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**Community Bylaws of
Morningstar (Aledo) Property Owners
Association, Inc.**

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ARTICLE 1
INTRODUCTION

1.1. **PROPERTY.** These Community Bylaws for Morningstar (Aledo) Property Owners Association, Inc. (the "Community Association") provide for the governance of Morningstar, a phased residential planned community located in Parker County, Texas, according to the plats thereof recorded or to be recorded in the Plat Records of Parker County, Texas (the "Property").

1.2. **COMMUNITY DECLARATION.** The Property is subject to a number of publicly recorded documents, including the Community Declaration of Covenants, Conditions & Restrictions for Morningstar, recorded or to be recorded in the Real Property Records of Parker County, Texas (the "Community Declaration").

1.3. **DEFINITIONS.** Words and phrases defined in the Community Declaration have the same meanings when used in these Community Bylaws.

[During the Declarant Control Period (as defined in the Community Declaration), the Community Declaration has priority over these Community Bylaws.]

1.4. **DECLARANT CONTROL.** Many sections of these Community Bylaws do not apply during the Declarant Control Period. Notwithstanding anything to the contrary in these Community Bylaws, a number of provisions in these Community Bylaws are modified by the Community Declarant's rights and reservations in the Community Declaration during the Declarant Control Period, such as the number, qualification, appointment, removal, and replacement of directors, as well as the weight of votes allocated to lots owned by the Community Declarant. For example, the board appointed by the Community Declarant may consist of only three persons, none of whom need be owners. If the Community Declaration overrides a provision of these Community Bylaws, the Community Bylaws provision will be construed to apply after the Declarant Control Period.

1.5. **PARTIES TO COMMUNITY BYLAWS.** All present or future lot owners and all other persons who use or occupy the Property in any manner are subject to these Community Bylaws, the Community Declaration, and the other Governing Documents as defined in the Community Declaration. The mere acquisition of a lot or occupancy of a dwelling will signify that these Community Bylaws are accepted, ratified, and will be strictly followed.

1.6. **TYPE OF ORGANIZATION.** As an organization of lot owners, the Community Association is created by the Community Declaration and these Community Bylaws. The Community Association is a nonprofit incorporated organization.

1.7. **SEE COMMUNITY DECLARATION.** A number of provisions that are typically found in the bylaws of a nonprofit organization are intentionally in the Community Declaration, instead. Because of the importance of voting rights and enforcement provisions, they are purposefully located in the Community Declaration, which is less susceptible to change.

1.8. **APPLICABLE LAW.** The Community Association is a legal entity governed by the Texas Business Organizations Code (the "Code"). The Community Association is an incorporated domestic nonprofit corporation subject to Chapter 22 of title 2 of the Code, the Texas Nonprofit Corporation Law.

1.9. **GENERAL POWERS AND DUTIES.** The Community Association, acting through the board, has the powers and duties necessary for the administration of the affairs of the Community Association and for the operation and maintenance of the Property as may be required or permitted by the Community Documents and applicable law. The Community Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its members, subject only to limitations upon the exercise of such powers as may be contained in applicable law or the Community Documents.

**ARTICLE 2
BOARD OF DIRECTORS**

2.1. **NUMBER AND TERM OF OFFICE.** After the Declarant Control Period, the board will consist of five persons. The number of directors may be changed by amendment of these Community Bylaws, but may not be less than three. Upon election, each director will serve a term of 2 years. A director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed.

[See the Community Declaration for the number and qualifications of directors during the Declarant Control Period.]

2.2. **STAGGERED TERMS.** To maintain staggered terms, two directors will be elected in even-numbered years, and three directors will be elected in odd-numbered years. To establish staggered terms, at the first election after the transition meeting, the candidates receiving the most votes will serve 2-year terms, and the candidates receiving the next-highest votes will serve initial terms of one year. In an odd-numbered year, the three highest vote getters will serve a 2-year term, and the next two highest vote getters will serve 1-year terms. In an even-numbered year, the two highest vote getters will serve 2-year terms, and the next three highest vote getters will serve 1-year terms. Thereafter, their successors will serve 2-year terms. If the board is ever elected en masse, the same method will be used to re-establish staggered terms.

2.3. **QUALIFICATION.** The following qualifications apply to the election or appointment of persons to the board to the extent candidates are available and qualified. The following qualifications may be waived or modified on an election by election basis only if an insufficient number of qualified candidates are available.

2.3.1. **Owners.** At least a majority of the directors must be members of the Community Association, spouses of members, or residents of the Property.

2.3.2. **Entity Member.** If a lot is owned by a legal entity, such as a partnership or corporation, any officer, partner, agent, or employee of that entity member is eligible to serve as a director and is deemed to be a member for the purposes of this Section. If the relationship between the entity member and the director representing it terminates, that directorship will be deemed vacant.

2.3.3. **Co-Owners.** Co-owners of a lot, such as spouses, may not serve on the board at the same time.

2.3.4. **Delinquency.** No person may be elected or appointed as a director if any assessment against the person or his lot is more than 30 days' delinquent at the time of election or

appointment, provided he has been given notice of the delinquency and a reasonable opportunity to cure it.

2.3.5. **Violations.** No person may be elected or appointed as a director if the person or his lot - at the time of election or appointment - has not cured a violation of the Community Documents for which the Community Association has given notice and a reasonable opportunity to cure.

2.3.6. **Litigation.** No person may be elected or appointed as a director if the person is a party adverse to the Community Association, the board, or a committee of the Community Association in pending litigation to which the Community Association, board, or committee is a party.

2.4. **ELECTION.** Directors will be elected by the members of the Community Association. The election of directors will be conducted at the annual meeting of the Community Association, at any special meeting called for that purpose, or by any method permitted by applicable law, such as Section 22.160(d) of the Code, which may include, without limitation, mail, facsimile transmission, electronic mail, or a combination of any of these.

2.5. **VACANCIES.** Subject to the exceptions below, vacancies on the board caused by any reason are filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the board. Each director so elected serves until the next meeting of the Community Association, at which time a successor will be elected to fill the remainder (if any) of the term that was vacated. The exceptions to board-elected replacements are (1) the removal of a director by a vote of the Community Association's members, who will elect a replacement, and (2) a vacancy occurring because of an increase in the number of directors, which also will be filled by election of the members.

2.6. **REMOVAL OF DIRECTORS.**

2.6.1. **Removal by Members.** At any annual meeting of the Community Association or at any special meeting of the Community Association called for the purpose of removing a director, any one or more of the directors may be removed with or without cause by members representing at least two-thirds of the votes present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members must be given an opportunity to be heard at the meeting.

2.6.2. **Removal by Directors.** A director may not be removed by the officers or by the remaining directors, except for the following limited reasons for which a director may be removed by at least a majority of the other directors at a meeting of the board called for that purpose:

- a. The director is a party adverse to the Community Association, the board, or a committee of the Community Association in pending litigation to which the Community Association, board, or committee is a party, provided the Community Association did not file suit to effect removal of the director.
- b. The director's account with the Community Association has been delinquent for at least 90 days or has been delinquent at least 3 times during the preceding 12 months, provided he was given notice of the default and a reasonable opportunity to cure.

- c. The director has refused or failed to attend 3 or more meetings of the board during the preceding 12 months, provided he was given proper notice of the meetings.
- d. The director has refused or failed to cure a violation of the Community Documents for which he has been given notice, a reasonable opportunity to cure, and an opportunity to request a hearing before the board.
- e. The director was an "interested person" in the outcome of a contract, decision, or transaction considered by the board, and (1) failed to fully or timely disclose same to the board, or (2) failed to abstain from voting on the matter.

2.6.3. **No Removal by Officers.** A director may not be removed by officers of the Community Association, acting in their capacity of officers of the Community Association, under any circumstance.

2.7. MEETINGS OF THE BOARD.

2.7.1. **Organizational Meeting of the Board.** Within 10 days after the annual meeting, the directors will convene an organizational meeting for the purpose of electing officers. The time and place of the meeting will be fixed by the board and announced to the directors.

2.7.2. **Place of Board Meetings.** The board will conduct its meetings at a location that is reasonably convenient for the greatest number of directors, and at a place or facility that is sufficiently large to accommodate the number of owners who typically attend board meetings as observers. The decision of where to meet may be made on a meeting by meeting basis by the officer or director who calls the meeting, by board resolution, or by any other practice that is customary for property owners associations. The board is not required (1) to conduct its meetings at the Property, (2) to maintain a fixed place for its meetings, (3) to select a location that is convenient to owners, or (4) to select a facility that accommodates a larger number of spectator members than is customary.

2.7.3. **Types of Board Meetings.** Regular meetings of the board may be held at a time and place that the board determines, from time to time, but at least one such meeting must be held each calendar quarter, with or without notice. Special meetings of the board may be called, with notice, by the president or, if he is absent or refuses to act, by the secretary, or by any 2 directors. In case of emergency, the board may convene an emergency meeting for the purpose of dealing with the emergency after making a diligent attempt to notify each director by any practical method.

2.7.4. **Notice to Directors of Board Meetings.** Notice is not required for regular meetings of the board, provided all directors have actual or constructive knowledge of the meeting date, time, and place. Notice of a special meeting must be given at least one day in advance of the meeting. If notice is given, it may be given by any method or combination of methods that is likely to impart the information to the directors.

2.7.5. **Informing Members of Board Meetings.** The board will try to inform Association members of the time and place of each board meeting. The information may be imparted by any method or combination of methods that is likely to be available or communicated to most if not all members in a timely manner, such as by posting on the Community Association's website, by

broadcast email, by signs posted at the Property, or by hand-delivered fliers. On the written request of an owner, the Community Association will provide the owner with the time and place of the next regular or special meeting of the board. The failure of the Community Association to disseminate and the failure of an owner to receive timely or accurate information about the date, time, and place of a meeting does not invalidate the meeting.

2.7.6. Conduct of Meetings. The president presides over meetings of the board and the secretary keeps, or causes to be kept, a record of resolutions adopted by the board and a record of transactions and proceedings occurring at meetings. When not in conflict with applicable law or the Community Documents, the then current edition of Robert's Rules of Order governs the conduct of the meetings of the board.

2.7.7. Quorum. At meetings of the board, a majority of directors constitutes 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 are the acts of the board. If less than a quorum is present at a meeting of the board, the majority of those present may adjourn the meeting from time to time. At any reconvened meeting at which a quorum is present, any business that may have been transacted at the meeting as originally called may be transacted without further notice.

2.7.8. Minutes. The written report of a board meeting is not the minutes of the meeting until approved by the directors at a future meeting. The minutes must report actions taken by the board, but need not report the substance of discussion. The board is not required to distribute minutes of its meetings to the members.

2.7.9. Voting. A director who is also an officer of the Community Association, even the presiding officer, is expected to participate and to vote in the manner of every other director. The president of the Community Association is not prohibited from voting and is not limited to tie-breaking votes. Directors may not participate by proxy at meetings of the board.

2.7.10. Open Meetings. Regular and special meetings of the board are open to members of the Community Association, subject to the following provisions to the extent permitted or required by applicable law:

- a. No audio or video recording of the meeting may be made, except by the board or with the board's prior express consent.
- b. Members who are not directors may not participate in board deliberations under any circumstances, and may not participate in board discussions unless the board expressly so authorizes at the meeting.
- c. Executive sessions are not open to members.
- d. The board may prohibit attendance by non-members, including representatives, proxies, agents, and attorneys of members.
- e. The board may prohibit attendance by any member who disrupts meetings or interferes with the conduct of board business.
- f. The board may but is not required to publish to members the time, date, and place of board meetings, but will provide the information if requested in writing by a member on a meeting by meeting basis.

2.7.11. Executive Session. The board may adjourn any regular or special meeting of the board and reconvene in executive session, subject to the following conditions:

- a. The nature of business to be considered in executive session will first be announced in open session.
- b. No action may be taken nor decision made in executive session, which is for discussion and informational purposes only.
- c. The limited purposes for which the board may convene in executive session are (1) to confer with the Community Association's legal counsel, (2) to discuss litigation or resolution of claims with which the Community Association is threatened or involved, (3) to discuss labor or personnel matters, (4) to discuss a complaint from or an alleged violation by an owner when the board determines that public knowledge would be injurious to the owner, and (5) on advice of counsel, to discuss matters of a particularly sensitive nature.
- d. At the end of the executive session, the board must return to the open meeting and announce the general nature of the business that was considered in executive session. Any vote, act, or decision that would have been made in executive session (but for this requirement) must be made in the open meeting.
- e. The board is not required to make or maintain minutes of executive sessions.

2.7.12. Telephone Meetings. Members of the board or any committee of the Community Association may participate in and hold meetings of the board or committee 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 constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

2.8. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the board at a meeting may be taken without a meeting, subject to the following requirements:

2.8.1. Unanimous Consents. If all directors individually or collectively consent in writing to such action, the written consents have the same force and effect as the unanimous approval of directors at a meeting.

2.8.2. Majority Consents. If at least a majority of the directors, individually or collectively, consent in writing to such action, the written consents have the same force and effect as approval by a majority of the directors at a meeting. Prompt notice of the action so approved must be delivered to each non-consenting director.

2.8.3. Procedures. Written consents must state the date of each director's signature. The required number of written consents must be received by the Community Association within 60 days after the date of the earliest dated consent. Written consents must be filed with the minutes of board meetings. Additional procedures may be required by the Code.

2.9. **POWERS AND DUTIES.** The board has all the powers and duties necessary for the administration of the Community Association and for the operation and maintenance of the Property. The board may do all acts and things except those which, by applicable law or the Community Documents, are reserved to the members and may not be delegated to the board. Without prejudice to the general and specific powers and duties set forth in applicable law or the Community Documents, or powers and duties as may hereafter be imposed on the board by resolution of the Community Association, the powers and duties of the board include, but are not limited to, the following:

2.9.1. **Appointment of 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. The resolution may establish the purposes and powers of the committee created, provide for the appointment of a chair and committee members, and may provide for reports, termination, and other administrative matters deemed appropriate by the board. Members of committees will be appointed from among the owners and residents. The board may not appoint a committee to act in its place in managing the affairs of the Community Association.

2.9.2. **Manager.** The board may employ a manager or managing agent for the Community Association, at a compensation established by the board, to perform duties and services authorized by the board.

2.10. **EMERGENCIES.** In the throes of a dire emergency, leaders of the Community Association may find themselves responding to the emergency without benefit of consulting these Community Bylaws. One purpose of this Section is to encourage directors to do what is necessary under certain circumstances to protect health, life, and property within Morningstar. Another purpose is to insulate responsive directors from later claims that they failed to adhere to the formalities for board meetings and notices that are fundamental to decision-making within the Community Association.

2.10.1. **Types.** For purposes of these Community Bylaws, there are two categories of emergencies - public emergencies and private emergencies. As a general rule, if the directors are divided or uncertain as to whether a circumstance arises to the level of an emergency, as defined below, the situation is not an emergency. The board may not declare an emergency for the purpose of evading the meeting and notice requirements of these Community Bylaws.

- a. A **"public emergency"** is when a local, state, or national government or governmental entity declares a disaster, catastrophe, state of emergency, or state of war in the area in which the Property is located, or if imminent or actual conditions in the area in which the Property is located are of a type and magnitude for which a local, state, or national government or governmental entity may be expected to declare a disaster, catastrophe, or state of emergency, whether or not the declaration is made. To illustrate, an earthquake that ruptures utility lines, makes roads impassable, and causes buildings to collapse is a public emergency.
- b. A **"private emergency"** is when a condition within or around the Property or a situation to which the Community Association is a party presents an imminent and substantial threat to health, life, or property of a magnitude that warrants immediate action, although the condition or situation does not rise to the level of a public emergency. Examples of private emergencies are (1) an overturned truck carrying toxic waste, or (2) a Morningstar resident or worker diagnosed with a lethal and highly contagious disease.

2.10.2. **Emergency Board Meetings.** For the sole purpose of responding to a public or private emergency, the board may convene an emergency board meeting after making a diligent attempt to notify each director and officer by any practical method, without formal notice to the directors or members. At such emergency board meeting; the directors participating constitute a quorum. The directors who participate in the emergency board meeting will make a record of their meeting and the decisions made, for inclusion with the minutes of the next regular or special meeting of the board.

2.10.3. **Emergency Powers.** In anticipation of, during, or in the aftermath of a public or private emergency, the officers, directors, employees, and agents of the Community Association - collectively or individually - may take or authorize any action they deem necessary to protect health, lives, and property within Morningstar for so long as emergency conditions exist. A decision or action made in good faith under emergency conditions and for the sole purpose of dealing with the emergency may not be used to impose liability on an officer, director, employee, or agent of the Community Association.

2.11. **FIDELITY BONDS.** Any person handling or responsible for Community Association funds, including officers, agents, and employees of the Community Association, must furnish adequate fidelity bonds. The premiums on the bonds may be a common expense of the Community Association.

ARTICLE 3 OFFICERS

3.1. **DESIGNATION.** The principal officers of the Community Association are the president, the vice-president, the secretary, and the treasurer. The board may appoint one or more vice-presidents and other officers and assistant officers as it deems necessary. The president and secretary must be directors. Other officers may, but need not, be members or 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 may appoint a director or a committee to perform the duties of that officer and to act in place of that officer, on an interim basis.

3.2. **ELECTION OF OFFICERS.** The officers are elected no less than annually by the directors at the organizational meeting of the board and hold office at the pleasure of the board. Except for resignation or removal, officers hold office until their respective successors have been designated by the board.

3.3. **REMOVAL AND RESIGNATION OF OFFICERS.** A majority of directors may remove any officer, with or without cause, at any regular meeting of the board or at any special meeting of the board called for that purpose. A successor may be elected at any regular or special meeting of the board called for that purpose. An officer may resign at any time by giving written notice to the board. Unless the notice of resignation states otherwise, it is effective when received by the board and does not require acceptance by the board. The resignation or removal of an officer who is also a director does not constitute resignation or removal from the board.

3.4. DESCRIPTION OF PRINCIPAL OFFICES.

3.4.1. **President.** As the chief executive officer of the Community Association, the president: (1) presides at all meetings of the Community Association and of the board; (2) has all the general powers and duties which are usually vested in the office of president of an organization; (3) has general supervision, direction, and control of the business of the Community Association, subject to the control of the board; and (4) sees that all orders and resolutions of the board are carried into effect.

3.4.2. **Vice-President.** The vice-president acts in place of the president in event of the president's absence, inability, or refusal to act. The vice-president also exercises and discharges any duty required of the vice-president by the board.

3.4.3. **Secretary.** The secretary: (1) keeps the minutes of all meetings of the board and of the Community Association; (2) has charge of such books, papers, and records as the board may direct; (3) maintains a record of the names and addresses of the members for the mailing of notices; and (4) in general, performs all duties incident to the office of secretary.

3.4.4. **Treasurer.** The treasurer: (1) is responsible for Community Association funds; (2) keeps full and accurate financial records and books of account showing all receipts and disbursements; (3) prepares all required financial data and tax returns; (4) deposits all monies or other valuable effects in the name of the Community Association in depositories as may from time to time be designated by the board; (5) prepares the annual and supplemental budgets of the Community Association; (6) reviews the accounts of the managing agent on a monthly basis in the event a managing agent is responsible for collecting and disbursing Community Association funds; and (7) performs all the duties incident to the office of treasurer.

3.5. **AUTHORIZED AGENTS.** Except when the Community Documents require execution of certain instruments by certain individuals, the board may authorize any person to execute instruments on behalf of the Community Association. In the absence of board designation, the president and the secretary are the only persons authorized to execute instruments on behalf of the Community Association.

ARTICLE 4 STANDARDS

4.1. **SEPARATE LIABILITY.** The Community Association is a legal entity separate from its members for the purposes of determining and enforcing rights, duties, and liabilities in contract and tort. Members, directors, and officers of the Community Association are not personally and individually liable for the Community Association's breach of a contract or for the Community Association's tort or omission merely because they are members, directors, or officers of the Community Association. A member has the right to assert a claim against the Community Association, and the Community Association has the right to assert a claim against a member.

4.2. **GENERAL STANDARDS.** The general standards of duty for an officer or director of the Community Association are the State's standards for officers and directors of a nonprofit corporation, as stated in the Code as it may be amended. On the date of this document, Sections 22.221 and 22.235 of the Code provide the following standards:

- a. A director will discharge the director's duties in good faith, with ordinary care, and in a manner the director reasonably believes to be in the best interest of the Community Association.
- b. An officer or director is not liable to the Community Association, its members, or another person for an action taken or not taken as a director if the director acted in compliance with the above- stated standard for discharging duties. A person seeking to establish liability of an officer or director must prove that the officer or director did not act (1) in good faith, (2) with ordinary care, and (3) in a manner the officer or director reasonably believed to be in the best interests of the Community Association.

4.3. **RELIANCE.** An officer or director may rely on information prepared or presented by (1) an officer or employee of the Community Association, (2) an attorney licensed by the State of Texas, (3) a certified public accountant, (4) an investment banker, or (5) a person whom the officer or director reasonably believes to possess professional expertise in the matter, and (6) in the case of a director, a committee of the Community Association of which the director is not a member. Such reliance must be exercised in good faith and with ordinary care. An officer or director may not rely on such information if he has actual knowledge that makes the reliance unwarranted.

4.4. **COMPENSATION.** Except as permitted below, a director, officer, member, or resident is not entitled to receive financial or monetary profit from the operation of the Community Association, and no funds or assets of the Community Association may be paid as salary or compensation to, or be distributed to, or inure to the benefit of a director, officer, member, or resident. Nevertheless,

a. Reasonable compensation may be paid to a director, officer, member, or resident for services rendered to the Community Association in other capacities.

b. A director, officer, member, or resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Community Association in connection with the administration of the affairs of the Community Association, provided the expense has been approved by the board.

c. The board may budget and use Community Association funds to purchase awards, certificates, a celebratory meal, or other customary tokens or demonstrations of appreciation for volunteer activities.

d. This Section does not apply to distributions to lot owners permitted or required by the Community Declaration, applicable law, or a court order.

4.5. **LOANS.** The Community Association may not loan money to or guaranty a loan for an officer or director of the Community Association.

4.6. **CONFLICT OF INTERESTS.** If a contract or transaction is fair to the Community Association, it is not disallowed merely because an officer, director, or member of the Community Association has a financial interest in the transaction, provided (1) the "interested" officer, director, or member fully and accurately discloses the nature of his interest to the board in a manner that is timely for the board's consideration of the contract or transaction, and (2) the "interested" officer or director does not participate in the vote to approve the contract or transaction, although the "interested" director may be counted toward a quorum at the meeting. Nothing in this Section may be construed to prevent the board from adopting policies and procedures that are more stringent than the requirements of this Section, or of applicable law, such as Sections 1.003, 1.004, and 22.230 of the Code.

ARTICLE 5 MEETINGS OF THE COMMUNITY ASSOCIATION

5.1. **ANNUAL MEETING.** An annual meeting of the Community Association will be held during the first quarter of each calendar year. At annual meetings the members will elect directors in accordance with these Community Bylaws and may transact such other business of the Community Association as may properly come before them.

5.2. **SPECIAL MEETINGS.** It is the duty of the president to call a special meeting of the Community Association if directed to do so by a majority of the board or by one or more petitions signed

by owners of at least 5 percent of the lots in the Property. If the petition process is used, petitions may be in any form that is customary for the time. The board may not require a specific form of petition, nor require that the petition be offered to every member of the Community Association. Signatures on petitions need not be notarized or witnessed. An electronic or faxed petition is acceptable if the "signer's" identity is reasonably discernible.

5.3. PLACE OF MEETINGS. Meetings of the Community Association may be held at the Property or at a suitable place convenient to the members, as determined by the board.

5.4. NOTICE OF MEETINGS. Subject to the provisions below, at the direction of the board, written notice of meetings of the Community Association will be given to an owner of each lot at least 10 days but not more than 60 days prior to the meeting. Notices of meetings will state the date, time, and place the meeting is to be held. Notices will identify the type of meeting as annual or special, and will state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the board.

5.4.1. Notice Exception. Individual notice of the regular annual meeting of the Community Association is not required if (1) the time and place of the meeting is largely unchanged from year to year and (2) information about the time and place is routinely available to all members, such as by year-long posting on the Community Association's official website or repetitive announcements in the Community Association's newsletter. This exception does not apply to special meetings of the Community Association, or to changes in the time and place of the regular annual meeting.

5.4.2. Special Meeting Notice. Within 30 days after the board resolution or receipt of petition, the board must give all members notice of the special meeting. If the board falls or refuses to call the special meeting in a timely manner, an ad hoc committee of owners may do so provided the notice of meeting names the ad hoc committee and its individual members, and further provided that the notice is delivered to an owner of every lot in accordance with these Community Bylaws. The notice of any special meeting must state the time, place, and purpose of the meeting. No business, except the purpose stated in the notice of the meeting, may be transacted at a special meeting.

5.5. RECORD DATE. Before each meeting of the Community Association, the board will establish a list of all members for purposes of receiving a meeting notice, and a list or way of identifying members who are ineligible to vote at the meeting because of a delinquent account. These membership lists are described in the Community Association Records Article below. The "cut off" date on which these lists are based is referred to in the Code as the "Record Date." The Record Date for an Association meeting for which notice is given is 10 calendar days before the date the notice is distributed or published to the members. The Record Date for a Community Association meeting for which no notice is given is 45 calendar days before the meeting.

5.6. ELIGIBILITY. Every member is entitled to receive notice of Community Association meetings, to attend Community Association meetings, and to be counted towards a quorum, even if the member is ineligible to vote or to stand for election to the board.

5.6.1. Meeting Notice. An owner of each lot in the Property as of the Record Date is eligible to receive notices of meetings of the Community Association. Because the ownership of lots may change during a year, the ownership as of the Record Date is used to produce the membership list for use in connection with the meeting.

5.6.2. **Voting.** The board may determine that a member may not vote at a meeting of the Community Association if the member's financial account with the Community Association is in arrears on the Record Date, provided (1) the ineligibility applies to every member whose financial account is delinquent, and (2) each ineligible member is given notice of the arrearage and an opportunity to become eligible. The board may specify the manner, place, and time for payment for purposes of restoring eligibility. The Record Date determination of members entitled to vote at a meeting of the Community Association is effective for any adjournment of the meeting, provided the date of the adjourned meeting is not more than 30 days after the original meeting. The board is not required to disqualify owners with delinquent accounts, and may allow all owners to vote regardless of arrearages.

Every member may attend Association meetings.

5.7. **CONDUCT OF MEETINGS.** The president, or any person designated by the board, presides over meetings of the Community Association. The secretary keeps, or causes to be kept, the minutes of the meeting which should 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 governs the conduct of meetings of the Community Association when not in conflict with the Community Documents. Votes should be tallied by tellers appointed by the person presiding over the meeting.

5.8. **ORDER OF BUSINESS.** Unless the notice of meeting states otherwise, or the assembly adopts a different agenda at the meeting, the order of business at meetings of the Community Association is as follows:

- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Approval of minutes of preceding meeting
- Reports
- Election of directors (when required)
- Unfinished or old business
- New business

5.9. **ADJOURNMENT OF MEETING.** At any meeting of the Community Association, a majority of the members present at that meeting, either in person or by proxy, may adjourn the meeting to another time and place.

5.10. **ACTION WITHOUT MEETING.** Subject to board approval, any action which may be taken by a vote of the members at a meeting of the Community Association may also be taken without a meeting by written consents. The board may permit members to vote by ballots delivered by any method allowed by applicable law, which may include hand delivery, mail, fax, email, electronic balloting, or any combination of these. Written consents by members representing at least a majority of votes in the Community Association, or such higher percentage as may be required by the Community Documents, constitutes approval by written consent. This Section may not be used to avoid the requirement of an annual meeting.

5.11. **MEETINGS BY REMOTE COMMUNICATIONS.** Members of the Community Association may participate in and hold meetings of the Community Association by means of electronic

town halls, conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate concurrently. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. By acquiring an interest in a lot, each owner automatically consents to the use of communication technology to effect meetings of the Community Association, provided the owners of at least 85 percent of the lots in the Property have access to the form of technology chosen by the board, and further provided that the Community Association arranges a place or method of participation for those who do not have the technology.

ARTICLE 6 RULES

6.1. **RULES.** The board has the right to establish and amend, from time to time, reasonable rules and regulations for: (1) the administration of the Community Association and the Community Documents; (2) the maintenance, management, operation, use, conservation, and beautification of the Property; and (3) the health, comfort, and general welfare of the residents; provided, however, that such rules may not be in conflict with applicable law or the Community Documents. The board will, at all times, maintain the then current and complete rules in a written form which can be copied and distributed to the members.

6.2. **ADOPTION AND AMENDMENT.** Any rule may be adopted, amended, or terminated by the board, provided that the rule and the requisite board approval are properly recorded as a resolution in the minutes of the meeting of the board.

6.3. **NOTICE AND COMMENT.** At least 10 days before the effective date, the board will give written notice to an owner of each lot of any amendment, termination, or adoption of a rule, or will publish same in a newsletter, on the Community Association's website, or in any form or medium that is circulated or available to the members. The board may, but is not required to, give similar notice to residents who are not members. Any member or resident so notified has the right to comment orally or in writing to the board on the proposed action.

6.4. **DISTRIBUTION.** On request from any member or resident, the board will provide a current and complete copy of rules. Additionally, the board will, from time to time, distribute copies of the current and complete rules to owners and, if the board so chooses, to non-member residents.

ARTICLE 7 ENFORCEMENT

7.1. **ACTIONS REQUIRING NOTICE AND HEARING.** Before taking any of the below-described actions, the Community Association must give written notice and an opportunity for a hearing according to the requirements of this Article and the notice and hearing requirements of applicable law, such as Chapter 209 Texas Property Code. The following actions by or with the approval of the board, the Community Association, or the Architectural Reviewer, require notice and hearing as provided by this Article:

- a. Suspension of use of a common area.
- b. Imposition of a fine for violation of any provision of the Community Documents, other than fines, interest, or collection fees charged for delinquent accounts.

- c. Charging an owner or a lot for property damage.
- d. Filing suit against an owner other than a suit related to the collection of assessments or foreclosure of the Community Association's assessment lien.

7.2. NOTICE. The required written notice must contain (1) the date the violation notice is prepared or mailed; (2) a statement that not later than the 30th day after the date the owner receives the notice, the owner may request a hearing to discuss and verify facts and resolve the matter in issue, pursuant to this Article and applicable law, such as Section 209.007 Texas Property Code; (3) a statement of how or where the request for hearing should be made or delivered; (4) a statement that if the hearing is before a committee or anybody other than the board, the owner has the right to appeal the decision to the board by written notice to the board; (5) a statement that the owner may be liable for reimbursement of attorney's fees and costs if the violation continues or the damage is not paid by a stated date; and (6) the following contents applicable to violations or damage claims, as the case may be:

7.2.1. Notice of Violation. In the case of a violation of a provision of the Community Documents, the written notice must also contain the following: (1) a description of the violation; (2) a reference to the rule or provision of the Community Documents that is being violated, if applicable; (3) a description of the action required to cure the violation; (4) the amount of the fine or charge to be levied, the nature of the common area suspension, and/or the abatement action to be taken; (5) unless the owner was given notice and a reasonable opportunity to cure a similar violation within the preceding 6 months, a statement that the owner may avoid the fine or suspension by curing the violation in a reasonable period of time, which may be specified in the notice.

7.2.2. Notice of Damage. In the case of property damage for which the Community Association seeks reimbursement or imposition of a charge on the owner or the lot, the written notice must also contain (1) a description of the property damage and (2) the amount of the Community Association's claim against the owner or the lot.

7.2.3. Notice to Resident. In addition to giving the violation notice to the owner, the board may also give a copy of the notice to the non-owner resident, if the board deems it appropriate.

7.2.4. Receipt of Notice. Unless applicable law provides otherwise, any notice given to an owner pursuant to this Article will be deemed received by the owner (1) on personal delivery to the owner or to a person at the owner's address, or (2) on the third business day after the notice is deposited with the U.S. Postal Service, addressed to the owner at the most recent address shown on the Community Association's records, whether or not the owner actually receives the notice.

7.3. HEARING.

7.3.1. Request for Hearing. To request a hearing, an owner must submit a written request within 30 days after receiving the Community Association's written notice. Within 10 days after receiving the owner's request for a hearing, and at least 10 days before the hearing date, the Community Association will give the owner notice of the date, time, and place of the hearing. If the Community Association or the owner requests a postponement of the hearing, the hearing will be postponed for up to 10 days. Additional postponements may be granted by agreement of the parties.

7.3.2. **Pending Hearing.** Pending the hearing, the board may continue to exercise the Community Association's other rights and remedies for the violation, as if the declared violation were valid. The owner's request for a hearing suspends only the action described in the Community Association's written notice.

7.3.3. **Attendance.** The hearing may be held with or without the presence of the owner or the owner's representative.

7.3.4. **Hearing.** The hearing may be held in a closed or executive session of the board. At the hearing, the board will consider the facts and circumstances surrounding the violation. The owner may attend the hearing in person, or may be represented by another person or written communication.

7.3.5. **Minutes of Hearing.** The minutes of the hearing must contain a statement of the results of the hearing and the amount of fine or charge, if any, imposed, or abatement or suspension action, if any, authorized. A copy of the notice and request for hearing should be placed in the minutes of the hearing. If the owner appears at the hearing, the notice requirement will be deemed satisfied.

7.4. **ACTIONS EXEMPT FROM NOTICE AND HEARING REQUIREMENTS.** As a general rule, every action other than the above-described actions requiring notice and hearing are impliedly exempt from the requirements of this Article. As permitted by applicable law, such as Section 209.007 of Texas Property Code, the following actions are expressly exempt:

- a. A temporary suspension of a person's right to use common areas if the temporary suspension is the result of a violation that occurred in a common area and involved a significant and immediate risk of harm to others in the Property. The temporary suspension is effective until the board makes a final determination on the suspension action after following the notice and hearing procedures prescribed by this Article.
- b. A lawsuit in which the Community Association seeks a temporary restraining order or temporary injunctive relief.
- c. A lawsuit filed by the Community Association that includes foreclosure as a cause of action.
- d. The collection of delinquent assessments.

7.5. **IMPOSITION OF FINE.** Within 30 days after levying the fine or authorizing the abatement, the board must give the owner notice of the levied fine or abatement action. If the fine or action is announced at the hearing at which the owner is actually present, the notice requirement will be satisfied. Otherwise, the notice must be in writing.

7.5.1. **Amount.** The board may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The board may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation. If the board allows fines to accumulate, it may establish a maximum amount for a particular fine, at which point the total fine will be capped.

7.5.2. **Type of Fine.** If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, weekly, or monthly). If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

7.5.3. **Other Fine-Related.** The Community Association is not entitled to collect a fine from an owner to whom it has not given notice and an opportunity to be heard. The Community Association may not charge interest on unpaid fines. The Community Association may not foreclose its assessment lien on a debt consisting solely of fines. The board may adopt a collection policy that applies owners' payments to unpaid fines before retiring other types of assessments.

7.6. **REIMBURSEMENT OF EXPENSES AND LEGAL FEES.** In addition to any other rights set forth in the Community Documents for violation of a provision of the Community Documents, the board may levy and collect individual assessments for reimbursement of reasonable fees and expenses, including without limitation legal fees, incurred by the Community Association to enforce the Community Documents, including the collection of delinquent assessments, subject to the following conditions:

7.6.1. **Notice.** The Community Association must give the owner written notice that the owner will be liable for reimbursement of any such fees and expenses incurred by the Community Association if the delinquency or violation continues after a date certain that is stated in the notice. This notice requirement does not apply to legal fees incurred by the Community Association in connection with the Community Association's counterclaim in a lawsuit to which an owner is a plaintiff.

7.6.2. **Hearing.** If legal fees are incurred by the Community Association for an action requiring notice and hearing, the owner is not liable for reimbursement of legal fees incurred (1) before the date by which the owner must request a hearing, if the owner does not request a hearing, or (2) before conclusion of the hearing, if the owner does request a hearing.

7.6.3. **Records.** By written request, an owner may obtain from the Community Association copies of any invoices for charges, including legal fees, for which the Community Association seeks reimbursement.

7.6.4. **Foreclosure.** In connection with a nonjudicial foreclosure of the Community Association's assessment lien, applicable law, such as Chapter 209 of the Texas Property Code, may establish a limit for the amount of attorney's fees that the Community Association may include in its lien.

7.7. **ADDITIONAL ENFORCEMENT RIGHTS.** Notwithstanding the notice and hearing requirement, the board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the Community Documents which, in the board's opinion, are (1) self-evident, such as vehicles parked illegally or in violation of posted signs; (2) threatening to life or property; or (3) repeat violations of the same provision by the same owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the Community Documents for certain violations, such as nonpayment of assessments.

**ARTICLE 8
OBLIGATIONS OF THE OWNERS**

8.1. NOTICE OF SALE. Any owner intending to sell or convey his lot or any interest therein must give written notice to the board of his intention, together with (1) the address or legal description of the lot being conveyed, (2) the name and address of the intended purchaser, (3) the name, address, and phone number of the title company or attorney designated to close the transaction, (4) names and phone numbers of real estate agents, if any, representing seller and purchaser, and (5) scheduled date of closing. An owner will furnish this information to the board at least 10 business days before the scheduled date of closing or conveyance. The requirements of this Section may be satisfied by giving the Community Association a copy of an accepted resale contract in connection with the owner's request to the Community Association for a resale certificate.

8.2. PROOF OF OWNERSHIP. Except for those owners who initially purchase a lot from the Community Declarant, any person, on becoming an owner of a lot, must furnish to the board evidence of ownership in the lot, which copy will remain in the files of the Community Association. A copy of the recorded deed is the customary evidence. The Community Association may refuse to recognize a person as a member 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. OWNERS INFORMATION. Within 30 days after acquiring an ownership interest in a lot, the owner must provide the Community Association with the owner's mailing address, telephone number, and driver's license number, if any; the name and telephone number of any resident other than the owner; and the name, address, and telephone number of any person managing the lot as agent of the lot owner. An owner must notify the Community Association within 30 days after he has notice of a change in any information required by this Section, and must provide the information on request by the Community Association from time to time.

8.4. MAILING ADDRESS. The owner or the several co-owners of a lot must register and maintain one mailing address to be used by the Community Association for mailing of notices, demands, and all other communications. If an owner falls to maintain a current mailing address with the Community Association, the address of the owner's lot is deemed to be his mailing address.

8.5. REGISTRATION OF MORTGAGEES. Within 30 days after granting a lien against his lot, the owner must provide the Community Association with the name and address of the holder of the lien and the loan number. The owner must notify the Community Association within 30 days after he has notice of a change in the information required by this Section. Also, the owner will provide the information on request by the Community Association from time to time.

8.6. ASSESSMENTS. All owners are obligated to pay assessments imposed by the Community Association to meet the common expenses as defined in the Community Declaration. A member is deemed to be in good standing and entitled to vote at any meeting of the Community Association if he is current in the assessments made or levied against him and his lot.

8.7. COMPLIANCE WITH DOCUMENTS. Each owner will comply with the provisions and terms of the Community Documents, and any amendments thereto. Further, each owner will always endeavor to observe and promote the cooperative purposes for which the Property was established.

**ARTICLE 9
COMMUNITY ASSOCIATION RECORDS**

9.1. INSPECTION OF BOOKS AND RECORDS. Books and records of the Community Association will be made available for inspection and copying pursuant to applicable law, such as Section 22.351 of the Code and Section 209.005 Texas Property Code.

9.1.1. Proper Purpose. The board may require a member to submit a written demand for inspection, stating the purpose for which the member will inspect the books and records. The board has the following rights: (1) to determine whether the member's purpose for inspection is proper; (2) to deny the request if the board determines that the member's purpose is not proper; (3) if granting the request, to identify which books and records are relevant to the member's stated purpose for inspection.

9.1.2. Copies. A member, at member's expense, may obtain photocopies of books and records for which the board grants the right of inspection. The board has the right to retain possession of the original books and records, to make copies requested by the member, and to charge the member a reasonable fee for copying.

9.1.3. Member's Agent. A member's inspection of the books and records may be assisted or performed by the member's agent, accountant, or attorney.

9.1.4. Records of Attorneys and Accountants. The files and records of an attorney or accountant who performs services for the Community Association are not records of the Community Association, are not subject to inspection by members, and are not subject to production in a legal proceeding.

9.2. RESALE CERTIFICATES. Any officer may prepare, or cause to be prepared, assessment estoppel certificates or resale certificates pursuant to applicable law, such as Chapter 207 of the Texas Property Code, titled Disclosure of Information by Property Owners Association. The Community Association may charge a reasonable fee for preparing such certificates, and may refuse to furnish such certificates until the fee is paid. Any unpaid fees may be assessed against the lot for which the certificate is furnished. The Community Association may delegate the responsibility for a resale certificate to its managing agent, if any.

9.3. MANAGEMENT CERTIFICATE. As required by applicable law, such as Section 209.004 of the Texas Property Code, the Community Association will maintain a current management certificate in the county's public records. When the Community Association has notice of a change in any information in the recorded certificate, the Community Association will prepare a restated or amended certificate and deliver it to the county clerk for filing. Absent gross negligence, the Community Association is not liable for a delay or failure to record a certificate. The Community Association may delegate the responsibility for a management certificate to its managing agent, if any.

9.4. MEMBERSHIP LIST. The board must maintain a comprehensive list of Community Association members for compliance with the Code as well as the Community Documents. The Community Association must make the membership list available to any owner on written request, and may charge a reasonable fee for cost of copying and delivering the owners list.

9.4.1. Types of Information. At a minimum, the Community Association must maintain for each lot the name and mailing address of at least one owner, and a description of the lot owned (if different from the mailing address). The Community Association may also

maintain, as a Community Association record, additional contact information for owners, such as phone numbers, fax numbers, email addresses, places of employment, emergency contact information, mortgage information, and any other items of information provided by owners or obtained by the Community Association.

9.4.2. Source of Ownership Information. In compiling the ownership or membership list, the Community Association may rely on any combination of (1) public records, such as tax rolls, (2) documentation provided by title insurance companies, (3) self-reporting by owners and residents, and (4) any other reasonably reliable and customary source of ownership information. The requirement of maintaining ownership records may not be construed to require the Community Association to affirmatively investigate or research title to a lot.

9.4.3. Information Available to Members. Membership information to be maintained by the Community Association is similar to what is typically available to the public on the website of the appraisal district, and may not be considered confidential, private, or protected information as between the Community Association and its members. Neither the Community Association nor a member of the Community Association may sell or otherwise market the Community Association's membership information without the express prior consent of the owners. Each owner, by acquiring an ownership interest in a lot, acknowledges that the owner's contact information is a record of the Community Association that is available to all members of the Community Association.

9.4.4. Inspection List. In accordance with applicable law, the Community Association will prepare a list of owners of all lots in the Property for inspection by the members prior to the meeting. The purpose of the list is to enable members to communicate with each other about the meeting. The inspection list must be available for inspection by the members from the second business day after the date notice of the meeting is given until adjournment of the meeting for which it was prepared. The list may be inspected or copied by an owner or the owner's attorney or agent. The inspection list must have the following characteristics:

- a. The list must be in alphabetical order of owners' surnames, or in numerical order of street addresses.
- b. The list must contain the name of at least one owner of each lot, or an indication that the current ownership cannot be determined and the identity of the last known owner.
- c. The list must contain an address for each member.
- d. The list must identify how many lots are owned by each owner, if that cannot otherwise be determined from the list.
- e. If all lots do not have uniform votes, such as lots owned by the Community Declarant during the Declarant Control Period, the list must identify the number or weight of votes attached to each lot.
- f. The list must identify which owners or lots are ineligible to vote at the meeting due to an assessment delinquency or other disqualifying condition.

**ARTICLE 10
NOTICES**

10.1. **CO-OWNERS.** If a lot is owned by more than one person, notice to one co-owner is deemed notice to all co-owners. Similarly, notice to one resident of a lot is deemed notice to all residents of the lot.

10.2. **DELIVERY OF NOTICES.** Any written notice required or permitted by these Community Bylaws may be given personally, by mail, by fax, by email, or by any other method permitted by applicable law, such as the Texas Business Organizations Code. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Community Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or electronic correspondence. The notice must be sent to the party's last known address as it appears on the records of the Community Association at the time of transmission. If an owner fails to give the Community Association an effective address, the notice may be sent (1) to the address of the owner's lot and/or (2) to the owner's address shown on the then current property tax rolls for the lot. If the Community Association properly transmits the notice, the owner is deemed to have been given notice whether or not he actually receives it.

10.3. **WAIVER OF NOTICE.** Whenever a notice is required to be given to an owner, member, or director, a written waiver of the notice, signed by the person entitled to the notice, whether before or after the time stated in the notice, is equivalent to giving the notice. Attendance by a member or director at any meeting of the Community Association or board, respectively, constitutes a waiver of notice by the member or director of the time, place, and purpose of the meeting. If all members or directors are present at any meeting of the Community Association or board, respectively, no notice is required and any business may be transacted at the meeting.

**ARTICLE 11
INDEMNIFICATION**

11.1. **GENERAL.** The purpose of this Article is to mandate some of the permissive provisions of Chapter 8 of the Code, and to indemnify Community Association Leaders whether or not the Community Association is incorporated at the time indemnification is needed. The definitions of Chapter 8 of the Code are hereby incorporated by reference, without regard to the corporate status of the Community Association. As used in this Article, "Community Association Leader" means a person who is a current or former officer or director of the Community Association, or a current or former committee chair or committee member of the Community Association.

11.2. **MANDATORY INDEMNIFICATION.** The Community Association will indemnify a Community Association Leader who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a Community Association Leader, if the following determinations are made.

11.2.1. **Determinations.** It must be determined that the person acted in good faith, and that:

- a. the person reasonably believed (1) in the case of conduct in the person's official capacity, that the person's conduct was in the Community Association's best interest, or (2) in any other case, that the person's conduct was not opposed to the Community Association's best interests;

- b. in the case of a criminal proceeding, the person did not have a reasonable cause to believe the person's conduct was unlawful;
- c. with respect to expenses, the amount of expenses other than a judgment is reasonable; and
- d. indemnification should be paid.

11.2.2. **Effect of Proceeding Termination.** A person does not fail to meet the determination standard solely because of the termination of a proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent.

11.2.3. **How Determinations Are Made.** If all of the directors are disinterested and independent, as defined in the Code, the determinations required under this Section will be made by a special legal counsel selected by the board. Otherwise, the determinations will be made by the owners of a majority of lots in the Property, other than lots owned by persons who are not disinterested and independent as defined in the Code, or by a special legal counsel selected by those owners.

11.3. **EXCEPTIONS TO MANDATORY INDEMNIFICATION.** A person who is found liable to the Community Association or is found liable because the person improperly received a personal benefit is not entitled to indemnification under this Article if, in a legal proceeding, the person has been found liable for (1) willful or intentional misconduct in the performance of the person's duty to the Community Association, (2) breach of the person's duty of loyalty owed to the Community Association, or (3) an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the Community Association. In all other instances, indemnification of a person who is found liable to the Community Association is limited to reasonable expenses actually incurred by the person in connection with the proceeding, excluding a judgment, a penalty, a fine, or any other type of sanction. A person indemnified by the Community Association is considered to have been found liable in relation to a claim, issue, or matter only if the liability is established by an order, including a judgment or decree of a court, and all appeals of the order are exhausted or foreclosed by applicable law.

11.4. **EXPENSES.** The indemnification provided by this Article covers reasonable expenses and costs, such as legal fees, actually and necessarily incurred by the indemnified person in connection with a qualified claim.

11.4.1. **Advancement of Expenses.** The Community Association may pay or reimburse reasonable expenses incurred by an indemnified person who was, is, or is threatened to be made a respondent in a proceeding in advance of the final disposition of the proceeding without making the determinations required under the Section above titled "Mandatory Indemnification," after the Community Association receives a written affirmation by the person of the person's good faith belief that the person has met the standard of conduct necessary for indemnification under this Article, and a written undertaking by or on behalf of the person to repay the amount paid or reimbursed if the final determination is that the person has not met that standard or that indemnification is prohibited by this Article. The required written undertaking must be an unlimited general obligation of the person but need not be secured and may be accepted by the Community Association without regard to the person's ability to make repayment.

11.4.2. **Witness Expenses.** The Community Association may pay or reimburse reasonable expenses incurred by a Community Association Leader, member, employee,

agent, or other person in connection with that person's appearance as a witness or other participation in a proceeding at a time when the person is not a respondent in the proceeding.

11.5. **INDEMNIFICATION OF OTHER PERSONS.** Subject to the same limitations, determinations, and exceptions for Community Association Leaders, the Community Association may indemnify and advance expenses to a person who is not otherwise covered by this Article's indemnification as provided by (1) a provision in a Community Document of the Community Association, (2) a contract to which the Community Association is a party, (3) common law, (4) a board resolution, or (5) a resolution approved by the Community Association's members. A person indemnified under this Section may seek indemnification or advancement of expenses from the Community Association to the same extent that a Community Association Leader may seek Indemnification or advancement of expenses under this Article.

ARTICLE 12 COMMUNITY DECLARANT PROVISIONS

12.1. **CONFLICT.** The provisions of this Article control over any provision to the contrary elsewhere in these Community Bylaws.

12.2. **BOARD OF DIRECTORS.** During the Declarant Control Period, the Community Declaration governs the number, qualification, and appointment of directors. The initial directors will be appointed by the Community Declarant and need not be owners or residents. Directors appointed by the Community Declarant may not be removed by the owners and may be removed by the Community Declarant only. The Community Declarant has the right to fill vacancies in any directorship vacated by an appointee of the Community Declarant.

12.3. **TRANSITION MEETING.** As provided by the Community Declaration, within 60 days after the end of the Declarant Control Period, or sooner at the Community Declarant's option, the Community Declarant will call a meeting of the members of the Community Association for the purpose of electing directors, by ballot of members. Notice of the transition meeting will be given as if it were notice of an annual meeting.

ARTICLE 13 AMENDMENTS TO COMMUNITY BYLAWS

13.1. **AUTHORITY.** Although the general authority for amending the Community Bylaws resides with the members of the Community Association, certain amendments may be made by the board or by the Community Declarant, without a vote of the members.

13.1.1. **Amendments by Board.** For the following limited purposes, the board may amend these Community Bylaws with or without approval by the members, provided the proposed amendment has the prior unanimous approval of the directors:

- a. To correct mistakes and scrivener's errors in the Community Bylaws.
- b. To conform the Community Bylaws to changes in controlling law applicable to any topic addressed in these Community Bylaws.
- c. To change the name of the Community Association.

- d. To restate previously amended Community Bylaws for the sole purpose of incorporating the amendments into the body of the Community Bylaws.

13.1.2. Amendments by the Community Declarant. As provided by the Community Declaration, during the Declarant Control Period, the Community Declarant may amend these Community Bylaws with or without approval by the board or the members, for any purpose.

13.1.3. Amendments by Members. All other amendments of these Community Bylaws must be approved by the members according to the terms of this Article.

13.2. AMENDMENTS BY MEMBERS.

13.2.1. Proposal. The Community Association will provide or make available to an owner of each lot any proposed amendment. The proposed amendment, description of the proposed amendment, or instructions for obtaining a copy of the proposed amendment at no cost will be included in the notice of any annual or special meeting of the Community Association at which the proposed amendment is to be considered.

13.2.2. Consents. Subject to the following limitation, an amendment of these Community Bylaws must be approved by members representing at least a majority of the votes present (in person or by proxy) at a properly called meeting of the Community Association for which a quorum is obtained. In other words, if a quorum is present (in person or by proxy) at a Community Association meeting, the owners of a majority of the lots represented at the meeting (in person or by proxy) -- even if less than a majority of the total lots -- may approve an amendment to these Community Bylaws. This Section, however, may not be amended without the approval of owners representing at least a majority of the total lots in the Property.

13.3. EFFECTIVE. To be effective, an amendment must be in the form of a written instrument (1) referencing the name of the Property, the name of the Community Association, and the recording data of these Community Bylaws and any amendments hereto; (2) signed and acknowledged by at least one officer of the Community Association, certifying the requisite authority and/or approvals; and (3) recorded in the Real Property Records of Parker County, Texas. An amendment may be effective immediately if adopted at a Community Association meeting at which owners of two-thirds of the lots are represented. Otherwise, an amendment is not effective until 10 days after an owner of each lot is notified of the amendment and provided with a copy of the amendment or instructions for obtaining a copy.

13.4. MORTGAGEE PROTECTION. If a provision in a Community Document or applicable law requires notices to and consent of mortgagees for certain actions and amendments, the Community Association must give the required notices to and obtain the required approvals from applicable mortgagees.

13.5. COMMUNITY DECLARANT PROTECTION. During the Declarant Control Period, no amendment of these Community Bylaws may affect the Community Declarant's rights herein without the Community Declarant's written and acknowledged consent. Specifically, this Section, the article titled "Community Declarant Provisions," and the sections titled "Declarant Control" and "Drafter's Intent" may not be amended during the Declarant Control Period without prior written approval of the Community Declarant, which must be part of the amendment instrument.

ARTICLE 14

GENERAL PROVISIONS

14.1. DRAFTER'S INTENT. Because the Community Declarant intends these Community Bylaws to serve the Community Association for many years beyond the initial development, construction, and marketing of the Property, the Community Declarant purposefully did not draft these Community Bylaws from its own perspective. Instead, as a courtesy to future users of these Community Bylaws, the Community Declarant compiled most of the Community Declarant-related provisions in the Community Declaration. Although the Community Declarant is initially an owner and a member of the Community Association, the Community Declarant is intentionally exempt from a number of obligations that apply to other owners, and has a number of rights that other owners do not have. These Community Bylaws are to be construed liberally to give effect to the drafter's intent of favorable and preferential treatment of the Community Declarant. Users of this document should periodically review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by this document.

14.2. CONFLICTING PROVISIONS. If any provision of these Community Bylaws conflicts with any provision of the applicable laws of the State of Texas, the conflicting Community Bylaws provision is null and void, but all other provisions of these Community Bylaws remains in full force and effect. If a provision of the Community Articles conflicts with these Community Bylaws, the Community Articles controls. In the case of any conflict between the Community Declaration and these Community Bylaws, the Community Declaration controls.

14.3. SEVERABILITY. Whenever possible, each provision of these Community Bylaws will be interpreted in a manner as to be effective and valid. Invalidation of any provision of these Community Bylaws, by judgment or court order, does not affect any other provision which remains in full force and effect.

14.4. CONSTRUCTION. The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

14.5. EFFECTIVE COMMUNICATIONS. These Community Bylaws are drafted in an era of expanding and distracting modes of communication - written, voice, visual, and electronic - with emerging security and screening technologies that impede some transmissions without the sender's knowledge. In such an era, the burden may be on the sender (1) to bring important pieces of information to the attention of the recipient in a manner that helps the recipient recognize the importance and purpose of the communication, and (2) to confirm that the message was received and its importance recognized. Although there is no way to guaranty what will be noticed by another person, each sender should try to communicate effectively. If the Community Association specifies a mode of communications for a certain purpose, it benefits the owner to use the specified mode for the intended purpose.

14.6. FISCAL YEAR. The fiscal year of the Community Association is any 12-month period that is set by resolution of the board, and is subject to change from time to time as the board determines. In the absence of a resolution by the board, the fiscal year is October 1 through September 30 of each calendar year.

14.7. WAIVER. No restriction, condition, obligation, or covenant contained in these Community Bylaws may 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.

14.8. EXHIBIT. The attached Exhibit A is hereby incorporated into these Community Bylaws by reference for the duration of the Declarant Control Period, as defined in the Community Declaration.

[Remainder of Page Intentionally Left Blank - Signature Page to Follow]

CERTIFICATION AND ACKNOWLEDGMENT

As the Community Declarant of Morningstar, I certify that the foregoing Community Bylaws of Morningstar HOA were adopted for the benefit of Morningstar HOA by the Community Declarant and by the Community Declarant-appointed Board of Directors of Morningstar HOA, and that these Community Bylaws are one of the initial Community Documents of Morningstar.

Signed this 7th day of October, 2015.

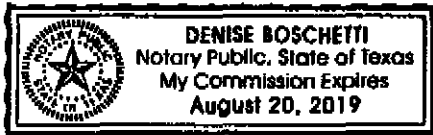
Morningstar (Aledo) Property Owners Association, Inc.

By: 
Kimberly Gill, President

THE STATE OF TEXAS §
 §
COUNTY OF Tarrant §

This instrument was acknowledged before me on the 7th of October, 2015 by Kimberly Gill, President of Morningstar (Aledo) Property Owners Association, Inc., Texas nonprofit corporation.


Notary Public



**EXHIBIT A TO COMMUNITY BYLAWS
NOTICE OF GOVERNANCE AND
PURCHASER'S COVENANTS DURING DECLARANT CONTROL PERIOD**

Each owner of a home in Morningstar, by the act of accepting an interest in or title to a lot during the Declarant Control Period, whether or not it is so expressed in the instrument of conveyance, acknowledges, understands, covenants, and agrees to each of the following statements:

Notice of Governance

1. Morningstar is a planned community, the development and marketing of which may extend over many years, even decades. The Community Declarant has reserved for itself the right to control the Community Association until Morningstar is fully phased, fully developed, fully constructed, and close to being "sold out" and closed to homebuyers.
2. Because the Declarant Control Period is a short span of time in the potentially perpetual life of the Property and the Community Association, the Community Declarant intentionally adopted Community Documents designed for the long era in which homeowners will control the Community Association, instead of tailoring the Community Documents for the relatively brief Declarant Control Period.
3. Written for a homeowner-controlled Community Association, some provisions in these Community Bylaws are inapplicable or inappropriate for the Declarant Control Period. For example, Community Association directors appointed by the Community Declarant are likely to be the Community Declarant's employees or officers, who make decisions for the Community Association in the ordinary course of their daily work- without formality of called meetings, notices, and minutes.

Purchaser's Covenants

1. Purchaser has read and understands the significance of this Exhibit to the Community Bylaws, and the Declaration of Covenants, Conditions and Restrictions for Morningstar Residential Community, both of which contain important information about how the Community Association will be governed during the Declarant Control Period.
2. Purchaser understands that a provision in the Community Declaration controls over a provision in these Community Bylaws that addresses the same topic.
3. Purchaser understands that owners will not have a voice in the operation and governance of the Community Association during the Declarant Control Period, except to the extent (if any) granted by the Community Declarant.

AFTER RECORDING RETURN TO:

Morningstar (Aledo) Property Owners Association, Inc.
c/o: Legal Department
3045 Lackland Road
Fort Worth, TX 76116

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS



Jeane Brunson

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10/13/2015 01:19:28 PM
Fee: \$151.00
Jeane Brunson, County Clerk
Parker County, Texas
DECLARE