

BY-LAWS

Park  Glen

PARK GLEN NEIGHBORHOOD ASSOCIATION, INC.

November 20, 1996

Transcribed from the
“Notice of Filing of Dedicatory Instruments for Park Glen Neighborhood Association, Inc.”
recorded by the Tarrant County Clerk as instrument D200041431

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**BY-LAWS
OF
PARK GLEN NEIGHBORHOOD ASSOCIATION, INC.**

(A Texas Non-Profit Corporation)

ARTICLE I

NAME

1.1 NAME. The name of the organization shall be Park Glen Neighborhood Association, Inc., hereinafter called the "Association."

ARTICLE II

DEFINITIONS AND TERMS

2.1 DEFINITIONS. Capitalized terms used in these Bylaws and not defined elsewhere herein shall have the meaning assigned to them below:

- (a) "Articles" shall mean the Articles of Incorporation of the Association as the same may from time to time be duly amended.
- (b) "Assessments" shall mean Regular Assessments, Special Group Assessments and Special Owner Assessments as defined below:
 - (i) "Regular Assessments" shall have the meaning set forth in Section 5.2 below.
 - (ii) "Special Group Assessments" shall have the meaning set forth in Section 5.3 below.
 - (iii) "Special Owner Assessments" shall have the meaning set forth in Section 5.4 below.
- (c) "Association Documents" shall mean the Articles of Incorporation and the Bylaws of and resolutions adopted by the Association.
- (d) "Board of Directors or Board" shall mean the Board of Directors of the Association.
- (e) "City" shall mean the City of Fort Worth, Texas.
- (f) "Common Expenses" shall mean:
 - (i) in the event no assessments are ever levied by the City to construct, install and maintain the Enhanced Public Improvements, all costs and expenses incurred by the Association to construct, install and maintain the Enhanced Public Improvements to the extent and standards of quality determined by the Board to be appropriate;
 - (ii) in the event the District is dissolved, terminated or otherwise fails to function, all costs and expenses incurred by the Association to construct, install and maintain the Enhanced Public Improvements to the same extent and to the same quality existing prior to such dissolution, termination or failure, but in no event less than to the same extent and to the same standards of quality determined by the Board to be appropriate;

(iii) in the event the City fails to approve the annual budgets recommended by the District, all costs and expenses incurred by the Association to construct, install and maintain the Enhanced Public Improvements to the full extent represented by the District's annual budgets;

(iv) in the event the Association determines that the District's annual budgets are inadequate to construct, install and maintain the Enhanced Public Improvements, all costs and expenses incurred by the Association to construct, install and maintain the Enhanced Public Improvements to the extent and standards of quality determined by the Board to be appropriate;

(v) all costs incurred by the Association in providing one or more security guards (and any incidental booths, gates or other security equipment) deemed necessary by the Association to provide enhanced security for the Property;

(vi) all costs incurred by the Association in enforcing some or all recorded restrictive covenants (or other similar such restrictions) that affect all or any portion of the Property; and

(vii) all other costs and expenses necessary to manage, operate and perform the duties and functions of the Board and the Association set forth in the Declaration and to establish a reasonable reserve fund as determined by the Board.

(g) "Conversion Date" shall mean the date on which Declarant and all affiliates of Declarant own in the aggregate less than 25% of the area comprising the Property (exclusive of Streets). Any person owned or controlled by Declarant, by any partner of Declarant or by any Person owning or controlling any partner of Declarant, shall be considered an "affiliate" of Declarant for purposes of this definition.

(h) "Declarant" shall mean Hillwood/Park Glen, Ltd., a Texas limited partnership, and such successors or assigns to whom rights and powers expressly reserved in the Declaration to Declarant are conveyed or assigned in writing, but excluding any Person merely purchasing one or more Parcels from Declarant.

(i) "Declaration" shall mean that certain Park Glen - Phase 2 Association Declaration dated January 21, 1993, recorded in Volume 10944, Page 1718 in the Real Property Records of Tarrant County, Texas, and any amendments or modifications thereto recorded in the Real Property Records of Tarrant County, Texas.

(j) "Default Rate of Interest" shall mean the lesser of (i) 15% per annum, or (ii) the maximum allowable contract rate of interest under applicable law.

(k) "District" shall mean the Fort Worth Public Improvement District No. 4 approved by the City in Resolution No. 1829 adopted by the City Council on May 26, 1992, and any successor district or other public improvement district or public agency as may hereafter be established and approved by the City to perform some or all of the functions of the Fort Worth Public Improvement District No. 4.

(l) "Enhanced Public Improvements" shall mean the enhanced public improvements constructed, installed and maintained in the unpaved public rights-of-way of Streets now or hereafter located in the Property (together with the unpaved easements adjacent to such present or future rights-of-way or other public easements), parks and other open spaces, including, but not limited to, the construction, installation and maintenance of special supplemental landscaping, special supplemental fencing and special supplemental irrigation systems located within the Property.

(m) "Majority Vote of the Members" shall have the meaning set forth in Section 4.4 below.

(n) "Majority Vote of the Class A Members" shall have the meaning set forth in Section 4.4 below.

(o) "Member" shall have the meaning set forth in Section 4.1 below.

- (p) "Member in Good Standing" shall have the meaning set forth in Section 4.2 below.
- (q) "Non-Member Owners" shall have the meaning set forth in Section 4.1 below.
- (r) "Notice of Unpaid Assessments" shall have the meaning set forth in Section 5.7 below.
- (s) "Owner" shall mean each Person (other than the Association) who is a record owners of a fee simple interest in any Parcel, but excluding any Person who holds only a lien or interest in the Parcel as security for the performance of any obligation.
- (t) "Parcel" shall mean any parcel of land located in the Property.
- (u) "Person" shall mean any natural person, corporation, partnership, trust or other entity.
- (v) "Property" shall mean the real property described in Exhibit A hereto and any additions thereto or deletions therefrom as may now or hereafter be provided in the Declaration.
- (w) "Streets" shall mean any land located in an easement or right-of-way dedicated for public use for motor vehicles.

ARTICLE III

ORGANIZATION AND PURPOSES

3.1 ORGANIZATION. The Association is organized and shall be operated, to the extent permitted by applicable law, as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws. The Association is formed in connection with the development of and sale of single and multi-family residences and other improvements constructed on the Property.

3.2 PURPOSES. The primary purposes for which the Association is formed are to act as agent for the Owners of the Property pursuant to the provisions of the Declaration as follows:

- (a) To make assessments in the event (i) no special assessments or inadequate special assessments are levied against property located in the District by the City to pay for the costs of the Enhanced Public Improvements; (ii) the District is dissolved, terminated or otherwise fails to function; (iii) the City fails to approve the annual budgets recommended by the District; or (iv) the annual budgets recommended by the District are inadequate to pay for the costs of the Enhanced Public Improvements;
- (b) To make assessments to pay for the costs of providing one or more security guards (and any incidental booths, gates or other security equipment) deemed necessary by the Corporation to provide enhanced security for the Property;
- (c) To make assessments to pay for the costs of enforcing, and to enforce, some or all recorded restrictive covenants (or other such similar restrictions) that may now or hereafter affect all or any portion of the Property;
- (d) To make assessments to pay for all other costs and expenses necessary to manage, operate and perform the duties and functions of the Board of Directors and the Corporation set forth in the Declaration and to establish a reasonable reserve fund as determined by such Board of Directors;

- (e) To enforce the Declaration and any rules made thereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules;
- (f) To exercise all of the powers and privileges and to perform the duties and obligations which may be vested in the Corporation by the Declaration;
- (g) To enforce applicable provisions of the Bylaws of Park Glen Neighborhood Association, Inc. (the "Bylaws") and any rules and regulations of the Corporation;
- (h) To fix, levy, collect and enforce payment, by any lawful means, all charges or assessments provided for by the terms of the Declaration and the Bylaws; to pay all expenses in connection therewith, including attorneys and accountants where appropriate, and all office and other expenses incident to the conduct of the business of the Corporation and to make disbursements, expenditures and payments on behalf of the Owners as required by the Declaration and the Bylaws; and to hold, as agent for the Owners, reserves for periodic repairs and improvements to be made as directed by the Owners acting through the Board of Directors;
- (i) To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of the Corporation in accordance with the terms of the Declaration;
- (j) To have and to exercise any and all powers, rights and privileges, including delegation of powers as permitted by law, which the Corporation under the Act may now or hereafter have or exercise;
- (k) To acquire (by purchase, grant or otherwise), annex and merge, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of the Corporation;
- (l) Subject to the provisions of the Articles of Incorporation and these Bylaws, to borrow money and to mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred in connection with the affairs of the Corporation; and
- (m) To promote the common good, health, safety and general welfare of the residents within the Property covered by the Declaration and, 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 Owners and occupants of the Property, or for the operation or protection of the Corporation or for the enforcement of the Declaration.

3.3 ASSOCIATION OBLIGATIONS. The Association and its Board of Directors shall never be under any obligation to enforce the covenants, conditions or restrictions of the Declaration or any other recorded restrictive covenants that may now or hereafter affect all or any portion of the Property, and any failure to so enforce shall never give rise to any liability on the part of the Association or its Board of Directors.

3.4 MEMBER/USER OBLIGATIONS. All present or future Members of the Association and all tenants of any such Members shall be subject to the regulations set forth in these Bylaws and the policies and regulations established by the Board of Directors.

ARTICLE IV

MEMBERSHIP AND VOTING

4.1 MEMBERSHIP. Membership in the Association shall vest as follows:

(a) Each Owner, including Declarant, automatically is a member of the Association ("Member"), except for the following which are considered "Non-Member Owners":

- (i) the City shall not be a Member unless it owns property other than Streets or public easements;
- (ii) any public school district shall not be a Member unless it owns property other than that used as a public school; and
- (iii) any utility shall not be a Member unless it owns property other than utility easements.

(b) Except for Non-Member Owners, membership in the Association is appurtenant to, and cannot be separated from, ownership of a Parcel. Any transfer of title to any Parcel shall automatically transfer (or, in cases of a transfer by a Non-Member Owner, automatically vest) membership in the Association to the new Owner unless the new Owner is a Non-Member Owner; provided, however, such transfer to a new Owner shall not relieve or release the transferring Owner from any liability or obligation incurred in connection with the Association or the Owner's Parcel during the period of such ownership and membership in the Association, or impair any rights or remedies which the Board of Directors or others may have against such Owner in connection with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one membership card per Parcel to the Owner(s) of a Parcel. Such membership card shall be surrendered to the Secretary of the Association whenever ownership of the Parcel designated thereon is terminated.

4.2 MEMBER IN GOOD STANDING. A Member shall be a "Member in Good Standing" and eligible to vote if such Member:

- (a) has, at least 10 days prior to the taking of any vote by the Association, fully paid all Assessments and other sums due and owing to the Association as provided herein or in the Association Documents;
- (b) does not have a Notice of Unpaid Assessments filed by the Association against any Parcel owned by such Member; and
- (c) has discharged all duties and obligations to the Association as provided herein or in the Association Documents.

The Board may determine the good standing of any Member at any time and shall make such determination with respect to all Members prior to any vote being taken by the Association. The Board may waive the 10-day prior payment requirement and require only that such payment be made before such vote is taken. Any Member not declared by the Board to be a Member in Good Standing shall not be entitled to vote on matters before the Association until Member in Good Standing status is attained and so declared by the Board.

4.3 VOTING. The Association shall have two classes of voting membership as follows:

(a) Class A Members. "Class A Members" shall be all Members including Declarant. Class A Members shall be entitled to vote as set forth in the attached Exhibit B. For the purpose of this subparagraph (a) and for any other reason that acreage or other area is necessary to be determined under these Bylaws, the Board shall determine the acreage contained in the Property and the acreage or applicable area contained in specific parcels thereof. If a Parcel is owned by more than one Member, the number of votes attributable to the Parcel shall be the same as if there were only one owner, and the vote attributable to the Parcel may be cast only if, prior to the time of the vote in question, all Members who own the Parcel have delivered to the Association a written agreement setting forth how such votes are to be cast or designating one of such

Members to cast all the votes attributable to such Parcel. Any Member who is not a natural person must designate to the Board in writing a representative who has the authority to represent such Member in Association matters and the authority to cast all votes of such Member. A Member may delegate its right to vote to any tenant occupying the Parcel owned by such Member provided such delegation is made in writing to the Board.

(b) Class B Member. The sole "Class B Member" shall be Declarant. The Class B Member shall be entitled to a number of votes equal to 101 % of the aggregate of all votes eligible to be cast by Class A Members; provided, however, the Class B membership shall cease on the Conversion Date, and Declarant thereafter shall only be a Class A Member for so long as Declarant owns any portion of the Property.

4.4 MAJORITY. As used in these Bylaws, the term "Majority Vote of the Members" means, at the time such vote is taken, the vote of Members in Good Standing holding, in the aggregate, a majority of the votes eligible to be cast by all of the Members in Good Standing present or voting by legitimate proxy at a called meeting at which a quorum of the Members of Good Standing is present. Certain provisions of these Bylaws require a vote of the Class A Members only. Therefore, as used in these Bylaws, the term "Majority Vote of the Class A Members" means, at the time such vote is taken, the vote of Class A Members in Good Standing holding, in the aggregate, a majority of the votes eligible to be cast by all of the Class A Members in Good Standing.

4.5 QUORUM. Except as provided in Section 9.1, Members holding 10% of the aggregate votes entitled to be cast by all Members in Good Standing, all of whom shall be represented at a meeting of the Members in person or by legitimate proxy, shall constitute a quorum for voting on matters brought before the Members at duly called meetings of the Association. A majority of those votes entitled to be cast by the Members in Good Standing or voting by legitimate proxy at a duly called meeting at which a quorum of the Members in Good Standing is present shall be the act of the Members so meeting. Notice requirements for actions of the Association which require approval by its Members shall be as set forth in the Association Documents.

4.6 PROXIES. Votes may be cast in person or by proxy in a form approved by the Board. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting.

ARTICLE V

FEES AND ASSESSMENTS

5.1 PAYMENT OF ASSESSMENTS. The Owner of a Parcel, by acceptance of a deed or other conveyance document (whether or not any agreement to pay Assessments is included in such deed or document), shall be deemed to covenant and agree to pay to the Association, or to any Person designated by the Association, at the address and in the manner designated by the Board of the Directors, Regular Assessments, Special Group Assessments and Special Owner Assessments. Each such Assessment, together with any interest, costs and reasonable attorneys' fees provided for under these Bylaws, shall be the personal obligation of the person who is the Owner of a Parcel at the time the Assessment falls due. The personal obligation for delinquent Assessments shall not pass to a successor in title to such Owner unless expressly assumed by such successor.

5.2 REGULAR ASSESSMENTS. "Regular Assessments" shall be determined, allocated and expeditied for 12-month periods that coincide with the annual budget periods of the District, and each such 12-month period shall constitute a fiscal year of the Association. In the event there is no annual District budget, the fiscal year of the Association shall be a calendar year. Regular Assessments shall be used to pay Common Expenses. Regular Assessments for each fiscal year of the Association shall be set by the Board 30 days prior to the expiration of the preceding fiscal year, or as soon thereafter as reasonably possible. In the event the City, for any reason, has not made any District Assessments prior to the time that the Board determines that Regular Assessments are necessary for the payment of Common Expenses, the Board may levy Regular Assessments and allocate same among the Owners in the manner and proportion described in the attached Exhibit B. The Board also shall have the right at any

time to levy Regular Assessments to pay Common Expenses not paid or scheduled to be paid by the District Assessments, to be allocated among the Owners in the manner and proportion set forth in the attached Exhibit B. Notwithstanding anything to the contrary contained herein, unless approved by a Majority Vote of the Class A Members, for a period of six years after the date of the Declaration, Regular Assessments levied for any year following a year in which Regular Assessments were levied for all of the Common Expenses (a year in which no District assessments were made) shall not exceed in the aggregate 110% of such prior year's Regular Assessments. In the event a surplus from Assessments exists at the end of any fiscal year, the Board shall reduce the next year's Regular Assessments by an amount equal to such excess.

5.3 SPECIAL GROUP ASSESSMENTS. With the approval of a Majority Vote of the Class A Members, the Board may levy at any time by written notice to the Owners "Special Group Assessments" to pay Common Expenses or any unanticipated expenses that normally would have been paid by Regular Assessments. Special Group Assessments shall be allocated among Owners (including the Declarant) in the same manner as Regular Assessments are allocated.

5.4 SPECIAL OWNER ASSESSMENTS. The Board may levy at any time by written notice to an Owner "Special Owner Assessments" against such owner to pay the costs and expenses resulting from damage to or loss of the Enhance Public Improvements if such damage or loss is determined by the Board to have been caused, directly or indirectly, by the acts or omissions of such Owner, or its agents, employees, occupants or visitors.

5.5 DUE DATE OF ASSESSMENTS. Regular Assessments shall be payable annually within 30 days after an invoice is delivered by the Association to an Owner; provided, however, the Board may require payment of Regular Assessments more frequently than annually. The due date of any Special Group Assessment or Special Owner Assessment shall be fixed in the written notice levying such Assessment; provided, however, such due date shall not be earlier than 15 days after the date of such notice. Each Owner, if requested by any holder of a first lien on the Parcel owned by such Owner, shall pay any Assessments to such lien holder as a part of the escrow amounts included in monthly mortgage payments.

5.6 PERSONAL OBLIGATION FOR PAYMENT OF ASSESSMENT. The Assessments shall be personal obligations of the Owner(s) of each Parcel. No Owner may exempt himself from liability for Assessments. In the event an Owner does not pay an Assessment in full when due, such Owner shall pay interest on such unpaid Assessment from the due date until paid at the Default Rate of Interest together with all costs and expenses of collection incurred by the Association, including, but not limited to, reasonable attorneys' fees. The Board may reject any partial payment and demand full payment, or the Board may accept partial payment without waiving any rights to the remaining balance. The obligation of the Owner(s) to pay Assessments with respect to a Parcel made for any period of time that an Owner owns the Parcel shall remain the personal obligation of such Owner, and such obligation shall not pass to transferees from such Owners unless expressly assumed by such transferees; provided, however, the lien for Assessments provided for below shall be unaffected by the transfer of any ownership interest in a Parcel. In the event of any transfer of any ownership interest in a Parcel, it shall be the obligation of the transferring Owner (s) to disclose the existence of all sums due and owing the Association to the transferee, the title company designated to handle such transaction, the financing entity, and any other party involved in such transaction, and such disclosure shall be given in writing at least 15 days before the date on which such transaction is to be consummated. A copy of such disclosure shall also be sent to the Association at the same time. A former Owner shall not be liable for Assessments made with respect to a Parcel after such person no longer is the Owner of such Parcel.

5.7 ASSESSMENT LIEN AND FORECLOSURE. All unpaid Assessments, together with interest from the due date until paid at the Default Rate of Interest and together with the costs and expenses of collection incurred by the Association, including, but not limited to, reasonable attorneys' fees, shall be secured by a continuing contractual lien against the affected Parcel, which lien shall bind such Parcel and the Owner thereof and their heirs, successors, devisees, personal representatives and assignees. The aforesaid contractual lien shall attach to each Parcel as of the date the Declaration is recorded in the Deed Records of Tarrant County, Texas, and shall be superior to all liens

other than (a) a deed of trust or mortgage lien against the Parcel, (b) any sale and leaseback agreement or lease and subleaseback agreement whereby an Owner transfers the Parcel and simultaneously acquires a possessory interest under a lease from, or other agreement with, the transferee, and (c) the lien securing real estate taxes provided; however, the liens described in (a) and (b) above shall be inferior and subordinate to the lien provided for in this Section 5.7 to the extent of any unpaid Assessments set forth in a Notice of Unpaid Assessments (hereinafter defined) recorded prior to the date of such liens described in (a) or (b) above. The Association shall have the power to subordinate any Assessment lien to any other lien. **ALL PARCELS ARE CONVEYED AND ACCEPTED BY THE OWNER THEREOF SUBJECT TO THE ASSESSMENT LIEN PROVIDED IN THIS SECTION 5.7. SUCH LIEN HAS ATTACHED TO THE PROPERTY AND ALL PARCELS AND PRECEDES AND IS SUPERIOR TO ANY HOMESTEAD RIGHT THAT MAY BE ASSERTED BY ANY PURCHASERS OF PARCELS SUBSEQUENT TO THE DATE OF THE RECORDING OF THE DECLARATION IN THE DEED RECORDS OF TARRANT COUNTY, TEXAS.** To evidence unpaid Assessments, the Association may prepare a written notice of unpaid Assessments (the "Notice of Unpaid Assessments") setting forth the amount of the unpaid Assessments, the amount of interest owned thereon computed at the Default Rate of Interest from the due date until paid, the amount of costs and expenses of collection incurred by the Association, including, but not limited to, reasonable attorney's fees, the name of the Owner of the affected parcel and a description of the affected Parcel. Such notice shall be recorded in the Real Property Records of Tarrant County, Texas. The Association shall record a release of any recorded Notice of Unpaid Assessments when all amounts set forth therein have been paid in full. The lien for payment of Assessments may be enforced by judicial foreclosure or by nonjudicial foreclosure through a public sale in accordance with Section 51.002 of the Texas Property Code, as amended. In addition, the Association may institute suit against the Owner of the affected Parcel to obtain a judgment for all sums due and owing the Association. The Association may purchase any Parcel at foreclosure and may acquire, hold, lease, mortgage, convey or otherwise deal with such Parcel. Upon the written request of any mortgagee holding prior lien on any Parcel, the Association shall report to such mortgagee any unpaid Assessments then owing to the Association with respect to such Parcel.

ARTICLE VI

ADMINISTRATION

6.1 ASSOCIATION RESPONSIBILITIES. The Members will constitute the Association. The responsibilities and affairs of the Association will be administered through a Board of Directors. In the event of any dispute or disagreement between any Members relating to the Property, or any questions of interpretation or application of the provisions of the Declaration or the Association Documents, such dispute or disagreement shall be submitted to the Board except as otherwise provided in the Declaration. The determination of such dispute or disagreement by the Board shall be binding on each and all such Members.

6.2 PLACE OF MEETINGS. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Board of Directors and designated in the notices of such meetings.

6.3 ANNUAL MEETINGS. Annual meetings shall be held the second Monday of August of each year or on any other day not more than 30 days thereafter which is stipulated by resolution of the Board of Directors.

6.4 SPECIAL MEETINGS. It shall be the duty of the President of the Association to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by Members having not less than one-tenth of the votes entitled to be cast at such meeting and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

6.5 NOTICE OF MEETINGS. The Secretary shall send notices of annual and special meetings to each Member of the Association, either personally, by facsimile transmission or by mail (postage prepaid), directed to the last known

post office address or facsimile number of the Member, as shown on the records of the Association. Such notice shall be delivered not less than ten days nor more than 60 days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. If requested, any mortgagee of record or its designee may be entitled to receive similar notice.

6.6 ADJOURNED MEETING. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting until a quorum is attained, as provided in Section 4.5 hereof.

6.7 DELIVERY OF NOTICES TO MEMBERS. Any notice required to be delivered to a Member under these Bylaws shall be deemed delivered at the time of personal delivery or, if delivered by facsimile transmission, at the time the communication is successfully transmitted or, if delivered by mail, at the time the notice is deposited in the United States mail addressed to the Member at his or her address as it appears on the records of the Association, with postage thereon paid.

6.8 ORDER OF BUSINESS. The order of business at all meetings of the Members shall be as follows:

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers.
- e. Reports of committees.
- f. Election of Directors and officers, if applicable.
- g. Unfinished business.
- h. New business.

ARTICLE VII

BOARD OF DIRECTORS; ELECTION OF OFFICERS

7.1 NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors elected by a Majority Vote of the Members. Until the first annual meeting of the Members under these Bylaws, the Board of Directors shall be composed of the following three persons:

NAME ADDRESS

Ronald H. White Two Stonebriar Drive Frisco, Texas 75034
 Fred J. Balda Two Stonebriar Drive Frisco, Texas 75034
 Angela Waddle Two Stonebriar Drive Frisco, Texas 75034

Prior to the first annual meeting of the Members, the three-member Board of Directors shall have authority to perform the following acts, regardless of whether these Bylaws contemplate that such acts will normally be performed by the Board of Directors or an officer of the Association:

- (a) File the Articles with the Secretary of State of Texas and adopt these Bylaws by the Association.
- (b) Procure and maintain all necessary books and records of the Association.
- (c) Pay all fees, expenses and costs incident to or necessary for the incorporation and organization of the Association.
- (d) Approve and adopt the fiscal year of the Association.

- (e) Establish and maintain such bank accounts with such banks and authorized signatories and in such cities and states as the three-member Board of Directors shall deem necessary or desirable.
- (f) Approve and adopt the annual budget for the Association's affairs in the event City fails to adopt the District's budget or the Board determines that the District's budget is inadequate to pay for the costs of the Enhance Public Improvements.
- (g) Levy, collect and enforce the Regular Assessments owing under these Bylaws.
- (h) Take such other action as the three-member Board of Directors shall consider necessary or desirable for the prudent and efficient organization of the Association.
- (i) Schedule and conduct the first annual meeting of the Members in accordance with these Bylaws.
- (j) Take or cause to be taken all such further action and cause to be signed, executed, acknowledged, certified, delivered, accepted, recorded and filed all such further instruments in the name and on behalf of the Association as in the judgment of the three-member Board of Directors shall be necessary, desirable or advisable in order to carry out the intent of and to accomplish the purpose of the foregoing authorized acts.

Such three member Board of Directors shall not otherwise conduct business of the Association. From and after the date of the first annual meeting of the Members, the Board of Directors shall be composed of seven persons, who must be members of the Association. Not more than one Owner of a Parcel may serve on the Board of Directors at the same time.

7.2 **POWERS AND DUTIES**. The Board of Directors shall have the powers and duties necessary for setting, collection and disbursement of the Assessments and for the administration of the other responsibilities and affairs of the Association. Subject to the provisions of the preceding sentence, the Board of Directors may do all such acts and things that are not by these Bylaws or the Articles of Incorporation directed to be exercised and done by the Members. Decisions of the Board of Directors shall be made by the vote of a majority of the Directors present at a meeting at which a quorum is present pursuant to Section 7.12 below. The Board shall have the authority to spend the Assessment funds for:

- (a) The payment of Common Expenses.
- (b) The employment of personnel, consultants or contractors to manage and operate the Association; provided, however, the Board of Directors of the Association shall not receive any compensation for serving in such capacity.
- (c) The purchase of a policy or policies of insurance insuring the Association and its directors, officers, employees and representatives against any liability incident to the management and operation of the Association, including any liability incident to the failure to provide any security services as contemplated by the Declaration.
- (d) The purchase of fidelity bonds as provided herein.
- (e) The payment of general and administrative costs necessary for the management and operation of the Association or for the enforcement of the Declaration or the Association Documents.
- (f) The payment of costs incurred in the exercise and performance by the Association and its directors, officers, employees and representatives of their authorities, duties and rights set forth herein.

7.3 OTHER POWERS AND DUTIES. The Board of Directors shall have the following additional powers and duties:

- (a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Declaration and any other recorded restrictive covenants that may now or hereafter affect all or any portion of the Property, to the extent permitted by applicable law and to the extent the Board of Directors elects to do so.
- (b) To enter into agreements or contracts on behalf of the Association.
- (c) To borrow funds, secured by an assignment or pledge of Assessments if required, necessary for the management and operation of the Association.
- (d) To maintain one or more bank accounts in the name of the Association.
- (e) To sue or to defend in any court on behalf of the Association.
- (f) To make, or cause to be made, any tax returns, reports, or other filings on behalf of the Association.
- (g) To adjust the amount of, collect and use insurance proceeds for the purposes for which they were intended, and, if said insurance proceeds are insufficient, to provide full reimbursement through the imposition of Special Group Assessments or Special Owner Assessments, whichever is applicable, subject to obtaining the approval of a Majority Vote of the Class A Members as set forth in Section 5.3 and Section 5.4 above.
- (h) To enforce the provisions of the Association Documents.
- (i) To maintain books and records with respect to the business of the Association and with respect to the levy, collection, receipt, administration, expenditure, and disposition of Assessments and other funds of the Association in accordance with sound accounting practices, and to permit any Owner to inspect and copy the same upon reasonable notice during normal business hours at an office of the Association or the Declarant.
- (j) To indemnify the City against losses resulting from acts or omissions of the Association and those for whom the Association is responsible.
- (k) To remove or repair, as an expense of the Association, any improvements erected and owned by the Association that fall into a state of disrepair as to create a hazard to the public safety as determined by the City.
- (l) To perform such other duties and functions as are necessary to carry out the rights and obligations of Association.
- (m) To obtain and maintain (i) liability insurance covering directors, officers, employees and representatives of the Association and any and all portions of the Enhanced Public Improvements, in such coverage, amounts and with such endorsements the Board considers to be necessary and reasonable; (ii) errors and omissions insurance for directors, officers, employees and representatives of the Association; and (iii) fidelity bonds for directors, officers, employees and representatives of the Association. All insurance policies shall be issued by financially sound companies licensed to do business in Texas. The Association shall use net insurance proceeds for the purpose the insurance was obtained, and any proceeds still remaining shall be deposited by the Association in its reserve fund. Should insurance proceeds be

insufficient to fully satisfy any loss or damage, the Association may levy a Special Group Assessment or a Special Owner Assessment, whichever is applicable, to cover such deficiency.

(n) To fix, determine, levy and collect the Assessments to be paid by each of the Owners; and by majority vote of the Board to adjust, decrease or increase the amount of the Regular Assessments, subject to the provisions of these Bylaws; to levy and collect Special Group Assessments in order to meet increased operating or maintenance expenses or costs, additional capital expense and Special Owner Assessments and other expenses and costs for which Special Group Assessments and Special Owner Assessments are authorized under these Bylaws. All Regular, Special or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the Assessments are being made.

(o) To collect delinquent Assessments by suit or by any other process available under the Declaration or at law or in equity; and to enjoin or seek damages from an Owner, as provided by these Bylaws.

(p) To enter into contracts within the scope of the duties and powers of the directors set forth herein.

(q) To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.

(r) To use excess monies which may accrue in the account of the Association to pay costs and expenses of the Association incurred in accordance with these Bylaws.

(s) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Members and any mortgagee of a Member's property within the Property. The Association shall cause to be prepared and delivered annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be available to any mortgagee of a Member's property within the Property, on request, within 90 days following the fiscal year end of the Association. Any Member may require that the Association cause to be prepared and delivered, at such Member's expense, an audited financial statement of the Association. In addition, each Member shall have the right to inspect the books and records of the Association during normal business hours.

(t) To meet at least once each calendar year.

(u) In general, to carry on the administration of the Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of the use and enjoyment of the Common Areas.

Notwithstanding any provision to the apparent contrary contained in these Bylaws, neither the Board of Directors nor any officer of the Association, without the approval by a Majority Vote of the Members present in person or by proxy at any regular or special meeting of the Members duly called, shall have authority to borrow funds in order to pay for any required expenditure or outlay or to mortgage, pledge or hypothecate any or all of the real or personal property of the Association as security for money borrowed or debts incurred in connection with the affairs of the Association.

7.4 AFFILIATED CONTRACTS. The Board may contract with any Owner, including, without limitation, the Declarant, for performance of services which the Association is obligated or authorized to perform. All such contracts shall be at competitive rates then prevailing for such services and upon such other terms and conditions, and for such consideration, as the Board considers advisable and in the best interest of the Association provided the level of service received is consistent with that available from unrelated third parties.

7.5 LIMITATIONS ON LIABILITY. No Owner, or director, officer, employee or representative of the Association, shall be personally liable for the debts, obligations or liabilities of the Association, regardless of how such debts,

obligations or liabilities are evidenced. The directors, officers, employees and representatives of the Association shall not be liable for any act or omission (even if such act or omission constitutes negligence) unless such act or omission constitutes willful misconduct or bad faith, and, to the extent not covered by insurance, the Association shall indemnify and hold harmless such directors, officers, employees and representative from and against any and all cost, expense, loss or liability, including, but not limited to, reasonable attorneys' fees, suffered or incurred by such persons as a direct or indirect result of their having served the Association in their respective capacities. The cost of the indemnity set forth above may be allocated among the Owners as a Special Group Assessment or a Special Owner Assessment, whichever is applicable. The right to indemnification set forth above shall not be exclusive of any other rights to which a director, officer, employee or representative may be entitled by law or in equity. Neither the Association nor any director, officer, employee or representative of the Association shall have any liability because of the failure of the Association to provide enhanced security for the Property, it being understood that each Owner (and each employee, lessee and invitee) is responsible for its own security and the Association (and any director, officer, employee and representative thereof) shall have not liability therefor.

7.6 ELECTION AND TERM OF OFFICE. At each annual meeting of the Members, the Members shall elect seven persons to serve as directors and as President, one or more Vice Presidents and Secretary of the Association to hold office until the next succeeding annual meeting. At each election, the persons receiving the greatest number of votes shall be the directors. Each director elected shall hold office as a director and, if applicable, as the President, Vice President or Secretary of the Association for the term for which he or she is elected and until his or her successor shall have been elected and qualified or until his or her earlier death, resignation, retirement, disqualification or removal. Upon completion of each annual meeting of the Members, the Secretary of the Association shall deliver notice of the newly elected directors and officers to each Member of the Association, either personally, by facsimile transmission or by mail (postage prepaid), directed to the last known post office address or facsimile number of the Member, as shown on the records of the Association.

7.7 VACANCIES. Vacancies on the Board of Directors (and any corresponding vacancy, if applicable, in the officer position held by the vacating director) caused by any reason other than the removal of a director by a vote of the Association shall be filled by vote of the majority of the remaining directors, even though they may constitute less than a quorum. Each director so elected shall serve out the remaining directorship term of his or her predecessor and, if applicable, shall serve out the remaining term of the officer position held by his or her predecessor. Upon filling any vacancy on the Board of Directors and any corresponding officer position, the Secretary of the Association shall deliver notice of the newly elected director and, if applicable, officer, to each Member of the Association, either personally, by facsimile transmission or by mail (postage prepaid), directed to the last known post office address or facsimile number of the Member, as shown on the records of the Association.

7.8 REMOVAL OF DIRECTORS AND OFFICERS. At any regular or special meeting of the Members duly called, any director may be removed from his or her directorship position and any corresponding officer position held by him or her with or without cause by a majority vote of the Members, and a successor may then and there be elected to fill the vacancy in the directorship position and any corresponding officer position thus created. Any director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

7.9 ORGANIZATION MEETING. The first meeting of a newly elected Board of Directors shall be held within ten days after election at such place as shall be fixed by the directors at the meeting at which such directors were elected, and no notice shall be necessary to the newly elected directors in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

7.10 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the directors, but at least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each director, either personally, by telephone, by facsimile transmission or by mail (postage prepaid), at least ten days prior to the day named for such meeting.

7.11 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least three directors. The President or Secretary will give ten days to each director either personally, by telephone, by facsimile transmission or by mail (postage prepaid), which notice shall state the time, place (as herein above provided) and purpose of the meeting.

7.12 TELEPHONIC MEETING. The Board of Directors may participate in and hold a meeting by means of conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

7.13 DELIVERY, WAIVER OF NOTICES. Any notice required to be delivered to a director under these Bylaws shall be deemed delivered at the time of personal delivery or, if delivered by telephone or by facsimile transmission, at the time the communication is successfully transmitted or, if delivered by mail, at the time the notice is deposited in the United States mail addressed to the director at his or her address as it appears on the records of the Association, with postage thereon paid. Before or at any meeting of the Board of Directors, any director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a director at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7.14 BOARD OF DIRECTOR QUORUM. At all meetings of the Board of Directors, a majority of four directors (or two directors for the three member, initial Board of 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. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

ARTICLE VIII

POWERS AND DUTIES

8.1 DESIGNATION. The officers of the Association shall be a President, one or more Vice Presidents, Secretary and Treasurer. Not more than one Owner of a Parcel may serve as an officer of the Association at any one time.

8.2 ELECTION OF OFFICERS. The President, one or more Vice Presidents and Secretary shall be directors duly elected by the Members as provided in Section 7.6 above. The Treasurer and any assistant officers as may be deemed necessary shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

8.3 REMOVAL OF TREASURER. Upon an affirmative vote of a majority of the members of the Board of Directors, the Treasurer or any assistant officer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

8.4 PRESIDENT. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of both the Association and the Board of Directors, and shall have all the general powers and duties which are usually vested in the office of President of an association, including, but not limited to, the power to appoint committees from among the Members to assist in the administration of the affairs of the Association. The President, or his or her designated alternate, shall represent the Association at all meetings of the Association, as well as outside business meetings.

8.5 VICE PRESIDENTS. The Vice Presidents, in the order of their seniority, unless otherwise determined by the Board of Directors, shall perform all of the duties of the President in his or her absence and such other duties as may be required of the Vice Presidents from time to time by the President or the Board of Directors.

8.6 SECRETARY AND ASSISTANT SECRETARIES.

- (a) The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of the Secretary.
- (b) The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.
- (c) The Assistant Secretaries, in the order of their seniority, unless otherwise determined by the Board of Directors, shall perform all the duties of the Secretary in his or her absence and such other duties as may be required of the Secretary from time to time by the President or the Board of Directors.

8.7 TREASURER AND ASSISTANT TREASURERS.

- (a) The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such money as directed by resolution of the Board of Directors. The Treasurer shall also have the authority to: keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Members at their regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to the Treasurer by the Board of Directors.
- (b) The Assistant Treasurers, in the order of their seniority, unless otherwise determined by the Board of Directors, shall perform all the duties of the Treasurer in his or her absence and such other duties as may be required of the Treasurer from time to time by the President or the Board of Directors.

ARTICLE IX

AMENDMENTS TO ARTICLES OF INCORPORATION AND BYLAWS

9.1 AMENDMENTS GENERALLY. Except as provided in Section 9.2 below, the Articles of Incorporation or these Bylaws may be amended or repealed, or new articles or bylaws may be adopted, at any annual or special meeting of the Members at which a quorum is present by the affirmative vote of two-thirds of the total votes of the Members in Good Standing present at the meeting, provided notice of the proposed amendment, repeal or adoption be contained in the notice of such meeting; and provided further, that the foregoing notice requirement shall not prohibit the Members from adopting the proposed amendment, effecting the proposed repeal or adopting the proposed new articles or bylaws, as the case may be, in a modified form which is not identical to that described or set forth in the notice of such meeting. For purposes of this Section 9.1, Members holding 25% of the aggregate votes entitled to be cast by all Members in Good Standing, all of whom shall be represented at a meeting of the Members in person or by legitimate proxy, shall constitute a quorum for voting to amend or repeal the Articles of Incorporation or these Bylaws, or to adopt new articles or bylaws at any duly called annual or special meeting of the Members.

9.2 RESTRICTIONS ON AMENDMENTS. Prior to the Conversion Date, the Members may not amend or repeal the Articles of Incorporation or these Bylaws, or adopt new articles or bylaws, without the prior written approval of Declarant.

ARTICLE X

ACTIONS WITHOUT MEETINGS

10.1 CONSENT TO ACTION. Any action required or permitted to be taken at any meeting of Members, directors or committee members may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by a sufficient number of Members, directors or committee members, as the case may be, as would be necessary to take that action at a meeting at which all persons entitled to vote on the action were present and voted.

10.2 NOTICE OF ACTION. Prompt notice of the taking of any action by Members, directors or committee members without a meeting by less than unanimous written consent shall be given to those Members, directors or committee members who did not consent in writing to the action. Every written consent signed by less than all the Members, directors or committee members entitled to vote with respect to the action that is the subject of the consent shall bear the date of signature of each person who signs the consent. No written consent signed by less than all the Members, directors or committee members entitled to vote with respect to the action that is the subject of the consent shall be effective to take such action unless, within 60 days after the date of the earliest dated consent delivered to the Association in the manner required by law, a consent or consents signed by not less than the minimum number of Members, directors or committee members that would be necessary to take the action that is the subject of the consent are delivered to the Association by delivery to its registered office, registered agent, or principal place of business, or by delivery to an officer or agent of the Association having custody of the books in which proceedings of meetings of Members are recorded. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Association's principal place of business shall be addressed to the President or principal executive officer of the Association. A telegram, telex, cablegram or similar transmission by a Member, director or committee member, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a Member, director or committee member, shall be regarded as signed by the Member, director or committee member for purposes of this Section 10.2.

ARTICLE XI

MORTGAGES

11.1 NOTICE TO ASSOCIATION. A Member who mortgages his or her Parcel shall notify the Association through the President or Secretary of the Association, giving the name and address of the mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Parcels."

11.2 NOTICE OF UNPAID ASSESSMENTS. The Association shall, at the request of a mortgagee of a Lot, report any unpaid assessments due from the Owner of such Parcel.

ARTICLE XII

NON-PROFIT ASSOCIATION

12.1 NON-PROFIT PURPOSE. The Association is not organized for profit. No Owner, Member, director, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any director or officer; provided, however, (a) reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association and (b) any director or officer may, from time to time, be reimbursed for his or her actual and reasonable expenses

incurred in connection with the administration of the affairs of the Association, subject to prior approval by the Board of Directors.

12.2 FILING OF PAPERS. The Board of Directors shall cause to be filed with all applicable governmental agencies such certificates, reports and other paperwork as necessary to assure that the Association, to the maximum extent possible, retains its tax-exempt status as a Texas non-profit corporation operating as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws.

CERTIFICATE

The undersigned, being the three initial members of the Board of Directors under these Bylaws, hereby certify that the foregoing is a true, complete and correct copy of the Bylaws of PARK GLEN. NEIGHBORHOOD ASSOCIATION, INC. a Texas non-profit corporation, as adopted by the Board of Directors by unanimous consent in lieu of organizational meeting dated effective as of November 20, 1996

IN WITNESS WHEREOF, we hereunto set our hands effective for all purposes effective as of November 20, 1996.

Ronald H. White
Fred J. Balda
Angela Waddle

EXHIBIT "A"

The Property

(to be inserted)

EXHIBIT "B"

1. The votes of the Class A Members shall be calculated based upon the category of each Parcel. Each Parcel on which there is built a single family home or townhome shall be entitled to one vote. Each Parcel on which there is built a condominium complex shall be entitled to one vote multiplied by the number of condominium units on such Parcel. Each Parcel on which there is built a retail or commercial establishment shall be entitled to five votes per acre. Each Parcel on which there is built a multi-family complex shall be entitled to one vote for each three living units on such Parcel. All other Parcels shall be entitled to four votes per every one acre. Fractional voting is permissible. Where the calculation of a vote on a Parcel results in a fractional vote equal to .5 or greater, such fraction shall be rounded up to the next whole number, and where such calculation results in a fractional vote equal to .4 or less, such fraction shall be rounded down to the prior whole number. The Board shall have the right and power to designate the category of a Parcel in the event of a dispute.

2. Regular Assessments shall be based on the category of each Parcel, with each Owner being responsible for a portion of the aggregate Regular Assessments equal to a fraction, the numerator of which is the number of Class A votes entitled to be cast by such Owner and the denominator of which is the aggregate number of eligible Class A votes. For purposes of this paragraph only, each Owner shall be deemed a Member in Good Standing.