

**AMENDED AND RESTATED
BYLAWS
OF
THE SHELTON CONDOMINIUM ASSOCIATION
(a Texas nonprofit corporation)**

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BYLAWS
OF
THE SHELTON CONDOMINIUM ASSOCIATION
(a Texas nonprofit corporation)

ARTICLE I

Purposes; Defined Terms

1.1 **Purposes of Association.** The Shelton Condominium Association, a Texas nonprofit corporation and condominium association (the "**Association**"), is organized exclusively to exercise the rights and powers and to perform the duties and obligations of the Association in accordance with the Amended and Restated Condominium Declaration For The Shelton Condominium, to be recorded in the Real Property Records of Dallas County, Texas (the "**Declaration**"), the Certificate of Formation of the Association (the "**Certificate of Formation**"), these bylaws (these "**Bylaws**", which, together with the Declaration and the Certificate of Formation, are referred to herein as the "**Governing Documents**"), and the laws of the State of Texas, as each may be amended from time to time.

1.2 **Purpose of Bylaws.** These Bylaws provide for the governance of the condominium known as The Shelton Condominium, located in the City of Dallas, Dallas County, Texas, subject to and more fully described in the Declaration (the "**Condominium**").

1.3 **Definitions.** Capitalized terms not defined herein or in the Declaration will have the meaning specified or used in the Uniform Condominium Act (Texas Property Code, Chapter 82) (the "**Act**").

ARTICLE II

Members

2.1 **Membership.** The members of the Association (the "**Members**") will consist solely of the owners of Units of the Condominium created by the Declaration.

2.2 **Annual Meeting.** An annual meeting of the Members of the Association will be held during the month of April of each year, or at such other time and place as the Board of Directors of the Association will determine. At annual meetings, the Members will elect directors of the Association ("**Directors**") in accordance with these Bylaws and may also transact such other business of the Association as may properly come before them.

2.3 **Special Meetings.** Except as otherwise provided by law or the Declaration, a special meeting of the Association may be called by the President, a majority of the members of the Board of Directors, or by Members having at least twenty percent of the Voting Interests (as defined in the Declaration) entitled to be cast at such meeting. Such meeting will be held within

thirty days after being called. No more than two special meetings may be held during any thirty-day period. Business transacted at any special meeting of Members will be limited to the purposes stated in the notice of the meeting given in accordance with the terms of **Section 2.5**.

2.4 **Place of Meetings.** Meetings of the Association will be held at the Condominium or in Dallas, Texas at a suitable place convenient to the Members, as determined by the Board of Directors.

2.5 **Notice of Meetings; Waiver.** Notice of each meeting of Members, stating the place, day, and hour of any meeting and, in case of a special meeting of Members, the purpose or purposes for which the meeting is called, will be given at least ten days but not more than sixty days prior to such meeting. Notices will also set forth any other items of information deemed appropriate by the Board of Directors. If a Unit is owned by more than one person, notice to one co-owner will be deemed notice to all co-owners. Notice may be given either personally, by electronic telecommunication, by facsimile transmission, or by mail, by or at the direction of the persons calling the meeting, to each Member. If mailed, such notice will be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Member at the address shown on the Association's records. If transmitted by telecommunication or facsimile, notice will be deemed delivered on successful transmission. Whenever any notice is required to be given to a Member, a written waiver of the notice, signed by the person or persons entitled to such notice, whether before or after the time stated in the notice, will be equivalent to the giving of such notice. Attendance by a Member, whether in person or by proxy, at any meeting of the Association will constitute a waiver of notice by such Member of the time, place, and purpose of such meeting. If all Members are present at any meeting of the Association, no notice will be required and any business may be transacted at such meeting.

2.6 **Ineligibility.** The Board of Directors may determine that no Member may (i) vote at meetings of the Association or (ii) be elected to serve as a Director if the Member's financial account with the Association is in arrears on the record dates provided below, provided each ineligible Member will be given notice of the arrearage and an opportunity to become eligible. The Board of Directors may specify the manner, place, and time for payment for purposes of restoring eligibility.

2.7 **Record Dates.**

(a) **Determining Voting Eligibility.** The Board of Directors will fix a date as the record date for determining the Members entitled to vote at a meeting of the Association. The record date may not be more than sixty days before the date of a meeting of the Association at which Members will vote.

(b) **Determining Rights Eligibility.** The Board of Directors will fix a date as the record date for determining the Members entitled to exercise any rights other than those described in the preceding paragraph. The record date may not be more than sixty days before the date of the action for which eligibility is required, such as nomination to the Board of Directors.

(c) Adjournments. A determination of Members entitled to notice of or to vote at a meeting of the Association is effective for any adjournment of the meeting unless the Board of Directors fixes a new date for determining the right to notice or the right to vote. The Board of Directors must fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date more than ninety days after the record date for determining Members entitled to notice of the original meeting.

2.8 Voting Members List. The Board of Directors will prepare and make available a list of the Association's voting Members in accordance with the Texas Business Organizations Code.

2.9 Quorum. At any meeting of the Association, the presence in person or by proxy of Members entitled to cast at least thirty percent (30%) of the Voting Interests (as defined in the Declaration) that may be cast will 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.

2.10 Votes. The vote of a majority of the Voting Interests (as defined in the Declaration) entitled to be cast by Members, whether present or represented by proxy at any meeting at which a quorum is present, will be binding upon all Members for all purposes, unless the vote of a greater number is required by the Declaration, these Bylaws or by law. The number of votes that a Member is entitled to cast is set forth in Paragraph 13(c) of the Declaration. There will be one (1) voting Member for each Unit. The right of a Member to vote at any meeting of the Association is subject to the following limitations:

(a) Co-Owned Units. If any Unit is owned by more than one person, other than a husband and wife, one of the owners of such Unit will be designated, by a duly sworn certificate signed by all of the record owners of the Unit and filed with the secretary of the Association, as the voting Member for that Unit. Failure by all owners of a Unit (except in the case of a husband and wife who are the sole owners of the Unit) to file such a sworn certificate with the secretary of the Association prior to a Members' meeting will result in depriving the owners of such Unit of a vote at such meeting. In the case where a husband and wife are the sole owners of the Unit, they need not designate the voting Member and either of them appearing at a meeting of the Members may, if there is no objection from the other, cast a vote for that Unit. The appearance at any meeting of any co-owner of a Unit will constitute that Unit's presence for the purpose of establishing a quorum, whether or not the co-owner in attendance is authorized to vote.

(b) Corporation-Owned Units. If a Unit is owned by a corporation, partnership or limited liability company, the officer, director, agent, partner, member or manager entitled to vote will be designated by a certificate signed by the appropriate officer, director, partner, member or manager of such entity and filed with the secretary of the Association. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The vote of a limited liability company may be cast by any manager or managing member of the owning limited liability company in the absence of express notice of the designation of a specific person by the owning limited liability company. The person presiding over a meeting or vote may

require reasonable evidence that a person voting on behalf of a corporation or partnership is qualified to vote.

(c) Association-Owned Units. Voting Interests (as defined in the Declaration) allocated to a Unit owned by the Association may not be cast.

2.11 Proxies. Voting Interests (as defined in the Declaration) allocated to a Unit may be cast in person or by written proxy. To be valid, each proxy will (i) be signed and dated by a Member or his or her attorney-in-fact; (ii) identify the Unit to which the vote is appurtenant; (iii) name the person in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the purpose or meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the Secretary or to the person presiding over the Association meeting for which the proxy is designated. Unless the proxy specifies a shorter or longer time, it will terminate one year after its date. To revoke a proxy, the granting Member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled will be valid when such meeting reconvenes.

2.12 Conduct of Meetings. The President, or any person designated by the Board of Directors, will preside over meetings of the Association. The Secretary will keep, or cause to be kept, the minutes of the meeting which will record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then-current edition of Robert's Rules of Order will govern the conduct of all meetings of the Association when not in conflict with the Governing Documents. Votes will be tallied by tellers appointed by the person presiding over the meeting.

2.13 Order of Business. Unless the notice of meeting states otherwise, the order of business at meetings of the Association will be as follows:

- (1) Determine votes present by roll call or check-in procedure
- (2) Announcement of quorum
- (3) Proof of notice of meeting
- (4) Reading and approval of minutes of preceding meeting
- (5) Reports
- (6) Election of Directors (when required)
- (7) Unfinished business
- (8) New business

2.14 Adjournment of Meeting. At any meeting of the Association, the Voting Interest (as defined in the Declaration) of a majority of the Members present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

ARTICLE III

Board of Directors

3.1 **Conflict.** Except as otherwise set forth in Article X below, the provisions of this Article III will govern with respect to the Board of Directors.

3.2 **Powers and Duties.** The Board of Directors will have all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Condominium. The Board of Directors may do all such acts and things except those which, by law or the Governing Documents, are reserved to the Members and may not be delegated to the Board of Directors. In the performance of its duties as the governing body of the Association, the Board of Directors will have all powers enumerated in Section 82.102 of the Act, and in addition to those powers and duties set forth in the Act and the Declaration, the Board of Directors will have the powers and duties including, but not limited to, the following:

(a) administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, and all other provisions set forth in the Declaration, these Bylaws and any supplements and amendments thereto or hereto;

(b) keep in good order, condition and repair all of the Common Elements and all items of common personal property used by the Members in the enjoyment of the Association Property;

(c) insure all of the insurable Common Elements in accordance with the Declaration; insure all of the common fixtures, equipment, and personal property for the benefit of the Members and their first mortgagees; and obtain and maintain commercial general liability insurance covering the Condominium Property for bodily injury and property damage in accordance with the Declaration;

(d) prepare a budget for the Condominium in accordance with the Declaration;

(e) make and collect assessments, additional assessments and such other assessments as are provided for by the Act or the Declaration in accordance with the Declaration;

(f) adjust the amount of the assessments and levy and collect additional assessments in accordance with the Declaration;

(g) collect delinquent assessments in accordance with the Declaration and enjoin or seek damages from any Member who is in default of any of the provisions of the Declaration or these Bylaws;

(h) to the extent permitted by applicable law, enforce a per diem late charge as set by the Board of Directors from time to time and to collect interest at the rate of the lesser of eighteen percent per annum or the highest rate permitted by applicable law in connection with assessments remaining unpaid more than thirty days from the due date for payment thereof, together with all expenses incurred, including, without limitation, attorneys' fees;

(i) protect and defend the Association Property from loss or damage, by suit or otherwise;

(j) borrow funds in order to pay for any expenditure or outlay required pursuant to the authority granted by the provisions of the Declaration and these Bylaws, and execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary. Such indebtedness will be the several obligation of all of the Members in the same proportion as their respective interests in the Common Elements;

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

(l) establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors;

(m) make repairs, additions, alterations and improvements to the Common Elements consistent with managing the Condominium in a first-class manner and consistent with the Declaration and the best interests of the Members, and contract for the making of such repairs, additions, alterations and improvements, whether with third parties or with affiliates of Declarant;

(n) maintain full and accurate books and records showing all of the receipts, expenses, and disbursements and permit examination thereof at any reasonable time by each of the Members, and to cause a complete audit of the books and accounts at least once a year by an auditor who is not associated with the Association;

(o) prepare and deliver annually to each Member a statement showing receipts, expenses, and disbursements since the last such statement;

(p) employ the personnel necessary for the maintenance and operation of the Common Elements;

(q) carry on the administration of the Association and do all of those things necessary and reasonable in order to carry out the governing and the operation of the Condominium;

(r) enter into a Management Agreement with a Manager in accordance with the Declaration;

(s) maintain a reserve fund adequate for the periodic maintenance, repair and replacement of the Common Elements;

(t) maintain the Working Capital Fund in accordance with the Declaration;

(u) pay all taxes and assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Member or otherwise properly chargeable to the Member;

(v) establish operating, escrow and other accounts in the name of the Association as the Board of Directors may deem appropriate from time to time and as may be consistent with generally accepted accounting principles;

(w) maintain accounting records in accordance with generally accepted accounting principles;

(x) employ and dismiss personnel of the Association, and purchase or arrange for those services, machinery, equipment, tools, materials and supplies as, in the option of the Board of Directors, may from time to time be necessary for the proper orientation and maintenance of the Common Elements;

(y) employ or retain and receive advice from professional counsel and consultants which the Board of Directors may deem necessary for any proper purpose of the Association;

(z) invest monies of the Association in any investments which the Board of Directors deems to be reasonably prudent;

(aa) acquire by purchase, gift, annexation or lease, real or personal property, if, at any time in the future, the Board of Directors deems it to be proper and not inconsistent with the terms of the Governing Documents;

(bb) grant and reserve easements, leases, licenses or concessions where necessary or desirable for utilities, routes of ingress and egress, or any other purpose, over the Common Elements and to amend the Survey or Plot Plan to show such interests;

(cc) establish a form of estoppel certificate acceptable to the Association for delivery to prospective purchasers and lenders and an appropriate charge for furnishing such certificate; and

(dd) prepare and record the certificate identified in Section 3.17 below.

3.3 Number and Term of Office. The Board of Directors will consist of three (3) members. Each director will be elected for a term of three (3) years. At the initial (meaning "initial" after the date hereof) meeting of Members called by Declarant in accordance with Section 10.3, one (1) Director will be elected for a term of three (3) years and the two (2) remaining Directors will be elected to serve terms of two (2) years and one (1) year, respectively. Thereafter, at the annual meeting of Members, the Members will elect a Director to serve a term of three (3) years to fill the position of the Director whose term has expired at the time of the annual meeting. A Director takes office upon the adjournment of the meeting or balloting at which he or she is duly elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his or her successor is duly elected or appointed. The number of Directors may be changed by amendment of these Bylaws, but will not be less than three (3).

3.4 Qualification. No person will be eligible for election or appointment to the Board of Directors unless such person is a Member. Co-owners of a single Unit may not serve on the Board of Directors at the same time. Co-owners of more than one Unit may serve on the Board of Directors at the same time, provided the number of co-owners serving at one time does

not exceed the number of Units they co-own. No Member may be elected or appointed as a Director if any assessment against the Member or such Member's Unit is delinquent at the time of election or appointment. No Member may continue to serve as a Director if any assessment against the Member or such Member's Unit is delinquent more than sixty days.

3.5 **Election.** Directors will be elected annually by the Members in accordance with Section 3.3 above. The election of Directors will be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by mail, facsimile transmission, or a combination of mail and facsimile transmission.

3.6 **Vacancies.** Vacancies on the Board of Directors caused by any reason, except the removal of a Director by a vote of the Association, will be filled by a vote of more than one-half of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each Director so elected will serve out the remaining term of his or her predecessor.

3.7 **Removal of Directors.** At any annual meeting or special meeting of the Association, any one or more of the Directors may be removed with or without cause by Members, whether present in person or by proxy at such meeting, representing at least two-thirds of the Voting Interests (as defined in the Declaration) entitled to be cast, and a successor will immediately be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members will be given an opportunity to be heard at the meeting.

3.8 **Organizational Meeting of the Board of Directors.** Within ten days after the annual meeting, the Directors will convene an organizational meeting for the purpose of electing officers. The time and place of such meeting will be fixed by the Board of Directors and announced to the Directors.

3.9 **Regular Meetings of the Board of Directors.** Regular meetings of the Board of Directors may be held at such time and place as will be determined, from time to time, by the Board of Directors, but at least one such meeting will be held each calendar quarter. Notice of regular meetings of the Board of Directors will be given to each Director, personally or by telephone or written communication, at least three days prior to the date of such meeting.

3.10 **Special Meetings of the Board of Directors.** Special meetings of the Board of Directors may be called by the President or, if he or she is absent or refuses to act, the Secretary, or by any two Directors. At least three days' notice will be given to each Director, personally or by telephone or written communication, which notice will state the place, time, and purpose of such meeting.

3.11 **Conduct of Meetings.** The Board of Directors, at each organizational meeting, will appoint one of their number as President of the Board of Directors. The President of the Board of Directors will preside over all meetings of the Board of Directors and the Secretary will keep, or cause to be kept, a record of all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. When not in conflict with law or the Governing Documents, the then-current edition of Robert's Rules of Order will govern the conduct of the meetings of the Board of Directors.

3.12 **Quorum**. At all meetings of the Board of Directors, a majority of Directors will 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 will be the acts of the Board of Directors. If less than a quorum is present at any meeting of the Board of Directors, 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.

3.13 **Presumption of Assent**. Any Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken will be presumed to have assented to the action taken unless his or her dissent will be entered in the minutes of the meeting and unless he or she will file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or will forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent will not apply to a Director who voted in favor of such action.

3.14 **Open Meetings**. Regular and special meetings of the Board of Directors will be open to Members of the Association, but Members who are not Directors may not participate in any deliberations or discussions unless the Board of Directors expressly so authorizes such participation at the meeting. The Board of Directors may adjourn any meeting and reconvene in closed executive session to discuss and vote upon actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, matters involving the invasion of privacy of an individual Member, or matters that are to remain confidential by request of the affected parties and agreement of the Board of Directors. The nature of any and all business to be considered in closed executive session will first be announced in open session.

3.15 **Appointment of Committees**. The Board of Directors, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the Board of Directors with its responsibilities. The resolution will establish the purposes and powers of each committee created, provide for the appointment of its members, as well as a chairman, and provide for reports, termination, and other administrative matters deemed appropriate by the Board of Directors. Members of committees will be appointed from among the Members or occupants of Units, whether or not any such occupant is a Member (each such occupant, a "Resident").

3.16 **Ex-Officio Directors**. The Board of Directors may designate any one or more persons as ex-officio members of the Board of Directors. A person designated as an ex-officio member of the Board of Directors will be entitled to notice of and to attend meetings of the Board of Directors. The ex-officio member will not be entitled to vote unless otherwise provided in the Declaration or these Bylaws.

3.17 **Management Certificate** The Association will record in the County a certificate, signed and acknowledged by an officer of the Association stating:

- (a) the name of the Condominium;
- (b) the name of the Association;

- (c) the location of the Condominium;
- (d) the recording data for the Declaration;
- (e) the mailing addresses of the Association, or the name of the mailing address of the person or entity managing the association; and
- (f) other information the Association considers appropriate.

Such certificate will be recorded within thirty days after the Association receives notice of a change in any of the information listed in (a) through (e) herein.

ARTICLE IV

Officers

4.1 **Designation.** The officers of the Association will be a President, Secretary, and Treasurer. The Board of Directors may appoint one or more Vice Presidents and such other officers and assistant officers as it deems necessary. The President and Treasurer must also be Directors. Other officers may, but need not, be Directors. Any two offices may be held by the same person, except the offices of President and Secretary. If an officer is absent or unable to act, the Board of Directors may appoint a Director to perform the duties of that officer and to act in place of that officer, on an interim basis.

4.2 **Election of Officers.** The officers will be elected no less than annually by the Directors at the organizational meeting of the Board of Directors and will hold office at the pleasure of the Board of Directors. Except for resignation or removal, officers will hold office until their respective successors have been designated by the Board of Directors.

4.3 **Removal and Resignation of Officers.** A majority of Directors may remove any officer, with or without cause, at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose. A successor may be elected at any regular or special meeting of the Board of Directors called for that purpose. An officer may resign at anytime by giving written notice to the Board of Directors. Unless the notice of resignation states otherwise, it is effective when received by the Board of Directors and does not require acceptance by the Board of Directors. The resignation or removal of an officer who is also a Director does not constitute resignation or removal from the Board of Directors.

4.4 **President.** As the chief executive officer of the Association, the President will: (i) preside at all meetings of the Association; (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 of Directors; and (iv) see that all orders and resolutions of the Board of Directors are carried into effect.

4.5 **Secretary.** The Secretary will: (i) keep or cause to be kept the minutes of all meetings of the Board of Directors and of the Association and the Board of Directors; (ii) have

charge of such books, papers, and records as the Board of Directors may direct; (iii) maintain or cause to be maintained a record of the names and addresses of the Members for the mailing of notices; (iv) prepare, execute and cause the recordation of amendments to the Declaration (approved in accordance with the Declaration) on behalf of the Association except when the preparation, execution and recordation thereof will be delegated by the Board of Directors to another officer or agent of the Association; and (v) in general, perform all duties incident to the office of Secretary.

4.6 **Treasurer.** The Treasurer will: (i) be responsible for Association funds; (ii) keep or cause to be kept full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepare or cause to be kept all required financial data and tax returns; (iv) deposit or cause to be deposited 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 of Directors; (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.

4.7 **Authorized Agents.** Except when the Governing Documents require execution of certain instruments by certain individuals, the Board of Directors may authorize any person to execute instruments on behalf of the Association. In the absence of Board of Directors designation, the President and the Secretary will be the only persons authorized to execute instruments on behalf of the Association.

ARTICLE V

Rules

5.1 **Rules.** The Board of Directors will have the right to establish and amend, from time to time, reasonable rules and regulations for: (i) the administration of the Association and the Governing Documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the Condominium; and (iii) the health, comfort, and general welfare of the Residents; provided, however, that such rules may not be in conflict with law or the Governing Documents. The Board of Directors will, at all times, maintain the then-current and complete rules in a written form which can be copied and distributed to the Members. Rules need not be recorded in the Dallas County real property records.

5.2 **Adoption and Amendment.** Any rule may be adopted, amended, or terminated by the Board of Directors, provided that the rule and the requisite Board of Directors approval are properly recorded as a resolution in the minutes of the meeting of the Board of Directors.

5.3 **Notice and Comment.** The Board of Directors will give written notice to each Member of any amendment, termination, or adoption of a rule, or will publish same in a newsletter or similar publication which is circulated to the Members, at least ten days before the rule's effective date. The Board of Directors may, but will not be required, to give similar notice

to Residents who are not Members. Any Member or Resident so notified will have the right to comment orally or in writing to the Board of Directors on the proposed action.

5.4 **Distribution.** Upon request from any Member or Resident, the Board of Directors will provide a current and complete copy of rules. Additionally, the Board of Directors will, from time to time, distribute copies of the current and complete rules to each Member and, if the Board of Directors so chooses, to non-Member Residents.

ARTICLE VI

Enforcement and Controversies

6.1 **Enforcement.** The violation of any provision of the Governing Documents will give the Board of Directors the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in the Governing Documents:

(a) to enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Governing Documents. The Board of Directors will not be deemed liable for any manner of trespass by this action; or

(b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

6.2 **Controversies.** Any controversies, claims or disputes involving the Association, the Directors, the Members, the Commercial Component Owner (as defined in the Declaration), or any owner of the Adjacent Tract (as defined in the Declaration) which cannot be resolved by good faith negotiations will be resolved by mandatory and binding arbitration administered by the American Arbitration Association (the "AAA") pursuant to the Federal Arbitration Act (Title 9 of the United States Code) in accordance with the Commercial Arbitration Rules of the AAA. If Title 9 of the United States Code is inapplicable to any such claim or controversy for any reason, such Arbitration will be conducted pursuant to the Texas General Arbitration Act and in accordance with the Commercial Arbitration Rules of the AAA. All decisions by the Arbitrator will be final, and any judgment upon the award rendered by the Arbitrator may be confirmed, entered and enforced in any court having proper jurisdiction. The locale of the arbitration proceeding will be Dallas, Texas.

ARTICLE VII

Obligations of the Members

7.1 **Proof of Ownership.** Except for the owner of Unit 1405 as of the date hereof and those owners who initially purchase a Unit from Declarant, any person, on becoming a Member, will furnish to the Board of Directors evidence of ownership in the Unit, which copy

will remain in the files of the Association. A Member will not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of the Association unless this requirement is first met. This requirement may be satisfied by receipt of a Board of Directors-approved form that is completed and acknowledged by a title company or closing attorney at time of conveyance of the Unit or any interest therein. The Association will be entitled to charge a reasonable fee for the registration of the transfer of ownership.

7.2 **Members' Addresses.** Not later than the 30th day after the date of acquiring an interest in a Unit, the Member will provide the Association with: (i) the Member's mailing address, telephone number, and driver's license number, if any; (ii) the name and address of the holder of any lien against the Unit, and any loan number; (iii) the name and telephone number of any person occupying the Unit other than the Member; and (iv) the name, address, and telephone number of any person managing the Unit as agent of the Member. A Member will notify the Association not later than the 30th day after the date the Member has notice of a change in any of the foregoing information, and will provide the information on request by the Association from time to time. If a Member fails to maintain a current mailing address with the Association, the address of that Member's Unit will be deemed to be his or her mailing address.

7.3 **Registration of Mortgagees.** A Member who mortgages his or her Unit will furnish the Board of Directors with the name and mailing address of his or her mortgagee.

7.4 **Assessments.** All Members will be obligated to pay assessments imposed by the Association to meet the Common Expenses (as defined in the Declaration). A Member will be deemed to be in good standing and entitled to vote at any meeting of the Association if he or she is current in the assessments made or levied against him or her and his or her Unit.

7.5 **Compliance With Governing Documents.** Each Member will comply with the provisions and terms of the Governing Documents, and any amendments thereto. Further, each Member will always endeavor to observe and promote the cooperative purposes for which the Condominium was established.

ARTICLE VIII Association Records

8.1 **Records.** The Association will use its best efforts to keep the following records:

- (a) Minutes or a similar record of the proceedings of meetings of the Association.
- (b) Minutes or a similar record of the proceedings of meetings of the Board of Directors.
- (c) The name and mailing address of each Member, the currency and accuracy of the information being the responsibility of the Members.
- (d) The name and mailing address of each mortgagee, the currency and accuracy of the information being the responsibility of each Member and such Member's mortgagee.

(e) Financial records and books of account for the Association that comply with generally accepted accounting principles and that are sufficiently detailed to enable the Association to prepare a resale certificate as provided for in the Act.

(f) The plans and specifications used to construct the Condominium.

(g) The plans and specifications acquired by the Association over time for improvements to the Condominium.

(h) The Condominium Information Statement and any amendments thereto.

(i) Voting records, proxies, and correspondence relating to amendments to the Declaration.

(j) Copies of income tax returns prepared for the Internal Revenue Service.

(k) Copies of the Governing Documents and all amendments to any of these. Also, for at least four years, a record of all votes or written consents by which amendments to the Governing Documents were approved.

8.2 **Inspection of Books and Records.** A Member, on written demand stating the purpose of the demand, has the right to examine and copy, in person or by agent, accountant, or attorney, at any reasonable time, for any proper purpose, the books and records of the Association relevant to that purpose, at the expense of the Member.

8.3 **Resale Certificates.** Any officer of the Association may prepare, or cause to be prepared, certify, and execute resale certificates in accordance with Section 82.157 of the Act. The Association may charge a reasonable fee for preparing a resale certificate. The Association may refuse to furnish a resale certificate until the fee is paid. Any unpaid fees may be assessed against the Unit for which the resale certificate is furnished.

ARTICLE IX

Indemnification and Insurance

9.1 **Indemnification.** Each person who is or was a Director, officer, or committee member of the Association, or any person who, while a Director, officer, or committee member of the Association, is or was serving at the request of the Association as a Director, officer, committee member, partner, venturer, proprietor, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, and the heirs, executors, or administrators or estate of such person, will be indemnified by the Association to the fullest extent permitted or authorized by the Act or any successor provision, as amended from time to time, against any liability, cost, or expense incurred by such person in his or her capacity as a Director, officer, or committee member, or arising out of his or her status as a Director, officer, or committee member. The rights granted pursuant to this Article IX will be deemed contract rights, and no repeal or

amendment of this Article IX will have the effect of limiting or denying any such rights with respect to actions taken or proceedings arising prior to any such amendment or repeal.

9.2 **Advance Payments.** The Association may, but will not be obligated to, pay expenses incurred in defending a civil or criminal act, suit or proceeding arising out of a Director's, officer's, or committee member's capacity or status as Director, officer, or committee member in advance of the final disposition of such action, suit, or proceeding, without any determination as to the person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding will be made only upon delivery to the Association of both a written affirmation by such person of his or her good-faith belief that he or she has met the standard of conduct necessary for indemnification under this Article IX and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it is ultimately determined that such person is not entitled to be indemnified under this Article IX or otherwise.

9.3 **Appearance as a Witness.** Notwithstanding any other provision of this Article IX, the Association may, but will not be obligated to, pay or reimburse expenses incurred by a Director, officer or committee member in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

9.4 **Indemnification of Employees and Agents.** The Association, by adoption of a resolution of the Board of Directors, may, but will not be obligated to, indemnify and advance expenses to an employee or agent of the Association to the same extent and subject to the same conditions under which the Association may indemnify and advance expenses to Directors, officers and committee members under this Article IX.

9.5 **Non-Exclusive.** The indemnification provided by this Article IX will not be exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under any agreement or otherwise.

9.6 **Insurance.** The Association may, but will not be obligated to, maintain insurance at its expense, to protect itself and any person who is or was a Director, officer, committee member, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, committee member, partner, venturer, proprietor, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise against any liability asserted against him or her and any liability, cost, or expense incurred by him or her in such capacity or arising out of his or her status as such a person, whether or not the Association would have the power to indemnify such person against that liability under this Article IX or the Act.

ARTICLE X

Declarant Provisions

10.1 **Conflict.** The provisions of this Article X will control over any provision to the contrary elsewhere in these Bylaws.

10.2 **Board of Directors.**

The initial (meaning "initial" after the date hereof) Directors will be three (3) in number and will be those Directors named in a resolution dated on the date hereof (who need not be Members). The initial (meaning "initial" after the date hereof) Directors will serve until their successors are elected and qualified. Except as otherwise required by the Act, Declarant will have the right to appoint and remove members of the Board of Directors (who need not be Members) until the termination or expiration of the period of Declarant Control (as defined in the Declaration). If Declarant voluntarily surrenders control prior to the expiration of the period of Declarant Control, Declarant may require that specified actions of the Board of Directors be subject to Declarant approval until the expiration of the period of Declarant Control.

10.3 **Meeting.** Within sixty days of the expiration of the period of Declarant Control, or sooner at Declarant's option, Declarant will call a meeting of the Members for the purpose of electing Directors, by ballot of Members in accordance with **Section 3.3** above. Notice of the organizational meeting will be given as if it were notice of an annual meeting.

ARTICLE XI

Amendment of Bylaws

11.1 **Proposals.** The Association will provide each Member with a detailed description, if not exact wording, of any proposed amendment. Such description will be included in the notice of any annual or special meeting of the Association if such proposed amendment is to be considered at said meeting. Members must be given notice of the meeting required by this Section 11.1 not less than ten nor more than twenty days preceding the date of the meeting.

11.2 **Consents.** Except as otherwise provided by law or the Declaration, an amendment will be adopted by the affirmative vote of the majority of the Board of Directors or the affirmative vote, in person or by proxy, or written consents of Members representing at least a majority of the Voting Interests (as defined in the Declaration) entitled to be cast at a meeting for which a quorum is obtained.

11.3 **Effective.** To be effective, each amendment must be in writing, reference the names of the Condominium and the Association, be signed by at least two officers acknowledging the requisite approval of Members, and be delivered to each Member at least ten days before the amendment's effective date. Further, if these Bylaws are publicly recorded, the amendment must recite the recording data for the Bylaws, be in a form suitable for recording as a real property record, and be delivered to the county clerk for recordation.

11.4 **Declarant Protection.** As long as the Declarant owns a Unit in the Condominium, no amendment of these Bylaws may affect the Declarant's rights herein without the Declarant's written and acknowledged consent. Specifically, this Section 11.4 may not be amended without prior written approval of the Declarant. The Declarant's written consent will be part of the amendment instrument.

ARTICLE XII

General Provisions

12.1 **Contracts.** The President will have the power and authority to execute, on behalf of the Association, contracts or instruments in the usual and regular course of business, and in addition the Board of Directors may authorize any officer or officers, agent or agents, of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors or these Bylaws, no officer, agent, or employee will have any power or authority to bind the Association by any contract or engagement, or to pledge its credit or to render it pecuniarily liable for any purpose or in any amount.

12.2 **Checks, Drafts, etc.** All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association will be signed by such officers, agents or employees of the Association as will from time to time be authorized pursuant to these Bylaws or by resolution of the Board of Directors.

12.3 **Depositories.** All funds of the Association will be deposited from time to time to the credit of the Association in such banks or other depositories as the Board of Directors may from time to time designate, and upon such terms and conditions as will be fixed by the Board of Directors. The Board of Directors may from time to time authorize the opening and maintaining within any such depository as it may designate, of general and special accounts, and may make such special rules and regulations with respect thereto as it may deem expedient.

12.4 **Corporate Seal.** The corporate seal, if any, will be in such form as the Board of Directors will approve, and such seal, or a facsimile thereof, may be impressed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by officers of the Association.

12.5 **Compensation.** A Director, officer, Member, or Resident will not be entitled to receive any pecuniary profit from the operation of the Association, and no funds or assets of the Association may be paid as a salary or as compensation to, or be distributed to, or inure to the benefit of, a Director, officer, Member, or Resident; provided, however, that:

(a) reasonable compensation may be paid to a Director, officer, Member, or Resident for services rendered to the Association;

(b) a Director, officer, Member, or Resident may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided such expense has been approved by the Board of Directors; and

(c) this provision does not apply to distributions to Members permitted or required by the Declaration or the Act.

12.6 **Action by Non-Unanimous Written Consent.** Unless otherwise restricted by law, the Certificate of Formation or these Bylaws, any action required or permitted to be taken at

any meeting of the Members, members of the Board of Directors, or members of any committee of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action to be so taken, is signed by a sufficient number of Members, members of the Board of Directors, or committee members as would be necessary to take that action at a meeting at which all of the Members, members of the Board of Directors, or committee members were present and voted. Such written consent will bear the date of the signature of each Member, member of the Board of Directors, or committee member who signs the consent, and such written consent will not be effective unless, within sixty days after the date of the earliest dated consent, a consent or consents signed by the required number of Members, members of the Board of Directors, or committee is delivered to the Association. Delivery will be by hand, overnight courier or certified or registered mail, return receipt requested. Prompt notice of the taking of any action by Members, members of the Board of Directors, or committee members without a meeting by less than unanimous written consent will be given to all Members, members of the Board of Directors or committee members who did not consent in writing to the action. This Section may not be used to avoid the requirement of an annual meeting.

12.7 **Meetings by Conference Telephone.** The Members, members of the Board of Directors, or members of any committee of the Board of Directors may participate in and hold a meeting of the Members, members of the Board of Directors, or committee members by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting will constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

12.8 **Conflicting Provisions.** If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, such conflicting Bylaws provision will be null and void, but all other provisions of these Bylaws will remain in full force and effect. In the case of any conflict between the Certificate of Formation and these Bylaws, the Certificate of Formation will control. In the case of any conflict between the Declaration and these Bylaws, the Declaration will control.

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

12.10 **Fiscal Year.** The fiscal year of the Association will be set by resolution of the Board of Directors, and is subject to change from time to time as the Board of Directors will determine. In the absence of a resolution by the Board of Directors, the fiscal year will be the calendar year.

12.11 **Waiver.** No restriction, condition, obligation, or covenant contained in these Bylaws will 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.