

BY-LAWS  
OF  
CHIMNEY LANE PATIO HOMES HOMEOWNERS' ASSOCIATION  
(A Texas Non-Profit Corporation)

Dallas County, Texas

Revision Date

4-7-97

TABLE OF CONTENTS  
FOR BYLAWS OF  
CHIMNEY LANE PATIO HOMES HOMEOWNERS' ASSOCIATION  
(A Texas Non-Profit Corporation)

	<u>Page</u>
ARTICLE I - PURPOSE AND PARTIES	
1.1 - PURPOSE OF BYLAWS	1
1.2 - PARTIES TO BYLAWS	1
1.3 - DEFINITIONS	1
ARTICLE II - GENERAL PLAN OF ASSOCIATION	
2.1 - ASSOCIATION	2
2.2 - NON-PROFIT PURPOSE	2
2.3 - POWERS AND DUTIES	2
ARTICLE III - MEETINGS OF THE ASSOCIATION	
3.1 - ANNUAL MEETINGS	2
3.2 - SPECIAL MEETINGS	3
3.3 - PLACE OF MEETINGS	3
3.4 - NOTICE OF MEETINGS	3
3.5 - QUORUM	4
3.6 - LACK OF QUORUM	4
3.7 - VOTES	4
3.8 - PROXIES	4
3.9 - CONDUCT OF MEETINGS	5
3.10 - ACTION WITHOUT MEETING	6
ARTICLE IV - BOARD OF DIRECTORS	
4.1 - NUMBER AND TERM	6
4.2 - QUALIFICATION	7
4.3 - ELECTION OF DIRECTORS	7
4.4 - REMOVAL OF DIRECTORS	7
4.5 - VACANCIES	8
4.6 - COMPENSATION	8
4.7 - MEETINGS OF THE BOARD	8
4.8 - FIDELITY BONDS	10
4.9 - POWERS AND DUTIES	10

## TABLE OF CONTENTS (Cont'd)

	<u>Page</u>
 ARTICLE V - OFFICERS	
5.1 - DESIGNATION	12
5.2 - ELECTION OF OFFICERS	13
5.3 - PRESIDENT	13
5.4 - VICE-PRESIDENT	13
5.5 - SECRETARY	13
5.6 - TREASURER	13
5.7 - COMPENSATION OF OFFICERS	14
5.8 - AUTHORIZED AGENTS	14
5.9 - REMOVAL OF OFFICERS	14
 ARTICLE VI - COMMITTEES	
6.1 - ARCHITECTURAL STANDARDS COMMITTEE	14
6.2 - NOMINATING COMMITTEE	18
6.3 - OTHER COMMITTEES	18
 ARTICLE VII - RULES AND REGULATIONS	
7.1 - RULES AND REGULATIONS	18
7.2 - ADOPTION AND AMENDMENT	18
7.3 - NOTICE AND COMMENT	19
7.4 - DISTRIBUTION	19
 ARTICLE VIII - OBLIGATIONS OF THE OWNERS	
8.1 - NOTICE OF SALE	19
8.2 - PROOF OF OWNERSHIP	19
8.3 - REGISTRATION OF MEMBERS	20
8.4 - REGISTRATION OF MORTGAGEES	20
8.5 - ASSESSMENTS	20
8.6 - COMPLIANCE WITH DOCUMENTS	20
8.7 - TRUSTEE	20
 ARTICLE IX - NOTICE AND HEARING	
9.1 - VIOLATION OF THE DOCUMENTS	20
9.2 - COMPLAINT	21
9.3 - DEMAND	21
9.4 - NOTICE	21
9.5 - HEARING	22
9.6 - SANCTIONS	22

TABLE OF CONTENTS (Cont'd)

	<u>Page</u>
9.7 - ADDITIONAL ENFORCEMENT RIGHTS	22
9.8 - ASSOCIATION'S RIGHT TO ABATE VIOLATIONS	23
ARTICLE X - ASSOCIATION RECORDS	
10.1 - RECORDS	23
10.2 - INSPECTION OF BOOKS AND RECORDS	24
ARTICLE XI - AMENDMENTS TO BYLAWS	
11.1 - AMENDMENTS TO BYLAWS	24
ARTICLE XII - GENERAL PROVISIONS	
12.1 - CONFLICTING PROVISIONS	25
12.2 - SEVERABILITY	26
12.3 - FISCAL YEAR	26
12.4 - WAIVER	26
CERTIFICATE	26

BYLAWS  
OF  
CHIMNEY LANE PATIO HOMES HOMEOWNERS' ASSOCIATION  
(A Texas Non-Profit Corporation)

ARTICLE I  
PURPOSE AND PARTIES

1.1. PURPOSE OF BYLAWS. These Bylaws provide for the governance of the Property known as CHIMNEY LANE PATIO HOMES HOMEOWNERS' ASSOCIATION more fully described in the Declaration of Covenants, Conditions and Restrictions recorded in Volume 75119, Page 1903, of the Deed Records of Dallas County, Texas (the "Declaration").

1.2. PARTIES TO BYLAWS. All present or future Owners, Occupants, Mortgagees, and all other persons who might use or occupy the Property in any manner are subject to these Bylaws and the other Documents. The mere acquisition or rental of any Lot or the mere act of occupancy of any Home will signify that these Bylaws are accepted, ratified, and will be strictly followed.

1.3. DEFINITIONS. Unless otherwise specifically provided herein, the capitalized words and phrases used in these Bylaws shall have the same meanings as are given to such terms in the Declaration. Additionally, the following words and phrases shall have specified meanings whenever capitalized and used in these Bylaws, unless otherwise expressly provided:

- a. "Officer" means an officer of the Association.
- b. "President" means the president of the Association.
- c. "Secretary" means the secretary of the Association.
- d. "Treasurer" means the treasurer of the Association.
- e. "Vice President" means the vice president of the Association.

ARTICLE II  
GENERAL PLAN OF ASSOCIATION

2.1. ASSOCIATION. The property shall be administered on behalf of the Owners by a Texas non-profit corporation organized under the name of the CHIMNEY LANE PATIO HOMES HOMEOWNERS' ASSOCIATION, hereinafter called "Association." The Association shall be composed of all Owners of Lots, ownership of a Lot being the sole qualification for membership, as set forth in Section 6.2 of the Declaration. The corporate bylaws of the Association are these Bylaws. The office of the Association shall be located at the Property or at such other place as may be designated from time to time by the Board of Directors.

2.2. NON-PROFIT PURPOSE. This Association is not organized for profit. Any Member, Director, Officer, or person from whom the Association may receive any property or funds may not receive or be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event may any part of the funds or assets of the Association be disbursed as salary or compensation to any Member, Director, Officer, or Occupant; provided, however, (i) that reasonable compensation may be paid to any Member or Occupant while acting as an agent or employee of the Association and (ii) that any Member, Director, or Officer, or Occupant may be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided such expense shall have the prior approval of the Board.

2.3. POWERS AND DUTIES. The Association, acting through the Board, shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the peace, health, comfort, safety, and general welfare of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Documents. Except where expressly required in the Documents or by statute to be evidenced by the vote, consent or action of the Members, acts or decisions to be made by the Association will be made by act or decision of the Board.

ARTICLE III  
MEETINGS OF THE ASSOCIATION

3.1. ANNUAL MEETING. An annual meeting of the Association shall be held during the month of FEBRUARY. At annual

meetings there shall be elected, by written ballot of the Members, Directors for any positions whose terms have expired in accordance with these ByLaws or to fill the unexpired terms of vacancies on the Board. The Members may also transact such other business of the Association as may properly come before them.

3.2. SPECIAL MEETINGS. The President may call special meetings. In addition, it is the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board or by a petition signed by at least twenty percent (20%) of the Eligible Votes in the Association. Such meeting shall be held within thirty (30) days of the Board resolution or receipt of petition. The notice of any special meeting must state the time, place, and purpose of such meeting. No business, except as stated in the notice of the meeting, may be transacted at a special meeting.

3.3. PLACE OF MEETINGS. Meetings of the Association shall be held at the Property or at such other suitable place convenient to the Members, as the Board may determine.

3.4. NOTICE OF MEETINGS. The Secretary of the Association shall give each Member written notice of meetings of the Association by personal delivery or by mail. Mailed notices shall be sent by regular mail, postage prepaid, in accordance with Section 20.3 of the Declaration. Notice of annual meetings shall be mailed or personally delivered at least ten (10) but not more than thirty (30) days prior to such meeting. Notice of special meetings shall be mailed or personally delivered at least seven (7) but not more than thirty (30) days prior to such meeting. Notices of meetings:

a. Shall identify the type of meeting as annual or special, the particular purpose of a special meeting, and shall state the agenda for the meeting;

b. Shall state the date, time, and place such meeting is to be held;

c. Shall give the names of all known nominees for the Board, if Directors are to be elected at such meeting, and whether voting for Directors by proxy will be allowed at such meeting;

d. Shall give a detailed description, if not exact wording, of any proposed amendment to the Documents which will be considered at such meeting, if such action is anticipated by the Board at the time notice is given;

e. May set forth time limits for speakers, nominating procedures for the meeting, procedures for voting by proxy, and any other items of information deemed appropriate by the Board; and

f. Shall be sent to every Eligible Mortgagee who has filed with the Association a written request for such notices.

3.5. QUORUM. At any annual or special meeting of the Association, the presence in person or by proxy of Members representing at least twenty percent (20%) of the Eligible Votes in the Association shall constitute a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of Members constituting a quorum.

3.6. LACK OF QUORUM. In the event a quorum is not present at any meeting of the Association for which proper notice was given, Members representing at least a majority of the Eligible Votes present in person only, although not constituting a quorum, may (i) vote to recess the meeting for not more than forty-eight (48) hours in order to attain a quorum, or (ii) before adjourning the meeting, may direct the President to send all Members notice of a new meeting, for the same purposes, to be held in not less than fourteen (14) nor more than thirty (30) days. At such new meeting (provided in (ii) above), the number of votes present, both in person and by proxy, even though less than twenty percent (20%) of the Eligible Votes in the Association, shall constitute a quorum for the purposes of that meeting.

3.7. VOTES. The voting rights of Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein. The vote of Members representing at least a majority of the Eligible Votes cast at any meeting at which a quorum is present shall be binding upon all Members for all purposes, except when a higher percentage is required by these Bylaws, the Declaration, or by law. There shall be no cumulative voting.

3.8. PROXIES. At all meetings of the Association, each Member may vote in person or by proxy, subject only to the right of the Board, hereby granted, to require that Directors be elected by votes cast in person only. To be effective, such limitation on proxy voting shall be clearly stated in the notice of the meeting at which it is to apply.



To be valid, each proxy must (i) be in writing; (ii) be signed and dated by a Member or his duly appointed attorney-in-fact; (iii) identify the Lot to which the vote is appurtenant; (iv) identify either a particular purpose or meeting, or continuation thereof, for which the proxy is designated or a specified time period for which it is to be effective; (v) name one individual in favor of whom the proxy is granted; and (vi) be delivered to the Secretary, or such other person as the President may have previously designated, not less than twenty-four (24) hours prior to the appointed hour of the start of the meeting for which it is designated or the time period for which it is to be effective.

Every proxy shall be revocable and shall automatically be revoked upon the first to occur of: (i) upon receipt by the Board of notice of revocation from any Owner of the Lot to which such proxy is appurtenant; or (ii) upon conveyance of the Lot to which such proxy is appurtenant; or (iii) upon receipt of notice by the Board of the death or judicially declared incompetence of the Member assigning such proxy; or (iv) upon the expiration of eleven (11) months from the date of such proxy unless the proxy includes a provision specifying its effectiveness for a time period extending beyond eleven (11) months. If a Member personally attends a meeting for which his proxy was granted, his proxy shall be deemed automatically revoked; provided, however, such Member may execute a new and effective written proxy at such meeting. Unless revoked, any proxy designated for a meeting which is recessed or rescheduled, pursuant to Section 3.6 herein, shall be valid when such meeting reconvenes. In the event a proxy is granted in favor of the Board, it shall be exercised by the President, unless by prior resolution the Board shall have designated another Director to exercise such proxies.

**3.9. CONDUCT OF MEETINGS.** The President, or any Officer designated by the President, shall preside over all meetings of the Association. The Secretary shall keep, or cause to be kept, the minutes of the meeting which shall record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The President may appoint a person to serve as parliamentarian at any meeting of the Association. When not in conflict with the Documents, the then current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association. All votes shall be tallied by tellers appointed by the President or other Officer presiding over the meeting.

3.10. ACTION WITHOUT MEETING. Any action, except the election of Directors, which may be taken by a vote of the Members at a meeting may also be taken without a meeting by written consents. Consent forms shall:

a. Be in writing and delivered or sent to all Members, according to Section 20.3 of the Declaration;

b. State the date on which they were prepared and the date by which they must be received by the Association in order to be counted;

c. Identify by whose authority they were prepared and delivered, and the name and location of the person authorized to receive them on behalf of the Association;

d. Specify the number of votes necessary to approve the action;

e. Clearly describe, in sufficient detail, the nature of the amendment or matter requiring action;

f. Afford a choice between approval and disapproval on each matter and shall provide that, where the Member specifies a choice, his vote shall be cast in accordance therewith; and

g. Be signed and dated by the voting Member, and identify the Lot to which such Member's vote is appurtenant.

Receipt of approvals of Members representing at least a majority of the Eligible Votes in the Association as of the date by which the consents must be received to be counted, or such higher percentage as may be required by the Documents, within the time period specified on the consent form, shall constitute approval by written consent. The Association shall maintain such written consents in its files for a period of at least four (4) years.

#### ARTICLE IV BOARD OF DIRECTORS

4.1. NUMBER AND TERM. The business and affairs of the Association shall be governed by a Board consisting of five (5) directorships, numbered one (1) through five (5). The even

numbered positions shall be elected in even numbered years, the odd numbered positions in odd numbered years, each position serving a term of two (2) years. The Directors will take office upon the adjournment of the meeting at which they are elected or appointed and, absent death, ineligibility, or resignation, will hold office until their respective successors shall have been elected.

4.2. QUALIFICATION. No person shall be eligible for election or appointment to the Board unless such person is a Member. No Member shall be elected or appointed as a Director if any Assessment against his Lot is delinquent at the time of election or appointment. No Member may serve on the Board at the same time a co-owner of a Lot owned by such Member, including such Member's spouse, serves on the Board. A natural person representing a Member which is a legal entity, pursuant to Section 6.2 of the Declaration, may be elected or appointed to the Board; provided however, if the relationship between the entity Member and such Director terminates, or if such Director is no longer able or willing to serve, the position on the Board filled by the person representing an entity Member shall be deemed vacant and shall be filled in the manner of other Board vacancies. No Director may serve as such for more than four (4) consecutive years.

4.3. ELECTION OF DIRECTORS. Directors shall be elected by Members at meetings of the Association. The persons receiving the largest number of votes shall be elected. Votes for directorships may not be cumulated; only one (1) vote for each Lot may be cast for any given candidate. Voting for Directors shall be by secret written ballot, unless a motion to elect by acclamation is approved by the voting Members.

4.4. REMOVAL OF DIRECTORS. At any annual meeting or special meeting of the Association called for such purpose, any one or more of the Directors may be removed with or without cause by Members representing at least two-thirds (2/3) of the Eligible Votes present in person or, where not otherwise prohibited by prior resolution of the Board, by proxy at such meeting, and a successor shall then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. Additionally, any Director who (i) has been absent without being excused by the Board from three (3) consecutive Board meetings or (ii) has been delinquent in payment of Assessments against him or his Lot for more than sixty (60) days may be removed from the Board by a majority of the Directors present at a Board meeting, a quorum being had.

4.5. VACANCIES. Vacancies on the Board caused by any reason, except the removal of a Director by a vote of the Association, shall be filled by a vote of the majority of the remaining Directors, even though less than a quorum, at any meeting of the Board. A DIRECTOR SO APPOINTED WILL FULFILL THE TERM OF THE BOARD MEMBER THEY WERE APPOINTED TO REPLACE.

4.6. COMPENSATION. No Director shall receive any salary or compensation from the Association for acting as such. Directors may be reimbursed for expenses incurred in carrying out their duties as Directors upon approval of such expenses by the Board. Nothing herein shall prohibit a Director, in a capacity other than as Director, from entering into a contract with the Association and being compensated for services or supplies furnished to the Association; provided such Director's interest is known and the contract is approved by a majority of the Directors, excluding the Director with whom the contract is made.

4.7. MEETINGS OF THE BOARD.

a. Organizational Meeting of the Board. Within ten (10) days of the annual meeting, the Directors shall convene an organizational meeting for the purpose of electing Officers. The time and place of such meeting shall be fixed by the agreement of not less than three Directors and announced to the remaining Directors.

b. Regular Meetings of the Board. Regular meetings of the Board 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 each calendar quarter. Notice of regular meetings of the Board shall be given to each Director, personally or by telephone or written communication, at least three (3) days prior to the date of such meeting.

c. Special Meetings of the Board. Special meetings of the Board may be called by the President or, if he is absent or refuses to act, the Vice-President, or at any time by any two (2) Directors. At least three (3) days' notice shall be given to each Director, personally or by telephone or written communication, which notice shall state the place, time, and purpose of such meeting.

d. Waiver of Notice. Any Director may at any time, in writing, waive notice of any meeting of the Board, and such waiver shall be deemed equivalent to the giving of

such notice. Attendance by a Director at any meeting of the Board shall constitute a waiver of notice by such Director of the time, place and purpose of such meeting. If all Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

e. Conduct of Meetings. The President shall preside over all meetings of the Board and the Secretary shall keep, or cause to be kept, a record of all resolutions adopted by the Board and a record of all transactions and proceedings occurring at such meetings. When not in conflict with law or the Documents, the then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board.

f. Quorum. At all meetings of the Board, a majority of 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, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice. A Director who participates in a meeting by means of telephone or electronic communication shall be deemed present and in attendance for all purposes at such meeting.

g. Open Meetings. Regular and special meetings of the Board shall be open to all Members; provided that Members who are not Directors may not participate in any deliberations or discussions at such meetings unless expressly so authorized by a Majority of a quorum of the Directors at such meeting. The Board may, with the approval of a majority of a quorum of the Directors, adjourn any meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar or sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

h. Action Without a Meeting. Any action required or permitted to be taken by the Board at a meeting may be taken without a meeting, if all of the Directors shall individually or collectively consent in writing to such

action. Such written consent shall be filed with the minutes of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors.

4.8. FIDELITY BONDS. The Board shall require that all Officers, agents, and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be a Common Expense of the Association.

4.9. POWERS AND DUTIES. The Board shall have all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Property. The Board may do all such acts and things except those which, by law or the Documents, may not be delegated to the Board. Without prejudice to the general and specific powers and duties set forth in the Documents or such powers and duties as may hereafter be imposed on the Board by resolution of the Association, the Board shall have the power to and be responsible for the following, in way of explanation, but not limitation:

a. Administration and enforcement of the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions set forth in the Documents;

b. Promulgation, administration, enforcement, and amendment of Rules and Regulations;

c. Control, management, operation, maintenance, improvement, and replacement of all areas of the Property for which the Association is assigned maintenance responsibility by Article V of the Declaration;

d. As trustee for the Association, dealing with the Property in the event of damage or destruction as a result of casualty loss, condemnation or eminent domain, in accordance with Articles XIII and XIV of the Declaration;

e. Obtaining and maintaining casualty and liability insurance as required of the Association by the Declaration, and reviewing, at least annually, all insurance policies and bonds obtained by the Board on behalf of the Association;

f. Preparation and adoption of an annual budget, in which there shall be expressed the Annual Assessments of each Owner, and establishment of the period of installment payment;

g. Levy and collection of Annual Assessment and, whenever, in the opinion of the Board, such Assessments are warranted, Special, Individual, and Deficiency Assessments;

h. Application of any or all remedies available to the Association for the collection of delinquent Assessments or to enforce compliance with the Documents;

i. Notifying Members of any litigation against the Association or any threatened eminent domain or condemnation proceedings against the Property; protecting and defending the Property from loss and damage by suit or otherwise; representing the Members in dealing with governmental entities and through the courts with respect to items of common interest;

j. Borrowing funds in order to pay for any expense authorized by the Documents, and to execute instruments evidencing such indebtedness as the Board may deem necessary; provided however, the Board shall obtain the approval of a majority of the Eligible Votes in the event that the total amount of such borrowing exceeds a sum which, on a pro rata basis, exceeds \$500.00 per Lot;

k. Designating, hiring, compensating, and dismissing the personnel necessary for the maintenance and operation of the Association, Common Properties, and the Area of Association Responsibility and, where appropriate, providing for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

l. Establishing a bank account or accounts for common funds and for all separate funds which are required or may be deemed advisable by the Board; keeping full and accurate books and records showing receipts, expenses, and disbursements; and permitting examination of the Association's books and records by Owners and Mortgagees, or their duly authorized agents, during general business hours;

m. Payment of property taxes, if any, on the Common Properties;

n. Preparation and filing of annual income tax returns with the federal government and making such elections as may be necessary to reduce or eliminate the income tax liability of the Association, together with payment of Association's federal income tax liability, if any;

o. Employing a managing agent to whom may be delegated powers granted to the Board by the Documents;

p. Granting easements where necessary for utilities to serve the Property, pursuant to Section 4.11 of the Declaration;

q. Designating, from time to time, the location of the principal office for the transaction of the business of the Association and the place for the holding of meetings of the Board and the Association;

r. Appointing committees to assist the Board;

s. Maintaining records of: (i) mailing addresses of Members and Eligible Mortgagees; (ii) minutes of all meetings of the Board and of the Association; and (iii) votes or written consents by which amendments to the Documents are approved;

t. Maintaining a registered agent and registered office with the Secretary of State of Texas, and paying the Association's annual franchise tax or obtaining and maintaining an exemption, if available, from such tax;

u. Making available to and upon request by any Owner, Occupant, Mortgagee, insurer or prospective purchaser of a Lot, and guarantor of a Mortgage, current copies of the Documents and all other books, records, and financial statements of the Association, for which a reasonable fee may be charged; and

v. In general, to carry on the administration of this Association and to do all those things, necessary and reasonable, in keeping with the communal aspect of a planned unit development.

#### ARTICLE V OFFICERS

5.1. DESIGNATION. The principal officers of the Association shall be the President, the Vice President, the Secre-



tary, and the Treasurer, all of whom shall be elected by the Board of Directors. The Board may appoint an assistant Treasurer, an assistant Secretary and such other subordinate officers as it deems necessary. The President, Vice President and Secretary shall be Directors. Other Officers may, but need not, be Members or Directors. Any two (2) offices may be held by the same person; provided, however, that the offices of President, Vice President, and Secretary shall be held by three (3) different persons.

5.2. ELECTION OF OFFICERS. The Officers shall be elected for an annual term by the Directors at the organizational meeting of the Board, shall take office at the meeting at which they are elected, and shall hold office at the pleasure of the Board. Except for resignation or removal, Officers shall hold offices until their respective successors have been designated by the Board.

5.3. PRESIDENT. As the chief executive Officer of the Association, the President shall: (i) preside at all meetings of the Association and of the Board; (ii) have all the general powers and duties which are usually vested in the office of president of a corporation organized under the laws of the State of Texas; (iii) have general supervision, direction, and control of the business of the Association, subject to the control of the Board; and (iv) see that all orders and resolutions of the Board are carried into effect.

5.4. VICE PRESIDENT. The Vice President shall take the place of the President and perform the duties of the President whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board shall appoint some other Director to act in the place of the President, on an interim basis. The Vice President shall also perform such other duties as may be required of him from time to time by the Board or by the President.

5.5. SECRETARY. The Secretary shall: (i) keep the minutes of all meetings of the Board and of the Association; (ii) have charge of such books and papers as the Board may direct; (iii) maintain a record of the names and addresses of the Members and Eligible Mortgagees for the mailing of notices; and (iv) in general, perform all duties incident to the office of secretary.

5.6. TREASURER. The Treasurer shall: (i) be responsible for Association funds; (ii) keep full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepare all required financial data and tax returns; (iv) deposit all monies or other valuable effects in the name of the Association in such depositories as may from time to

time be designated by the Board; (v) prepare the annual and supplemental budgets of the Association; (vi) review the accounts of the managing agent on a monthly basis in the event such managing agent is responsible for collecting and disbursing Association funds; and (vii) perform all the duties incident to the office of treasurer.

5.7. COMPENSATION OF OFFICERS. No Officer shall receive any compensation or salary from the Association for acting as such.

5.8. AUTHORIZED AGENTS. Unless express authorization is granted by resolution of the Board, the President and the Secretary shall be the only persons authorized to execute any and all instruments of conveyance or encumbrance on behalf of the Association, including promissory notes.

5.9. REMOVAL OF OFFICERS. Upon an affirmative vote of a majority of all the Directors, any Officer may be removed, with or without cause, and his successor may be elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose. Any Officer may resign at any time by giving written notice to the President or Secretary. Any such resignation shall take effect on the date of receipt of such notice, or at any later time specified therein; and unless otherwise specified in said notice, acceptance of such resignation by the Board shall not be necessary to make it effective. The resignation or removal of an Officer who is also a Director does not, in and of itself, constitute resignation or removal from the Board.

## ARTICLE VI COMMITTEES

6.1. ARCHITECTURAL STANDARDS COMMITTEE. The Association shall have an Architectural Standards Committee (ASC). By agreement of not less than three (3) Directors, for any given year the Board may serve as the ASC and in such instance references herein to "ASC" will refer to the Board acting in such capacity. The purpose of the ASC is to assure that the Property will always be used, maintained, and improved in a manner that: (i) protects the visual harmony; (ii) promotes the sound repair; and (iii) enhances the aesthetic and property values of the Property.

a. Powers and Duties. In addition to other duties which may be delegated to it by resolution of the Board, the ASC shall have the following powers and duties:

(1) To establish administrative procedures for receiving, reviewing, and approving or denying requests by Members for individual variances from the architectural covenants of Article X of the Declaration;

(2) To adopt and amend, from time to time, architectural standards and guidelines for the Property, which standards and guidelines will be specific as to colors, dimensions, locations, materials, qualities, quantities, methods of installation, and other items deemed necessary by the ASC to ensure uniform harmony and further will be treated as Rules and Regulations, as provided in Article VIII herein;

(3) To respond in writing, within thirty (30) days, to written requests by Members regarding alterations or improvements to the exterior of Lots and Homes, pursuant to Sections 10.3. and 10.4. of the Declaration;

(4) To approve or deny such requests by Members on the basis of, among other things, adequacy of site dimensions, structural design, conformity and harmony of external design and of location with neighboring structure and sites, relation of finished grades and elevations to neighboring sites, and conformity to both the specific and general intent of the Documents;

(5) To employ professional consultants, as necessary, to assist the ASC in discharging its duties, provided however that any expenses to be so incurred have the prior approval of the Board;

(6) To charge reasonable fees, as needed, of Members requesting variances to cover the costs of drawing, approving, or distributing plans and specifications;

(7) To inspect periodically the Property for compliance with architectural covenants and standards.

(8) To supervise the restoration and repair of any portion of the Property damaged or destroyed by casualty loss; and

(9) To maintain complete and accurate records of all actions taken.

b. ASC Membership. Where the powers and duties of the ASC are not discharged by the Board acting as the ASC, the ASC will consist of a chairman and other two (2) members who will be appointed by the Board at its annual organizational meeting from among the Owners and Occupants for one year terms commencing at the organizational meeting at which they are appointed. The members of the ASC shall serve without compensation.

c. Rights of Owners:

(1) If a Member has not received the written approval or denial of the ASC regarding such Member's request for a variance of architectural controls or standards, within thirty (30) days of the date on which he delivered a properly completed written request pursuant to the established requirements of the ASC for such requests, such Member may presume that his request has been approved by the ASC. Such Member may then proceed with the improvement; provided, however, that he shall adhere to the plans and specifications which accompanied his request for a variance.

(2) Notwithstanding the foregoing, no permission or approval shall be required for reconstructions, alterations, improvements, additions, or uses which strictly comply with guidelines, plans, specifications, or policies previously developed and approved for all Lots by the ASC and still in effect at the time work is initiated. Written approval for specified improvements or uses on certain Lots shall not constitute approval for all Lots.

(3) The Owner of a Lot deemed to be in violation of the architectural covenants, standards, or guidelines of the Documents or the ASC shall be given at least fifteen (15) days' prior written notice and shall be afforded an opportunity to be heard with respect to the asserted violation, before the ASC or Board may take action against such Owner for the violation.

(4) In the event that the ASC is composed of members other than Directors, any action, ruling or decision of the ASC may be appealed to the Board by an aggrieved Owner, and a vote of the majority of the Board may modify or reverse any such action, ruling, or decision.

6.2. NOMINATING COMMITTEE. Before each meeting of the Association at which Directors will be elected, the Board may appoint a nominating committee of three (3) persons who shall be Members. The committee shall nominate candidates for the Board and may nominate any number of qualified candidates but no less than the number of Directors to be elected. Members may submit to the Board names of candidates other than those submitted by the nominating committee. The names of candidates shall be submitted to the Board at least thirty (30) days prior to the election meeting so candidates can be named in the notice of the meeting. Unless such names are submitted, either by the nominating committee or by Members, no person may be elected whose name is not so submitted; provided, however, that names of candidates may be submitted by Members at the election meeting if: (i) the Board does not appoint a nominating committee, or (ii) thirty (30) days prior to the election, fewer names than vacancies have been submitted, or (iii) the notice of the meeting states that nominations may be made at the election meeting.

6.3. OTHER COMMITTEES. The Board, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the Board with its responsibilities. Such resolution shall establish the purposes and powers of each committee created, provide for the appointment of its members, as well as a chairman, and shall provide for reports, termination and other administrative matters as deemed appropriate by the Board. Members of committees shall be appointed from among the Members and Occupants, and no committee shall have fewer than three (3) members.

## ARTICLE VII RULES AND REGULATIONS

7.1. RULES AND REGULATIONS. As provided in Section 11.1 of the Declaration, the Board shall have the right to promulgate and amend, from time to time, Rules and Regulations, provided however such Rules and Regulations may not be in conflict with law or the Documents. The Board shall, at all times, maintain the then current and complete Rules and Regulations in a written form which can be copied and distributed to Members and Occupants. Rules and Regulations need not be recorded in the Deed Records of Dallas County, Texas.

7.2. ADOPTION AND AMENDMENT. Any Rule and Regulation may be adopted, amended, or terminated by the approval of at least a majority of the Directors at a meeting of the Board. To be effective the text of a Rule and Regulation and the requisite

consents of Directors must be recorded as in the minutes of a meeting of the Board or as an action taken pursuant to Section 4.7.h of these Bylaws. Notice of the adoption or amendment of a Rule and Regulation must be given to Members and Occupants, provided however, actual receipt by a Member or Occupant is not a prerequisite for the enforceability of such Rule and Regulation against such Member or Occupant.

7.3. NOTICE AND COMMENT. The Board shall give written notice to Members and Occupants of any newly adopted Rule and Regulation, or any amendment thereto, or shall publish same in a newsletter or similar publication which is circulated to the Members and Occupants at least ten (10) days before the effective date of such Rule and Regulation. Any Member or Occupant so notified shall have the right to comment orally or in writing to the Board on the proposed action; however, this right does not entitle Members or Occupants to be heard at a formally constituted meeting.

7.4. DISTRIBUTION. Upon request from any Member, Occupant, or Mortgagee, the Board shall provide a current and complete copy of Rules and Regulations. Additionally, the Board shall, from time to time, distribute copies of the current and complete Rules and Regulations to all Members and Occupants; provided however the failure to do so will not affect the responsibility of any Member or Occupant for compliance with the Rules and Regulations.

#### ARTICLE VIII OBLIGATIONS OF THE OWNERS

8.1. NOTICE OF SALE. Any Owner intending to sell his Lot or any interest therein shall give written notice to the Board of such intention, together with (i) the address or legal description of the Lot being conveyed; (ii) the name and address of the intended purchaser; (iii) the name, address, and phone number of the title company or attorney designated to close such transaction; (iv) names and phone numbers of real estate agents, if any, representing seller or purchaser; and (v) scheduled date of closing. An Owner shall furnish this information to the Board no less than ten (10) working days before the date of scheduled conveyance of the Lot or any interest therein.

8.2. PROOF OF OWNERSHIP. Any person, on becoming an Owner of a Lot, shall furnish to the Board evidence of ownership in the Lot, which copy shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor be entitled to vote at any meeting of the Association unless

this requirement is first met. This requirement may be satisfied by receipt of a Board-approved form that is completed and acknowledged by a title company or attorney at time of conveyance of the Lot or any interest therein.

8.3. REGISTRATION OF MEMBERS. The Owner or the several Owners of an individual Lot shall register and maintain one (1) mailing address to be used by the Association for mailing of statements, notices, demands, and all other communications. Such registered address of an Owner or Owners (i) shall be furnished to the Board within fifteen (15) days after transfer of title or change of address; (ii) shall be in writing; and (iii) shall be signed by the Owner(s) of the Lot or by a person authorized to represent the interest of the Owner(s) thereof.

8.4. REGISTRATION OF MORTGAGEES. A Member who mortgages his Lot shall furnish the Board with the name and mailing address of the holder of any mortgage, vendor's lien, or deed of trust, which holder may send a written request to the Association to obtain the notices to be sent to Mortgagees as provided in Section 17.3 of the Declaration. Such written request by such a holder shall state such holder's name, mailing address, and the address of the Lot which secures its mortgage, vendor's lien, or deed of trust.

8.5. ASSESSMENTS. All Members shall be obligated to pay Assessments imposed by the Association as defined and provided by the Declaration. A Member shall be deemed to be in good standing at any meeting of the Association if he is current in the Assessments made or levied against him and the Lot owned by him.

8.6. COMPLIANCE WITH DOCUMENTS. Each Member shall comply strictly with the provisions and terms of the Documents and any amendments thereto. Further, each Member shall always endeavor to observe and promote the cooperative purposes for which the Association was established.

8.7. TRUSTEE. Each Member irrevocably appoints the Association as trustee to deal with the Property, including his Lot, in the event of damage, destruction, obsolescence or condemnation of all or any part of the Property, as provided in Sections 12.1 and 14.3 of the Declaration.

## ARTICLE IX NOTICE AND HEARING

9.1. VIOLATION OF THE DOCUMENTS. The Board may not impose a fine, suspend voting rights, or infringe upon any other

rights of a Member or Occupant for violation of the Documents, subject to Section 9.7 herein, unless and until the provisions of this Article have been followed.

9.2. COMPLAINT. Any Member, Occupant, Officer, or manager of the Association may file against a Member a complaint of an alleged violation of the Documents by such Member or by others for whom such Member is responsible according to Section 2.1 of the Declaration. Such complaint shall set forth, in ordinary and concise language, the acts or omissions with which said Member is charged and shall reference the specific provision of the Documents which said Member (or those for whom such Member is responsible) is alleged to have violated. Such complaint shall be delivered in writing to the President or shall be recorded, with the same detail, in the minutes of a meeting of the Board.

9.3. DEMAND. Upon receipt of such complaint, the Board shall deliver to the Member alleged to be in default of the Documents a written demand to cease and desist or to cause the party for whom such Member is responsible to cease and desist from such alleged violation. Such demand shall specify: (i) the alleged violation; (ii) the action required to abate the violation; and (iii) a time period, not less than fifteen (15) days, during which the violation may be abated without further sanction, if such violation is a continuing one; or (iv) if such violation is not continuing, a statement that any further violation of the same rule may result in the exercise of one or more of the rights available to the Association. The Board may demand immediate abatement if it determines that the violation poses a threat to life or property.

9.4. NOTICE. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board may issue a notice of its intention to exercise one or more of the rights of enforcement provided in Sections 4.4 and 4.8 of the Declaration. Such notice of enforcement shall specify:

a. The nature of the alleged violation and reference to the specific provision of the Documents which said Member is alleged to have violated;

b. That a demand to cease violation, as set forth herein, was mailed or delivered to said Member;

c. The amount of a fine, or the nature of any actions or remedies to be imposed or effected by the Board against said Member;



d. That the alleged violator may, within ten (10) days from the date of notice, request a hearing regarding such fines, actions, or remedies; provided, however, that if such request for a hearing is not received by the Board within ten (10) days, the alleged violator will have waived his right to a hearing; and

e. The name and address of the individual to whom request for hearing shall be made by personal delivery or mail.

9.5. HEARING. If a hearing is requested by a Member alleged to be in violation of the Documents, the Board shall serve a notice of hearing on all parties to the complaint and underlying alleged violation at least ten (10) days prior to the hearing. Such notice shall state the location, time and date of the hearing and shall state that the alleged violator will be given a reasonable opportunity to be heard. This notice requirement shall be deemed satisfied if the alleged violator is in attendance at the hearing. Such hearing shall be held before the Board in executive session. The minutes of the meeting shall contain a written statement of the results of the hearing, and the remedies, if any, imposed by the Board. In the event the alleged violator does not attend the hearing, and in order for any remedies imposed by the Board in such Member's absence to become effective, minutes of the meeting must contain a copy of the notice of the hearing together with a statement of the date and manner of delivery by the Officer or Director who mailed or delivered such notice.

9.6. SANCTIONS. The Board may initiate one or more of the actions authorized in Sections 4.4 and 4.8 of the Declaration against any Member alleged to be in violation of the Documents, provided:

a. The decision to take action has been approved by a majority of Directors and recorded in the minutes of the meeting of Directors; and

b. No action shall take effect prior to (i) the hearing required herein, if such hearing was requested, or (ii) the expiration of fifteen (15) days after notice of enforcement if no such hearing was requested.

9.7. ADDITIONAL ENFORCEMENT RIGHTS. Notwithstanding anything to the contrary contained in this Article, the Board may take immediate and appropriate action, without the giving of demands and notices required herein, against violations of the Documents which, in the opinion of the Board, are (i) self evident, such as vehicles parked illegally or in violation of

posted signs; (ii) threatening to life or property; or (iii) repeat violations by the same Member to whom prior demands and notices have been given for the same violation. Further, the provisions of this Article shall not apply to specific remedies provided in the Declaration for certain violations, such as but not limited to the remedies of the Association for nonpayment of Assessments.

9.8. ASSOCIATION'S RIGHT TO ABATE VIOLATIONS. In addition to any other rights set forth in the Documents, the Board shall have the right, upon complying with the provisions of this Article: (i) to enter the Lot on which such violation or breach exists and to summarily abate and remove, using such force as may be necessary in doing so, at the expense of the defaulting Owner, any person, structure, thing, or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board shall not be deemed guilty in any manner of trespass nor shall the Board be liable to prosecution or any damages therefor provided that no item of construction may be removed without the consent of the Owner or by judicial decree; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

#### ARTICLE X ASSOCIATION RECORDS

10.1. RECORDS. The Association shall keep the following detailed records:

a. Minutes or a similar record of the proceedings of meetings of the Association. A recitation in the minutes of any such meeting that notice of the meeting was properly given shall be sufficient evidence that such notice was given.

b. Minutes or a similar record of the proceedings of meetings of the Board.

c. Actions and resolutions of the Board, the ASC, other committees, and the managing agent, if any.

d. Names and mailing addresses of the Members, the currency and accuracy of the information being the responsibility of the Members.

e. Names and mailing addresses of the Mortgagees, the currency and accuracy of the information being the responsibility of the Members and their Mortgagees.

f. A copy of plats, plans, and specifications, as furnished by the developer or acquired by the Association over time, for the Homes, utility lines, easements, and other improvements on the Property. Also, copies of plans and specifications submitted to and approved by the ASC for betterments, improvements, and alterations to the Lots and Common Properties.

g. Financial records and books of account for the Association, kept in a manner consistent with generally accepted accounting principles, including chronological listings of receipts and expenditures, a separate listing for each Lot, which, among other things, shall contain the amounts of all Assessments, the dates when due, the amounts paid thereon, and the balances remaining unpaid.

h. Copies of income tax returns prepared for the Internal Revenue Service.

i. Copies of the Documents, including recording data if applicable, and all amendments to any of these. Also, for at least four (4) years, a record of all votes or written consents by which amendments to the Documents were approved.

j. Copies of all contracts, written agreements, and insurance policies made on behalf of the Association or to which the Association is a party.

10.2. INSPECTION OF BOOKS AND RECORDS. All books, records and papers of the Association shall be made available for inspection and copying by any Member, prospective purchaser of a Lot, Mortgagee, or any duly appointed representative of any of these at the principal office of the Association or at such other place as the Board may prescribe. The Board shall establish reasonable rules with respect to (i) notice to be given to the custodian of the records by any authorized person desiring to make the inspection; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested by such person. Every Director and Officer shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association.

## ARTICLE XI AMENDMENTS TO BYLAWS

11.1. AMENDMENTS TO BYLAWS. Subject to the consents required for amendments of a material nature, as provided in

Section 18.1 of the Declaration, these Bylaws may be amended by the consent of Members representing at least a majority of a quorum, except that, where any amendment to these Bylaws seeks to alter the percentage of Eligible Votes or of consents of Owners of Lots required to take a prescribed action or otherwise to administer the affairs of the Association or the Property, the approval of such amendment will itself require the affirmative vote of the same percentage of Eligible Votes or of Owners of Lots, as the case may be, in order for the amendment to become effective, provided that:

a. The Association shall provide every Member with a detailed description, if not exact wording, of any proposed amendment, which description must be included in the notice of any meeting of the Association at which such proposed amendment is to be considered;

b. For amendments requiring the consent of Mortgagees, the Association shall send each Eligible Mortgagee a detailed description, if not exact wording, of any proposed amendment, together with notice of any meeting of the Association at which such proposed amendment requiring the Eligible Mortgagee's consent is to be considered;

c. An amendment may be adopted by the vote, in person or by proxy, or by written consent of Members representing the required number of votes in the Association;

d. For amendments requiring the consent of Mortgagees, the amendment instrument shall include a certification, signed by two (2) Officers, that the requisite approval of such Mortgagees has been obtained;

e. To be effective, (i) each amendment must be in the form of a written instrument stating the date of adoption and signed by at least two (2) Officers acknowledging the requisite approval of Members and, if required, Mortgagees, and (ii) copies of such signed instrument must be sent to all Members;

Any action to challenge the validity of an amendment adopted under this Section must be brought within one (1) year of the amendment's effective date. No action to challenge may be brought after such time.

## ARTICLE XII

### GENERAL PROVISIONS

12.1. CONFLICTING PROVISIONS. If any provision of these

Bylaws conflicts with any provision of the laws of the State of Texas, such conflicting Bylaws provision shall be null and void, but all other provisions of these Bylaws shall remain in full force and effect. In the case of any conflict between the Articles of Incorporation of the Association and these Bylaws, the Articles shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

12.2. SEVERABILITY. Invalidation of any provision of these Bylaws, by judgment or court order, shall in no wise affect any other provision which shall remain in full force and effect. The effect of a general statement shall not be limited by the enumerations of specific matters similar to the general.

12.3. FISCAL YEAR. The fiscal year of the Association shall be set by resolution of the Board, and is subject to change from time to time as the Board shall determine. In the absence of a resolution by the Board, the fiscal year shall be the calendar year.

12.4. WAIVER. No restriction, condition, obligation, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

#### CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the Bylaws of CHIMNEY LANE PATIO HOMES HOMEOWNERS' ASSOCIATION, a Texas non-profit corporation, as adopted by the initial Board of Directors at its meeting on the 7TH day of APRIL, A.D., 1997.

IN WITNESS WHEREOF, I hereunto set my hand this the 7TH day of APRIL, A.D., 1997.

  
Secretary

Revision Date