

BYLAWS
OF PCR COMMUNITY ASSOCIATION, INC.
a Texas non-profit corporation

(Adopted effective as of April 27, 2009)

BYLAWS
OF
PCR COMMUNITY ASSOCIATION, INC.

ARTICLE 1: DEFINITIONS

Certain terms as used in these Bylaws shall be defined as follows:

1.01 "Association" means PCR Community Association, Inc., a Texas non-profit corporation.

1.02 "Board" shall mean the Board of Directors of PCR Community Association, Inc.

1.03 "Declarant" means PCR Land Company LLC, a Texas limited liability company, its successors and assigns, other than an Owner, who shall receive by assignment from the said PCR Land Company LLC, all or a portion of its rights hereunder as such Declarant, by an instrument expressly assigning such rights as Declarant to such assignee.

1.04 "Declaration" means that certain Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens on and for Phillips Creek Ranch Addition to be recorded in the Deed Records of Denton County, Texas.

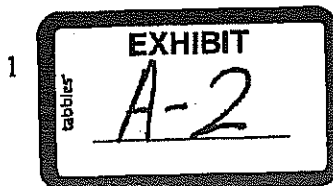
1.05 "Development Period" shall mean a period commencing on the date of the recording of the Declaration in the Deed Records of Denton County, Texas, and continuing thereafter until and ending on the earlier of (a) the date of the sale by the Declarant of the last Lot owned by Declarant in the Development Tract, or (b) the date the Declarant voluntarily terminates its Class B Member status by recording a written notice of such termination in the Deed Records of Denton County, Texas.

1.06 "Development Tract" shall mean and refer to those portions of the Addition (plus any additional real property added to the scheme of the Declaration) which are or hereafter will be platted into Lots and become a part of a Subdivision pursuant to a Plat filed and recorded in the Deed Records of Denton County, Texas.

1.07 "Director" or "Directors" shall mean a member or members of the Board.

1.08 "Dwelling Unit" shall mean and refer to any building or portion of a building situated upon a Lot which is designated and intended for use and occupancy as a residence by a single person, a couple, a family or a permitted family size group of persons.

1.09 "Lot" shall mean and refer to any plot or tract of land now or hereafter identified by site and block number shown upon any now or hereafter recorded Subdivision which is



designated and intended for use and occupancy as a residence by a single person, a couple, a family or a permitted family size group of persons.

1.10 **"Member"** shall mean and refer to each Resident who is in good standing with the Association and who has filed a proper statement of residency with the Association and who has complied with all directives and requirements of the Association. Each and every Owner shall and must take such affirmative steps as are necessary to become and remain a Member of, and in good standing in, the Association. Each and every Resident (who is not otherwise an Owner) may, but is not required to, be a non-voting Member of the Association. Membership shall consist of two (2) classes, the Class A Members and the Class B Member.

1.11 **"Owner"** means an owner of record, whether one or more persons or entities, of a fee simple title of a Lot, but excluding those having an interest in a Lot merely as a security for the performance of an obligation.

1.12 **"Person"** shall mean an individual, partnership, joint venture, corporation, limited, liability company, joint stock company, trust (including a business trust), unincorporated association or other entity, or a government or any political subdivision or agency thereof.

1.13 **"Phillips Creek Ranch Addition"** or the **"Property"** consists of certain real property, and certain other improvements located thereon all as more particularly described in the Declaration.

1.14 **"Plat"** or **"Plats"** shall mean and refer to the final subdivision plat or plats of the Subdivisions, which have been approved by the City of Frisco and filed and recorded in the Deed Records of Denton County, Texas.

1.15 **"Resident"** shall mean and refer to:

- (a) each Owner of the fee simple title to any Residential Lot within the Development Tract; and
- (b) each Person residing within any part of the Development Tract who is a bona-fide lessee pursuant to a legally cognizable lease agreement with an Owner; and
- (c) each individual lawfully domiciled in a Dwelling Unit other than an Owner or bona-fide lessee.

1.16 **"Subdivision" or "Subdivisions"** shall mean and refer to the subdivision or subdivisions of all or a portion of the Addition plus any additional real property added to the scheme of the Declaration, in accordance with the Plats now or hereafter filed of record in the Deed Records of Denton County, Texas, as well as any and all revisions, modifications, corrections or clarifications thereto.

ARTICLE 2: OFFICES

2.01 Registered Office. The registered office of the Association within the State of Texas shall be located at either (i) the principal office of the Association in the State of Texas or (ii) the office of the corporation or individual acting as the Association's registered agent in Texas.

2.02 Other Offices. The Association may also have offices at such other places, both within and without the State of Texas, as the Board may from time to time determine or the business of the Association may require.

ARTICLE 3: MEMBERS

3.01 Membership. Each Owner of a Lot shall be a Member of the Association. Each Resident (who is not otherwise an Owner) may, but is not required to, be a non-voting Member of the Association. No Member shall be required to pay any consideration whatsoever solely for his membership in the Association. Membership in the Association shall be appurtenant to and may not be, separated from ownership of a Lot. Any transfer of title to a Lot, or subdivided portion thereof, shall operate automatically to transfer membership in the Association appurtenant to such Lot to the new Owner or Owners thereof.

3.02 Classes of Membership. The Association shall have two classes of voting membership.

CLASS A. Class A Members shall be all Members with the exception of Declarant. Class A Members who are Owners in good standing shall be entitled to one vote for each Lot in which they hold the interest required for membership. When more than one Owner holds such interest or interests in any Lot, all such Owners shall be Class A Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class B Member shall be the Declarant. Until the expiration of the Development Period, all votes of the Association shall be cast solely by the Class B Member, to the exclusion of the Class A Members. Following the expiration of the Development Period, the Class B membership of the Declarant in the Association shall terminate and all votes shall thereafter be cast solely by Class A Members entitled to vote.

3.03 Good Standing. Any Owner or Member shall not be in "good standing" if such Person is: (i) in violation of any portion of the Declaration, the Residential Design Guidelines (as defined in the Declaration) applicable to his/her/its Lot, the Tree Preservation Guidelines (as defined in the Declaration) or any rule or regulation promulgated by the Board; or (ii) delinquent in the full, complete and timely payment of any assessments or charge which is levied, payable or collectible pursuant to the provisions of the Declaration, these bylaws or any rule or regulation promulgated by the Board. The voting rights of any Member entitled to vote who is not in good standing may be suspended by the Board for any period during which such Member is not in good standing.

3.04 Assignability of Voting Rights. Any Owner may collaterally assign its voting rights to the beneficiary of a first lien deed of trust or first mortgage covering the Lot or subdivided part thereof owned by an Owner as additional security, which assignment shall not be effective until written notice thereof is actually received by the Association, together with evidence reasonably satisfactory to the Board of such beneficiary's or mortgagee's entitlement to cast such votes.

ARTICLE 4: MEETING OF MEMBERS

4.01 Place of Meetings. Meetings of the Members may be held at such place within or without the State of Texas, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

4.02 Annual Meeting. The first annual meeting of the Members shall be held no later than within one hundred eighty (180) days after the expiration of the Development Period. Such first annual meeting shall be called by the Board. Thereafter, an annual meeting of the Members shall be held in each succeeding year within one hundred eighty (180) days following the close of the fiscal year, on such date and at such time as shall be designated from time to time by the Board and stated in the notice of meeting, if not a legal holiday, and if a legal holiday, then on the next full business day following, at which time the Members shall elect a Board, and shall transact such other business as may properly be brought before the meeting.

4.03 Special Meetings. Special meetings of the Members may be called for any purpose or purposes, unless otherwise prescribed by statute, the certificate of formation of the Association, these bylaws or the Declaration. Prior to the first annual meeting of the Members, special meetings of the Members may be called only by the President or the Board. After the first annual meeting of the Members, special meetings of the Members may be called by the President or the Board, or by Members holding not less than twenty five percent (25%) of the total percentage interests of those Members qualified to vote at such meeting. Only such business shall be transacted at a special meeting as may be stated or indicated in the notice of such meeting.

4.04 Notice. Written or printed notice stating the place, day, and hour of the meeting of Members and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each Member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered, whether or not actually received, when deposited in the United States mail addressed to the Member at his address as it appears on the membership list of the Association, with postage thereon prepaid.

4.05 Omitted.

4.06 Quorum. Except as provided by statute or the Declaration, the presence in person or by proxy of Owners representing more than thirty percent (30%) of the eligible Class A votes

of the Association shall constitute a quorum at all meetings of the Members for the transaction of business. If a quorum shall not be present or represented by proxy at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting until a quorum shall be present or represented. At an adjourned meeting at which a quorum shall be present or represented by proxy, any business may be transacted which might have been transacted at the original meeting.

4.07 Majority Vote; Withdrawal of Quorum. When a quorum is present at any meeting, the vote of a majority (fifty-one percent (51%) or more of the eligible Class A votes of the Association cast by Owners who are qualified to vote and present in person or represented by proxy at such meeting) shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes, the certificate of formation of the Association, these bylaws or the Declaration, a different vote is required, in which case such express provision shall govern and control the decision of such question. The Members present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum.

4.08 Method of Voting; Proxies. The vote of each Member may only be cast by such Member or by a proxy executed in writing by a Member or his duly authorized attorney-in-fact. Each such proxy shall be filed with the Secretary of the Association prior to or at the time of the meeting. No proxies shall be valid after eleven (11) months from the date of its execution unless otherwise presented in the proxy. If no date is stated on a proxy, such proxy shall be presumed to have been executed on the date of the meeting at which it is to be voted on. Each proxy shall be revocable unless expressly provided therein to be irrevocable or unless otherwise made irrevocable by law. If title to a Lot shall be in the name of two or more persons as Owners, all of such persons shall be Members and are referred to herein as "Joint-Owners." Any one of such Joint-Owners may vote at any meeting of the Members and such vote shall be binding upon such other Joint-Owners who are not present at such meeting unless written notice to the contrary has been received by the Board in which case the unanimous vote of all such Joint-Owners (in person or by proxy) shall be required to cast their vote as Members. If, two or more of such Joint-Owners are present at any meeting, their unanimous action shall also be required to cast their vote as Members. In no event shall more than one vote be cast with respect to any such Lot.

4.09 Cumulative Voting Denied. At all meetings of the Members, cumulative voting shall not be permitted.

4.10 Officers. The President shall preside at and the Secretary shall keep the records of each meeting of Members and in the absence of either such officers, his duties shall be performed by some person appointed by the Members present in person or represented by proxy at the meeting.

ARTICLE 5: DIRECTORS

5.01 Management. The business and affairs of the Association shall be managed by the Board and subject to the restrictions imposed by law, the certificate of formation of the Association, these bylaws or the Declaration, they may exercise all the power of the Association and shall perform such other functions as may be delegated to the Board pursuant to the Declaration. In addition, the Association may (i) borrow monies from the Declarant; (ii) lease equipment from the Declarant; and (iii) contract with the Declarant concerning the provision of any personnel, labor, supplies, materials and services, provided such contract terms and conditions are (A) generally comparable (in terms of price, quality and timeliness) with those that might be otherwise obtained from unrelated third parties, and (B) as to professional management contracts, terminable by the Association at any time for any reason whatsoever and without penalty upon furnishing at least ninety (90) days advance notice thereof to the Declarant. The Board shall not be required to solicit bids from unrelated third parties before entering into any contract with the Declarant and the reasonable judgment and resolution of the Board to enter into any such contract with the Declarant (absent fraud, gross negligence or willful misconduct) shall be final and conclusive and binding upon the Association and all of its Members.

5.02 Number; Qualification; Election; Term. The initial Board designated in the Certificate of Formation shall consist of three (3) Directors, none of whom need be Members or residents of the State of Texas. If a vacancy occurs in the initial Board prior to the first annual meeting of the Members, such vacancy shall be filled by a person or persons designated by the Declarant. At such first annual meeting of the Members, no less than five (5) and no more than seven (7) Directors shall be elected by a plurality of votes cast in person or by proxy. Three (3) Directors elected at the first annual meeting shall serve for a term of two (2) years and the remaining Directors elected at the first annual meeting shall serve for a term of one (1) year. Thereafter, each Director shall serve for a term of two (2) years. Each Director shall hold office until his successor has been duly elected and qualified. The Directors shall serve without compensation.

5.03 Removal; Change in Number; Vacancies. Any Director may be removed either with or without cause, at any annual meeting of the Members or at any special meeting of the Members by two-thirds (2/3) or more of the eligible Class A votes of the Association cast by Owners qualified to vote and present in person or represented by proxy at such meeting, provided that notice of the intention to act upon such matter must have been given in the notice calling any such special meeting. If any vacancy occurs in the Board (by death, resignation, disqualification, or otherwise), a successor or successors may be chosen by the affirmative vote of a majority of the remaining Directors though less than a quorum of the Board, and each successor Director so chosen shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of the removal of a Director or due to an increase in the number of Directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

5.04 Place of Meetings. The Directors shall hold their meetings, both regular and special, except as otherwise provided by statute, within or without the State of Texas as the Board may from time to time determine.

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

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

5.07 Special Meetings. Special meetings of the Board may be called by the President on two (2) days' notice to each Director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) Directors. Except as may be otherwise expressly provided by statute, the certificate of formation of the Association, these bylaws or the Declaration, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice of such meeting.

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

5.09 Committees Having Board Authority. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, to consist of two (2) or more persons, a majority of whom are Directors. Any such committee, to the extent provided in said resolution, shall have and may exercise all of the authority of the Board in the management of the business and affairs of the Association, except where action of the full Board is required by statute, the certificate of formation of the Association or the Declaration.

5.10 Other Committees. Other committees not having and exercising the authority of the Board in the management of the affairs of the Association may be designated and appointed by a resolution adopted by a majority of the Directors at a meeting at which a quorum is present, or by the President, if authorized by a like resolution of the Board. Membership on such committees may, but need not be, limited to Directors or Members.

5.11 Procedure. At meetings of the Board, business shall be transacted in such order as from time to time the Board may determine. The President shall preside at all meetings, and in his absence, a chairman shall be chosen by the Board from among the Directors present. The Secretary of the Association shall act as the secretary of the meetings of the Board unless the Board appoints another person to act as secretary of the meeting. The Board shall keep regular minutes of its proceedings which shall be placed in the minute book of the Association. All

committees shall keep regular minutes of their proceedings and shall report the same to the Board when required.

5.12 Managing Agents. The Board may employ for the Association a management agent at a compensation established by the Board and such management agent shall perform such duties and services with respect to the development of the Property as the Board shall authorize (subject to the express right of the Board to terminate such management agent), and the Board may delegate to such management agent such duties with respect to management, repair, development and maintenance of the Property which are not by statute, the certificate of formation of the Association, these bylaws or the Declaration required to be performed by or have the approval of the Board or the Members.

5.13 Consents in Lieu of Meeting. Any action required to be taken at a meeting of the Board of a corporation, or any action which may be taken at a meeting of the Board may be taken without a meeting if consent is given in writing, setting forth the action to be taken, shall be signed by all the Directors. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any articles or document filed with the Secretary of State of the State of Texas. The signed consent, or a copy, shall be placed in the minute book of the Association.

ARTICLE 6: NOTICES

6.01 Method. Whenever by statute, the certificate of formation of the Association, these bylaws or the Declaration, notice is required to be given to any Director or Member, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given (a) in writing, by mail, postage prepaid, addressed to such Director or Member at such address as appears on the records of the Association, (b) in the case of notice to a Member at anytime or a Director after the expiration of the Development Period, (i) when delivered by hand or by messenger to the last known address of such person within the Property, or (ii) when posted on the Association's bulletin board for at least thirty (30) consecutive calendar days, or (c) by any other method permitted by law. Any notice required or permitted to be given by mail shall be deemed to be given, whether or not actually received, at the time when the same shall be deposited in the United States mail as aforesaid. Any notice required or permitted to be given by telegram shall be deemed to be delivered and given at the time transmitted with all charges prepaid and addressed as aforesaid.

6.02 Waiver. Whenever any notice is required to be given to any Member or Director by statute, the certificate of formation of the Association, these bylaws or the Declaration, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice. Attendance of a Member or Director at a meeting shall constitute a waiver of notice of such meeting, except where such person attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

ARTICLE 7: OFFICERS

7.01 Number; Titles. The officers of the Association shall be elected by the Directors from among the members of the Board and shall be a President, one or more Vice Presidents, a Secretary, a Treasurer, and such other officers as the Board may from time to time elect or appoint. Any two or more offices may be held by the same person. None of the officers need to be a resident of the State of Texas.

7.02 Election. The Board at its first meeting after each annual meeting of Members shall choose a President, one or more Vice-Presidents, a Secretary, and a Treasurer, all of whom shall be members of the Board.

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

7.04 Salaries. The officers of the Association, if any, shall not be paid a salary.

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

7.06 President. The President shall be the chief executive officer of the Association, shall preside at all meetings of the Members and of the Board, shall have general and active management of the business and affairs of the Association, shall see that all orders and resolutions of the Board are carried into effect, and shall perform such other duties as the Board shall prescribe.

7.07 Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board may from time to time prescribe or as the President may from time to time delegate to him. Any action taken by a Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability of the President to act at the time such action was taken.

7.08 Secretary. The Secretary shall attend all sessions of the Board and all meetings of the Members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committees when required. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board, and shall perform such other duties as may be prescribed by the Board or President, under whose supervision he shall be.

7.09 Assistant Secretaries. Each Assistant Secretary shall have such powers and perform such duties as the Board may from time to time prescribe or as the President may from time to time delegate to him.

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

7.11 Assistant Treasurers. Each Assistant Treasurer, shall have such powers and perform such duties as the Board may from time to time prescribe.

ARTICLE 8: MISCELLANEOUS PROVISIONS

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

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

8.03 Books and Records. The Association shall keep correct and complete books and records of account, shall keep minutes of the proceedings of its Members and Board and shall keep at its registered office a record of its Members, giving the names and addresses of all Members.

8.04 Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board.

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

8.06 Indemnification. The officers and Directors shall not be liable to the Members for any mistake in judgment, except for breach of fiduciary duty or misconduct in the performance of duty. The officers and Directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that any Member of the Association may be liable therefor), and the Association shall indemnify and forever hold each such officer and Director free and harmless against any and all liability to others on account of such contract or commitment. The Association shall indemnify any Director, officer, or employee, or former Director, officer, or employee of the Association, against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a Director, officer or employee (whether or not a Director, officer, or employee at the time such costs or expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for breach of fiduciary duty or for misconduct in the performance of duty. The Association may also reimburse to any Director, officer, or employee the reasonable costs of settlement of any such action, suit or proceeding, if it shall be found by a majority of a committee of the Directors not involved in the matter in controversy, whether or not a quorum, that it was to the interests of the Association that such settlement be made and that such Director, officer, or employee was not guilty of breach of fiduciary duty or misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director, officer or employee may be entitled by law or under any bylaw, agreement, vote of Members or otherwise. The Association shall obtain a policy of liability insurance insuring such Directors, officers, employees, or former Directors, officers, or employees against the matters provided in this Article 8.06 with an aggregate limit of at least \$1,000,000, or such lesser amount as may be obtainable on commercially practicable terms.

8.07 Common or Interested Directors or Officers. Each Director and officer shall exercise his powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and any of its Directors or officers, or between the Association and any corporation, firm, or association (including Declarant) in which any of the Directors or officers of the Association are Directors or officers or are pecuniarily or otherwise interested, is either void or voidable because any such Director or officer is present at the meeting of the Board of any committee thereof which authorizes or approves the contract or transaction, or because his vote is counted for such purpose, if any of the conditions specified in any of the following subparagraphs exists:

(a) The fact of the common directorate or interest is disclosed or known to the Board or a majority thereof or noted in the minutes, and the Board authorizes, approves or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; or

(b) The fact of the common directorate, or interest is disclosed or known to at least a majority of the Members (by percentage) entitled to vote at the time, and such Members approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or

(c) The contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or execute.

Any common or interested Directors or officers may be counted in determining the presence of a quorum of any meeting of the Board or committee thereof which authorizes, approves, or ratifies any contract or transaction, and may vote thereat to authorize any contract or transaction with like force and effect as if such Director or officer were not such Director or officer of the Association or not so interested.

8.08 Inconsistencies. In the event these bylaws shall be inconsistent with the Declaration, then the Declaration shall be controlling.

8.09 Resignation. Any Director or officer may resign by giving written notice to the President or the Secretary. Such resignation shall take effect at the time specified therein, or immediately if no time is specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.10 Invalid Provisions. If any part of these bylaws shall be invalid or inoperative for any reason, the remaining parts, so far as is possible and reasonable, shall be valid and operative.

8.11 Amendment of Bylaws. These bylaws may be altered, amended, or repealed by the Board with the assent of the Declarant for so long as the Declarant is a Class B Member, and, thereafter, at a duly held meeting of the Members called for such purpose, by fifty-one percent (51%) or more of the eligible Class A votes of the Association cast by Owners, in person or by proxy, at a meeting called for such purpose.

8.12 Headings. The headings used in these bylaws have been inserted for administrative convenience only and do not constitute matter to be construed in interpretation.

8.13 Capitalized Terms. Unless otherwise specified, all capitalized terms used herein shall have the same meaning as given them in the Declaration.

**** Electronically Filed Document ****

Denton County
Cynthia Mitchell
County Clerk

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Indirect-

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***** THIS PAGE IS PART OF THE INSTRUMENT *****

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



THE STATE OF TEXAS)
COUNTY OF DENTON)

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

Cynthia Mitchell

County Clerk
Denton County, Texas