

PPHA 56350101  
SWM 2-25-91  
Preston Pointe Addition  
Plano, Collin County, Texas

BYLAWS OF  
PRESTON POINTE HOMEOWNERS' ASSOCIATION, INC.

The name of the organization shall be PRESTON POINTE HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

OBJECT

1.01. Purposes. The purposes for which this non-profit corporation has been formed are (a) to administer the common affairs of all of the owners of the "Property", as that term is defined in the Restrictive Covenants hereinafter described; (b) to assure the upkeep, maintenance, improvement, and administration of the "Common Area", as defined in the Restrictive Covenants hereinafter described; (c) to assure the upkeep, maintenance, improvement, and administration of any additional property which may later be acquired by or placed under the control of Preston Pointe Homeowners' Association, Inc.; (d) to assure the upkeep, maintenance, improvement, and administration of any facilities used in connection with the above-described Property; and (e) more generally, to carry out the functions and exercise the powers described in the Articles of Incorporation of Preston Pointe Homeowners' Association, Inc. and the Restrictive Covenants hereinafter described.

1.02. Applicability. All present or future owners, tenants, or any other person that might use the facilities of Preston Pointe

Homeowners' Association, Inc. in any manner, are subject to the regulations set forth in these Bylaws. The mere acquisition, occupancy, or rental of any of the platted lots within the Property, or in any additional property later placed under the jurisdiction of Preston Pointe Homeowners' Association, Inc. will signify that these Bylaws are accepted and ratified and that the owner, tenant, or occupant thereof will comply with the terms and provisions hereof.

## ARTICLE II

### DEFINITIONS

2.01. Articles. "Articles" shall mean and refer to the Articles of Incorporation of Preston Pointe Homeowners' Association, Inc., as amended from time to time.

2.02. Association. "Association" shall mean and refer to Preston Pointe Homeowners' Association, Inc., a Texas non-profit corporation, its successors and assigns.

2.03. Board of Directors. "Board of Directors" shall mean and refer to the Board of Directors of the Association.

2.04. Common Areas. "Common Areas" shall mean and refer to the "Common Area" as that term is defined in the Restrictive Covenants, as amended or supplemented from time to time.

2.05. Director. "Director" shall mean and refer to any member of the Board of Directors.

2.06. Lot. "Lot" shall mean and refer to the "Lot" as that term is defined in the Restrictive Covenants, as amended or supplemented from time to time.

2.07. Member. "Member" or "Members" shall mean and refer to any person or entity who is an Owner, and therefore a member of the Association.

2.08. Owner. "Owner" or "Owners" shall mean and refer to the record owner, whether one or more persons or entities, of any fee simple interest to any "Lot" as that term is defined in the Restrictive Covenants, excluding the beneficiary and trustee of any deed of trust.

2.09. Property. "Property" shall mean and refer to the "Property" as that term is defined in the Restrictive Covenants, as amended or supplemented from time to time.

2.10. Restrictive Covenants. "Restrictive Covenants" shall mean and refer to the Dedication and Restrictive Covenants for the Preston Pointe Addition to the City of Plano, Collin County, Texas recorded in Book 2197 at Page 139 of the Deed Records of Collin County, Texas, and any addition to or modification or amendment of same. Unless otherwise expressly provided herein, all terms used herein shall have the same meaning as those terms have in the Restrictive Covenants.

2.11. Rules. "Rules" shall mean and refer to such reasonable rules as the Board of Directors shall promulgate from time to time as may be necessary for the operation and use of the Property.

### ARTICLE III

#### MEMBERSHIP, VOTING, QUORUM, PROXIES, MOTIONS

3.01. Membership. Eligibility to become a member of the Association shall be determined under the terms of the Restrictive

Covenants. Furthermore, membership in the Association shall terminate without any formal Association action whenever such person or entity ceases to be an Owner, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Directors or others may have against such former Owner arising out of or in any way connected 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 may, if it so elects, issue certificates or cards evidencing membership in the Association. Such certificate or card shall be surrendered to the Secretary of the Association whenever ownership of the Lot designated thereon shall terminate.

3.02. Voting. The voting rights of each Member shall be determined under the terms of the Restrictive Covenants and the Articles.

3.03. Quorum. The presence in person or by proxy of persons entitled to cast at least a majority of the eligible votes of the membership of the Association shall constitute a quorum. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not more than 30 days from the time set for the original meeting and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Notice of the subsequent meeting shall be provided according to Section 4.05 hereof. Except as otherwise provided herein, action may be taken by a vote of a majority of the eligible votes present.

3.04. Proxies. Votes may be cast in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association at or before the appointed time of each meeting. All proxies shall be revocable, and no proxy shall be valid for a period of greater than 11 months.

#### ARTICLE IV

##### ADMINISTRATION OF THE ASSOCIATION

4.01. Association Responsibilities. The Members will have the responsibility of administering the affairs of the Association through its Board of Directors.

4.02. Place of Meetings. Meetings of the Association shall be held at the registered office of the Association or at such other place as the Board of Directors may determine.

4.03. Annual Meeting. The first annual meeting of the Association shall be called by the initial Board of Directors (as appointed in the Articles). After the first annual meeting, the annual meeting of the Association shall be held at the registered office of the Association or at such other place as determined by the Board of Directors during the month of January or February of each calendar year as more specifically set forth in the Notice of Meeting sent to each Owner of record in accordance with the provisions of Section 4.05 hereof. At such meetings there shall be

elected by ballot of the Owners, a Board of Directors in accordance with the requirements of these Bylaws, the Articles, and the Restrictive Covenants. The Owners may also transact such other business of the Association as may properly come before them.

4.04. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of the Owners and having been presented to the Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of the Owners entitled to cast at least two-thirds of the eligible votes held by the Members present at the meeting in person or by proxy.

4.05. Notices of Meetings. Notice must be given of the annual meeting of the Association (except for the first annual meeting) stating the time and place set out in these Bylaws. In the case of each annual meeting, it shall be the duty of the Secretary of the Association (or any party so designated) to mail or deliver in person a notice of such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at least 10 but not more than 50 days prior to such meeting.

4.06. Presiding Officer and Secretary. At every meeting of the Association, the President, or in his absence the Vice President, or in his absence the Secretary of the Association, or

in his absence any Director regardless of whether such person is an officer, shall call the meeting of the Members to order and act as chairman. In the absence of all of the above, any Member entitled to vote or any proxy of any such Member may call the meeting to order and a chairman of the meeting shall be elected. The Secretary of the Association shall act as Secretary of all meetings of the Association. In the absence at such meeting of the Secretary of the Association, the chairman may appoint another person to act as Secretary of the meeting.

4.07. Order of Business. The order of business at all annual meetings of the Owners shall be as follows:

- (a) Certifying proxies;
- (b) Reading of minutes of preceding meeting;
- (c) Reports of officers;
- (d) Reports of committees;
- (e) Election of Directors;
- (f) Unfinished business; and
- (g) New business.

## ARTICLE V

### BOARD OF DIRECTORS

5.01. Number and Qualification. The affairs of the Association shall be governed by a Board of Directors composed of five persons. All members of the Board of Directors shall be Owners.

5.02. Powers and Duties. The Board of Directors, acting on behalf of the Association, shall have and perform each of the

powers and duties enumerated in the Restrictive Covenants, and may do all such acts and things as are not by these Bylaws, the Articles, or by the Restrictive Covenants directed to be exercised and done by the Owners. In addition to the express powers and duties of the Board of Directors granted in these Bylaws, the Articles, and the Restrictive Covenants, the Board of Directors shall, unless expressly prohibited by these Bylaws, the Articles, or the Restrictive Covenants, have all powers and authority granted to Board of Directors of a non-profit corporation organized under the laws of the State of Texas.

5.03. Others Powers. The Board of Directors is, without limitation, additionally empowered as follows:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions as set forth in the Restrictive Covenants, by lawsuit, or otherwise;

(b) To establish, make, and enforce compliance with Rules with the right to amend same from time to time;

(c) To keep in good order, condition, and repair all of the Common Areas and all items, if any, of personal property used in the enjoyment of the Common Areas;

(d) To insure and keep insured improvements, if any, located in the Common Areas in an amount equal to their maximum replacement value, and to obtain and maintain comprehensive liability insurance covering the entire premises. The limits and coverage shall be reviewed at



intervals of not less than three years and adjusted, if necessary, to provide such coverage and protection as the Board of Directors may deem prudent. Worker's Compensation Insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association;

(e) To levy, assess, enforce, and collect all assessments authorized and permitted by the Restrictive Covenants and to establish rules, regulations, and a policy of the Association regarding the collection of delinquent assessments;

(f) To secure and perfect liens created by assessments and to collect delinquent assessments by suit or otherwise, to enjoin or seek damages from any defaulting Owner as is provided in the Restrictive Covenants and these Bylaws, and to employ or use attorneys in such matters;

(g) To suspend a Member's voting rights and right to use the Common Areas and facilities as authorized and permitted by the Restrictive Covenants;

(h) To protect and defend the Association or any property owned thereby from loss and damage by suit or otherwise;

(i) To borrow funds in order to pay for any expenditure or outlay pursuant to the authority granted by the provisions of the Restrictive Covenants, the Articles,

and these Bylaws; to pledge or otherwise grant a security interest in the Association's assessments or funds to secure such indebtedness; and to execute all such instruments evidencing such indebtedness as this Board of Directors may deem necessary or appropriate, including, without limitation, the power to borrow money for the purpose of improving the Common Areas and for constructing or improving facilities thereon and in connection therewith to mortgage the Common Areas or portions thereof;

(j) To purchase or lease real property for use by the Association and to execute on behalf of the Association any contracts, leases, mortgages, or other appropriate instruments for the same;

(k) To enter into contracts within the scope of their duties and powers;

(l) To establish one or more bank accounts, savings accounts, or other investment accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors;

(m) To employ or use accountants and Certified Public Accountants to assist with financial matters and 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 Owners;

(n) To prepare and deliver annually to each Owner upon request, a statement summarizing all receipts, expenses, or disbursements since the last such statement;

(o) To prepare and adopt an annual budget of the Association;

(p) To employ or use attorneys to represent the Association in legal matters;

(q) To employ or use professionals to provide services determined to be necessary and reasonable, such professionals may include any Owner or Owners;

(r) To meet at least once each year;

(s) To designate and employ personnel, a manager, or management company necessary for the maintenance and operation of the Common Areas and of the business or responsibilities of the Association, such personnel, manager, or management company may include any Owner or Owners;

(t) To establish rules for the "Architectural Control Committee" as that term is defined in the Restrictive Covenants, governing the administration, procedures, standards and enforcement of and by the Architectural Control Committee, including but not limited to authorization of the Architectural Control Committee to clean up any debris or trash located in any Lot or Common Areas;

(u) To establish committees to assist the Board of Directors to carry out the functions and the duties of the Association under the Restrictive Covenants, these Bylaws, and the Articles, the service on such committees is to be voluntary; and

(v) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable, in order to carry out the functions and duties of the Association under the Restrictive Covenants, these Bylaws, and the Articles.

5.04. Delegation of Powers - Manager. Notwithstanding any provision contained herein to the contrary, the Board of Directors may delegate any of its administrative powers, duties, or functions to a manager or management company provided that any such delegation shall be revocable upon notice by the Board of Directors. The members of the Board of Directors shall not be liable for any omission or improper exercise by the manager or management company of any such duty, power, or function so delegated by written instrument executed by a majority of the Board of Directors. The manager or management company, if any, shall be employed by the Association at a fair and reasonable compensation to be established by the Board of Directors based upon the services, duties, and functions to be performed by the manager or management company, and such manager or management company may include any Owner or Owners.

5.05. Election and Term of Office. At the first meeting of the Association after the adoption of these Bylaws, the Owners shall elect three members to the Board of Directors for a term of two years and two members to the Board of Directors for a term of one year. At each annual meeting thereafter, the Association shall elect such members of the Board of Directors for a term of two years as vacancies occur by expiration of any Director's term of office.

5.06. Vacancies. Vacancies on the Board of Directors 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 person so elected shall be appointed as Director until the next annual meeting of the Association at which meeting his appointment shall be ratified or a successor shall be elected to serve the remaining term of his predecessor.

5.07. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed with or without cause by a majority of the eligible votes of the Members present at such meeting, and a successor may then and there be elected to fill the vacancy thus created. If the vacancy is not then and there filled, it may be filled at any regular or special meeting called for the purpose, but in any event, such vacancy shall be filled at the next annual meeting of the Association. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the

meeting. The quorum requirements and voting rights of each Member regarding the removal of a Director and the election of a successor Director shall be determined under the terms of the Restrictive Covenants, the Articles, and these Bylaws.

5.08. 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. The annual organizational meeting of the Board of Directors shall be considered a regular meeting. Notice of regular meetings of the Board of Directors other than the organizational meeting shall be given to each Director, personally, or by mail, telephone, or telegraph, at least three days prior to the day named for such meeting.

5.09. Special Meetings. Special meetings of the Board of Directors may be called by the President or the Secretary on three days notice to each Director, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors may be called by the President or Secretary in like manner or on like notice on the written request of any Director.

5.10. Waiver of Notice. 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 of Directors shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board of Directors, no notice shall be required and any business may be transacted at such meeting.

5.11. Conduct of Meetings. At all meetings of the Board of Directors, the President, or in his absence, the Vice President, or in his absence a chairman chosen by a majority of the Directors present, shall preside. The Secretary of the Association shall act as Secretary of the Board of Directors. In case the Secretary shall be absent from any meeting, the chairman may appoint any person to act as Secretary of the meeting.

5.12. Board of Director's Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors there be 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 is obtained.

5.13. Compensation. No member of the Board of Directors shall receive any compensation for their services as a member of the Board of Directors.

5.14. Actions Without a Meeting. Notwithstanding any other provisions of these Bylaws, any action required or permitted to be taken at a meeting of the Board of Directors may be taken without

a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members of the Board of Directors. Such consent shall have the same force and effect as a unanimous vote at the meeting.

## ARTICLE VI

### OFFICERS OF THE ASSOCIATION

6.01. Designation. The officers of the Association shall be a President, a Vice President, a Secretary, a Treasurer, and an Assistant Secretary, all of whom shall be elected by the Board of Directors. Any Director may hold a position as officer of the Association and any person may hold two or more offices, except that the President shall not also be Secretary. All officers of the Association shall be Owners.

6.02. Election of Officers. The officers of the Association 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.

6.03. Removal of Officers. Upon an affirmative vote of a majority of the Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board of Directors called for such purpose.

6.04. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and have all of the general powers and duties which are usually vested in the office of president of an association,



including, without limitation, the power to appoint committees from among the Owners to assist in the conduct of the affairs of the Association. The President shall sign certificates of membership, any deeds, mortgages, bonds, contracts, leases, or other instruments which the Board of Directors has authorized him to execute, except in cases where the signing and execution thereof has been expressly delegated by the Board of Directors to some other officer or agent of the Association, or is required by law to be otherwise signed and executed. The President shall not have the power to bind the Association to any employment agreement on behalf of the Association unless such employment agreement has been expressly approved and authorized in advance by resolution of the Board of Directors. In the event that any such employment agreement provides for the Association employing any person who, at the time of such employment or at any time during such employment, is an officer of the Association, then no provision of such contract purporting to amplify the authority of such officer beyond the authority set forth in these Bylaws shall be valid or effective unless these Bylaws are amended in a manner consistent with such employment agreement. The mere signing of such an employment agreement on behalf of the Association and its approval at a meeting of the Board of Directors or the Association shall not constitute an amendment of these Bylaws. In the event any such employment agreement (whether or not these Bylaws be amended incident thereto) limits or qualifies the authority of any such officer in a manner inconsistent with these Bylaws or imposes on

such officer duties not provided for under these Bylaws, then the provisions of such employment agreement limiting or qualifying such authority and imposing such duties shall be valid and effective notwithstanding any inconsistency between the provisions of the employment agreement and the provisions of these Bylaws.

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

6.06. Secretary. The Secretary shall: (a) keep all the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association in books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the Board of Directors' and Association's records and books; (d) keep a register of the post office address of each Owner; (e) keep records of and send notices to mortgagees as required by these Bylaws and the Restrictive Covenants; (f) sign with the President all certificates of membership which may be approved by the Board of Directors; and (g) in general, perform all the duties incident to the office of Secretary as may be assigned to him by the President or by the Board of Directors. 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 also identify opposite each Member's name the property interest in the community owned by such Member. 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. The address of each Member shown in such list shall be the address to which all notices shall be sent.

6.07. Treasurer. The Treasurer shall have responsibility for Association funds and be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association; and be responsible for the deposit of all moneys and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Directors. The Treasurer shall have the power to perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or Board of Directors and shall have the power to make disbursements of Association funds in the ordinary course of business; provided, however, that a resolution of the Board of Directors shall be required for any disbursements made for an amount in excess of \$1,500.00. The Treasurer shall, if required by the discharge of his duties, provide a fidelity bond in such sums and with such sureties as the President or Board of Directors shall determine, the cost of which shall be paid by the Association.

6.08. Additional Officers. Officers in addition to the President, Vice President, Secretary, and Treasurer may be

appointed by the Board of Directors and shall be determined from time to time by the Board of Directors by resolution not inconsistent with these Bylaws. The Assistant Secretaries as thereunto authorized by the Board of Directors may sign, with the President, all certificates of membership which have been authorized by resolution of the Board of Directors. The Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Secretary, the President or the Board of Directors.

6.09. Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification, or otherwise of the officer previously filling such office, shall be filled by the Board of Directors for the unexpired portion of the term.

## ARTICLE VII

### INDEMNIFICATION

7.01 Indemnification. The Association may agree to indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he is or was a Director, officer, committee member, manager, management company, employee, servant, or agent of the Association against expenses (including attorney's fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by him in connection with such action, suit, or proceeding, unless it is found and determined by the Board of Directors or a Court that he is adjudged in such

action to have acted in a grossly negligent manner, or with willful misconduct, or to have breached a fiduciary duty to the Association.

7.02. Treatment of Indemnification Expenses; No Indemnification of Members. All liability, loss, damage, costs, and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses. However, nothing contained in this Article shall be deemed to obligate the Association to indemnify any Member or Owner, who is or has been a Director, officer, committee member, manager, management company, employee, servant or agent of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Restrictive Covenants as a Member of the Association or Owner of a Lot covered thereby.

7.03. Terms of Indemnification. The rights of indemnification herein provided may be insured against by policies maintained by the Association; shall be severable; shall not affect any other rights to which any Director, officer, committee member, manager, management company, employee, servant, or agent of the Association may now or hereafter be entitled; shall continue as to a person who has ceased to be such Director, officer, committee member, manager, management company, employee, servant, or agent of the Association; and shall inure to the benefit of the heirs, executors, and administrators of such a person. Nothing contained

herein shall affect any rights to indemnification to which Association personnel including a manager, management company, employee, servant, or agent, other than Directors, officers, committee members, or noncompensated agents, may be entitled by contract or otherwise under law.

7.04. Advancement of Expenses. Expenses in connection with the preparation and presentation of a defense to any claim, action, suit, or proceeding of the character described in this Article may be advanced by the Association prior to final disposition hereof upon receipt of an undertaking by or on behalf of the person who may be entitled to indemnification, secured by a surety bond or other suitable insurance issued by a company authorized to conduct such business in the State of Texas, to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Article.

## ARTICLE VIII

### OBLIGATIONS OF THE OWNERS

8.01. Assessments. All Owners shall be obligated to pay the assessments imposed by the Association to meet the expenses of the Association and all assessments shall be levied in accordance with the Restrictive Covenants. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these Bylaws, if and only if the Member has fully paid all assessments made or levied against him. No diminution or abatement of assessments shall be allowed or claimed for inconveniences or discomfort arising from the making of

repairs or improvements to the Common Areas or from any action taken to comply with any law, ordinance, or order of a governmental authority.

8.02. Maintenance and Repair. Each Owner, at his expense, shall comply strictly with the Restrictive Covenants in the construction or repair of any building and other improvements on such Owner's property, including, without limitation, any provision therein requiring prior approval by the Architectural Control Committee established under the Restrictive Covenants and these Bylaws. Each Owner shall also keep his property and Lot in good repair and in a clean and sanitary condition and shall do all redecorating, painting, varnishing, and other activities or undertakings which may from time to time be necessary to maintain the good appearance and condition thereof; and shall maintain and care for all trees, plants, or foliage on such Owner's property and Lot except for such items located in areas maintained by the Association, all in accordance with the Restrictive Covenants.

8.03. Damage to Common Areas. Each Member and any lessee of any Member shall be liable to the Association for any damage to property of the Association which may be sustained by reason of the negligent or intentional misconduct of such person or of his family, guests, or invitees. If the property of the Association, the ownership or leasing of which entitled the Owner or lessee thereof to use the property of the Association, is owned or leased jointly or in common, the liability of all such joint or common Owners or lessees shall be joint and several. The amount of such

damage may be assessed, without limitation, against such person's real and personal property, including the leasehold estate of any lessee or the lessor of such lessee, and may be collected as provided in the Restrictive Covenants for the collection of assessments.

8.04. Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's lien filed against the Common Areas for labor, materials, services, or other products incorporated in the Owner's property. In the event suit for foreclosure is commenced, then within 10 days thereafter such Owner shall be required to deposit with the Association cash or negotiable securities equal to double the amount of such claim plus interest at the rate of 10 percent per annum for one year together with a sum equal to 10 percent of the amount of such claim but not less than \$150.00, which latter sum may be used by the Association for any costs and expenses incurred, including attorney's fees. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the litigation. Disbursement of such funds or proceeds shall be made to insure payment or of on account of such final judgment or settlement. Any deficiency, including attorney's fees, shall be paid forthwith by the subject Owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a lien of the Owner to the Association, to be enforced under the provisions of the Restrictive Covenants for the enforcement of a



lien. The Owner shall be liable to the Association for the payment of interest at the highest rate permitted by applicable law on all such sums paid by the Association until the date of repayment by such Owner.

8.05. General. Each Owner shall comply strictly with the provisions of the Restrictive Covenants, the Articles, these Bylaws, and the Rules, and amendments and supplements thereto. Each Owner shall always endeavor to observe and promote the general welfare of and the purposes for which the Association was established.

8.06. Use of Property. Each Owner shall comply strictly with the obligations imposed on such Owner and the restrictions placed on such Owner's property or interest in the community under the Restrictive Covenants. If any Owner, the Architectural Control Committee, as defined in the Restrictive Covenants, or the Association, acting through its Board of Directors, believes an Owner is in violation of the Restrictive Covenants, complaints may be lodged and abatement of the violation may be obtained through any and all procedures allowed under the Restrictive Covenants, these Bylaws or the Rules.

8.07. Use of Common Areas or the Association's Property. The Owners may use the Common Areas, the facilities, and the Association's property in accordance with the terms of the Restrictive Covenants and the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners, and may, in accordance with the Restrictive

Covenants, delegate his rights to use such Common Areas and facilities to members of his immediate family, his tenants, contract purchasers, and guests, subject to the Restrictive Covenants, these Bylaws and the Rules.

#### ARTICLE IX

##### AMENDMENTS TO BYLAWS

9.01. Amendment to Bylaws. These Bylaws may be altered, amended, or repealed and new Bylaws may be adopted by a vote totaling more than two-thirds of the eligible votes entitled to be cast by record Owners present in person or by proxy, but in no event less than 51 percent of the total eligible votes entitled to be cast by all record Owners in the Association, as specified in the Restrictive Covenants and the Articles. An Owner whose voting rights have been suspended under the Restrictive Covenants shall not be entitled to vote.

#### ARTICLE X

##### MORTGAGES

10.1. Notice to Association. An Owner who mortgages his property which is subject to the Restrictive Covenants shall notify the Association through the Board of Directors, or any representative of the Board of Directors authorized for such purpose, giving the name and address of his mortgagee. The Association shall maintain records of such information.

10.2. Notice of Unpaid Assessments. The Association shall, at the request of a mortgagee, report any unpaid assessments due from the Owner.

## ARTICLE XI

### TRANSACTIONS WITH MEMBERS, DIRECTORS, AND OFFICERS

11.01. Transactions with Members, Directors, and Officers. The Association may enter into contracts or transact business with one or more of its Directors, officers, or Members, or with any firm of which one or more of its Directors, officers, or Members are members, or with any corporation, association, company, organization, or entity in which one or more of its Directors, officers, or Members are directors, officers, trustees, shareholders, beneficiaries, or are otherwise interested. In the absence of fraud, such contract or transaction shall not be invalidated or in any way affected by the fact that such Directors, officers, or Members having such adverse interest may have been necessary to obligate the Association upon such contract or transaction.

## ARTICLE XII

### ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

12.01. Abatement and Enjoinment of Violation by Owners. The violation of any Rules promulgated by the Board of Directors, or the breach of any Bylaw, or the breach of any provision of the Restrictive Covenants, shall give the Board of Directors the right, in addition to any other rights set forth therein, (a) to enter the property in accordance with the provisions of the Restrictive Covenants, and remove any person, structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions thereof, without being deemed guilty in any manner of

trespass to expel, remove, and put out same, using such force as may be necessary in so doing, without being liable to prosecution or in damages therefor, and to charge all expenses thereof, if any, to the defaulting Owner; and (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach, and to recover from such Owner all its expenses and costs in connection therewith, including, without limitation, attorneys' fees and court costs.

#### ARTICLE XIII

##### GENERAL PROVISIONS

13.01. Compliance. These Bylaws are set forth to comply with requirements of the Texas Non-Profit Corporation Act. If any of these Bylaws conflict with the provisions of said Act, it is hereby agreed and accepted that the provisions of the Act will apply and govern. In the event of any conflict between the Bylaws and the Restrictive Covenants, the provisions of the Restrictive Covenants will govern.

13.02. Non-Profit Association. This Association is not organized for profit. No Member, Director, 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 to be paid as salary or compensation to, or distributed to, or inure to the benefit of any Director; provided, however, (a) that 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) that any Director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

13.03. Execution of Documents. The persons who shall be authorized to execute any and all contracts, documents, instruments of conveyance or encumbrances, including promissory notes, shall be the President, Vice President, and the Secretary or any Assistant Secretary of the Association.

13.04. Notices. It shall be the responsibility of any person or entity who is an Owner to furnish to the Secretary of the Association such Owner's mailing address. Upon receipt of the Owner's mailing address, the Secretary of the Association shall thereafter send to the Owner all notices required hereunder. All notices to Members shall be given by delivering the same to each Owner in person or by depositing the notices in the U.S. mail, postage prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association.

13.05. Severability. The invalidity of any provision or provisions of these Bylaws shall not be deemed to impair or affect in any manner the validity, enforceability, or effect of the remainder of these Bylaws, and in such event, all of the other provisions of these Bylaws shall continue in full force and effect as if such invalid provision had never been included herein.

13.06. Interpretation. Whenever the context hereof shall so require, the singular shall include the plural, the male gender shall include the female gender and neuter, and vice versa.

IN WITNESS WHEREOF, the undersigned have executed these Bylaws to be effective on February 25, 1991.

BOARD OF DIRECTORS OF PRESTON  
POINTE HOMEOWNERS' ASSOCIATION, INC.  
a Texas non-profit corporation

By 

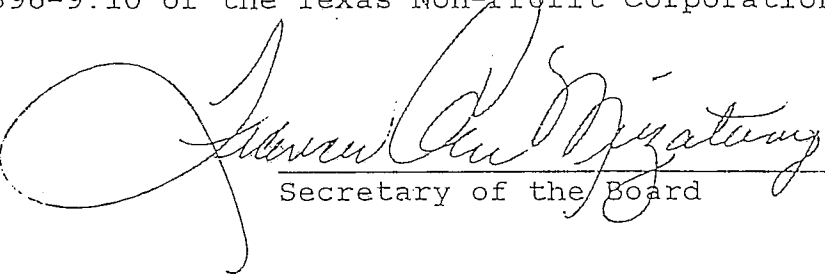
By 

By 

By 

By 

I hereby certify that the above and foregoing Bylaws of the Association were adopted as the initial Bylaws of the Association by unanimous consent of the Board of Directors without a meeting pursuant to Article 1396-9.10 of the Texas Non-Profit Corporation Act.

  
Secretary of the Board