

BYLAWS  
OF  
HIGHLAND CREEK MANOR HOMEOWNERS  
ASSOCIATION, INC.

ARTICLE I.

GENERAL

The Highland Creek Manor Homeowners Association, Inc. is the "Association" described within the "Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens" instrument (the "Declaration") pertaining to the Highland Creek Manor development in the City of Dallas, Collin County, Texas, such Declaration text originally recorded on December 2, 1994 under Clerk's File # 94-00106483 of the Deed Records of Collin County, Texas and incorporated herein by reference for all purposes. For convenience, several of the provisions of the Declaration will be repeated or summarized within these Bylaws. The remaining terms and provisions of these Bylaws are intended to complement and supplement the Declaration. In the event of any conflict or ambiguity between the Declaration (on the one hand) and these Bylaws (on the other hand) and unless otherwise required by law, the terms and conditions of the Declaration shall control and govern.

ARTICLE II.

NAME, DEFINITIONS, MEMBERSHIP AND VOTING RIGHTS

Section 1. Name. The name of the Association shall be Highland Creek Manor Homeowners Association, Inc. (herein sometimes referred to as the "Association").

Section 2. Definitions. Certain words used in these Bylaws shall have the same meaning as set forth in the Declaration, some of which are set forth below either in their entirety or in an abridged format:

"Amended Declaration" shall mean and refer to each and every instrument recorded in the Public Real Estate Records of Collin County, Texas which amends, supplements, modifies, clarifies or restates some or all of the terms and provisions of the original Declaration.

"Annual Assessment" shall have the meaning specified in Article V of the Declaration.

"Architectural Review Committee" (sometimes referred to herein as the "ARC") shall mean and refer to that particular committee which is described and explained within Article VIII of the Declaration.

Properties as well as those not shown on a recorded subdivision plat but which are intended for or devoted to the common use and enjoyment of the Members of the Association, together with any and all improvements that are now or that may hereafter be constructed thereon. The Declarant reserves the right to use, during the Development Period, portions of the Common Properties (e.g. a sales information center) for business matters directly and indirectly related to Highland Creek Manor. The concept of Common Properties will also include: (i) any and all public right-of-way lands for which the City of Dallas has required that the Declarant and/or the Association expend private, non-reimbursable time and monies to care for and maintain, such as but not limited to: street medians, streetscape, hike and bike trails, park areas and quasi-governmental service facilities; and (ii) any and all facilities provided by the Declarant and/or the Association to or for the benefit of the local police, fire and similar governmental departments for which no reimbursement via public funds is requested or anticipated. One or more portions of the Common Properties may from time to time be reasonably limited to private functions, and conversely, one or more portions of otherwise private property may be utilized for Association functions and activities. Declarant shall convey record title to some or all of the Common Properties to the Association if, as and when deemed appropriate by Declarant or as may be required by governmental officials, and Declarant shall at all times have and retain the right to effect minor redesigns or minor reconfigurations of the Common Properties (particularly along the edges) and to execute any open space declarations applicable to the Common Properties which may be permitted in order to reduce property taxes, and to take whatever steps may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

"Consumer Price Index" ("CPI") shall mean and refer to the Consumer Price Index of the Bureau of Labor Statistics of the U.S. Department of Labor for All Urban Consumers (Dallas-Fort Worth Area). In the event the compilation and/or publication of the CPI shall be substantially revised, transferred to any other governmental department or bureau or agency or shall be discontinued, then the index (or a substitute procedure which reasonably reflects and monitors fluctuations in consumer prices) most nearly the same as the CPI shall be used to make the calculations envisioned herein, or in the event no such alternative index exists or a dispute arises concerning the selection of such alternative index, the Board shall have the final right and power to select and/or formulate such an alternate index.

"Covenants" shall mean and refer to all covenants, conditions, restrictions, easements, charges and liens set forth within the Declaration.

"Declarant" shall mean and refer to RLH Investments, Inc., Trustee, and any or a successor(s) and assign(s) of RLH Investments, Inc., Trustee, with respect to the voluntary

"Eligible Mortgagees" is defined in Article XII of the Declaration.

"Exempt Property" shall mean and refer to the following portions of the Properties: (i) all land and Improvements owned by the United States of America, the State of Texas, Collin County or any instrumentality, political subdivision or agency of any such governmental entity acting in a governmental (rather than a proprietary) capacity; (ii) all land and Improvements owned (including legal and beneficial ownership, whether now or in the future) by the Association or constituting a portion of the Common Properties; (iii) all land and Improvements which are not only exempt from the payment of ad valorem real property taxes by the Taxing Authorities, but also are exempt from the payment of any assessments hereunder as expressly determined by written resolution of the Declarant and/or the Association; and (iv) such other land(s) and/or Improvement(s) and/or Lot(s) which are specifically exempted from the payment of annual Assessments in accordance with a special resolution of the Board.

"Fiscal Year" shall mean each twelve (12) month period commencing on January 1 and ending on the following December 31, unless the Board shall otherwise select an alternative twelve month period.

"Greenway Frontage" shall mean and refer to community facilities, common green space, recreational facilities (including hike and bike trails and the like) which are adjacent to rear or side yard Lot lines and/or clearly visible from public streets, sidewalks and rights-of-way.

"Homebuilder" shall mean and refer to each entity and/or individual which: (i) is regularly engaged in the ordinary business of constructing residential dwellings on subdivision lots for sale to third-party homeowners as their intended primary residence; and (ii) has entered into a contract with the Declarant to purchase one or more Lots.

"Improvement" shall mean any physical change to raw land or to an existing structure which alters the physical appearance, characteristics or properties of the land or structure, including but not limited to adding or removing square footage area space to or from a structure, painting or repainting a structure, or in any way altering the size, shape or physical appearance of any land or structure.

"Institutional Mortgage" shall mean and refer to any bona-fide mortgage, lien or security interest held by a bank, trust company, insurance company, savings and loan association or other recognized lending institution, or by an institutional or governmental purchaser of mortgage loans in the secondary market, such as Federal National Mortgage Association, Federal Home Loan Mortgage Corporation or their successors, or guaranteed or subsidized by the

drainage channel from, upon or across any Lot; and (iii) any enclosure or receptacle for the concealment, collection and/or disposition of refuse; (iv) any change in the grade of any Lot of more than three (3) inches from that existing at the time of initial approval by the Architectural Review Committee.

"Subdivision" shall mean and refer to the Highland Creek Manor Subdivision, in accordance with the map and plat thereof filed of record in the Map and Plat Records of Collin County, Texas, as well as any and all revisions, modifications, corrections or clarifications thereto.

"Taxing Authorities" shall mean and refer to Collin County, the Plano Independent School District, the City of Dallas and the State of Texas and any and all other governmental entities or agencies which have, or may in the future have, the power and authority to impose and collect ad valorem taxes on real property estates, in accordance with the Texas Constitution and applicable statutes and codes.

"Trustee" shall mean and refer to that certain individual(s) or entity(ies) designated or appointed from time to time and at any time by the Association to perform the duties and responsibilities described within Section 9 of Article V of the Declaration, and its successors and assigns.

"Zoning Ordinance" shall mean and refer to City of Dallas zoning ordinance, governmental regulations, and all amendments thereto including (without limitation): Zoning Ordinance #18221, Planned Development District #173, City of Dallas Comprehensive Zoning Ordinance Chapter 51, and City of Dallas Code §51A-4.211(5).

Section 3. Membership. Each and every Owner of each and every Lot within the Subdivision shall automatically be, and must at all times remain, a Member of the Association in good standing. Each and every Resident (who is not otherwise an Owner) may, but is not required to, be a non-voting Member of the Association. During the Development Period, the Association shall have two (2) classes of Members: Class A and Class B. The Class A Members shall include: (a) all Owners (other than the Declarant during the Development Period); and (b) all Residents (not otherwise Owners) who have properly and timely fulfilled and maintained all registration and related requirements prescribed by the Association. The Class B Member shall be the Declarant. Upon conclusion of the Development Period, the Class B membership shall terminate and the Declarant shall become a Class A Member.

Section 4. Voting Rights. There shall be two (2) classes of voting Members during the Development Period:

**Class A:** The Owner(s) of each Lot shall be entitled to one (1) vote per Lot. Where more than one (1) Owner owns and holds a record fee interest in a Lot such Owner(s) may divide

upon a petition signed by at least twenty percent (20%), or 50, whichever is the lesser amount, of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to cause notices to be prepared concerning each annual or special meeting of the Association, stating the purpose of the special meeting, as well as the time and place where it is to be held. The Secretary may delegate this duty to the Management Agent of the Association. Quorum, notice and voting requirements of and pertaining to the Association shall be in accordance with the provisions herein or in the absence of any applicable provisions, then in accordance with permitted Texas law.

Section 5. Waiver of Notice. Waiver of notice of any meeting of the voting Members shall be deemed the equivalent of proper notice. Any voting Member may, in writing, waive notice of any meeting of the voting Members, either before or after such meeting. Attendance at a meeting by a voting Member, whether in person or by proxy, shall be deemed waiver by such voting Member of notice of the time, date, and place thereof, unless such voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the voting Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to voting Members in the manner prescribed for regular meetings. The voting Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough voting Members to leave less than a quorum, provided that any action taken shall be approved by at least a majority of the voting Members required to constitute a quorum.

Section 7. Voting. The voting rights of the Members shall be as set forth in the Declaration and the foregoing Bylaw provision.

the third annual meeting of the Members of the Association and continuing thereafter, the Board shall be expanded to consist of five individual Directors, three of whom shall be elected by the Class B Member and two of whom shall be elected by the Class A Members. Beginning with the fifth annual meeting and continuing thereafter, the Board shall still consist of five individual Directors, all of whom shall be elected by the Class A Members.

Directors shall be elected for two year terms of office and shall serve until their respective successors are elected and qualified. Any vacancy which occurs in the Board, by reason of death, resignation, removal, or otherwise, may be filled at any meeting of the Board by the affirmative vote of a majority of the remaining Directors representing the same class of voting Members who elected the Director whose position has become vacant. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of the Director whose position he or she was elected to fill.

Unless otherwise prohibited by the Bylaws, the Board shall be entitled to have one or more private workshop meetings and to have one or more public meetings per Fiscal Year. The Board, no later than 30 days prior to the annual meeting of the Members, shall file with the Declarant and distribute to the Members (by whatever means the Board may deem reasonable and economical) a certification of the Directors to be nominated by Class A Members, and the Directors to be nominated by the Class B Member. The actual election of the directors shall take place in accordance with the Bylaws or, to the extent not inconsistent with the Bylaws, the directives of the then-existing Board.

Section 4. Nomination of Directors. Prior to each annual meeting of Members and with respect to those director positions for which Class A Members alone may elect, the Board shall prescribe:

- (a) the opening date and the closing date of a reasonable filing period in which each and every Member who has a bona-fide interest in serving as a Class A Director may file as a candidate for such position;
- (b) that each and every Member who has properly filed shall be included within the ballot;
- (c) that where three (3) or more candidates are vying for one position election may occur by a plurality (rather than a simple majority) of the votes cast;
- (d) such other rules and regulations which may then be appropriate to conduct the nomination and election of directors in a fair, efficient and cost-effective manner. Each candidate shall be given a reasonable, uniform opportunity to communicate their qualifications to the Members and to solicit votes.

votes (which may be a plurality and not a majority) shall be elected. Voting for Directors shall be by secret written ballot.

Section 9. Organization Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the Membership shall be held within ninety (90) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. After the Development Period, regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the Directors. Notice of the time and place of the meeting shall be posted at a prominent place within the Properties and shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Advance notice of the meeting(s) at which the annual budget and/or the Annual Assessment are likely to be discussed shall be reasonably publicized.

Section 11. Special Meetings. After the Development Period, special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office or home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telecopy. All such notices shall be given or sent to the Director's business office and/or home address or telephone number(s) as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least seven (7) days before the time set for the meeting. Notices given by personal delivery, telephone, or telecopy shall be delivered, telephoned, or faxed at least seventy-two (72) hours before the time set for the meeting. Notices should be posted at a prominent place within the Properties not less than seventy-two (72) hours prior to the scheduled time of the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the

with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and other business of a similar confidential nature. The nature of any and all business to be considered in executive session shall first be announced in open session. The Board may also attend "workshop" meetings or sessions to discuss long-range concepts, receive educational assistance and training and the like, provided no official action of any sort is taken.

Section 18. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors. An explanation of the action taken shall be posted at a prominent place or places within the Properties within three (3) days after the written consents of all the Board members have been obtained.

Section 19. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these Bylaws directed to be done and exercised exclusively by the Members. The Board of Directors may delegate to one or more of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of, and/or matters directly or indirectly pertaining to the Managing Agent, if any, which might arise between meetings of the Board of Directors. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the Annual Assessment rate charge;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of any installment payments of the Annual Assessment;

(c) providing for the operation, care, upkeep, and maintenance of all the Common Properties;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Properties and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;



Association. The Board may delegate to the Managing Agent some of the powers granted to the Board for the routine operation of the Association. While the Managing Agent may formulate data and make recommendations to the Board, the final powers envisioned by subparagraphs (a), (b), (f), (g) and (i) in Section 19 of this Article shall be exclusively exercised by the Board. The Declarant, or an affiliate of the Declarant, may be employed as Managing Agent. No management contract may have a term in excess of three (3) years and, where the Declarant or an affiliate of the Declarant is the Managing Agent, must permit termination by either party without cause and without any materially adverse termination fee upon at least ninety (90) days advance written notice of such termination.

Section 21. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) cash or accrual accounting (as determined by the Board from time to time) shall be employed;

(b) cash accounts of the Association shall not be commingled with any other accounts;

(c) excluding the regular business activities of the Declarant, no remuneration shall be accepted by the Managing Agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;

(d) any financial or other interest which the Managing Agent (excluding the Declarant and its affiliates) may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors; and

(e) The Managing Agent shall prepare quarterly reports of the Association's financial affairs for submission to the Board.

Section 22. Borrowing. The Board of Directors shall have the power to borrow money, without the specific approval of the Members of the Association, for the purpose(s) of:

(a) operations, capital improvements, repair, replacement or restoration of Common Properties where such proposed borrowing has been theretofore reflected in an annual budget of the Association; and

(b) modifying, improving or adding amenities, where the total amount of such borrowing would exceed twenty-five percent (25%) of the budgeted gross expenses of the Association for that Fiscal Year provided that any such borrowing proposal shall have the affirmative approval of at least three-fourths (3/4) of the

pursuant to notice and afford the Member or Resident a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Delegation. The Board may, at any time and from time to time, appoint a "Covenants Committee" and delegate to that Committee the powers, duties and responsibilities described within subparagraphs (a), (b) and (c) above. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision of the Covenants Committee to the Board in accordance with procedures then prescribed by the Board.

## ARTICLE V

### OFFICERS

Section 1. Officers. The officers of the Association may include a President, Vice President, Secretary, Treasurer and such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as the Board shall deem desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. Any member of the Board, or of the Managing Agent or of the Declarant may serve as an officer.

Section 2. Election, Term of Office, and Vacancies. After the Development Period, the officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the affirmative vote on a majority of the Board of Directors whenever in their judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Texas law, the Articles of Incorporation, the Declaration, and these Bylaws, then the provisions of Texas law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members. The membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Member of the Association or by his or her duly appointed representative at any reasonable time and for a proper purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place as the Board shall prescribe.

(b) Rules for Inspection. The Board may establish reasonable rules with respect to:

- (i) notice to be given to the custodian of the records by the Member desiring to make the inspection;
- (ii) hours and days of the week when such an inspection may be made;
- (iii) payment (or prepayment) of the cost of reproducing copies of documents requested by a Member; and
- (iv) maintenance of confidentiality with respect to records.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make reasonable extracts and copies of documents at the expense of the Association.

Section 5. Amendments. The Board of Directors shall have the power and authority to alter, amend or repeal the Bylaws.

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We, the undersigned, being all the existing Directors of Highland Creek Manor Homeowners Association, Inc., do hereby certify that we hereby assent to the foregoing Bylaws and hereby adopt the same as the Bylaws of said Association.

IN WITNESS WHEREOF, we have hereunto subscribed our names as of the 2nd day of December, 1994.