

BYLAWS  
OF  
BONDS RANCH COMMUNITY HOMEOWNERS ASSOCIATION, INC.  
(A Texas Non-Profit Corporation)  
Tarrant County, Texas

## BYLAWS

OF

### BONDS RANCH COMMUNITY HOMEOWNERS ASSOCIATION, INC. (A Texas Non-Profit Corporation)

#### ARTICLE I NAME

1.1 NAME. The name of the organization shall be Bonds Ranch Community Homeowners Association, Inc., hereinafter called the "Association".

#### ARTICLE II PURPOSE AND OWNER OBLIGATION

2.1 PURPOSE. The Association is organized and shall be operated exclusively as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws. The primary purposes of the Association are to own, lease or license the Common Area (as defined in the Declaration) situated in Bonds Ranch Community, a development consisting primarily of single family residential lots in Tarrant County, Texas ("Bonds Ranch"), to govern, operate and maintain the Common Area, and to provide architectural control and compliance with the covenants and restrictions set forth in the Declaration of Covenants, Conditions and Restrictions of Bonds Ranch Community (as amended or modified from time to time, the "Declaration") dated as of June 15, 2001, executed by Scott Communities Developers Limited Partnership, a Texas limited partnership (as "Declarant"), and Bonds Ranch Investors, Ltd., a Texas limited partnership (as "Owner"), and recorded in Volume 14955, Page 0204 of the Real Property Records of Tarrant County, Texas, and any Tract Declarations (as such term is defined in the Declaration) filed in association therewith.

2.2 OWNER OBLIGATION. All present or future owners or tenants of any of the Lots (as defined in the Declaration) (the Lots, the Common Area and the other real property encumbered by the Declaration are hereinafter collectively called the "Property"), or any other person who might use the facilities of the Common Area in any manner, are subject to the regulations set forth in these Bylaws.

#### ARTICLE III MEMBERSHIP AND VOTING

3.1 MEMBERSHIP AND VOTING. The prerequisites and procedures for membership and voting rights in the Association shall be set forth in the Declaration.

#### ARTICLE IV ADMINISTRATION

4.1 ASSOCIATION RESPONSIBILITIES. The Members (as defined in the Declaration) will constitute the Association. The responsibilities and affairs of the Association will be administered through a Board of Directors.

4.2 **PLACE OF MEETINGS.** All annual and special meetings of the Members shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Board of Directors and designated in the notices of such meetings.

4.3 **ANNUAL MEETINGS.** Commencing in 2002, annual meetings shall be held the third Thursday of July of each year.

4.4 **SPECIAL MEETINGS.** The President of the Association shall call a special meeting of the Members if so directed by resolution of the Board of Directors or a petition signed by Members having not less than 1/10 of the votes entitled to be cast at such meeting and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

4.5 **NOTICE OF MEETINGS.** The Secretary shall send notices of annual and special meetings to each Member of the Association, either personally, by facsimile transmission or by U.S. Mail (postage prepaid), directed to the last known post office address or facsimile number of the Member, as shown on the records of the Association. The notice of any meeting of Members shall be delivered, transmitted by facsimile or mailed, as the case may be, not less than 10 days nor more than 50 days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. If delivered personally, such notice may be left at the Member's residence in his absence. If requested, any mortgagee of record or its designee may be entitled to receive similar notice.

4.6 **ADJOURNED MEETING.** If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting until a quorum is attained. A quorum for purposes of Member meetings shall be determined by statute, unless otherwise provided by the terms of these bylaws, the articles of incorporation, or the Declaration.

4.7 **ORDER OF BUSINESS.** The order of business at all meetings of the Members shall be as follows:

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers.
- e. Reports of committees.
- f. Election of Directors, if applicable.
- g. Unfinished business.
- h. New business.

4.8 **MOTIONS.** All motions or matters proposed for consideration by the Class B Member at any annual meeting, special meeting, or other meeting of the Association shall be considered and voted upon by the Members, regardless of whether the Class B Member's motion or other matter proposed for consideration has been seconded by any other Member of the Association.

**ARTICLE V**  
**BOARD OF DIRECTORS**

5.1 **NUMBER AND QUALIFICATION.** The affairs of the Association shall be governed by a Board of Directors composed of three (3) persons. The members of the initial Board of Directors as set forth in the Articles of Incorporation of the Association are the following persons, who shall act in such capacity and shall manage the affairs of the Association until their successors are elected:

<u>NAME</u>	<u>ADDRESS</u>
Jesse Flores	2151 E. Broadway, Suite 210 Tempe, Arizona 85282
Steven Robson	2151 E. Broadway, Suite 210 Tempe, Arizona 85282
Roger Lewis	2151 E. Broadway, Suite 210 Tempe, Arizona 85282

5.2 **POWERS AND DUTIES.** The Board of Directors shall have the powers and duties necessary for the operation and maintenance of the Common Area and the administration of the other responsibilities and affairs of the Association, including, without limitation, the powers and duties set forth in the Declaration. Subject to the provisions of the preceding sentence, the Board of Directors may do all such acts and things that are not by these Bylaws or by the Declaration directed to be exercised and done by the Members.

5.3 **OTHER POWERS AND DUTIES.** The Board of Directors shall have the following additional duties:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and other provisions of the Declaration and any Tract Declarations (as such are defined in the Declaration).

(b) To establish and enforce rules, conditions, restrictions, limitations and other provisions necessary for the orderly operation, use and maintenance of the Common Area. (A copy of such rules shall be delivered or mailed to each Member promptly upon the adoption thereof.)

(c) To keep in good order, condition and repair the Common Area and all items of personal property used in the enjoyment of the Common Area.

(d) To fix, levy and collect the initiation fee and the assessments to be paid by each Owner (as defined in the Declaration) of a Lot; and by majority vote of the Board to decrease or increase the amount of the initiation fee and the regular Assessments, subject to the provisions of the Declaration; to levy and collect special Assessments in order to meet increased operating or maintenance expenses or costs, additional capital expenses, and other expenses and costs for which a special Assessment is authorized under the Declaration. All assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.

(e) To collect delinquent fees or assessments by suit, lien foreclosure (as provided in the Declaration) or otherwise and to enjoin or seek damages from an Owner for violation of the Declaration or the rules or regulations of the Association.

(f) To protect and defend the Common Area from loss and damage by suit or otherwise.

(g) To borrow funds in order to pay for any required expenditure or outlay; to execute all such instruments evidencing such indebtedness; and to mortgage, pledge or hypothecate any or all of the real or personal property of the Association as security for money borrowed or debts incurred in connection with the affairs of the Association.

(h) To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.

(i) To maintain complete and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Members and any mortgagee of a Lot. The Association shall cause to be prepared and delivered annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be available to any mortgagee of a Lot, on request, within 90 days following the fiscal year end of the Association. Any Member may require that the Association cause to be prepared and delivered, at such Member's expense, an audited financial statement of the Association. In addition, each Member shall have the right to inspect the books and records of the Association during normal business hours.

(j) In general, to carry on the administration of the Association and to further the communal use and enjoyment of the Common Area.

(k) To employ attorneys, accountants, management companies and other personnel to assist in the management and administration of the Association and the Common Area.

**5.4 ELECTION AND TERM OF OFFICE.** Each Director elected shall hold office for a three year term for which he is elected and until his successor shall have been elected and qualified or until his earlier death, resignation, disqualification or removal. At each election for a Board of Directors, the Directors receiving the most votes in such election shall be elected to the Board. Voting rights shall be determined according to the provisions of the Declaration.

**5.5 VACANCIES.** Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Members pursuant to Section 5.6 herein shall be filled by the affirmative vote of a majority of the remaining directors even though less than a quorum of the board of directors. Each Director so elected shall serve out the remaining term of his predecessor.

**5.6 REMOVAL OF DIRECTORS.** At any regular or special meeting of the Members duly called, any Director may be removed with or without cause by a majority of those votes entitled to be cast by the Members pursuant to the terms provided in the Declaration, 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 shall be given an opportunity to be heard at the meeting.

5.7 ORGANIZATION MEETING. The first meeting of a newly elected Board of Directors shall be held within ten days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

5.8 REGULAR MEETINGS. 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, but at least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, either personally, by telephone or by facsimile transmission at least three days prior to the day named for such meeting, or by deposit of notice in the U.S. Mail (postage prepaid) at least seven days prior to the day named for such meeting.

5.9 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least two Directors. The President or Secretary will give notice to each Director of the time, place (as hereinabove provided) and purpose of the meeting, either personally, by telephone or by facsimile transmission at least three days prior to the day named for such meeting, or by deposit of notice in the U.S. Mail (postage prepaid) at least seven days prior to the day named for such meeting.

5.10 TELEPHONIC MEETING. The Board may participate in and hold a meeting by means of conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute 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.

5.11 WAIVER OF NOTICE. Before or at any meeting of the Board of Directors, any Director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

5.12 BOARD OF DIRECTORS QUORUM. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time.

## ARTICLE VI OFFICERS

6.1 DESIGNATION. The officers of the Association shall be a President, Secretary and Treasurer, all of whom shall be elected by the Board of Directors. The Board of Directors may also, from time to time, elect one or more vice presidents of the Association. The Board of Directors may, in its sole discretion, elect to combine any two or more offices such that one person shall hold the combined offices, except that the offices of President and Secretary may not be combined.

6.2 **ELECTION OF OFFICERS.** The officers of the Association shall be elected annually by the Board of Directors at the annual meeting of the Board of Directors and shall hold office at the pleasure of the Board of Directors.

6.3 **REMOVAL OF OFFICERS.** Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

6.4 **PRESIDENT.** The President shall be the chief executive officer of the Association. The President shall preside at all meetings of both the Association and the Board of Directors, and shall have all the general powers and duties which are usually vested in the office of President of an association, including without limitation the power to appoint committees from among the Members to assist in the administration of the affairs of the Association. The President, or his designated alternate, shall represent the Association at all meetings of the Association.

6.5 **VICE PRESIDENT.** Any Vice President elected by the Board of Directors shall perform such duties as may be required of him from time to time by the President or the Board of Directors.

6.6 **SECRETARY.**

(a) The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of the Secretary.

(b) The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6.7 **TREASURER.** The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such money as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors. The Treasurer shall also have the authority to: keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Members at their regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to him by the Board of Directors.

**ARTICLE VII**  
**OBLIGATIONS OF THE OWNERS**

7.1 **FEES AND ASSESSMENTS.** All Lot Owners shall be obligated to pay the assessments imposed by the Association in accordance with the Declaration. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these Bylaws, only if he is current in the initiation fee and assessments levied against him and the Lot owned by him.

7.2 **USE OF THE COMMON AREA.** Each Member may use the Common Area in accordance with the purposes for which it is intended. The Board of Directors shall have the right to suspend a Member's right to use the Common Area (a) in the event such Member is delinquent in the payment of the initiation fee or any assessments as provided in the Declaration and (b) for a reasonable period, in the Board's discretion, in response to any infraction of the Association's rules and regulations.

7.3 **GENERAL.** Each Owner shall comply strictly with the provisions of the Declaration.

**ARTICLE VIII**  
**AMENDMENTS TO BYLAWS**

Subject to the rights of the Members to amend or repeal the Bylaws or to adopt new bylaws, these Bylaws may be amended or repealed, or new bylaws may be adopted by the Board of Directors.

**ARTICLE IX**  
**MORTGAGES**

9.1 **NOTICE TO ASSOCIATION.** An Owner who mortgages his Lot shall notify the Association through the President or Secretary of the Association, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgages of Lots".

9.2 **NOTICE OF UNPAID ASSESSMENTS.** The Association shall, at the request of a mortgagee of a Lot, report any unpaid assessments due from the Owner of such Lot.

**ARTICLE X**  
**ACTIONS WITHOUT MEETINGS**

10.1 **CONSENT TO ACTION.** Any action required or permitted to be taken at any meeting of Members, Directors or committee members may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by a sufficient number of Members, Directors or committee members, as the case may be, as would be necessary to take that action at a meeting at which all persons entitled to vote on the action were present and voted.

10.2 **NOTICE OF ACTION.** Prompt notice of the taking of any action by Members, Directors or committee members without a meeting by less than unanimous written consent shall be given to those Members, Directors or committee members who did not consent in writing to the action. Every written consent signed by less than all the Members, Directors or committee members entitled to vote with respect to the action that is the subject of the consent shall bear the date of signature of each person



who signs the consent. No written consent signed by less than all the Members, Directors or committee members entitled to vote with respect to the action that is the subject of the consent shall be effective to take such action unless, within sixty (60) days after the date of the earliest dated consent delivered to the Association in the manner required by law, a consent or consents signed by not less than the minimum number of Members, Directors or committee members that would be necessary to take the action that is the subject of the consent are delivered to the Association by delivery to its registered office, registered agent, or principal place of business, or by delivery to an officer or agent of the Association having custody of the books in which proceedings of meetings of Members are recorded. Delivery shall be by personal delivery, facsimile transmission or certified or registered mail, return receipt requested. Delivery to the Association's principal place of business shall be addressed to the President or principal executive officer of the Association. A telegram, telex, cablegram or similar transmission by a Member, Director or committee member, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a Member, Director or committee member, shall be regarded as signed by the Member, director or committee member for purposes of this Section 10.2.

## ARTICLE XI NON-PROFIT ASSOCIATION

11.1 NON-PROFIT PURPOSE. This Association is not organized for profit. No Lot Owner, Member, Director or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Director; provided, however, (a) reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (b) any Director may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, subject to prior approval by the Board of Directors.

11.2 FILING OF PAPERS. The Board of Directors shall cause to be filed with all applicable government agencies such certificates, reports and other paperwork as necessary to assure that the Association, to the maximum extent possible, retains its tax-exempt status as a Texas nonprofit corporation operating exclusively as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete and correct copy of the Bylaws of BONDS RANCH COMMUNITY HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation, as adopted by the Board of Directors by unanimous consent in lieu of organizational meeting on September 26, 2001.

IN WITNESS WHEREOF, I hereunto set my hand as of September 26, 2001.

  
Sandra Renteria, Secretary