

Bylaws

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2014 00060455

Instrument Number: 2014-60455

Recorded On: June 24, 2014

As
Amendment

Parties: KINGSRIDGE HOA

To

Billable Pages: 3

Number of Pages: 3

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Amendment	34.00
Total Recording:	34.00

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Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

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Record and Return To:

CHARLES W SPENCER & ASSOC
7920 BELT LINE RD
STE 620
DALLAS TX 75254



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Cynthia Mitchell

County Clerk
Denton County, Texas

**AMENDMENT TO BYLAWS
OF
KINGS RIDGE HOMEOWNERS ASSOCIATION, INC.
[Quorum for Election of Directors]**

**STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF DENTON §**

This AMENDMENT TO THE BYLAWS OF KINGS RIDGE HOMEOWNERS ASSOCIATION, INC. (“**Amendment**”) is made effective as of the date of recordation in the Real Property Records of Denton County, Texas, by Kings Ridge Homeowners Association, Inc. (“**Association**”) acting by and through its duly elected Board of Directors;

WITNESSETH:

WHEREAS, §209.00593(a), Texas Property Code, provides that

“Notwithstanding any provision in a dedicatory instrument, any board member whose term has expired must be elected by owners who are members of the property owners’ association.”

and

WHEREAS, Section 4.02(b) of the Bylaws of the Association provides that a quorum requires the attendance of a majority of the Members of the Association in person or by proxy; and

WHEREAS, it is highly unlikely that a majority of the Members will be willing to attend or send proxies to the meeting; and

WHEREAS, §209.00593(b), Texas Property Code, provides that the Board may amend the bylaws to provide for elections of directors to be conducted in compliance with §209.00593(a);

NOW, THEREFORE, Section 4.02(b) of the Bylaws of the Association is hereby amended by action of the Board of Directors to provide that, for the limited purpose of election of directors to fill positions of directors whose terms have expired, the quorum shall be 10% for the initial meeting. The provisions for subsequent meetings, if necessary, remain unchanged.

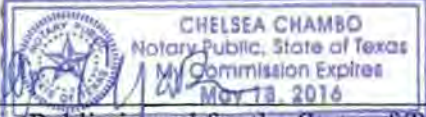
EXECUTED by the President of the Association to evidence the passage of the Amendment by the unanimous vote of the Board of Directors.

**KINGS RIDGE HOMEOWNERS
ASSOCIATION, INC., a Texas
Non-profit corporation**

By: Brent S. Rice
Secretary

STATE OF TEXAS §
 §
COUNTY OF Denton §

This instrument was acknowledged before me on this 10 day of June, 2014, by BRENT S. RICE, President of Kings Ridge Homeowners Association, Inc., a Texas nonprofit corporation, on behalf of said Association and the Board of Directors thereof.


Chelsea Chambo
Notary Public in and for the State of Texas

AFTER RECORDING RETURN TO:
CHARLES W. SPENCER
7920 BELT LINE RD. STE. 620
DALLAS, TX 75254

Denton County
Cynthia Mitchell
County Clerk
Denton, TX 76202



70 2014 00060067

Instrument Number: 2014-60067

As

Amendment

Recorded On: June 24, 2014

Parties: KINGS RIDGE HOA INC

To

Billable Pages: 4

Number of Pages: 4

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Amendment	38.00
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Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

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CHARLES W SPENCER
7980 BELT LINE RD STE 620
DALLAS TX 75254



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Cynthia Mitchell

County Clerk
Denton County, Texas

**AMENDMENT TO BYLAWS
OF
KINGS RIDGE HOMEOWNERS ASSOCIATION, INC.**
[Annual Meeting/Director Number & Term]

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF DENTON §

This AMENDMENT TO THE BYLAWS OF KINGS RIDGE HOMEOWNERS ASSOCIATION, INC. ("**Amendment**") is made effective as of the date of recordation in the Real Property Records of Denton County, Texas, by Kings Ridge Homeowners Association, Inc. ("**Association**") acting by and through its duly elected Board of Directors;

WITNESSETH:

WHEREAS, the Association was created for the purpose of administering and enforcing the covenants of that certain declaration currently embodied in that certain Fourth Amended And Restated Declaration of Covenants, Conditions, and Restrictions for Kings Ridge, Phase One, Kings Ridge, Phase Two and Kings Ridge, Phase Three Developments in the City of Plano, Denton County, Texas, which is on file in the Real Property Records of Denton County; and

WHEREAS, Bylaws were drawn to govern the Association which are on file in the Real Property Records of Denton County; and

WHEREAS, Article XIII of the Bylaws provide that the Bylaws may be amended by a majority of the Members of the Association voting in person or by proxy at a meeting at which a quorum is present; and

WHEREAS, Section 4.02(b) of the Bylaws of the Association provides that a quorum requires the attendance of a majority of the Members of the Association in person or by proxy; and

WHEREAS, a quorum was attained and that a majority of Members voted in person, by proxy, or absentee ballot, for the amendments set forth below;

NOW, THEREFORE, the Bylaws of the Association are hereby amended as follows:

1. Annual Meeting. Section 4.03 of the Bylaws which currently provides:

“4.03 Annual Meetings. The regular annual meeting of the Members shall be held on the First Monday of the month of October in each year, at the hour of 8 o’clock P.M. If the day for the annual meeting of the Members shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.”

is hereby amended to provide:

“4.03 Annual Meetings. The regular annual meetings of the Members shall be held on a date, time, and place during the second quarter of each year as determined by the Board of Directors, with notice thereof being given to Members as required in 4.02(a) above.”

2. Board of Directors. Section 7.02 of the Bylaws which currently provides:

“7.02 Initial Board. The initial Board of Directors designated in the Articles of Incorporation shall consist of three (3) Directors, none of whom need be residents of the State of Texas. If a vacancy occurs in the initial Board of Directors prior to the first meeting of the Members, such vacancy shall be filled by the Declarant. The Directors shall be elected at the annual meeting of the Members, except as hereinafter provided, and each Director shall hold office until his successor shall be elected and shall qualify. The Directors shall serve without compensation.”

is hereby amended to provide:

“7.02 Board of Directors. The Board of Directors shall consist of not less than three (3) nor more than five (5) members each of whom shall be Members of the Association. The Directors shall be elected to serve two-year staggered terms. At the first election under this amended provision the three Directors receiving the greatest number of votes shall serve for two years and the remaining two Directors shall serve terms of one (1) year. In future years Directors will be elected for two (2) year terms. No Director shall serve beyond the term for which he was elected. A Director whose term has expired must either be reelected or replaced by the Members.”


EXECUTED by the Secretary of the Association to evidence the passage of the Amendment by a majority of Members present voting in person, proxy, or absentee ballot.

KINGS RIDGE HOMEOWNERS ASSOCIATION, INC., a Texas Non-profit corporation

By: Brent S Rice
Secretary

STATE OF TEXAS §
 §
COUNTY OF Denton §

This instrument was acknowledged before me on this 10th day of June, 2014, by BRENT S. RICE, Secretary of Kings Ridge Homeowners Association, Inc., a Texas nonprofit corporation, on behalf of said Association and the Board of Directors thereof.


Chelsea Chambo
Notary Public in and for the State of Texas

AFTER RECORDING RETURN TO:
CHARLES W. SPENCER
7920 BELT LINE RD., STE. 620
DALLAS, TX 75254

Denton County
Cynthia Mitchell
County Clerk
Denton, Tx 76202



70 2008 00045145

Instrument Number: 2008-45145

As

Recorded On: April 28, 2008

Modification

Parties: KINGS RIDGE HOMEOWNERS ASSOCIATION INC

Billable Pages: 5

To

Number of Pages: 5

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

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CHARLES W SPENCER
8111 LBJ FREEWAY STE 920
DALLAS TX 75251

User / Station: H Dunn - Cash Station 4



THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this Instrument was FILED in the File Number sequence on the date/time printed hereon, and was duly RECORDED in the Official Records of Denton County, Texas.

Cynthia Mitchell

County Clerk
Denton County, Texas

**CERTIFICATE
FOR
RECORDATION OF DEDICATORY INSTRUMENT
OF
KINGS RIDGE HOMEOWNERS ASSOCIATION, INC.**

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF DENTON §

WHEREAS, Section 202.006 of the Texas Property Code requires that "A property owners' association shall file its dedicatory instruments in the real property records of each county in which the property to which the dedicatory instrument relates is located."; and

WHEREAS, Kings Ridge Homeowners Association, Inc, a Texas nonprofit corporation (the "Association") desires to comply with Section 202.006 by filing of record in the real property records of Denton County, Texas, the attached Resignation and Appointment of Directors, being an instrument governing the operation of the Association; and

WHEREAS, the Declaration of Covenants, Conditions, Restrictions for Kings Ridge, Phase One and Kings Ridge, Phase Two, was recorded in Volume 5363, Page 6231 *et seq* in the Real Property Records of Denton County, Texas, subjecting to the scheme of development therein certain land described in Exhibit "A" thereto located in Denton County, Texas (said instrument and any supplements or amendments thereto being referred to herein collectively as the "Declaration"); and

WHEREAS, the attached instrument constitutes a "dedicatory instrument" as defined by Section 202.001 of the Texas Property Code;

NOW, THEREFORE, the undersigned authorized representative of the Association hereby executes this Certificate to effect the recording of the DEDICATORY INSTRUMENT attached hereto on behalf of the Kings Ridge Homeowners Association, Inc.

[Signature page follows.]

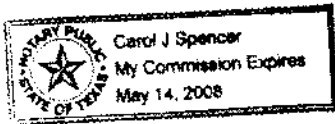
EXECUTED effective as of the 24th day of April, 2008.

KINGS RIDGE HOMEOWNERS
ASSOCIATION, INC.,
a Texas non-profit corporation

By: Charles W. Spencer
Charles W. Spencer,
Authorized Representative

STATE OF TEXAS §
 §
COUNTY OF DALLAS §

This instrument was acknowledged before me on the 24th day of April, 2008, by Charles W. Spencer, authorized representative of Kings Ridge Homeowners Association, Inc., a Texas non-profit corporation, on behalf of said corporation.



Carol J. Spencer
Notary Public, State of Texas

AFTER RECORDING RETURN TO:

Charles W. Spencer
8111 LBJ Freeway
Suite 920
Dallas, TX 75251

**RESIGNATION
AND
APPOINTMENT OF DIRECTORS
OF
KINGS RIDGE HOMEOWNERS ASSOCIATION, INC.**

WHEREAS, The Kings Ridge Homeowners Association, Inc., a Texas nonprofit corporation (the "**Association**"), was formed as a Texas nonprofit corporation on approximately 2/28/99, and

WHEREAS, the Declarant in that certain Second Amended and Restated Declaration of Covenants, Conditions and Restrictions for Kings Ridge, Phase One and Kings Ridge, Phase Two, recorded in Volume 5563, Page 6231 *et seq.* in the Real Property Records of Denton County, Texas ("**Declaration**") is Prosper Land Company, L.P.C., a Texas limited liability company ("**Declarant**"); and

WHEREAS, the following individuals currently comprise the Board of Directors of the Association:

H. K. Hule
David A. Whitsett
Patrick H. Allison

and

WHEREAS, the current Members of the Board have rendered their resignations as directors effective upon the execution of this instrument by the Declarant; and

WHEREAS, the Bylaws of the Association provides that until the management control of the Association is passed to the Members the Board shall be appointed by the Declarant.

NOW, THEREFORE, PREMISES CONSIDERED, the Declarant, acting by and through its duly authorized officer hereby takes the following action:

1. The resignations of the current directors as directors of the Association effective as above stated are hereby accepted.

2. Declarant hereby appoints the following directors effective upon the effective date of the above resignations, to serve until their replacements are appointed or elected as provided in the Bylaws of the Association:

Sean Perkins
Mike Mayes
William (Bill) Lawry

Executed effective as of the 1 day of Apr, 2018

DECLARANT:
COMPANY, L.L.C.

PROSPER LAND

company

a Texas limited liability

By: _____

Name: _____

Title: _____

10 P.A.
D.W.
1/2/00

**BYLAWS
OF
KINGS RIDGE HOMEOWNERS ASSOCIATION, INC.**

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**BYLAWS
OF
KINGS RIDGE HOMEOWNERS ASSOCIATION, INC.**

**ARTICLE I
Definitions**

1.01 "Association" shall mean and refer to Kings Ridge Homeowners Association, Inc., a non-profit corporation organized and existing under the Texas Non-Profit Corporation Act.

1.02 "Property" shall mean and refer to the existing real property in Denton County, Texas, described in Exhibit "A" attached to the Declaration of Covenants and Restrictions for Kings Ridge, a development in the City of Plano, Denton County, Texas recorded in the Deed Records of Denton County, Texas (hereinafter called the "**Declaration**"), and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation as provided in Section 6.02 hereof, as well as any other properties owned from time to time by the Association whether real, personal or mixed.

1.03 "**Common Properties**" shall mean and refer to those areas of land, improvements and property rights as defined in the Declaration and as described in Exhibit "B" attached to the Declaration and intended to be devoted to the common use and enjoyment of the residents within the Property, as well as any other properties owned from time to time by the Association whether real, personal or mixed.

1.04 "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map(s) or plat(s) of the Property, as amended from time to time, which is designated as a lot thereon and which is or will be improved with a residential dwelling. Some portions of the Common Properties may be platted as a "lot" on the recorded subdivision plat, however these lots shall be excluded from the concept and definition of lot as used herein.

1.05 "**Declarant**" shall mean and refer to Prosper Land Company, Ltd. and its successors and assigns, if such successors and/or assigns become same by operation of law, or should (i) such successors and/or assigns acquire all or substantially all of the Lots from Declarant for the purpose of development, and (ii) any such assignee receives by assignment from Declarant all or a portion of their respective rights hereunder as such Declarant, by an instrument expressly assigning such rights of Declarant to such assignee. No person or entity purchasing one or more Lots from Declarant in the ordinary course of business shall be considered as "Declarant". Any party obtaining title to the Property upon any foreclosure of the lien against the Property shall be considered as "Declarant" following any such foreclosure of said lien.

1.06 "**Members**" shall mean and refer to all those owners of the fee simple title to any Lot who are Members of the Association as provided in Article III hereof.

ARTICLE II
Location

The principal office of the Association shall be located at 14275 Midway Road, Suite 100, Addison, Texas 75001, or such other address as the Board of Directors shall determine.

ARTICLE III
Membership

3.01 Record Owner. Every person or entity who is a record owner ("**Owner**") of a fee or undivided interest in any Lot shall be a Member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a Member.

3.02 Assessments. The rights of membership, except as to the Declarant in certain instances, are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each Owner of and becomes a lien upon the property against which such assessments are made as provided by Article V of the Declaration and which provide for collection as specified in said Article V of the Declaration.

3.03 Suspension. The membership rights, including the right to vote as set forth in Article IV, of any person whose interest in the Property is subject to assessments under Section 3.02 above, whether or not such member is personally obligated to pay such assessments, may be suspended by action of the Board of Directors of the Association during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored.

ARTICLE IV
Voting Rights

4.01 Classes of Membership. The Association shall have two (2) classes of voting membership:

CLASS A. Class A Members shall be all Members with the exception of the Class B Members. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interests required for membership by Article III. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves shall determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. Class B Members shall be Declarant and any builder who has purchased a Lot for current or future construction of improvements or a *bona fide* Owner who is engaged in

the process of constructing a residential dwelling on any Lot for sale to consumers. Declarant shall be entitled to ten (10) votes for each Lot owned by all Class B Members. Class B Members other than Declarant shall be non-voting Members of the Association. The Class B membership shall cease, and each Class B Member shall become a Class A Member, upon the earlier to occur of the following:

(i) when the total number of votes outstanding in the Class A membership is eight (8) times greater than the total number of votes outstanding in the Class B membership; or

(ii) 60 days after the date as of which 75% of the Lots in the Property have been conveyed by the Declarant and have been improved with dwellings for which a certificate of occupancy has been issued; or

(iii) February 1, 2020.

Notwithstanding the voting rights within the Association, until the Declarant no longer owns record title to any Lot or the fifteenth (15th) anniversary of the date the Declaration was recorded in the Office of the County Clerk of Denton County, Texas, whichever occurs first in time, the Association shall take no action with respect to any matter whatsoever without the prior written consent of the Declarant.

Owners of exempt properties as described in Section 5.11 of the Declaration shall be Members but shall not have voting rights.

4.02 Notice, Quorum, and Voting Requirements.

(a) Subject to the provisions of Paragraph (c) of this Section, any action taken at a meeting of the Members shall require the assent of the majority of all the votes of the Members entitled to vote who are voting in person or by proxy, regardless of class, at a meeting duly called, written notice of which shall be given to all Members not less than ten (10) days nor more than fifty (50) days in advance. Notice of any meetings shall be given to the Members by the Secretary and shall set forth in general the nature of the business to be transacted; provided, however, that if the business of any meeting shall involve any action governed by the Articles of Incorporation or by the Declaration, notice of such meeting shall be given or sent as therein provided. Notice may be given to the Members either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each Member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address.

(b) The quorum required for any action referred to in Paragraph (a) of this Section shall be as follows:

The presence at the initial meeting of Members entitled to cast, or of proxies entitled to cast, a majority of the votes of all Members, regardless of class, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, these Bylaws or the Declaration or as provided by the laws of the State of Texas. If the required quorum is not present or represented at the meeting, one additional meeting may be called, subject to the notice requirement herein set forth, and the required quorum at such second meeting shall be one-half (½) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

(c) As an alternative to the procedure set forth above, any action referred to in Paragraph (a) of this Section may be taken without a meeting if a consent in writing, approving of the action to be taken, shall be signed by all Members.

4.03 Annual Meetings. The regular annual meeting of the Members shall be held on the first Monday of the month of October in each year, at the hour of 8 o'clock P.M. If the day for the annual meeting of the Members shall fall upon a holiday, the meeting will be held at the same hour on the first day following which is not a holiday.

4.04 Special Meetings. Special meetings of the Members for any purpose may be called at any time by the President, the Vice President, the Secretary or Treasurer, or by any two or more members of the Board of Directors, or upon written request of the Members who have a right to vote one-fourth of all the votes of the entire membership or who have a right to vote one-fourth of the votes of the Class A membership.

ARTICLE V Property Rights and Rights of Enjoyment of Common Property

5.01 Members' Easements of Enjoyment. Subject to the provisions of Section 5.03 below, every Member and every tenant of every Member, who resides on a Lot, and each individual who resides with either of them, respectively, on such Lot shall have a non-exclusive right and easement of use and enjoyment in and to the Common Properties, except that no wading, swimming, or fishing shall be allowed in the lakes or drainage ways, and such easement shall be appurtenant to and shall pass with the title of every Lot; provided, however, such easement shall not give such person the right to make alterations, additions or improvements to the Common Properties.

5.02 Title to the Common Properties. The Declarant shall dedicate and/or convey the fee simple title to the Common Properties to the Association or other third party in such manner and at such point in time deemed reasonable and appropriate by the Declarant. Prior to the date the Common Properties are conveyed to the Association, the Declarant shall retain the right to sell portions of the Common Properties to Owners if Declarant, in his sole discretion, deems such sale to be for the best interest of the development.

5.03 Extent of Members' Easements. The rights and easements of enjoyment created hereby shall be subject to and limited by the following:

(a) The right of the Association to prescribe regulations governing the use, operation and maintenance of the Common Properties, and the right of Declarant to grant exclusive easements to Owners of certain Lots pursuant to the Declaration.

(b) Liens of mortgages placed against all or any portion of the Common Properties with respect to monies borrowed by the Declarant to develop and improve the Common Properties or by the Association to improve or maintain all or any portion of the Common Properties (including without limitation the lien recorded to secure any loan made or to be made by Declarant);

(c) The right of the Association to enter into and execute contracts with parties (including the Declarant or an affiliate of the Declarant) for the purpose of providing maintenance for all or a portion of the Common Properties or providing materials or services consistent with the purposes of the Association;

(d) The right of the Association to take such steps as are reasonable necessary to protect the Common Properties against foreclosure:

(e) The right of the Association, as may be provided herein, to suspend the voting rights of any Member and to suspend the right of any individual to use any of the Common Properties for any period during which any assessment against a Lot owned by such individual remains unpaid, and for any period not to exceed sixty (60) days for an infraction of its rules and regulations;

(f) The right of the Declarant or the Association, subject to approval by written consent by the Member(s) having a majority of the outstanding votes of the Members, in the aggregate, regardless of class, to dedicate or transfer all or any part of the Common Properties to any public agency, authority, or utility company for such purposes and upon such conditions as may be agreed to by such Members;

(g) The right of the Declarant or the Association, at any time, to make such reasonable amendments to the plat of the Property recorded in the Map Records of Denton County, Texas (the "**Plat**"), as it deems advisable, in its sole discretion. All Members are advised that a portion of the Common Properties may be located within the platted and dedicated public rights-of-way and in connection therewith the public shall have rights of use and enjoyment of Common Properties located within the public rights-of-way; and

(h) With respect to any and all portions of the Common Properties, until Declarant no longer owns record title to any Lot or the fifteenth (15th) anniversary of the date the Declaration was recorded in the Office of the County Clerk of Denton County,

Texas, whichever is the first to occur, Declarant shall have the right and option (without the joinder and consent of any person or entity, save and except any consent, joinder or approval required by the City of Plano, Texas or any other governmental agency having appropriate jurisdiction over the Common Properties) to: (i) alter, improve, landscape and/or maintain the Common Properties; (ii) re-channel, realign, dam, bridge, bulwark, culvert and otherwise employ or utilize construction and/or engineering measures and activities of any kind or nature whatsoever upon or within the Common Properties; (iii) zone, re-zone, or seek and obtain variances or permits of any kind or nature whatsoever upon or within the Common Properties; (iv) re-plat or redesign the shape or configuration of the Common Properties; and (v) seek and obtain any and all permits, licenses or exemptions from any and all governmental agencies exercising jurisdiction over the Common Properties and/or the uses or activities thereon.

ARTICLE VI Association Purposes and Powers

6.01 Purposes. The Association has been organized for the following purposes:

To promote the safety, welfare and enjoyment of the residents within the Property and such additions thereto as may hereafter be brought within the jurisdiction of the Association by annexation as provided in Section 6.02 below and for this purpose to:

- (a) Own, acquire, operate and maintain commons, streets, footways and personal properties incident thereto;
- (b) Provide exterior maintenance for the Lots and homes within the Property;
- (c) Provide garbage and trash collection;
- (d) Maintain unkempt lands or trees;
- (e) Supplement municipal services;
- (f) Fix assessments (or charges) to be levied against the Property;
- (g) Enforce any and all covenants, restrictions and agreements applicable to the Property;
- (h) Pay taxes, if any, on the Common Properties; and
- (i) Insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of The Property.

6.02 Additions. Additions to the Property described in Section 1.02 above may be made only in accordance with the provisions of the Declaration. Such additions, when properly made under the applicable covenants, shall extend the jurisdiction, functions, duties, and membership of this Association to such properties. Where the applicable covenants require that certain additions be approved by this Association, such approval must have the assent of two-thirds of the votes of the Members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

6.03 Mortgage Power. The Association shall have power to mortgage the Common Properties only to the extent authorized in the Declaration.

ARTICLE VII Board of Directors

7.01 Powers and Duties. The business and affairs of the Association shall be managed by its Board of Directors who may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, the Articles of Incorporation, these Bylaws or the Declaration directed or required to be exercised or done by the Members. The Board of Directors shall compute, assess, collect and enforce the payment of all charges to which the Property are subjected or may be subjected under or by virtue of the Declaration. The Board, for the benefit of the Property, the Common Properties and the Owners, shall provide and pay for, out of the funds(s) collected by the Association pursuant to Article V of the Declaration, the following:

(a) Care and preservation of the Common Properties and the furnishing and upkeep of any desired personal property for use in the Common Properties. Expenditures for the repair or installation of capital improvements, not included in the annual maintenance budget, may be paid from the reserve fund as specifically provided in Section 7.05 herein.

(b) Care and maintenance of the landscaping, screening walls and entry features which may be constructed by Declarant on the Common Properties or on private property. Maintenance includes all repair, rebuilding or cleaning deemed necessary by the Board of Directors.

(c) Should the Board so elect, maintenance of exterior grounds, drives, parkways, private streets and access areas, including care of trees, shrubs and grass, the exact scope of which shall be further specified by the Board from time to time. In particular, the Board shall be empowered to contract with persons or entities who shall be responsible for the maintenance of landscaping, trees, shrubs, grass and like improvements which are located within rear yards or side yards enclosed by solid fence, which shall be maintained by the individual Lot Owner. Maintenance services contracted for by the Board in accordance with this paragraph shall be paid for out of Association funds.

(d) If later established, patrol services and if provided for by the Members, the installation and maintenance of the security system (including, but not limited to, a guard house, guard service and controlled access gates) which may be constructed by Declarant on the Common Properties or on private property. Maintenance may include, but not be limited to, all repairs, rebuilding and cleaning as required. The exact scope of security services, if any, shall be specified by the Board from time to time. In particular, the Board shall be empowered to contract with persons or entities who shall be responsible for the operation and maintenance of the security system, including security guard service. Security services contracted for by the Board in accordance with this paragraph shall be paid for out of Association funds. Each owner by acceptance of a deed to a Lot, acknowledges that neither the Declarant nor the Association expressly or impliedly warrants (and Declarant and the Association hereby expressly disclaims) the following: that Declarant or the Association bears any responsibility for malfunctioning or nonfunctioning of any future security system; that any future security system or the monitoring services provided to the Property or Common Properties will prevent any loss by fire, criminal or tortuous act; that any future security system and any monitoring services provided with respect thereto will provide, at all times, the protection desired by the Owner. Nothing contained in this paragraph shall obligate or require the Association to establish a security service or to construct any security gates, fences or other equipment at any time, and the existence or absence of any security patrol, security service or system shall not be read or inferred to be a comment on any need or lack of need for such service at any time. Each Owner acknowledges that neither the Declarant, nor the Association has made nor makes (and each hereby expressly disclaims and denies) any representations or warranties, either express or implied, with respect to any security system or services, if any, provided or to be provided with respect thereto to the Property or the Common Properties. No person has been authorized by the Declarant or the Association to make any such representation or warranty, and if given or made, such representation or warranty must not and may not be relied upon as having been authorized by the Declarant or the Association. By acceptance of each deed, each Owner hereby acknowledges that he or it has not relied on any such representations or warranties.

(e) The services of a person or firm to manage and/or provide consultation to the Association or any separate portion thereof, the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager.

(f) Legal and accounting services.

(g) A policy or policies of insurance ensuring the Association, its officers and directors against any liability to the public or to the Owners (and/or their invitees or tenants) incident to the operation of the Association, including, without limitation, officers' and directors' liability insurance.

(h) If applicable, workers' compensation insurance to the extent necessary to comply with any applicable laws or the establishment of a separate plan with special reserve fund or funds and policies designed to provide a "self-insurance" plan which complies with applicable law as the Board so elects. The Board of Directors of the Association shall also have the authority to elect to be a "non-subscriber" under the workers' compensation statute if it is determined to be in the best interest of the Association.

(i) Such fidelity bonds as may be required by the Bylaws or as the Board may determine to be advisable.

(j) Any other materials, supplies, insurance or property owned by the Association, furniture, labor, services, maintenance, repairs, alterations, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of this Declaration.

(k) To execute all declarations of ownership for tax purposes and to pay all taxes with regard to the Common Properties.

(l) To enter into agreements or contracts with insurance companies, taxing authorities and the holders of mortgage liens on one or more Lots with respect to: (i) taxes on the Common Properties and (ii) insurance coverage of the Common Properties, as they relate to the assessment, collection and disbursement process envisioned in this Declaration.

(m) To borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit.

(n) To enter into contracts, maintain one or more bank accounts, and generally, to have all the powers necessary or incidental to the operation and management of the Association and the Common Properties, expressly including the power to enter into leases, contracts and/or other agreements for the use, management and/or maintenance of same.

(o) If, as, and when the Board, in its sole discretion, deems necessary it may take action to protect or defend the Common Properties from loss or damage by suit or otherwise, to sue or defend in any court of law on behalf of the Association and to provide adequate reserves for repairs and replacements.

(p) To make reasonable rules and regulations for the operation and use of the Common Properties and to amend them from time to time, provided that any rule or regulation may be amended or repealed by an instrument in writing signed by a majority of the Members, or, with respect to a rule applicable to less than all of the Property, by a majority of the Members in the portions affected.

(q) Subsequent to incorporation, to make available to each Owner upon request, within one hundred twenty (120) days after the end of each year, an unaudited annual report.

(r) Pursuant to Article VII herein, to adjust the amount, collect, and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Members in proportionate amounts to cover the deficiency.

(s) If, as and when the Board, in its sole discretion, deems necessary, it may take action to enforce the provisions of this Declaration and any rules made hereunder and to enjoin and/or seek damages from any Owner for violation of such provisions or rules.

7.02 Initial Board. The initial Board of Directors designated in the Articles of Incorporation shall consist of three (3) Directors, none of whom need be residents of the State of Texas. If a vacancy occurs in the initial Board of Directors prior to the first meeting of the Members, such vacancy shall be filled by the Declarant. The Directors shall be elected at the annual meeting of the Members, except as hereinafter provided, and each Director elected shall hold office until his successor shall be elected and shall qualify. The Directors shall serve without compensation.

7.03 Removal. Any Director may be removed either for or without cause, at any special meeting of the Members of the Association by the affirmative vote of a majority in number of votes present in person or by proxy at such meeting and entitled to vote for the election of Directors, if notice of the intention to act upon such matter shall have been given in the notice calling such meeting. If any vacancy occurs in the Board of Directors, caused by the death, resignation, retirement, disqualification or removal from office of any Director or otherwise, a majority of the Directors then in office, though less than a quorum, may choose a successor or successors, or a successor or successors may be chosen at a special meeting of Members called for that purpose, and each successor Director so chosen shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of any increase in the number of Directors shall be filled by election at an annual meeting of Members or a special meeting of Members called for that purpose.

7.04 Liability Limitations. No Member, officer of the Association or member of the Board of Directors shall be personally liable for debts contracted for, or otherwise incurred by the Association, or for a tort of another Member, whether such other Member was acting on behalf of the Association or otherwise. Neither Declarant nor the Association nor their respective directors, officers, agents, or employees shall be liable for any incidental or consequential damages for failure to inspect any premises, improvements or portion thereof or for failure to repair or maintain the same.

7.05 Reserve Funds. The Board may establish reserve funds, for such purposes as may be determined by the Board, which may be maintained and accounted for separately from other funds maintained for annual operating expenses and may establish separate, irrevocable trust accounts in order to better demonstrate that the amounts deposited therein are capital contributions and are not

net income to the Association. Expenditures from any such fund will be made at the direction of the Board. The reserve fund provided for herein shall be used for the general purposes of promoting the recreation, health, safety, welfare, common benefit, and enjoyment of the Owners and occupants of the subdivision, and maintaining the subdivision and improvements therein, all as may be more specifically authorized from time to time by the Board of Directors. Capital expenditures from this fund may include, by way of example, but not be limited to, street and street light repair, lake and drainage channel improvements or other repair of major damage to the Common Properties not covered by insurance.

ARTICLE VIII

Meetings of Board of Directors

8.01 Meetings. The Directors of the Association shall hold their meetings, both regular and special, in person, by telephone or video conference, within or without the State of Texas.

8.02 First Meeting. The first meeting of each newly elected Board of Directors shall be held without further notice immediately following the annual meeting of Members of the Association, and at the same place, unless by unanimous consent of the Directors then elected and serving such time or place shall be changed.

8.03 Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board of Directors.

8.04 Special Meetings. Special meetings of the Board of Directors may be called by the President on three days' notice to each Director, either personally or by mail; special meetings shall be called by the President or Secretary in like manner and on like notices on the written request of a majority of Directors. Except as may be otherwise expressly provided by statute, the Articles of Incorporation, these Bylaws or the Declaration, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

8.05 Quorum. At all meetings of the Board of Directors, the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Directors, except as may be otherwise specifically provided by statute, the Articles of Incorporation, these Bylaws or the Declaration. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

8.06 Action by Consent. Any action taken by the Board of Directors as prescribed by the regulations of these Bylaws may be taken without a meeting if a consent in writing, approving of the action to be taken, shall be signed by all directors.

ARTICLE IX
Committees and Managing Agents

9.01 Board Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, to consist of two or more of the Directors of the Association. Any such committee, to the extent provided in said resolution, shall have and may exercise all of the authority of the Board of Directors in the management of the business and affairs of the Association, except where action of the full Board of Directors is required by statute, the Articles of Incorporation or the Declaration.

9.02 Board and Member Committees. Other committees not having and exercising the authority of the Board of Directors in the management of the affairs 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, or by the President thereunto authorized by a like resolution of the Board of Directors. Membership on such committees may, but need not be, limited to Directors or members of the Association.

9.03 Architectural Control Committee. And as long as Declarant holds title to any of the Lots, the Architectural Control Committee (hereinafter called the "Committee"), shall be composed of three (3) or more individuals elected and appointed by the Declarant (any or all of which individuals Declarant may remove and replace at any time and from time to time for any or no reason, in which event any such individual shall, at Declarant's request, execute a written resignation in form acceptable to Declarant). At such time as Declarant is no longer a Class B Member as provided in Section 4.01 above, the Committee shall be composed of such individuals selected by a vote of the Members taken in accordance with Section 4.02 hereof. The Committee shall use commercially reasonable efforts to promote and ensure a high level of quality, harmony and conformity throughout the Property. The Committee shall function as the representative of the Owners for the purposes herein set forth as well as for all other purposes consistent with the creation and preservation of a first-class residential development.

A majority of the Committee may designate a representative to act for it. In the event of the death or resignation of any member of the Committee, the remaining members shall have full authority to designate and appoint a successor. No member of the Committee, nor their designated representative, shall be entitled to any compensation for services performed hereunder nor be liable for claims, causes of action or damages (except where occasioned by gross negligence or arbitrary and capricious conduct) arising out of services performed, actions taken, or inactions in connection with any undertaking, responsibility, or activity hereunder or request for action hereunder. At any time, the Declarant may delegate and assign to the Board of Directors, all of the Declarant's power and right to change the membership of the Committee, to withdraw or add powers and duties from or to the Committee, or to restore the powers and duties of the Committee. Such action by the Declarant shall be effective upon recordation of a written instrument properly reflecting same in the Office of the County Clerk of Denton County, Texas.

9.04 Minutes; Reporting. All committees shall keep regular minutes of their proceedings and shall report the same to the Board of Directors when required.

ARTICLE X Officers

10.01 Election. The officers of the Association shall be elected by the Directors and shall be a President, a Secretary and a Treasurer. The Board of Directors may also choose one or more Vice Presidents, and one or more Assistant Secretaries and Assistant Treasurers. Any two or more offices may be held by the same person except that the offices of President and Secretary shall not be held by the same person. The Board of Directors at its first meeting after each annual meeting of Members shall choose a President, a Secretary, and a Treasurer, none of whom need be members of the Board. The Board of Directors may also elect such Vice Presidents, Assistant Secretaries and Assistant Treasurers as it may determine.

10.02 Other Officers and Agents. The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall be appointed for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

10.03 Compensation. The officers and agents shall not be entitled to compensation for their services, but officers and agents shall be entitled to reimbursement for any out-of-pocket expenses reasonably related to the business of the Association.

10.04 Term; Removal. Each officer of the Association shall hold office until the annual meeting of the Board of Directors next following his election and thereafter until his successor is chosen and qualified in his stead or until his death or until his resignation or removal from office. Any officers or agent elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

10.05 President. The President shall be the Chief Executive Officer of the Association; he shall preside at all meetings of the Members and the Board of Directors, shall have general and active management of the business and affairs of the Association, shall see that all orders and resolutions of the Board of Directors are carried into effect, and shall perform such other duties as the Board of Directors shall prescribe.

10.06 Vice President. Each Vice President shall have such powers and perform such duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to him.

10.07 Secretary. The Secretary shall attend all sessions of the Board of Directors and all meetings of the Members and record all votes and the minutes of all proceedings in a book to be kept

for that purpose and shall perform like duties for any committees when required. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or the President, under whose supervision he shall be. Each Assistant Secretary shall have such powers and perform such duties as the Board of Directors may from time to time prescribe or as the President may from time to time delegate to him.

10.08 Treasurer. The Treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements of the Association and shall deposit all monies and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He 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 Directors, at the regular meetings of the Board of Directors, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association, and shall perform such other duties as the Board of Directors may prescribe. If required by the Board of Directors, he shall give the Association a bond in such form, in such sum, and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Association, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association. Each Assistant Treasurer shall have such powers and perform such duties as the Board of Directors may from time to time establish or grant.

ARTICLE XI

Notices

11.01 Notice Requirement. Whenever under the provisions of the laws of the State of Texas, the Articles of Incorporation, these Bylaws or the Declaration, notice is required to be given to any Director or Member, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, by mail, postage prepaid, addressed to such Director or Member at such address as appears on the records of the Association. Any notice required or permitted to be given by mail shall be deemed to be given at the time when the same shall be deposited in the United States mail.

11.02 Waiver. Whenever any notice is required to be given to any Member or Director of the Association under the provisions of the statute, the Articles of Incorporation these Bylaws or the Declaration, a waiver thereof in writing signed by the person or persons entitled to such notice whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice.

ARTICLE XII
Miscellaneous; Fiscal Matters

12.01 Dividends. No dividends shall be paid and no part of the income of the Association shall be distributed to its Members, Directors or officers. The Association may pay compensation in a reasonable amount to its Members, Directors or officers for services rendered, but only as permitted by the applicable statutes.

12.02 Reserves. There may be created by resolution of the Board of Directors such reserve or reserves as the Directors from time to time, in their discretion, think proper to provide for contingencies, or to repair or maintain any portion of The Property, or for such other purposes as the Directors shall think beneficial to the Association, and the Directors may modify or abolish any such reserve in the manner in which it was created.

12.03 Checks. All checks or demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

12.04 Fiscal Year. The fiscal year of the Association shall end on December 31 of each year or on such other date as shall be fixed by resolution of the Board of Directors.

12.05 Seal. The corporate seal, if any shall be in such form as may be determined by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

12.06 Indemnification; Insurance.

(a) Definitions. For purposes of this Bylaw 12.06:

(1) "Corporation" includes any domestic or foreign predecessor entity of the Association in a merger, consolidation, or other transaction in which the liabilities of the predecessor are transferred to the Association by operation of law and in any other transaction in which the Association assumes the liabilities of the predecessor but does not specifically exclude liabilities that are the subject matter of this Bylaw 12.06.

(2) "Director" means any person who is or was a Director of the Association and any person who, while a Director of the Association, is or was serving at the request of the Association as a Director, officer, partner, venturer, proprietor, director, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(3) "Expenses" include court costs and attorneys' fees.

(4) "Official capacity" means:

(A) when used with respect to a Director, the office of Director in the Association, and

(B) when used with respect to a person other than a Director, the elective or appointive office in the Association held by the officer or the employment, or agency relationship undertaken by the employee or agent in behalf of the Association, but

(C) in both paragraphs (a) and (b) does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(5) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

(b) Standard for Indemnification. The Association shall indemnify a person, who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a Director or officer only if it is determined in accordance with Bylaw 12.06(f) that the person:

(1) conducted himself in good faith;

(2) reasonably believed:

(A) in the case of conduct in his official capacity as a Director or officer of the Association, that his conduct was in the Association's best interests; and

(B) in all other cases, that his conduct was at least not opposed to the Association's best interests; and

(3) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

(c) Prohibited Indemnification. A Director or officer may not be indemnified under Bylaw 12.06(b) for obligations resulting from a proceeding:

(1) in which the person is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the person's official capacity; or

(2) in which the person is found liable to the Association.

(d) Effect of Termination of Proceeding. The termination of a proceeding by judgment, order, settlement, or conviction, or on a plea of nolo contendere or its equivalent is not of itself determinative that the person did not meet the requirements set forth in Bylaw 12.06(b).

(e) Extent of Indemnification. A person shall be indemnified under Bylaw 12.06(b) against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding; but if the proceeding was brought by or in behalf of the Association, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

(f) Determination of Indemnification. A determination of indemnification under Bylaw 12.06(b) must be made as follows:

(1) 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;

(2) if such a 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 or more Directors who at the time of the vote are not named defendants or respondents in the proceeding;

(3) by special legal counsel selected by the Board of Directors or a committee of the Board by vote as set forth in Bylaw 12.06(f)(1) or (2), or, if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all Directors; or

(g) Determination as to Reasonableness. 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 Bylaw 12.06(f)(3) for the selection of special legal counsel.

(h) Successful Defense of Proceeding. Notwithstanding any other provision of this Bylaw 12.06, the Association shall indemnify a Director or officer against reasonable expenses incurred by him in connection with a proceeding in which he is a named defendant or respondent because he is or was a Director or officer if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding.

(i) Court Order in Suit For Indemnification. If in a suit for the indemnification required by Bylaw 12.06(h), a court of competent jurisdiction determines that the director or officer is entitled to indemnification under Bylaw 12.06(h), the court shall order indemnification and shall award to the director or officer the expenses incurred in securing the indemnification.

(j) Court Determination of Indemnification. If, upon application of a Director or officer, a court of competent jurisdiction determines, after giving any notice the court determines necessary, that the Director or officer is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he has met the requirements set forth in Bylaw 12.06(b) or has been adjudged liable in the circumstances described by Bylaw 12.06(c), the court may order the indemnification that the court determines is proper and equitable. The court shall limit indemnification to reasonable expenses if the proceeding is brought by or in behalf of the Association or if the director or officer is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the person's official capacity.

(k) Advancement of Expenses. Reasonable expenses incurred by a Director or officer who was, is, or is threatened to be made a named defendant or respondent in a proceeding shall be paid or reimbursed by the Association in advance of the final disposition of the proceeding after:

(1) the Association receives a written affirmation by the Director or officer of his good faith belief that he has met the standard of conduct necessary for indemnification under this Bylaw 12.06 and a written undertaking by or on behalf of the Director or officer to repay), the amount paid or reimbursed if it is ultimately determined that he has not met those requirements; and

(2) a determination that the facts then known to those making the determination would not preclude indemnification under this Bylaw 12.06.

(l) Obligation For Repayment of Advancement. The written undertaking required by Bylaw 12.06(k) must be an unlimited general obligation of the Director or officer but need not be secured. It may be accepted without reference to financial ability to make repayment. Determinations and authorizations of payments under Bylaw 12.06(k) must be made in the manner specified by Bylaw 12.06(f) for determining that indemnification is permissible.

(m) Expenses of Witness. The Association shall pay or reimburse expenses incurred by a Director or officer in connection with his appearance as a witness or other participation in a proceeding at a time when he is not a named defendant or respondent in the proceeding.

(n) Indemnification of Other Persons. The Association may indemnify and advance expenses to other persons who are not or were not Directors or officers of the Association, to the same extent that it shall indemnify and advance expenses to Directors and officers under this Bylaw 12.06, upon authorization as provided in Bylaw 12.06(f). Nothing in this Bylaw 12.06 shall limit the power of the Association to indemnify any person as otherwise permitted by law.

(o) Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee, or agent of the Association or who is or was serving at the request of the Association as a Director, officer, partner, venturer, proprietor, director,

employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, other enterprise, or employee benefit plan, against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the Association would have the power to indemnify him against that liability under this Bylaw 12.06.

ARTICLE XIII
Amendment of Bylaws

The power to alter, amend or repeal these Bylaws or to adopt new Bylaws shall be vested in the Members of the Association. Such alteration, amendment or repeal may be accomplished at any special meeting of the Members of the Association at which a quorum is present by the affirmative vote of the majority of the votes present in person or by proxy at such meeting, provided that notice of the intention to act upon such matter shall have been given in the notice calling such meeting.

Attest:

Patrick H. Allison, Secretary

Date: _____