

BYLAWS of
VALLEY OAKS HOMEOWNERS ASSOCIATION, INC.
A TEXAS NON-PROFIT CORPORATION

ARTICLE I
NAME AND LOCATION

The name of the corporation is Valley Oaks Homeowners Association, Inc., hereinafter referred to as the "Association". The principal office of the corporation shall be located at Valley Oaks Subdivision, Lewisville Texas, 75067, but meetings of Members and Directors may be held at such places within the State of Texas, County of Denton, or as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

The following words when used in these Bylaws, unless a different meaning or intent clearly appears from the context, shall have the following meanings:

- Section 1. "Association" shall mean and refer to Homeowners Association, Inc., its successors and assigns.
- Section 2. "Common Areas" shall mean and refer to that portion of the Property, if any, conveyed to the Association for the use and benefit of the Owners.
- Section 3. "Common Maintenance Areas" shall mean and refer to the Common Areas and the entrance
Monuments, drainage facilities, detention ponds, right-of-way landscaping, if any, and such other areas lying within any dedicated public easements or right-of-way as deemed appropriate by the Board of Directors of the Association for the preservation, protection, and enhancement of the property values and the general health, safety and welfare of the Owners.
- Section 4. "Declarant" shall mean Intervest, Ltd., a Texas limited partnership, and the successors and assigns of its interest under the Declaration.
- Section 5. "Declaration" means and refers to that certain Declaration of Covenants, Conditions and Restrictions applicable to the Property executed by Intervest, Ltd., a Texas limited partnership, and recorded in the office of the County Clerk of Denton County, Texas, and any amendments, annexations and supplements thereto made in accordance with its terms.
- Section 6. "Lot" shall mean and refer to any plot or land indicated upon any recorded subdivision map of the Property or any part thereof creating single-family home sites, with the exception of the Common Area and areas deeded to a governmental authority or utility, together with all improvements thereon.
- Section 7. "Member" means each Owner.

- Section 8. “Owner” shall mean and refer to the record owner, whether one or more persons or entities, of fee simple title to any Lot, including contract sellers, but excluding those persons or entities having such interest merely as security for the performance of an obligation until such time as such a security holder becomes the record owner of a Lot (whether by foreclosure or otherwise).
- Section 9. “Property” shall mean and refer to any and all property which is or becomes subject to the terms of the Declaration.
- Section 10. “City” shall mean and refer to the City of Lewisville, Texas.

ARTICLE III MEETING OF MEMBERS

- Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter. The meeting shall be held at the place and hour designated by the Board of Directors.
- Section 2. Special Meeting. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Members.
- Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, Secretary or person authorized to call the meeting, by mailing a copy of such notice to each Members entitled to vote thereat addressed to the Member’s address last appearing on the books of the Association, or supplied by such Members to the Association for the purpose of notice. Such notice may also be delivered to the Members’ residences. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.
- Section 4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, a majority of the votes of Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration of these Bylaws. If, however, such quorum shall not be present, another meeting may be called subject to the same notice requirement, and the required quorum at such subsequent meeting shall be a majority of the quorum requirement for the prior meeting. The Association may call as many subsequent meetings as may be required to achieve a quorum (the quorum requirement being reduced for each such meeting, but not below any quorum required by law). No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.
- Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.
- Section 6. Membership in the Association. Every Owner shall be a member of the Association. Membership shall be appurtenant to’ and shall not be separated from, ownership of a Lot.

Section 7. Voting Rights. The Association shall have one (1) class of voting membership: Members shall all be Owners and shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds an interest in any Lot, all such persons shall be members, but the vote for such lot shall be exercised as they among themselves determine, and in no event shall more than one (1) vote be cast with respect to any Lot.

ARTICLE IV BOARD OF DIRECTORS

- Section 1. Number. The affairs of the Association shall be managed by a Board of five (5) Directors, who must be Members of the Association.
- Section 2. Term of Office. At the first annual meeting, the Members shall elect one Director for a term of one year, two Directors for a term of two years, and two Directors for a term of three years; and at each annual meeting thereafter the Members shall elect Directors sufficient to fill vacated positions for a term of three years.
- Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.
- Section 4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.
- Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

- Section 1. Nomination. Nomination for election to the Board of Directors shall be made by written nominations or may also be made from the floor at the annual meeting. Nominations must be made from among Members.
- Section 2. Election. Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.
- Section 3. Declaration. The provisions of the Declaration pertaining to the Board of Directors are hereby incorporated in these Bylaws by reference.

ARTICLE VI
MEETINGS OF DIRECTORS

- Section 1. Annual Meetings. The first annual meeting of the Directors shall be held within one year from the date of incorporation of the Association, and each subsequent regular meeting of the Directors shall be held in the same month of each year thereafter. The meeting shall be held at the place and hour designated by the Board of Directors.
- Section 2. Special Meeting. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any Director, after not less than three (3) days notice to each Director.
- Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

- Section 1. Powers. The Board of Directors shall have power to:
- a. suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for infraction of published rules and regulations;
 - b. exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions by these Bylaws, the Articles of Incorporation or the Declaration;
 - c. employ a manager, an independent contractor or such other employees as they deem necessary and to prescribe their duties, within the scope of the approved current year budget;
 - d. provide and pay out of the maintenance fund the following:
 1. Taxes and assessments and other liens and encumbrances which shall properly be assessed or charged against the Common Areas rather than against the individual Owners, if any.
 2. Care and preservation of the Common Maintenance Area.
 3. The services of a professional person or management firm to manage the Association or any separate portion thereof to the extent deemed advisable by the Board (provided that any contract for management of the Association shall be terminable by the Association, with no penalty upon ninety (90) days prior written notice to the managing party) and the services of such other personnel as the Board shall determine to be necessary or proper for services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager, provided, that any services of a professional person, management firm, or other personnel shall be provided to the Association at competitive rates.
 4. Legal and accounting services
 5. A policy or policies of insurance insuring the Association against any liability to the public or to the Owners (and/or invitees or tenants) incident to the operation of the Association in any amount or amounts as determined by the Board of Directors, including a policy or policies of insurance as provided herein in Article IV.

6. Workers compensation insurance to the extent necessary to comply with any applicable laws.
 7. Such fidelity bonds as may be required by the By-Laws or as the Board may determine to be advisable.
 8. Any other materials, supplies, insurance, furniture, labor, services, maintenance, repairs, structural alternations, taxes, or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the enforcement of this Declaration.
- e. enter into contracts, maintain one or more bank accounts, and generally to have all the power necessary or incidental to the operation and management of the Association;
 - f. make reasonable rules and regulations for the operation of the Common Maintenance Areas and to amend them from time to time; provided that, any rule or regulation may be amended or repealed by an instrument in writing signed by Owners constituting a majority of the votes of the Association, or with respect to a rule applicable to less than all the Common Areas, by a majority of the votes of the Owners in the portions affected.
 - g. Collect all assessments and enforce all penalties for non-payment including for filing of liens and institution of legal proceedings; and
 - h. Enforce the provisions of any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules.

- Section 2. Duties. The Board, for the benefit of its Owners, shall have the following duties;
- a. to cause to be kept a complete record of all its acts and corporate affairs.
 - b. To supervise all officers, agents and employees of the Association, and to see that their duties are properly performed.
 - c. To execute all declarations of ownership for tax assessment purposes with regard to the Common Areas on behalf of all Owners.
 - d. As more fully provided in the Declaration:
 - a. to fix and give notice of the amount of the annual assessment against each Lot: and
 - b. to foreclose the lien against any property for which assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same.
 - e. to issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.
 - f. To protect or defend the Common Areas from loss or damage by suit or otherwise and to provide adequate reserves for replacements;
 - g. To make all books and records of the Association available for inspection by Owners at reasonable times and intervals;
 - h. To adjust the amount, collect an use any insurance proceeds to repair damage or replace lost property, and if proceeds are insufficient to repair damage or replace lost property, to access the Owners in proportionate amounts to cover the deficiency;
 - i. To procure and maintain liability insurance and hazard insurance on property owned by the Association;
 - j. To cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
 - k. To improve, beautify, maintain, manage and operate the Common Areas and Common Maintenance Areas.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

- Section 1. Enumeration of Officers. The officers of this Association shall be a President and Vice President, who shall at all times be Members of the Board of Directors, a Secretary and a Treasurer and such other officers as the Board may from time to time by resolution create.
- Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.
- Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign or shall be removed or otherwise disqualified to serve.
- Section 4. Special Appointments. The Board may elect such other officers at the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time determine.
- Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.
- Section 7. Multiple Offices. The offices of Vice President, Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of the Article.
- Section 8. Duties. The duties of the officers are as follows:

President

The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, contracts and other written instruments and shall co-sign all checks and promissory notes.

Vice President

The Vice President shall act in the place and stead of the President in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

The Secretary shall record the vote and keep the minutes of all meetings and proceedings of the Board and of the Members; send notice of meetings of the Board and of the Members; keep

appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE IX COMMITTEES

The Board of Directors shall appoint committees as deemed appropriate in carrying out its purpose.

ARTICLE X BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association where copies may be purchased at a reasonable cost.

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. Any assessment not paid with ten (10) days after the due date shall bear interest from the due date until paid in full at the highest nonusers' rate of interest allowed by Texas law or 18% per annum, whichever is less. The Association shall also have the authority to impose late charges to compensate for administrative and processing costs for late payments on such terms as it may establish by duly adopted resolutions, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, cost and reasonable attorney's fees of any such action shall be added to the amount of such assessment.

The initial maintenance assessment (as described in the Declaration) until revised by resolution of the Board of Directors shall be \$72.00 per Lot annually. The Board of Directors shall not raise the annual assessment in any one year a greater percent than the CPI, except as approved by a majority vote of the Members.

ARTICLE XII CORPORATE SEAL

The Association shall not have a seal.

**ARTICLE XIII
AMENDMENTS**

- Section 1. These Bylaws may be amended by the Board. Amendments must be approved by a Quorum of the Members.
- Section 2. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

**ARTICLE XIV
MISCELLANEOUS**

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of every year, except that the first fiscal year shall begin on the date of incorporation.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the Valley Oaks Homeowners Association, Inc., a Texas non-profit corporation and

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted by unanimous written consent of the Board of Directors thereof effective as of the 1st day of July 1998.

Secretary: Kitty McElhannon