed.

7.5 Vacancies on Board of Directors. Except with respect to Directors appointed by the Declarant during the Declarant Control Period (which vacancies shall be filled by the Declarant), if the office of any elected Director becomes vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a special meeting duly called for this purpose, must choose a successor to fill the unexpired term of the directorship being vacated. If there is a deadlock in the voting for a successor by the remaining Directors, the Director with the longest continuous term on the Board of Directors selects the successor. At the expiration of the term of his position on the Board of Directors, the successor Director may be re-elected or his successor may be elected in accordance with these Bylaws.

7.6 Removal of Directors. Except with respect to Directors appointed by Declarant during the Declarant Control Period (the removal of which shall only be effected by the Declarant), elected Directors may be removed, with or without cause, by a majority vote of the Members at any special meeting of the Members of which notice has been properly given as provided in these Bylaws; provided the same notice of this special meeting has also been given to the entire Board of Directors, including any individual Director whose removal is to be considered at this special meeting.

7.7 Organizational Meeting of the Board of Directors. Except as otherwise provided herein, no later than thirty (30) days following each of (i) the filing of the Certificate of Formation, (ii) the termination of the Declarant Control Period, and (iii) each annual meeting of the Members, the Board of Directors must hold a regular meeting for the purposes of organization, election of Officers and transaction of other business. Notice of this meeting must be given to all Directors in accordance with Section 7.9 of these Bylaws, except for the initial meeting, which must be called by the Declarant.

7.8 Place of Meetings. All meetings of the Board of Directors may be held at the principal office of the Association or at any other place or places designated at any time by resolution of the Board of Directors or by written consent of all of the Directors. A meeting of the Board of Directors may be held by any method of communication, including electronic and telephonic, by which each Director may hear and be heard by every other Director, and any such meeting may involve consideration of any action, including any action involving a vote on a fine, damage assessment or suspension of a right of a particular Member before the Member has an opportunity to attend a meeting of the Board of Directors to present the Member's position on the issue.

7.9 Regular Board of Directors Meetings. Regular meetings of the Board of Directors may be held at any time and place permitted by law as from time to time may be determined by the Board of Directors. Notice of regular meetings of the Board of Directors must be given to each Director personally, by telegram, telephone, electronic mail, facsimile or by United States mail, with postage prepaid, directed to him at his last known post office address, as the same appears on the records of the Association, at least three (3) but not more than thirty (30) days before the date of the meeting. This notice must state the date, time, place and purpose of the meeting.

7.10 Special Board of Directors Meetings. Special meetings of the Board of Directors may be called by the President on his own accord or by the President or the Secretary upon the written request of any two (2) Directors on three (3) days prior notice to each Director personally, by telegram, telephone, electronic mail, facsimile or by United States mail, with postage prepaid, directed to him at his last known post office address, phone number, facsimile number or electronic mail address, as the same appears on the records of the Association.

7.11 Waiver of Notice. Before any meeting of the Board of Directors, whether annual or special, any Director may, in writing, waive notice of such meeting and such waiver satisfies the required notice. All written waivers must be filed in the Minute Book or made a part of the minutes of the meeting. Participation by a Director at any meeting of the Board of Directors constitutes a waiver by him of the required notice, unless the participation is for the express purpose of objecting to the transaction of business at the meeting on the grounds that the meeting has not been lawfully called or convened. If all Directors are present at any meeting of the Board of Directors, no notice of the meeting is required and any business may be transacted at the meeting, except as prohibited by law or these Bylaws.

7.12 **Quorum.** At all duly convened meetings of the Board of Directors, a majority of the Directors constitutes a quorum for the transaction of business, except as otherwise expressly provided in these Bylaws. The act of a majority of the Directors present at the meeting at which a quorum is present is the acts of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the Directors present may adjourn the meeting from time to time and, at the adjourned meeting at which a quorum is present, any business that might have been transacted at the meeting as originally called may be transacted without further notice to any Director.

7.13 **Consent in Writing.** Any action by the Board of Directors, including any action involving a vote on a fine, damage assessment, or suspension of a right of a particular Member before the Member has an opportunity to attend a meeting of the Board of Directors to present the Member's position on the issue, may be taken without a meeting if all of the Directors unanimously consent in writing to the action. Such written consent must be filed in the Minute Book. Any action taken by such written consent has the same force and effect as a unanimous vote of the Directors.

7.14 **Records.** The Board of Directors must keep a record of all of its acts and the corporate affairs of the Association.

7.15 **Powers and Duties.** Subject to the Governing Documents, the Board of Directors may exercise all powers and duties necessary for the proper administration of the affairs of the Association. In the performance of its duties as the governing body of the Association, the Association has all powers enumerated in Section 82.102 of the Act (as hereinafter amended), and in addition to those powers and duties set forth in the Act and the Declaration, the Board of Directors has the powers and duties including, but not limited to, the following:

(a) Duties: (i) each Director individually, and the Board of Directors collectively, must perform the duties of the Board of Directors in good faith however not acting as a fiduciary; (ii) provide for the operation, maintenance, management, insurance, cleaning, sanitation, renewal, replacement, care and upkeep of the General Common Elements and all property, real or personal, of the Association, if any; (iii) determine the Common Expenses and any other charges comprising the operating expenses of the Association, establish the amount of Monthly Assessments, as the same may increase or decrease, and assess the same against the Members in accordance with the provisions of the Declaration and these Bylaws; (iv) levy and collect, in addition to Monthly Assessments, Special Assessments from time to time as may be necessary or appropriate in the judgment of the Board of Directors to pay nonrecurring Common Expenses relating to the proper maintenance care, alterations, improvements, operation and management of the Property, and the administration of the Association as well as whenever the Board of Directors is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs or additional capital expenses or because of emergencies; (v) levy and collect, in addition to Monthly Assessments and Special Assessments, Individual Assessments against individual Owners or an Owner's Unit for charges properly borne by one (1) or more but less than all of the Owners, such as (without limitation) charges for additional services, damages, or fines or fees; (vi) use and expend any sums collected from Monthly Assessments and Special Assessments for the operation, maintenance, renewal, care and upkeep of the General Common Elements; (vii) maintain the General Common Elements; (viii) maintain, in the Board of Director's discretion, a reserve fund out of Monthly Assessments adequate for the periodic maintenance, repair and replacement of the General Common Elements; (ix) pay all taxes and

assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Owner or otherwise properly chargeable to the Member; (x) collect delinquent Assessments against any Unit and the Owner thereof, whether by suit or otherwise and to abate any nuisance and enforce the terms of the Declaration and the observance of the Regulations by injunction or other legal action or means which the Board of Directors may deem necessary or appropriate; (xi) establish operating, escrow and other accounts in the name of the Association as the Board of Directors may deem appropriate from time to time and as may be consistent with generally accepted accounting practices; (xii) adopt a Budget for each fiscal year that contains estimates of the Common Expenses and proposed Monthly Assessments; (xiii) cause a review of the books and accounts of the Association to be made at the end of each fiscal year and at any other time or times deemed necessary; (xiv) maintain accounting records in accordance with accounting principles on the cash basis; and (xv) make and enforce compliance with the Rules and Regulations relative to the operation, use and occupancy of the Property, including, but not limited to, penalties to be levied for violations of these Bylaws, the Declaration and the Rules and Regulations adopted by the Board of Directors, and to amend the same from time to time as and when approved by appropriate resolutions binding on the Owners, tenants and occupants of Units, their successors in title and assigns.

(b) Powers: (i) employ and dismiss personnel of the Association, and to purchase or arrange for those services, machinery, equipment, tools, materials and supplies as, in the opinion of the Board of Directors, may from time to time be necessary for the proper operation and maintenance of the General Common Elements; (ii) subject to Section 7.17 of these Bylaws, enter into contracts for management of the Property and the Association, at such prices and upon such terms as may be determined by the Board of Directors, to perform those duties and services; (iii) employ or retain and receive advice from professional counsel and consultants, including, but not limited to, landscape architects, architects, engineers, planners, biologists, lawyers and accountants. The Board of Directors are entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (A) one or more Officers or employees of the Association; (B) counsel, public accountants; and (C) a committee of the Board of Directors duly designated in accordance with law, as to matters within its designated authority; (iv) name as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any insurance trust agreement or any successor to this trustee (each of whom is referred to herein as the "Insurance Trustee"), who has exclusive authority to negotiate losses under any policy providing insurance coverage. The Association or any Insurance Trustee or substitute Insurance Trustee designated by the Association has the power to act as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses, execution of releases of liability and the execution of all documents and the performance of all other acts necessary to accomplish these purposes; (v) establish depositories for the funds of the Association with the bank or banks as designated from time to time by the Board of Directors and in which monies of the Association may be deposited; (vi) invest monies of the Association in any investments which the Board of Directors determines; (vii) borrow and repay monies and give notes, mortgages or other security determined by the Board of Directors; (viii) acquire by purchase, gift, annexation or lease, real or personal property; (ix) grant and reserve easements, leases, licenses or concessions for

utilities, routes of ingress and egress, or any other purpose, over the General Common Elements and to amend the Map to show such interests; and (x) do all things incidental and necessary to the accomplishment of the above. The duties and powers imposed on the Board of Directors by this Section 7.15 may not be amended so as to reduce or eliminate any duties or powers of the Board of Directors without the affirmative vote of at least sixty-seven percent (67%) of the votes of Members voting at the meeting called to consider such amendment.

7.16 Annual Budget and Assessments. Copies of the proposed Budget setting forth the proposed monthly Common Expenses, proposed reserves and proposed Assessments for the next fiscal year of the Association shall be prepared by the Board of Directors and be available to all Members for inspection during regular business hours at the Association's office. If the proposed Budget is subsequently amended before the Assessments are made, a copy of the amended Budget shall also be distributed and made available for inspection. Any reserve fund instituted by the Board of Directors shall include reasonable amounts to be credited, allocated or accumulated for replacement of those General Common Elements that require replacement, renovation or rehabilitation periodically. Subject to the provisions of the Declaration, nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time and in its sole discretion, to levy a Special Assessment in the event that the Budget as originally adopted shall appear to be insufficient to pay the cost of the operation or management of the Property or in the event of emergencies.

7.17 Manager. The Board of Directors may delegate to the Manager responsibility for matters of a routine nature, renewable by agreement of the parties thereto for successive five year periods. After the Manager has been appointed, no decision by the Association to manage its own affairs without the Manager shall be effective unless and until approved by the affirmative vote of sixty-seven percent (67%) of the votes of the Members voting at the meeting called to consider such matter with the written consent of at least fifty-one percent (51%) of the Mortgagors.

7.18 Open Meeting. Meetings of the Members and the Board of Directors are open to all Members. Subject to applicable law, the Board of Directors may adjourn a meeting and reconvene in private, closed executive session to consider any actions involving personnel, pending litigation, contract negotiations, enforcement actions, or the invasion of privacy of individual Owners, or upon the request of an affected party, or to consider matters that are confidential in the opinion of the Board of Directors; provided, however, the Board of Directors must announce the general nature of the business to be considered in such executive session prior to adjourning the meeting.

ARTICLE 8

OFFICERS

8.1 Officers. The Officers of the Association (the "Officers") are a President, one or more Vice Presidents, Secretary, one or more Assistant Secretaries, Treasurer, and one or more Assistant Treasurers. The offices of President and Secretary may not be held by the same person. The Secretary may be eligible to hold the office of Treasurer. A Director must be elected as President. The Treasurer and Secretary need not be Directors. The Company need not have any Vice President, Assistant Secretary or Assistant Treasurer.

8.2 Election. Except as set forth herein, the Officers must be elected annually by the Board of Directors at the annual meeting held pursuant to Section 7.8 of these Bylaws and hold office until

their successors are elected or appointed by the Board of Directors; provided that each Officer may be removed, either with or without cause, and his successor elected by the affirmative vote of a majority of the Directors at any annual or special meeting of the Board of Directors called for that purpose. Each Officer shall hold office for the term for which such Officer is designated until his successor shall be duly designated and shall qualify or until his death, resignation or removal as provided herein. The Board of Directors may, from time to time, appoint other Officers who, in its judgment, are necessary. Any Officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary. Any resignation shall take effect as of the date of the receipt of this notice or any later time specified therein; unless specified therein, the acceptance of a written resignation shall not be necessary to make it effective.

8.3 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause must be filled by election by the affirmative vote of a majority of the Directors at any annual or special meeting of the Board of Directors called for that purpose.

8.4 President. The President is the chief executive Officer of the Association and presides at all meetings of the Members and the Board of Directors. The President has the general powers and duties usually vested in the office of the president of a community association, including, but not limited to, the power to appoint committees from the Members, from time to time, as he may deem appropriate to assist in the conduct of the affairs of the Association; provided, however, no such committee has the right to exercise the full authority of the Board of Directors. The President is an ex-officio member of all standing committees, if any. The President may execute deeds, contracts and other instruments in the name and on behalf of the Association and under its corporate seal when a seal is required, except when these documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof is delegated by the Board of Directors to another Officer or agent of the Association.

8.5 Secretary. The Secretary must attend all meetings of the Board of Directors and all meetings of the Members and record all votes and the minutes of all meetings and proceedings, including resolutions, in the Minute Book. The Secretary must perform the same duties for any committees when required. The Secretary has charge of the Minute Book, the records of the Association and any papers that the Board of Directors directs the Secretary to keep; perform all duties incident to the office of Secretary, including, but not limited to, the sending of notice of meetings to the Members, the Directors and members of any committees, and perform any other duties which may be prescribed by these Bylaws or by the Board of Directors or the President. The Secretary also has custody of the corporate seal and may affix the same to any instrument requiring it when authorized by the Board of Directors and may attest or certify the same when appropriate. The Secretary must keep, or cause to be kept, at the principal office of the Association, a membership register showing the following: (a) the names and addresses of all Directors; (b) the names and addresses of all Members as provided by the Members; (c) the Unit that is owned by each Member; and (d) the voting weight of each Member. The Secretary may prepare, execute and cause the recordation of amendments to the Declaration on behalf of the Association except when the preparation, execution and recordation thereof is delegated by the Board of Directors to another Officer or agent of the Association. Nothing shall prohibit the functions of the Secretary to be delegated to an agent of the Association provided this delegation is approved by resolution of the Board of Directors. The delegation of the duties of the Secretary shall not relieve the Secretary from any responsibility related to overseeing and reviewing any duties performed by the agent.

8.6 **Treasurer.** The Treasurer has the responsibility for the Association's funds and securities, must keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and must deposit all monies, checks and other valuable effects in the name of and to the credit of the Association in those depositories which may be designated from time to time by the Board of Directors. The Treasurer must disburse the funds of the Association, as the Treasurer may be ordered to do from time to time by the Board of Directors or by the President, and must render to the President and the Directors at the regular meetings of the Board of Directors, or whenever they or either of them requires, an account of his or her transactions as Treasurer and of the financial condition of the Association. Nothing prohibits the functions of the Treasurer to be delegated to an agent of the Association provided this delegation is approved by resolution of the Board of Directors. The delegation of the duties of the Treasurer does not relieve the Treasurer from any responsibility related to overseeing and reviewing any duties performed by the agent.

8.7 **Vice President.** In the absence of the President or in the event of his or her inability or refusal to act, the Vice President, if any, shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

8.8 **Assistant Secretaries.** The Assistant Secretaries, if any, in the order of their seniority, shall perform the duties as are given to them by the Board of Directors or by the Secretary. At the request of the Secretary, or in his or her absence or disability, the Assistant Secretary designated by the Secretary (or in the absence of such designation the senior Assistant Secretary), shall perform the duties and exercise the powers of the Secretary.

8.9 **Assistant Treasurers.** The Assistant Treasurers, if any, in the order of their seniority, shall perform the duties as are given to them by the Board of Directors or by the Treasurer. At the request of the Treasurer, or in his or her absence or disability, the Assistant Treasurer designated by the Treasurer (or in the absence of such designation, the senior Assistant Treasurer), shall perform the duties and exercise the powers of the Treasurer.

8.10 **Compensation.** The Officers and Directors are entitled to compensation at rates determined by the Board. Officers and Directors are entitled to reimbursement of all expenses. All such amounts shall be paid by the Association as a Common Expense.

ARTICLE 9

COMMITTEES

9.1 **Committee Having Board Authority.** The Board of Directors by resolution may designate one (1) or more committees, which, to the extent provided in such resolution or in these Bylaws, shall have and may exercise the authority of the Board of Directors, except to the extent restricted by law or the Governing Documents, no such committee shall have the authority of the Board of Directors in Bylaws to electing, filling vacancies or removing Officers or members of any committee of the Board of Directors, approving any dissolution or merger of the Association, disposing or selling all or substantially all of the Association's assets, or altering or repealing any resolution of the Board of Directors. The designation of such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law. Each

such committee shall consist of two (2) or more persons, a majority of whom are Directors and the remainder of whom need not be Directors.

9.2 Committees Not Having Board Authority. Other committees not having and exercising the authority of the Board of Directors in the management of the Association may be designated and appointed by a resolution adopted by a majority of the Directors at a meeting at which a quorum is present. Such committees shall have only the powers specifically delegated to them by the Board of Directors. Membership on such committees may, but need not be, limited to Directors.

9.3 Quorum and Voting. A majority of the members of a committee shall constitute a quorum for the transaction of business at any meeting of such committee, and the act of a majority of the committee members present at a meeting at which a quorum is present shall be the act of the committee.

9.4 Meetings and Notice. Meetings of a committee may be called by the President, the chairman of the committee or a majority of the members of the committee. Each committee shall meet as often as is necessary to perform its duties. The person or persons calling such meeting shall cause notice to be given at any time and in any manner reasonably designed to inform the members of the time, date and place of the meetings. Each committee shall keep minutes of its proceedings.

9.5 Resignations and Removals. Any member of a committee may resign at any time by giving notice to the chairman of the committee or the Secretary. Unless otherwise specified in the notice, such resignation shall take effect upon receipt thereof, and the acceptance of such resignation shall not be necessary to make it effective. The Board of Directors may remove at any time, with or without cause, any Member of any committee whenever in the sole and exclusive judgment of the Board of Directors the best interests of the Association will be served thereby. The appointment of a person to a committee shall not of itself create contract rights.

9.6 Committee Composition. The directors on each committee are to be appointed by the President subject to the approval of the Board of Directors. The Board of Directors shall have the power at any time to appoint Members to serve on, to fill vacancies in, to change the membership of, and to discharge any committee.

ARTICLE 10 INDEMNIFICATION

The Association shall indemnify Declarant, Directors, Officers, employees and agents of the Association to the fullest extent required by Chapter 8 of the TBOC and may indemnify such persons to the fullest extent. The Association shall have the power to purchase and maintain at its cost and expense insurance on behalf of such persons and such costs shall be a Common Expense. Notwithstanding any provision of this Article to the contrary, the Association shall not indemnify any person described in this Article if such indemnification, based upon communication with the Internal Revenue Service or opinion of legal counsel retained by the Board and paid as a Common Expense: (1) would jeopardize the Association's tax-exempt status under Section 501 (c)(4) of the Code, or (2) if the Association is determined to be a private foundation for federal income tax purposes, would cause the imposition of the federal excise tax for self-dealing under Section 4941 of the Code or for making a taxable expenditure under Section 4945 of the Code.

ARTICLE 11 BOOKS AND RECORDS

The Association must keep or cause to be kept (i) detailed financial records of the Association in sufficient detail to enable the Association to prepare a resale certificate in accordance with the provisions of Section 82.157 of the Act, (ii) if available, the plans and specifications used to construct the Condominium, (iii) the Condominium Information Statement and any amendments thereto, (iv) the name and mailing address of each Owner of a Unit; (v) voting records, proxies and correspondence relating to all amendments to the Declaration, and (vi) the minutes of all meetings of the Association and the Board of Directors. All books and records of the Association must be available for inspection by the Owners, the Mortgagees, and their respective agents and representatives, during normal business hours. All books and records of the Association must be kept in accordance with either cash basis of accounting or generally accepted accounting principles, consistently applied, and must be audited at least once a year by an independent auditor who need not be a certified public accountant and the cost of such audit shall be paid by the Association as a Common Expense. The Association must make available for review to each Owner, and to each Mortgagee requesting same in writing, copies of the financial statements of the Association within ninety (90) days following written request. The Board of Directors must further make available, during normal business hours, within ninety (90) days following written request, for the inspection by Owners, the Mortgagees, and their respective agents and representatives, the current version of the Governing Documents and all other documents affecting the Association, the Owners or the Property, as well as all amendments thereto and revisions thereof. The cost of any copies shall be reimbursed to the Association at a rate set by the Board of Directors.

ARTICLE 12 WINDING UP

Upon the winding up of the Association, the real and personal property of the Association shall be distributed pursuant to the provisions of the Certificate of Formation or, if no such provision is made, distributed to one or more organizations which are exempt from taxation under Section 501(c)(4) of the Code.

ARTICLE 13 INSURANCE

13.1 Insurance.

(a) Commencing upon the first conveyance of a Unit to an Owner other than the Declarant, the Association must obtain and maintain, as a Common Expense, the following described insurance coverages: A commercial general liability insurance policy covering all General Common Elements. Such coverage must not be for less than \$1,000,000 for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Such coverage must be for all occurrences commonly insured against and must include, without limitation, legal liability of the insureds for property damage, bodily injuries, medical payments, and deaths of persons arising out of or in connection with the use, ownership or maintenance of the General Common Elements. The name of the insured under the foregoing described policy must name the Association as a co-insured. Notwithstanding the foregoing, the above-referenced policy may be issued in the name of an authorized representative of the Association,

including any insurance trustee (or any successor to such trustee) with whom the Association has entered into an insurance trust agreement for the use and benefit of the Owners. Loss payable provisions must be in favor of the Association (or such insurance trustee) as a trustee for each Owner and each such Owner's Mortgagee. Each Owner and such Owner's Mortgagee, if any, are beneficiaries of such policies in the percentage set forth as to such Owner's Unit in the Declaration.

(b) Insurance policies may contain such mortgagee protection clauses as may be required by the Mortgagees. No such policies nor the constituent documents of the company issuing them may contain any provisions for requiring contributions or making assessments against the Association, the Owners, or any Mortgagee (or any successor or assign of any Mortgagee) nor may such policies or such constituent documents provide that loss payments are contingent upon any action by such company's board of directors, policy holders or members, nor may such policies contain any limiting clauses (other than insurance conditions) which could prevent any Owner or Mortgagee from collecting insurance proceeds.

(c) Insurance policies must provide that: (i) each Owner is an insured person under such policies with respect to liability arising out of the Owner's ownership of an undivided interest in the Common Elements or membership in the Association; (ii) against individual Owners; insurance trust agreements will be recognized; (iii) the insurer waives its right to subrogation under the policies; (iv) the coverage of the policy is not prejudiced by any act or omission of an individual Owner to the extent that such act or omission is not within the collective control of all Owners; (v) such policy is primary insurance if at the time of a loss under the policy any Owner has other insurance covering the same property covered by the policy; (vi) no action or omission by any Owner, unless validly exercised on behalf of the Association, will void the policy or be a condition to recovery under the policy; (vii) the policy may not be canceled, nor may renewal be refused, except after thirty (30) days prior written notice to the Association; and (viii) they will not lapse, be canceled or modified except after fifteen (15) days' prior written notice to the Association and to each Mortgagee listed as such in such insurance policy.

(d) The Board of Directors has the express authority, on behalf of the Association, to name as insured an authorized representative, including any trustee (or successor thereto) with whom the Association has entered into any insurance trust agreement, who has exclusive authority to negotiate losses under any policy providing the commercial general liability insurance required to be provided herein.

(e) By acceptance of a deed to a Unit, an Owner irrevocably appoints the Association (which appointment is a power coupled with an interest), together with any insurance trustee, successor trustee or authorized representative designated by the Association, as such Owner's attorney-in-fact for the purpose of purchasing and maintaining the insurance required hereunder as well as for submission of and adjustment of any claim for loss, the collection and appropriate disposition of the proceeds thereof, the negotiation of losses and execution of releases of liability, the execution of documents, and the performance of all other acts necessary to accomplish such purpose and the Association or such trustee, successor trustee or authorized representative must receive, hold or otherwise properly dispose of any proceeds of insurance in trust for the Owners and the Mortgagees as their interests may appear. Any proceeds paid under such policy must be disbursed first for the repair or restoration of any damaged General

Common Elements, and no Owner or Mortgagee or other lienholder may receive payment of any portion of such proceeds unless a surplus remains after complete restoration or the Condominium has been terminated.

(f) The Association may obtain and maintain such additional insurance coverages hereunder as the Board of Directors may deem necessary or appropriate, including without limitation, liability insurance for all Officers, Directors, trustees and employees of the Association for claims arising out of the administration of the Association. The premiums for all insurance coverages maintained by the Association pursuant to this Section constitute a Common Expense and are payable by the Association.

(g) To the extent not covered by insurance purchased by the Association, an Owner shall obtain and maintain, at such Owner's sole cost and expense, the following: (i) property insurance on the Unit (including, without limitation, coverage of the structural components of the Owner's Unit, the exterior surface of the roof, exterior walls, foundation, all Systems that serve only or are a part of the Owner's Unit, fixtures and appliances therein contained, all Unit doors and windows and the replacement thereof, including, but not limited to, hardware and glass), and any Limited Common Elements that serve only that Unit, insuring against all risks of direct physical loss commonly insured against, including fire and extended coverage, in total amount of the full replacement value of the replacement cost or actual cash value of the insured property as of the effective date and at each renewal date of the policy; (ii) insurance covering all improvements to its Unit and all personal property located thereat or constituting a part thereof; and (iii) sufficient liability insurance coverage to cover any acts or omissions by Unit Owner, its servants, employees, agents, tenants, invitees, and licensees for damage done to other Units. Each Owner shall submit proof of such insurance coverage within ten (10) business days of the Association's written request for documentation of coverage. Nothing herein prohibits an Owner, at his sole cost and expense, from obtaining and maintaining such further and supplementary insurance coverages as he may deem necessary or appropriate.

(h) THE ASSOCIATION, AND EACH OWNER BY HIS POSSESSION OR ACCEPTANCE OF TITLE TO A UNIT, HEREBY WAIVES ANY AND EVERY CLAIM WHICH ARISES OR MAY ARISE IN ITS OR HIS FAVOR AGAINST ANY OTHER OWNER OR THE ASSOCIATION FOR ANY AND ALL LOSS OF, OR DAMAGE TO, ITS OR HIS PROPERTY LOCATED WITHIN OR UPON, OR CONSTITUTING A PART OF, THE CONDOMINIUM, WHICH LOSS OR DAMAGE IS COVERED BY VALID AND COLLECTIBLE FIRE AND EXTENDED COVERAGE INSURANCE POLICIES, TO THE EXTENT SUCH LOSS OR DAMAGE IS RECOVERABLE THEREUNDER. Inasmuch as the foregoing mutual waivers will preclude the assignment of any of such claim by way of subrogation (or otherwise) to an insurance company (or any other party), the Association and each Owner immediately must give, to each insurance company which has issued policies of insurance to such Owner, written notice of the terms of this mutual waiver, and cause such policies to be endorsed, if necessary, to prevent the invalidation of such coverages by reason hereof.

(i) Any portion of the Unit and Limited Common Elements appurtenant to such Unit for which insurance is required that is damaged or destroyed must be promptly repaired or replaced by the respective Owner (*e.g.*, in the event of a casualty to a Unit) unless the Condominium is

terminated, repair or replacement would be illegal under any state or local health or safety statute or ordinance, or the Owners holding at least eighty percent (80%) of the allocated votes (including those Owners whose Units or assigned Limited Common Elements will not be rebuilt or repaired) vote not to rebuild. A vote not to rebuild will not increase an insurer's liability to loss payment obligation under a policy, and the vote does not cause a presumption of total loss. The cost of repair or replacement in excess of the Insurance Proceeds and reserves is an individual Unit Owner's expense. The Insurance Proceeds attributable to Units and Limited Common Elements that are not rebuilt must be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were assigned, or to their Mortgagees, as their interests may appear. If the Owners vote not to rebuild any Unit, that Unit's allocated interests are automatically reallocated as if the Unit had been condemned, and the Association must prepare, execute, and record an amendment to the Declaration reflecting such reallocation. The Association shall not be liable for failure to obtain any insurance coverage required by the Declaration or for any loss or damage resulting from such failure, if such failure is because such coverage is not reasonably available.

(j) Neither the Association nor any Owner shall obtain any policy of insurance where: (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Owner or a Mortgagee or become a lien against the Condominium; (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members; or (iii) the policy includes any limiting clauses (other than insurance conditions) which could prevent the Association, Owners or Mortgagees from collecting Insurance Proceeds.

ARTICLE 14 ENFORCEMENT

14.1 Enforcement. The Board of Directors on behalf of the Association shall have the power, as provided in the Declaration and in accordance with Section 82.102 of the Act, to impose reasonable sanctions against Unit Owners for any violation of the Governing Documents. To the extent specifically required by the Declaration, the Board shall comply with the following procedures prior to imposition of sanctions:

(a) Notice. The Board of Directors or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed (not to exceed \$300.00 per violation), (iii) a period of not less than ten (10) days within which the alleged violator may present a written request for a hearing to the Board of Directors; and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely request for a hearing is not made, the sanction stated in the notice shall be imposed; provided the Board of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the 10-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(b) Hearing. If a hearing is requested within the allotted 10 day period, the hearing shall be held before the Board of Directors to determine whether noncompliance with the Governing Documents exists and, if so, the estimated cost to correct or remedy the problem. The alleged

violator shall be afforded a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the Officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator or its representative appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. If the Board of Directors determines that noncompliance with the Governing Documents exists, Owner shall have thirty (30) days from the date of the Board of Directors' ruling to remedy the problem (unless otherwise extended by the Board of Directors). If Owner fails to timely remove or remedy such noncompliance, the Board may either remove or remedy the noncompliance at Owner's sole cost and expense. If such expenses are not promptly repaid by Owner to the Association, such expenses shall be deemed Special Assessments or Individual Assessments and shall be collectible as such.

(c) Effect of Nonpayment of Assessments. In addition to any remedies provided for herein and in the Governing Documents, any Assessments not paid within fifteen (15) days of the date due (i) incurs a late charge of Twenty-Five and No/ 00 Dollars (\$25.00) and (ii) bears interest at the Past Due Rate, and all Assessments are recoverable by the Association, together with interest and all costs and expenses of collection, including reasonable attorneys' fees, by suit in a court of competent jurisdiction sitting in Tarrant County, Texas.

ARTICLE 15

MISCELLANEOUS

15.1 Fiscal Year. The fiscal year of the Association is the calendar year unless the Board of Directors determines otherwise.

15.2 Amendments to Bylaws. (a) These Bylaws may be amended from time to time by the affirmative vote of the Declarant during the Declarant Control Period, or the Directors or by the affirmative vote, in person or by proxy, of at least 67% of the votes cast by the Members voting at the meetings called to consider such amendment. (b) Notwithstanding any other provision of these Bylaws to the contrary, at no time may any amendment be made to these Bylaws so as to affect or change any power granted to the Declarant without the prior written consent of the Declarant during the Declarant Control Period.

15.3 Inspection of Bylaws. The Association must keep in its principal office the original or a copy of these Bylaws, as amended or otherwise altered to date, certified by the Secretary and open to inspection by the Members during normal business hours.

15.4 Membership Minutes. The membership register and the Minute Book must be open to inspection upon demand of any Member during the normal business hours of the Association, for purposes reasonably related to his interest as a Member.

15.5 Construction. Number and gender as used in these Bylaws extend singular and plural and all genders as the context and construction to and include both require.

15.6 Counterparts. These Bylaws may be signed in counterparts, each of which shall be considered an original and all of which together shall constitute one original.

This is to certify that the foregoing Bylaws of the Association were duly adopted by resolution of the Board of Directors at a meeting of the Board of Directors effective as of Aug 2, 2022, although not necessarily signed on such date.

DIRECTORS:

Peter J. Wangoe II

Daniel Molina

Craig Wilkinson

DECLARANT:

516 W Bonds Ranch Limited Liability Company

By:

James C. Lancaster, President