

**BYLAWS
OF
VILLAS AT ASH CREEK HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is VILLAS AT ASH CREEK HOMEOWNERS' ASSOCIATION, INC. (the "Corporation"). The principal office of the Corporation shall be located in Dallas County, Texas, but meetings of Members and Directors may be held at such places within the State of Texas as may be designated by the Board of Directors.

**ARTICLE II
DEFINITIONS**

The following words, when used in these Bylaws, unless a different meaning or intent clearly appears from the context, shall have the following meanings:

"Assessments" shall mean and refer to the regular annual assessments, the special assessments and the default assessments levied for the Association as determined by the Board of Directors.

"Association" shall mean and refer to *Villas at Ash Creek Homeowners' Association, Inc.*, a Texas non-profit corporation, its successors and assigns.

"Board" or "Board of Directors" shall mean the governing body of the Association, the elections and procedures of which shall be as set forth in the Certificate of Formation and the Bylaws of the Association.

"City" shall mean the City of Dallas, Texas or its assignees.

"Common Property" shall mean and refer to all property, real or personal, owned or held by the Association for the common use and enjoyment of the members of the Association and designated as common property on the plat attached as "Exhibit A". The Association holds title to and administers the Common Property.

"Common Facilities or Common Elements" shall mean any and all facilities, services, equipment, (to include fencing, gates, lighting, sprinklers, landscaping and other features) in Common Property, provided for the convenience and benefit of all Owners.

"Conservation Easement" shall mean that certain conservation easement area depicted on Exhibit "A," including the indicated parcel of land thereon, that abuts the Property along Lakeland Road.

“Declarant” shall mean and refer to CMC Ash Creek, LLC, a Texas limited liability company, and its successors and assigns.

“Institutional Mortgage” shall mean a mortgage or deed of trust creating a first lien on a Lot that is held by a third party institutional lender.

“Lot” or “Lots” shall mean, with respect to any Property shall mean each separate lot within the Property shown on Exhibit "A" attached hereto, which is or is to be improved with a residential dwelling. Title to the Lots are held by the individual lot owners and not the Association. Membership in the Association cannot be severed from the ownership of a Lot. Title to the Lots are held by the individual lot owners and not the Association. Membership in the Association cannot be severed from the ownership of a Lot.

“Member” shall mean and refer to each Owner as provided herein in Article II of this Declaration.

“Owner” shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, but, notwithstanding any applicable theory of mortgages or other security devices, shall not mean or refer to any mortgagee or trustee under a mortgage or deed of trust unless and until such mortgagee or trustee has acquired title pursuant to foreclosure or any conveyance in lieu of foreclosure.

“Property” shall have the meaning given to it in Paragraph A of the Introductory Statement above.

“Resident” shall mean and refer to each person (not otherwise an Owner or Member) authorized by an Owner to reside within such Owner’s Townhome Unit.

“Townhome Unit” shall mean and refer to any building or portion of a building situated upon the Property which is designed and intended for use and occupancy as a residence.

“Turnover Date” shall mean 120 days after the date that more than seventy-five percent (75%) of the Townhome Units have been conveyed by Developer to third parties.

“Two-Thirds Member Vote By Class” shall mean the approval of two-thirds (2/3) of each class of Members entitled to vote who either (i) are voting in person or by proxy at a meeting duly called for this purpose and at which the necessary quorum exists, or (ii) execute a written consent in lieu of a meeting for such purpose.

“Two-Thirds Member Vote” shall mean the approval of two-thirds (2/3) of all Members (regardless of class) entitled to vote who either (i) are voting in person or by proxy at a meeting duly called for this purpose and at which the necessary quorum exists, or (ii) execute a written consent in lieu of a meeting for such purpose.

“Unit” (see “Townhome Unit”)

ARTICLE III
MEMBERSHIP

Section 1. Every person or entity who is now or hereafter becomes an Owner shall automatically be a Member of the Corporation.

Section 2. The Corporation shall have two classes of voting membership.

(a) **CLASS A.** Class A Members shall be all Members with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership. 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, determine, but in no event shall more than one vote be cast with respect to any such Lot.

(b) **CLASS B.** The Class B Member(s) shall be the Declarant. The Class B Member(s) shall be entitled to three (3) votes for each Lot owned by the Class B Member(s) until the Turnover Date. At the Turnover Date, the Class B Membership shall be dissolved and the Class B Member(s) shall become a Class A Member(s).

Every person or entity who is now or hereafter becomes an Owner shall automatically be a Member of the Corporation, and membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment by the Corporation.

Section 3. The rights of membership are subject to the payment of annual and special assessments levied by the Corporation, the obligation of which assessments is imposed against the Owner of and becomes a lien upon each Lot against which such assessments are made as provided by Article IV of the Declaration which is hereby incorporated herein and made a part hereof for all purposes.

Section 4. The membership rights of any person whose interest in a Lot is subject to the assessments referred to hereinabove in Article III, Section 3, whether or not he or she is personally obligated to pay such assessments, may be suspended by action of the directors during the period when such assessments remain unpaid; but, upon payment of such assessment, his rights and privileges shall be automatically restored. If, at any time, the directors shall have adopted and published rules and regulations governing the use of the Common Elements and Facilities, and the personal conduct of Members, their families, and their guests thereon, they may, in their discretion, for violation of such rules and regulations by a Member or by his family or guests, suspend the rights of such Member and/or the person committing the violation, such suspension to continue for a period not to exceed sixty (60) days.

ARTICLE IV
PROPERTY RIGHTS AND RIGHTS

OF ENJOYMENT OF THE COMMON ELEMENTS

Section 1. Each Member shall be entitled to the use and enjoyment of the Common Elements and Facilities in accordance with and subject to the terms and conditions set forth in the Declaration.

Section 2. Any Member may delegate his rights of enjoyment in the Common Elements and facilities to the members of his family who reside upon the Properties. Such Member shall notify the Secretary of the Corporation in writing of the name of any such person and of the relationship of the Member to such person. The rights and privileges of such person are subject to suspension under Article III, Section 4 hereof, to the same extent as those of the Member. Any Member may also delegate the aforementioned rights of enjoyment to his guests, subject to any applicable rules and regulations that may be adopted from time to time by the Board of Directors of the Corporation.

ARTICLE V DIRECTORS

Section 1. The number of directors of the Corporation shall be no less than three (3) and no more than four (4). The directors shall be elected at the annual meeting of the Members, except as provided in Section 2 of this Article. Each director elected shall hold office until his resignation or removal or until his successor is elected and qualified. Directors need not be residents of the State of Texas or Members of the Corporation.

Section 2. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled at an annual meeting of the Members or at a special meeting of the Members entitled to vote called for that purpose. Any director may be removed from the Board of Directors, with or without cause, by a majority vote of the Members at an annual meeting of the Members or at a special meeting of the Members entitled to vote called for that purpose.

Section 3. The business and affairs of the Corporation shall be managed by its Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things which are not directed or required by statute or by the Articles or by these Bylaws or by the Declaration to be exercised and done by the Members. The power and authority of the Board of Directors shall include, but shall not be limited to, the power and authority:

- (a) to establish, levy and assess, and collect the assessments referred to in Article III, Section 3 hereof;

- (b) to adopt and publish or cause to be published rules and regulations governing the use of the Common Elements and Facilities and the personal conduct of the Members, their families, and their guests thereon;
- (c) to declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (d) to employ managers, independent contractors, or such other employees of the Corporation as it may deem necessary and to prescribe their duties;
- (e) to suspend the voting rights and right to use of the Common Elements of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Corporation. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations; and
- (f) to exercise for the Corporation all powers, duties, and authority vested in or delegated to this Corporation and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

Section 4. It shall be the duty of the Board of Directors:

- (a) to cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members or at any special meeting when such statement is requested in writing by one-fourth (1/4) of the entire voting membership or by one-fourth (1/4) of the Class A Members who are entitled to vote;
- (b) to supervise all officers, agents, and employees of this Corporation, and to see that their duties are properly performed;
- (c) as more fully provided herein and in the Declaration:
 - (1) to fix the amount of the annual or monthly assessment against each Lot at least thirty (30) days in advance of each annual or monthly assessment period;
 - (2) to cause written notice of each assessment to be sent to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;
 - (3) to collect the assessments assessed against each Lot after the Turnover Date; and

- (4) to foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the owner personally obligated to pay the same;
- (d) to issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid;
- (e) to procure and maintain insurance coverage in conformity with the Declaration.
- (f) to cause the assessment proceeds to be expended for maintenance of the Common Elements and related activities consistent with the purpose of the assessment as described in the Declaration;
- (g) to elect the member of an Architectural Control Committee, or if one is not so elected, to perform or cause to be performed the duties of the Architectural Control Committee in accordance with and subject to the terms and conditions set forth in the Declaration; and
- (h) to cause the Common Elements to be maintained.

ARTICLE VI MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Meetings of the Board of Directors, regular or special, shall be held within Dallas County, Texas.

Section 2. The first meeting of each newly elected Board of Directors shall be held at such time and place as shall be fixed by the vote of the Members at the annual meeting of the Members and no notice of such Meeting shall be necessary to the newly elected directors in order to legally constitute the Meeting. The first annual meeting of the Members shall be within 120 days after the Turnover Date. In the event of the failure of the Members to fix the time and place of such first meeting of the newly elected Board of Directors, or in the event that such meeting is not held at the time and place so fixed by the Members, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or as shall be specified in a written waiver signed by all of the Directors.

Section 3. Regular meetings of the Board of Directors shall be held monthly or quarterly, as the Board may determine from time to time, without notice, at such place and house as may be fixed from time to time by resolution of the Board. Should the meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 4. Special meetings of the Board of Directors shall be held when called by the President or by any two directors. Written notice of special meetings of the Board of Directors shall be given to each director at least three (3) days before the date of the Meeting. The business to be transacted at any special meeting of the Board of Directors shall be specified in the notice or waiver of notice of such meeting.

Section 5. A majority of the directors shall constitute a quorum for the transaction of business and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by the Articles. 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.

Section 6. Any action required or permitted to be taken at a meeting of the Board of Directors or a committee established by the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action taken, is signed by all of the members of the Board of Directors or the committee, as the case may be, and such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE VII NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination for election of the Board of Directors shall be made either from the floor at the annual meeting or members, or by a Nominating Committee. If one is appointed, the Nominating Committee shall consist of a chairman and two or more Members of the Corporation. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or Non-Members.

Section 2. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VIII COMMITTEES

Section 1. The Board of Directors, by resolution adopted by a majority of the whole Board, shall (i) appoint a Nominating Committee, as provided in these Bylaws, and (ii) designate representatives to perform the duties and exercise the authority of the Architectural Control Committee, as provided in the Declaration. In addition, the Board of Directors may appoint

other committees, whose members need not be directors, as deemed appropriate in carrying out its purposes, such as:

- (1) A Recreation Committee which shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Corporation and shall perform such other functions as the Board, in its discretion, determines;
- (2) An Architectural Control Committee which shall advise the Board of Directors on all matters pertaining to the development, maintenance, repair, or improvement of the Lots and the Common Elements and shall perform such other functions as the Board, in its discretion, determines;

Section 2. Vacancies in the membership of any committee appointed by the Board of Directors shall be filled by the Board of Directors at a regular or special meeting of the Board of Directors. Each committee shall keep regular minutes of its proceedings and report the same to the Board when required. The designation of an executive committee, if any, and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

Section 3. Members of committees shall hold office until their successors are chosen and qualify. Any officer or agent or member of any committee elected or appointed by the Board of Directors may be removed by the Board of Directors, with or without notice, whenever, in its judgment, the best interest of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

ARTICLE IX COMPENSATION OF DIRECTORS

The directors of the Corporation and committee members shall serve without compensation. However, any director may be reimbursed for actual expenses incurred in the performance of his duties.

ARTICLE X NOTICES

Section 1. Notices to directors and Members and holders of first mortgage liens (if such notice is required) shall be in writing and delivered personally or mailed to the directors, Members, and holders of first mortgage liens at their addresses appearing on the books of the Corporation. Notice by mail shall be deemed to be given at the time when deposited in the United States mail, addressed to the Member or director at his address as it appears on the books of the Corporation, with postage thereon prepaid. Notice to directors may also be given by facsimile and shall be deemed to be given when transmitted to the appropriate facsimile number.

Section 2. Whenever any notice is required to be given to any Member, director, or holder of a first mortgage lien under the provisions of any statute or of the Articles or of these Bylaws, a waiver thereof, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 3. Attendance of any Member, director, or holder of a first mortgage lien at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XI OFFICERS

Section 1. The officers of the Corporation shall consist of a President (who shall at all times by a member of the Board of Directors), one or more Vice Presidents, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Any office may be held by the same person except the President and Secretary.

Section 2. The Board of Directors, at the first meeting and after each annual meeting of Members, shall elect the officers of the Corporation.

Section 3. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors.

Section 4. All officers of the Corporation shall serve without compensation.

Section 5. Each officer of the Corporation shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors without notice whenever, in its judgment, the best interests of the Corporation will be served thereby. Any vacancy occurring in any office of the Corporation by death, resignation, removal, or otherwise shall be filled by the Board of Directors.

THE PRESIDENT

Section 6. The President shall be the chief executive officer of the Corporation, shall preside at all meetings of the Members and the Board of Directors, shall have general and active management of the business of the Corporation, and shall see that all orders and resolutions of the Board of Directors are carried into effect.

Section 7. He shall execute all leases, bonds, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes, except where required by law to be otherwise signed and executed.

THE VICE PRESIDENTS

Section 8. The Vice Presidents, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Present, perform the duties and exercise the powers of the President. They shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

THE SECRETARY AND ASSISTANT SECRETARY

Section 9. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members and record all the votes and proceedings of the meeting of the Members of the Corporation and of the Board of Directors in a book to be kept or that purpose and shall perform like duties for the standing 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 President, under whose supervision he shall be. He shall keep in safe custody the seal of the Corporation and, when authorized by the Board of Directors, affix the same to any instrument requiring it, and when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

Section 10. The Assistant Secretaries, in the order of the seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

THE TREASURER AND ASSISTANT TREASURERS

Section 11. The Treasurer shall have the custody of the corporate funds and securities and shall have full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall receive and deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors.

Section 12. He shall disburse the funds of the Corporation as may be authorized by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and the Board of Directors, at its regular meetings or when the Board of Directors so requires, an account of all of his transactions as Treasurer and of the financial condition of the Corporation.

Section 13. He shall sign all checks and promissory notes of the Corporation and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of each to the Members. He shall cause an annual audit of the Corporation's books to be made by a public accountant at the completion of each fiscal year.

Section 14. If required by the Board of Directors, he shall, at the expense of the Corporation, give the Corporation a bond 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 corporation, 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 Corporation.

Section 15. The Assistant Treasurers, in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the Treasurer, perform the duties and exercise the powers of the Treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE XII MEETINGS OF MEMBERS

Section 1. Meetings of the Members for the election of directors shall be held at the offices of the Corporation in the County of Dallas, State of Texas, or at such other location within the County of Dallas, State of Texas, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof. Meetings of Members for any purpose may be held at such place within Dallas County, Texas, and at such time as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual meetings of Members shall commence within 120 days after the Turnover Date, and shall be held annually thereafter, on the fourth Thursday of October if not a legal holiday, and if a legal holiday, then on the next calendar day following at 7:30 p.m., at which they shall elect, by a plurality vote which shall be by secret written ballot, a Board of Directors and transact such other business as may properly be brought before the meeting. The Board of Directors may elect to establish an alternate date of the annual meeting of Members within thirty (30) days after the previous annual meeting, upon written notice to all Members.

Section 3. Special meetings of the Members may be called by the President or the Board of Directors and shall be called by the Secretary upon written request of Members entitled to cast one-fourth (1/4) of all of the votes of the entire membership or who are entitled to cast one-fourth (1/4) of the votes of the Class A membership.

Section 4. Written or printed notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than fifteen (15) nor more than fifty (50) days before the day of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each Member entitled to vote at such meeting.

Section 5. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 6. The presence at any meeting of Members entitled to cast one-tenth (1/10) of the votes of each class of membership, represented in person or by proxy, shall constitute a quorum at meetings of Members except as otherwise provided in the Declaration, the Articles, or these Bylaws. If, however, a quorum shall not be present or represented at any meeting of the Members, the Members present, in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. Other than for the election of directors, the vote of Members entitled to cast a majority of the votes thus represented at a meeting at which a quorum is present shall be the act of the Members meeting, unless the vote of a greater number is required by law, the Declaration, the Articles, or these Bylaws.

Section 8. Each Member may cast as many votes as he is entitled to exercise under the terms and provisions of the Articles on each matter submitted to a vote at a meeting of Members, except to the extent that the voting rights of any Member have been suspended in accordance with these Bylaws or the Declaration. At each election for Directors, every Member entitled to vote at such election shall have the right to cast as many votes as he is entitled to exercise under the terms and provisions of the Articles, in person or by proxy, for as many persons as there are directors to be elected and for whose election he has a right to vote, and Members of the Corporation are expressly prohibited from cumulating their votes in any election for directors of the Corporation.

Section 9. A Member may vote, in person or by proxy, executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than eleven (11) months from the date of its execution.

Section 10. The officer or agent having charge of the corporate books shall make, at least ten (10) days before each meeting of the Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with the address of each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Corporation and shall be subject to inspection by any Member at any time during the usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 11. The Board of Directors may fix, in advance, a date, not exceeding fifty (50) days preceding the date of any meeting of Members, as a record date for the determination of the Members entitled to notice of and to vote at any such meeting and any adjournment thereof, and

in such case, such Members, and only such Members as shall be Members of record on the date so fixed, shall be entitled to such notice of and to vote at such meeting and any adjournment thereof, notwithstanding any change of membership on the books of the Corporation after any such record date fixed as aforesaid.

Section 12. Any action required by the statutes to be taken at a meeting of the Members or any action which may be taken at a meeting of the Members may be taken without a meeting if a consent, in writing, setting forth the action so taken shall be signed by all of the Members required to vote affirmatively with respect to the subject matter thereof, and such consent shall have the same force and effect as the required affirmative vote of Members.

Section 13. Any conflict between one or more provisions of these Bylaws and one or more provisions of the Articles shall be resolved in favor of the provision(s) set forth in the Articles. Any conflict between one or more provisions of these Bylaws and one or more provisions of the Declaration shall be resolved in favor of the provision(s) set forth in the Declaration.

ARTICLE XIII GENERAL PROVISIONS

REPORT TO SHAREHOLDERS

Section 1. The Board of Directors must, when requested by Members entitled to cast at least one-third (1/3) of all of the votes of the entire membership or who are entitled to cast one-third (1/3) of the votes of the Class A Members, present written reports of the business and condition of the Corporation.

FISCAL YEAR

Section 2. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

SEAL

Section 3. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization, and the words "Corporate Seal, State of Texas". The seal may be used by causing it or a facsimile thereof to be impress or affixed or in any other manner reproduced.

ARTICLE XIV ASSESSMENTS

The rights of membership in the Corporation are subject to the payment of annual and special assessments levied by the Corporation, the obligation of which assessments is imposed against the Owner of and becomes a lien upon each Lot against which such assessments are made, as provided in the Declaration, which is incorporated herein by reference and made a part hereof for all purposes.

ARTICLE XV
BOOKS AND RECORDS

The books, records, and papers of the Corporation shall, at all times, during reasonable business hours, be subject to inspection by all Members or holders of first mortgage liens. The Declaration, the Articles, and the Bylaws of the Corporation shall be available for inspection by any Member or holder at the principal office of the Corporation, where copies may be purchased at reasonable cost.

ARTICLE XVI
INDEMNIFICATION

Section 1. The Corporation shall have the power to indemnify any director or officer or former director or officer of the Corporation for expenses and costs (including attorneys' fees) actually and necessarily incurred by him in connection with any claim asserted against him, by action in court or otherwise, by reason of his being or having been such director or officer, except in relation to matters as to which he shall have been guilty of negligence or misconduct in respect of the matters in which indemnity is sought.

Section 2. If the Corporation has not fully indemnified him, the court in the proceeding in which any claim against such director or officer has been asserted or any court having the requisite jurisdiction of any action instituted by such director or officer on his claim for indemnity, may assess indemnity against the Corporation, its receiver, or trustee, for the amount paid by such director or officer in satisfaction of any judgment or in compromise of any such claim (exclusive in either case of any amount paid to the Corporation), and any expenses and costs (including attorneys' fees) actually and necessarily incurred by him in connection therewith to the extent that the court shall deem reasonable and equitable, provided, nevertheless, that indemnity may be assessed under this Section only if the court finds that the person indemnified was not guilty of negligence or misconduct in respect of the matter in which indemnity is sought.

ARTICLE XVII
AMENDMENTS

These Bylaws may be altered, amended, or repealed by a vote of the majority of the Members at any regular meeting of the Members or at any special meeting of the Members if notice of such proposed action be contained in the notice of such special meeting. Further, no amendment of the Bylaws shall be made to authorize meeting of the members of the Association be held

outside of Dallas County, Texas, without first obtaining written consent from 100% of the Members and the first lien holders.