

BYLAWS OF
PRESTWICK HOMEOWNERS ASSOCIATION, INC.

(a Texas association)

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ARTICLE 1
INTRODUCTION

1.1. **Property.** These Bylaws of PRESTWICK HOMEOWNERS ASSOCIATION, INC., provide for the governance of the neighborhood regime (the "Property") known as PRESTWICK, as more particularly described in that certain Declaration of Covenants, Conditions and Restrictions for PRESTWICK HOMEOWNERS ASSOCIATION INC. recorded in the Official Public Records of Collin County, Texas (the "Declaration").

1.2. **Parties to Bylaws.** All present or future Owners of Property and all other persons who use or occupy the Property in any manner are subject to these Bylaws, the Declaration, and the other Documents as defined in the Declaration. The mere acquisition or occupancy of the Property will signify that these Bylaws are accepted, ratified, and will be strictly followed.

1.3. **Definitions.** Words and phrases defined in the Declaration have the same meanings when used in these Bylaws. Article 1 of the Declaration is incorporated herein by reference.

1.4. **Nonprofit Purpose.** The Association is organized to be a nonprofit corporation.

1.5. **General Powers and Duties.** The Association, acting through the Board, has the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property as may be required or permitted by the Documents and Texas law. The 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 the limitations upon the exercise of such powers as are expressly set forth in the Documents.

ARTICLE 2
BOARD OF DIRECTORS

2.1. **Governance.** Until one hundred and twenty (120) days after ninety percent (90%) of the Properties which may be created pursuant to this Declaration have been conveyed to Owners other than the Declarant (the "90% Trigger Date"), the Board will consist of three (3) members appointed by the Declarant. On the 90% Trigger Date, the Board will be elected or appointed as follows: (i) two (2) members will be appointed by the Declarant; and (ii) one (1) member will be appointed by Property owners other than the Declarant. Not later than one hundred and twenty (120) days after ninety percent (90%) of the Properties which may be created pursuant to this Declaration have been conveyed to Owners other than the Declarant (the "90% Trigger Date"), the Board will

consist of a minimum of (3) members during the term of Declarant control, and shall be appointed as follows: (i) two (2) members will be appointed by the Declarant; and (ii) one (1) member will be appointed by Property owners other than the Declarant. After Declarant control, the board may consist of three (3) or a maximum of five (5) members and terms shall be staggered for continuity as follows: a three (3) person board shall consist of two seats with terms of two (2) years and one (1) seat with a term of one (1) year. The seats with two (2) year terms shall be those members receiving the highest number of votes. A board consisting of five (5) members shall have three (3) seats with a term of two (2) years and two (2) seats with a term of one (1) year. The seats with a two (2) year term shall be those with the highest votes. After Declarant control has ended the Board shall reserve the right to increase its members from a three (3) person to a five (5) person Board at any time.

2.2. Qualification. The following qualifications apply to the election or appointment of persons to the Board.

2.2.1. Owners. The directors must be Members of the Association or spouses of Members.

2.2.2. Entity Member. If a Property 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.

2.2.3. Delinquency. No person may be elected or appointed as a director if any assessment against the person or his Property is delinquent at the time of election or appointment, provided he has been given notice of the delinquency and a reasonable opportunity to cure the delinquency.

2.2.4. Litigation. No person may be elected or appointed as a director if the person is a party adverse to the Association or the Board in pending litigation to which the Association or the Board is a party.

2.3. Meetings of the Board.

2.3.1. Organizational Meeting of the Board. Within sixty (60) 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.

2.3.2. Regular Meetings of the Board. 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 (1) such meeting must be held annually. Notice of regular meetings of the Board will be given to each director, personally or by telephone, written, or electronic communication, at least three (3) days prior to the date of the meeting.

2.3.3. Special Meetings of the Board. Special meetings of the Board may be called by the president or, if he is absent or refuses to act, by the secretary, or by any two (2) directors. At least three (3) days notice will be given to each director, personally or by telephone, written, or electronic communication, which notice must state the place, time, and purpose of the meeting.

2.3.4. Emergency Meetings. In case of emergency, the Board may convene a meeting after making a diligent attempt to notify each director by any practical method.

2.3.5. 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.

2.3.6. 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. Directors may not participate by proxy at meetings of the Board.

2.3.7. Telephone Meetings. Members of the Board or any committee of the 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.

2.3.8. Action without a Meeting. Any action required or permitted to be taken by the Board at a meeting may be taken without a meeting, if all directors individually or collectively consent in writing to such action. The written consent must be filed with the minutes of Board meetings. Action by written consent has the same force and effect as a unanimous vote. This Section does not apply to actions that require meetings under the Act.

2.4. Liabilities and Standard of Care. In performing their duties, the directors are required to exercise certain standards of care and are subject to certain liabilities, including but not limited to the following provisions of State law: Section 82.103(a) and (f) of the Act, and Sections 3.102, 3.105, 22.221, 22.223, 22.224, 22.225, 22.226, 22.227 and 22.230 of the Texas Business Organizations Code.

2.5. Powers and Duties. The Board has all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Property. The Board may do all acts and things except those which, by law or the 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 laws or the Documents, or powers and duties as may hereafter be imposed on the Board by resolution of the Association, the powers and duties of the Board include, but are not limited to, the following:

2.5.1. 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.

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

ARTICLE 3 OFFICERS

3.1. Designation. The principal officers of the Association are the president, the secretary, and the treasurer. The Board may appoint one (1) or more vice-presidents and other officers and assistant officers as it deems necessary. The president and secretary must be directors. Other officers must be Members. Any two (2) 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 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. Standard of Care. In performing their duties, the officers are required to exercise the standards of care provided by Section §2.103(a) and (f) of the Act and by Section 3.105 of the Texas Business Organizations Code.

3.5. Description of Principal Offices.

3.5.1. President. As the chief executive officer of the Association, the president: (i) presides at all meetings of the Association and of the Board; (ii) has all the general powers and duties which are usually vested in the office of president of a corporation organized under the laws of the State of Texas; (iii) has general supervision, direction, and control of the business of the Association, subject to the control of the Board; and (iv) sees that all orders and resolutions of the Board are carried into effect.

3.5.2. Secretary. The secretary: (i) keeps the minutes of all meetings of the Board and of the Association; (ii) has charge of such books, papers, and records as the Board may direct; (iii) maintains a record of the names and addresses of the Members for the mailing of notices; and (iv) in general, performs all duties incident to the office of secretary.

3.5.3. Treasurer. The treasurer: (i) is responsible for Association funds; (ii) keeps full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepares all required financial data and tax returns; (iv) deposits all monies or other valuable effects in the name of the Association in depositories as may from time to time be designated by the Board; (v) prepares the annual and supplemental budgets of the Association; (vi) reviews the accounts of the managing agent on a monthly basis in the event a managing agent is responsible for collecting and disbursing Association funds; and (vii) performs all the duties incident to the office of treasurer.

3.6. Authorized Agents. Except when the Documents require execution of certain instruments by certain individuals, the Board may authorize any person to execute instruments on behalf of the Association. In the absence of Board designation, the president and the secretary are the only persons authorized to execute instruments on behalf of the Association.

ARTICLE 4 MEETINGS OF THE ASSOCIATION

4.1. Annual Meeting. An annual meeting of the Association will be held annually on a date and time specified by the Board. At annual meetings the Members will transact such business of the Association as may properly come before them.

4.2. **Special Meetings.** It is the duty of the president to call a special meeting of the Association if directed to do so by a Majority of the Board or by a petition signed by Owners of at least fifty percent (51%) of the Properties. The meeting must be held within thirty (30) days after the Board resolution or receipt of petition. 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.

4.3. **Place of Meetings.** Meetings of the Association may be held at the Property or at a suitable place convenient to the Members, as determined by the Board.

4.4. **Notice of Meetings.** At the direction of the Board, written notice of meetings of the Association will be given to an Owner of each Property at least ten (10) days but not more than sixty (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.

4.5. **Ineligibility.** The Board may determine that no Member may vote at meetings of the Association if the Member's financial account with the Association is in arrears forty-five (45) days before the date of a meeting of the Association at which Members will vote, provided 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. A determination of Members entitled to vote at a meeting of the Association is effective for any adjournment of the meeting, provided the date of the adjourned meeting is not more than forty-five (45) days after the original meeting.

4.6. **Voting Members List.** The Board will prepare and make available a list of the Association's voting Members in accordance with Section 22.158(b) of the Texas Business Organizations Code.

4.7. **Quorum.** At any meeting of the Association, the presence in person or by proxy of Members representing at least thirty percent (30%) of the Properties in the Property constitutes a Regular Quorum. The presence in person or by proxy of Members representing at least sixty (60%) of the Properties in the Property constitutes a Special Quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of Members constituting a quorum.

4.8. **Lack of Quorum.** If a quorum is present at no time during a properly called meeting, a majority of the Members present, although not constituting a quorum, may vote to adjourn the meeting and reconvene with no further notice

required. At the reconvened meeting pursuant to this provision, Members constituting a Regular Quorum and Special Quorum will be reduced to one-half (1/2) of the required Regular Quorum and Special Quorum at the preceding meeting; provided however, that such preceding meeting is held not later than thirty (30) days after the first (1st) meeting.

4.9. Votes. The vote of Members representing at least a Majority of the votes cast at any meeting at which a quorum is present binds all Members for all purposes, except when a higher percentage is required by these Bylaws, the Declaration, or by law. Cumulative voting is prohibited.

4.9.1. Co-Owned Properties. If a Property is owned by more than one Member, the vote appurtenant to that Property is cast in accordance with Section 82.110(a) of Act, which is summarized as follows. If only one of the multiple Owners of a Property is present at a meeting of the Association, that person may cast the vote allocated to that Property. If more than one of the multiple Owners is present, the vote allocated to that Property may be cast only in accordance with the Owners' unanimous agreement. Multiple Owners are in unanimous agreement if one of the multiple Owners casts the vote allocated to a Property and none of the other Owners makes prompt protest to the person presiding over the meeting.

4.9.2. Corporation-Owned Properties. If a Property is owned by a corporation, the vote appurtenant to that Property may be cast by any officer of the corporation in the absence of the corporation's written appointment of a specific person to exercise its vote. The vote of a partnership may be cast by any general partner in the absence of the partners' written appointment of a specific person. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of a corporation or partnership is qualified to vote.

4.9.3. Association-Owned Properties. Votes allocated to a Property owned by the Association may be counted towards a quorum and for all ballots and votes except the election or removal of directors. The vote appurtenant to a Property owned by the Association is exercised by the Board.

4.10. Proxies. Votes may be cast in person or by written proxy. To be valid, each proxy must: (i) be signed and dated by a Member or his attorney-in-fact; (ii) identify the Property to which the vote is appurtenant; (iii) name the person or title (such as "presiding officer") in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the secretary, to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the Board. Unless the proxy specifies a shorter or longer time, it terminates eleven (11) months after the date of its execution. To revoke a proxy, the granting Member must give actual notice of revocation to the

person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. A proxy may be delivered by email or fax. However, a proxy received by email or fax may not be counted to make or break a tie-vote unless the proxy has been acknowledged or sworn to by the Member, before and certified by an officer authorized to take acknowledgments and oaths.

4.11. **Conduct of Meetings.** The president, or any person designated by the Board, presides over meetings of the 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.

4.12. **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 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 of Officers (if any)
New Business
Unfinished or old business

4.13. **Adjournment of Meeting.** At any meeting of the 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.

4.14. **Action without Meeting.** Subject to Board approval, any action which may be taken by a vote of the Members at a meeting of the Association may also be taken without a meeting by written consents. The Board may permit Members to vote by any method allowed by Section 22.160(b)(c) and (d) of the Texas Business Organizations Code, which may include hand delivery, mail, fax, email, or any combination of these. Written consents by Members representing at least a Majority of votes in the Association, or such higher percentage as may be required by the Documents, constitutes approval by written consent. This Section may not be used to, avoid the requirement of an annual meeting and does not apply to the election of directors.

ARTICLE 5

RULES

5.1. **Rules.** The Board has the right to establish and amend, from time to time, reasonable rules and regulations for: (i) the administration of the Association and the Documents; (ii) the maintenance, management, operation, use, conservation, and

beautification of the Property; and (iii) the health, comfort, and general welfare of the residents; provided, however, that such rules may not be in conflict with law or the 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.

5.2. 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.

5.3. 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 through the web or internet by posting on the Association's web page or pages and, if the Board so chooses, to non-Member residents.

ARTICLE 6 ENFORCEMENT

6.1. Remedies. The violation of any provision of the Documents gives the Board the following rights, in addition to any other rights set forth in the Documents:

6.1.1. Fines. To impose reasonable fines, if notice and an opportunity to be heard are given.

6.1.2. Self-Help. After notice and an opportunity to be heard are given, except in case of an emergency, to enter the Property or Common Element in which, or as to which, The violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Property) that is contrary to the intent and meaning of the provisions of the Documents. The Board may not be deemed liable for any manner of trespass by this action.

6.1.3. Courts. To enjoin, abate, or remedy, by appropriate legal proceedings, the continuance of any breach.

6.2. Notice and Hearing. Before imposing a fine or exercising self-help abatement, the Board must give the Owner a minimum of one (1) written violation notice providing not less than five (5) days to abate the violation, and an opportunity to be heard.

6.2.1. Notice of Violation. The Board's written violation notice will contain the following: (i) the date the violation notice is prepared or mailed; (ii) a description of the violation; (iii) a reference to the rule or provision of the Documents that is being violated; (iv) a description of the action required to cure the violation; (v) the amount of the fine to be levied and/or the abatement action to be taken; (vi) the date the fine begins accruing or abatement action becomes possible; and (vi) a statement that not later than the 30th day after the date of the violation notice, the Owner may request a hearing before the Board to contest the fine or the abatement action.

6.2.2. Notice to Resident. In addition to giving the written 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.

6.2.3. Request for Hearing. To request a hearing before the Board, an Owner must submit a written request to the Board within thirty (30) days after the date of the violation notice. Within ten (10) days after receiving the Owner's request for a hearing, the Board will give the Owner notice of the date, time, and place of the hearing. The hearing will be scheduled for a date within forty-five (45) days from the date the Board receives the Owner's request, and should be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend.

6.2.4. Pending Hearing. Pending the hearing, the Board may continue to exercise the 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 levy of the fine or the abatement action described in the notice.

6.2.5. Hearing. The hearing will 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. No audio or video recording of the hearing may be made.

6.2.6. Minutes of Hearing. The minutes of the hearing must contain a statement of the results of the hearing and the amount of fine, if any, imposed, or abatement action, if any, authorized. A copy of the violation 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.

6.3. Imposition of Fine. Within thirty (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.

6.3.1. 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, the maximum amount for a fine may not exceed \$500.00 per violation occurrence. Each violation shall be treated as a separate occurrence regardless of whether the violation is of the same type or nature.

6.3.2. 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.

6.3.3. Other Fine-Related. The 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 Association may not charge interest on unpaid fines. The 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.

6.4. 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 Documents which, in the Board's opinion, are: (i) self-evident, such as vehicles parked illegally or in violation of posted signs; (ii) threatening to life or property; or (iii) 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 Documents for certain violations, such as nonpayment of assessments.

ARTICLE 7

OBLIGATIONS OF OWNERS

7.1. Notice of Sale. Any Owner intending to sell or convey his Property or any interest therein must give written notice to the Board of his intention, together with: (i) the address or legal description of the Property being conveyed; (ii) the name and address of the intended purchaser; (iii) the name, address, and phone number of the title company or attorney designated to close the transaction; (iv) names and phone numbers of real estate agents, if any, representing seller and purchaser; and (v) scheduled date of closing. An Owner will, furnish this information to the Board at least ten (10) business days before the scheduled date of closing or conveyance. The requirements of this Section may be satisfied by giving the Association a copy of an accepted resale contract in connection with the Owner's request to the Association for a resale certificate.

7.2. Proof of Ownership. On request by the Association from time to time, any person who purports to be an Owner or the agent of an Owner must furnish to the Board evidence of ownership of the Property. A copy of the recorded deed is the customary evidence. 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 Property or any interest therein. The Association may refuse to recognize a person as a Member unless the requested documentation is

provided.

7.3. **Owners' Information.** Within thirty (30) days after acquiring an ownership interest in a Property, the Owner must provide the 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 Property as agent of the Property Owner. An Owner must notify the Association within thirty (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 Association from time to time.

7.4. **Mailing Address.** The Owner or the several co-Owners of a Property must register and maintain one mailing address to be used by the Association for mailing of notices, demands, and all other communications. If an Owner fails to maintain a current mailing address with the Association, the address of the Owners Property is deemed to be his mailing address.

7.5. **Registration of Mortgagees.** Within thirty (30) days after granting a lien against his Property, the Owner must provide the Association with the name and address of the holder of the lien. The Owner must notify the Association within thirty (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 Association from time to time.

7.6. **Assessments.** All Owners are obligated to pay assessments imposed by the Association to meet the common expenses as defined in the Declaration. A Member is deemed to be in good standing and entitled to vote at any meeting of the Association if he is current in the assessments made or levied against him and his Property.

7.7. **Compliance with Documents.** Each Owner will comply with the provisions and terms of the 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 8 ASSOCIATION RECORDS

8.1. **Records.** The Association will use its best efforts to keep the records required by Section 62.114(a) of the Act, including the following:

- i. Minutes or a similar record of the proceedings of meetings of the Association.
- ii. Minutes or a similar record of the proceedings of meetings of the Board.
- iii. Names and mailing addresses of the Members, the currency and

accuracy of the information being the responsibility of the Members.

- iv. Financial records and books of account for the Association, kept in a manner consistent with generally accepted accounting principles.
- v. Copies of income tax returns prepared for the Internal Revenue Service.
- vi. Copies of the Documents and all amendments to any of these.
- vii. A record of all votes or written consents by which amendments to the Documents were approved, for at least four (4) years after the approval.

8.2. Inspection of Books and Records. Books and records of the Association will be made available for inspection and copying pursuant to Section 82.114(b) of the Act and Sections 3.151, 3.153 and 22.351 of the Texas Business Organizations Code.

8.2.1. 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: (i) to determine whether the Member's purpose for inspection is proper; (ii) to deny the request if the Board determines that the Member's purpose is not proper; (iii) if granting the request, to identify which books and records are relevant to the Member's stated purpose for inspection.

8.2.2. 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.

8.2.3. 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.

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

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

ARTICLE 9
NOTICES

9.1. **Co-Owners.** If a Property is owned by more than one person, notice to one co-Owner is deemed notice to all co-Owners.

9.2. **Delivery of Notices.** Any written notice required or permitted by these Bylaws may be given personally, by mail, by fax, by email, or by any other method permitted by 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 Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or email.

9.3. **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 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 Association or Board, respectively, no notice is required and any business may be transacted at the meeting.

ARTICLE 10
DECLARANT PROVISIONS

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

10.2. **Board of Directors.** During the Declarant Control Period, Section 113 and Exhibit "A" of the Declaration governs the number, qualification, and appointment of directors. The initial directors will be appointed by Declarant and need not be Owners or residents. Directors appointed by Declarant may not be removed by the Owners and may be removed by Declarant only. Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

10.3. **Organizational Meeting.** Within one hundred and twenty (120) days after the end of the Declarant Control Period, or sooner at Declarant's option, Declarant or Managing Agent will call an organizational meeting of the Members. Notice of the organizational meeting will be given as if it were notice of an annual meeting.

ARTICLE 11
AMENDMENTS TO BYLAWS

11.1. **Authority.** These Bylaws may not be amended by the Board without approval by the Members. These Bylaws may be amended by the simple majority of

the Board according to the terms of this Article.

11.2. **Declarant Protection.** During the Development Period, no amendment of these Bylaws may affect the Declarant's rights herein without the Declarant's written and acknowledged consent. Specifically, this Section and the article titled "Declarant Provisions" may not be amended without the prior written approval of the Declarant. The Declarant's written consent must be part of the amendment instrument.

ARTICLE 12 GENERAL PROVISIONS

12.1. **Compensation.** A director, officer, Member, or resident may not receive any pecuniary profit from the operation of the Association, and no funds or assets of the Association may be paid as a salary or as compensation to, or be distributed to, or inure to the benefit of a director, officer, Member, or resident. Nevertheless,

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

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

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

iv. This provision does not apply to distributions to Property Owners permitted or required by the Declaration or the Act.

12.2. **Conflicting Provisions.** If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, the conflicting Bylaws provision is null and void, but all other provisions of these Bylaws remain in full force and effect. In the case of any conflict between the certificate of formation of the Association and these Bylaws, the certificate of formation controls. In the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

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

12.6. Waiver. No restriction, condition, obligation, or covenant contained in these 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.

12.7. Indemnification. To the fullest extent permitted by applicable law, the Association will indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative, by reason of the fact that such person is or was a director, officer, committee member, employee, servant, or agent of the Association against expenses (including attorney's fees, judgments, fines, and amounts paid in settlement) actually and reasonably incurred by such person in connection with such action, suit or proceeding if it is found and determined by the Board or a court that such person; (i) acted in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Association; or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe such conduct was unlawful. The termination of any action, suit, or proceeding by settlement, or upon a plea of nolo contendere or its equivalent, will not of itself create a presumption that the person did not act in good faith or in a manner reasonably believed to be in, or not opposed to, the best interests of the Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that such conduct was unlawful.

Adopted on the 3rd day of January, 2013

I, Mehrdad Moayedi, being the Declarant and Board of Director of Prestwyck Homeowners Association, Inc., do hereby affirm that these Bylaws were adopted for and in consideration of Prestwyck Homeowners Association as of the date set forth above.



Mehrdad Moayedi,
Declarant / President

PRESTWYCK HOMEOWNERS ASSOCIATION, INC.

PAYMENT PLAN POLICY AND
APPLICATION OF PAYMENTS

Purpose: The purpose of this policy is to provide a uniform and consistent way to manage homeowner's requests for payment plans and to address their delinquent assessments and fees due to Prestwyck, (the "Association").

It is the intention of the Board of Directors to work with homeowners to satisfy their obligation to the Association. Therefore, in an effort to assist those homeowners in the payment of their obligations to the Association, the Board of Directors has established the following policy. If the Association employs a managing agent, the managing agent shall comply with the policies set forth in this payment plan policy. The managing agent shall not be required to obtain prior approval of the Board of Directors so long as the terms and restrictions set forth are being followed. Any deviation from this policy will require prior approval of the Board.

Payment Plans:

1. The Association will allow payment plans for repayment of delinquent amounts with a minimum of three (3) months duration.
2. Terms for repayment of delinquent amounts shall not exceed twelve (12) months without Board approval.
3. Assessments that become due and are added to the homeowner's account during the term of the payment plan must be paid when due in addition to repayment of delinquent amounts. The failure of an Owner to make current assessment payments when due shall constitute default of their payment plan.
4. A one-time fee of Thirty-five and No/100 Dollars (\$35.00) shall be charged to the Owner's account which shall serve to reimburse the Association or Its Managing Agent, if applicable, for its efforts to negotiate, establish, and initiate a payment plan on behalf of the Association. This charge shall be paid by Owner and shall be due along with the first installment payment. The Managing Agent may be eligible for additional administrative fees in connection with the monthly monitoring and processing of payments during an active payment plan. This fee shall not exceed \$10.00 per month, per payment plan and shall be payable by the Owner. In the event the Association terminates its contract with the Managing Agent early, the Association shall be responsible for any unpaid outstanding fees.
5. The plan must include the total debt owed to the Association, including late fees, interest, fines and/or other collection costs as well as any amount the Association has agreed to waive as part of the agreed upon payment plan terms. No account will receive an adjustment to charges owed until and unless the agreed upon payment plan is completed. At that time, the Association or its Managing Agent will make the adjustments, if any, agreed upon at the commencement of the payment plan. Should

the Owner default on the payment plan, no waiver shall be given and all late fees and collection fees that would have accumulated during that time shall be added to the Owner's account and shall be come due and payable immediately.

6. There shall be no waiver of any charges on the homeowner's account unless the owner submits a written request for consideration and approval. The Managing Agent shall have the authority to waive up to three (3) months late fees owed to the Association without Board approval. Fees owed to the Managing Agent may not be waived by the Board. Any waiver of collection or other fees owed to the Managing Agent shall be at the sole discretion of the Managing Agent.

7. To be eligible for a payment plan, the homeowner must not have defaulted on a prior payment plan within a two (2) year period preceding the request for a payment plan. If such a default exists, the Board or its Managing Agent may, but is not obligated, to allow a payment plan. Every such request shall be reviewed and determined on a case by case basis.

8. Interest, late and/or collection charges shall not accrue during the terms of an active payment plan so long as the Owner remains current on payments including current Assessments as they become due throughout the duration of the payment plan. Should the Owner default on his/her payment plan, the Association and its Managing Agent shall be entitled to add any interest, late and/or collection fees due up to and through the date the Owner defaulted and forward unless the payment plan reinstates which shall be at the sole discretion of the Board of Directors or its Managing Agent. As stated in Subsection 7 above, Owner's who default on a payment plan may not be entitled to another payment plan for a minimum of two (2) years.

9. The plan must contain a schedule setting forth the date that each payment will be due and the exact amount of each payment to be made.

10. Payment plans approved after the account has been turned over to the Association's attorney shall be administered by the Attorney. Attorney charges are Excluded from Sub Section 8 above and will be charged to the Owner's account.

11. Payment plans for Owner's in foreclosure may only be approved by the Board of Directors. The payment plan may be administered by the Association's Attorney and must include the amount due as well as any terms agreed upon between the Owner and the Board with regard to settlement amounts and terms. The Managing Agent, acting on behalf of the Board of Directors, shall communicate this information to the Association's attorney for the individual payment plan request and the initial payment must be received on or before the deadline established by the Association's attorney.

Settlements: The Board of Directors will consider written offers to settle an account and may but, are not obligated to include accounts at the foreclosure stage. Settlements must be paid in certified funds and may be subject to the deadlines established by the Association's attorney. Settlement offers may not include costs owed directly to the Managing Agent without the express written consent of the Managing Agent.

Default: The Board of Directors shall herein establish criteria for determining what constitutes "default" on payment plans.

"Default" may include one or all of the following:

1. Failure of homeowner to make a payment by the proposed date in accordance with the approved payment plan.
2. Failure of homeowner to make the full amount of a payment as stated in the approved payment plan.
3. Failure of homeowner to make a timely payment of any current or additional assessments or charges that come due such as Special Assessments or Individual Assessments, during the term of the payment plan.

Should the homeowner default on a payment plan:

1. The outstanding balance shall become due and payable immediately and may require payment in certified funds. The Association and its Managing Agent shall be entitled to add any interest, late and/or collection fees due up to and through the date the Owner defaulted and forward.
2. The Managing Agent shall proceed with appropriate collection measures in accordance with the Association's Collection Policy in order to secure payment of amounts due to the Association.

Any payment received by the Association from a homeowner whose account reflects an unpaid balance and the homeowner is in default under a payment plan entered into with the Association, the payment shall be applied to the outstanding balance in the following order so long as and unless a conflict between this policy and the Texas State Property Code exists, in which case the order of application of payment shall be as set forth in the Texas State Property Code:

- 1) Cost of Collection including attorneys' fees
- 2) Special Individual Assessments, including Violation Fines (if applicable)
- 3) Late Charges
- 4) Accrued but Unpaid Interest
- 5) Other costs of Collection
- 6) Special Assessments
- 7) Annual Assessments
- 8) Any other amounts owed to the Association

**RESOLUTION ADOPTING A COLLECTION POLICY
FOR
PRESTWYCK HOMEOWNERS ASSOCIATION, INC.
(the "Association")**

WHEREAS, the Declaration of Covenants, Conditions and Restrictions (the "CCR's") for Prestwyck Homeowners Association, Inc., grants authority to collect delinquent assessments and provides that said fees for the collection of delinquent assessments shall be determined by the Board; and

WHEREAS, there is a need to adopt, amend, and/or supplement the collection policy to collect delinquent monies to operate the Association's affairs pursuant to requirements for the governing documents; and

WHEREAS, it is the intent of the Board of Directors to adopt, amend and/or supplement a collections policy;

NOW THEREFORE, BE IT RESOLVED, that the policy for collecting delinquent assessments shall be as follows:

1. Assessments are Annual and due January 1st of each year.
2. Assessment payments will be considered delinquent if payment is not received by or before January 31st of each year.
3. All assessments past due more than thirty (30) days, unpaid fines and other amounts owed to the Association by any Owner which are not paid when due may accrue interest thereon as may be determined by and at the sole discretion of the Board of Directors of the Association at any time and from time to time and shall bear interest from the date due until paid at the rate of eighteen percent (18%) per annum, but not in excess of the maximum rate allowed by applicable law (the "Default Interest Rate").
4. If any assessment or any part thereof remains unpaid after thirty (30) days from the initial due date, a late charge shall be assessed against the non-paying Owner's account for each month or any part thereof, any assessment remains unpaid. Should the assessment be payable in installments, the Association is authorized to accelerate the entire assessment and demand immediate payment thereof. The late charge shall be in the amount of Twenty-Five and No/100 Dollars (\$25.00) each month and shall be payable to the Association. The late fee shall be charged to the Owner's account.
5. The Association's Managing Agent shall be entitled to charge an Owner a monthly collection fee in the amount of Fifteen and No/100 Dollars (\$15.00) for each month or any part thereof, any assessment remains unpaid to compensate Managing Agent for its administrative costs and efforts to collect and process the late payment of Assessments. Additionally, as outlined in item number 7(c) below, the Managing Agent shall be entitled to additional compensation for every "30 Day Demand Letter"

processed and sent to an Owner with a delinquent account. In the event the Association terminates its contract with the Managing Agent early, the Association shall be responsible for the payment of all collection fees and charges owed to the Managing Agent up to the date of termination of contract.

6. In the event the Association is charged by their bank a fee which is due to a payment being returned for insufficient funds or for any other reason, the Association shall charge the full amount of the bank fee to the Owner's account for reimbursement to the Association.
7. Should a delinquent Owner's account remain unpaid after thirty (30) days, reasonable efforts to collect the assessments owed shall be initiated by the Association or its Managing Agent as outlined below or as may be set forth in the contract of the Association and Managing Agent, if applicable. The outline provided is not meant to be inclusive of the collection efforts or processes which can or may be taken. Other collection processes may include actions such as credit reporting or third party collections, the costs of which shall be charged to an Owner's account.

Reasonable Efforts may include the following:

- A. The Association or its Managing Agent shall send a minimum of one (1) notice. This notice shall be general in nature and may be a copy of account statement. The non-paying Owner shall have a minimum of ten (10) days to bring the account current. This notice shall be sent regular U.S. mail.
- B. If the non-paying Owner does not respond to the initial notice or pay the full amount due, the Association or its Managing Agent shall have the option to send a "Second Notice." The "Second Notice" shall include a Statement of Account and shall include sufficient wording alerting the Owner that failure to pay the amount due may result in the account being referred to the Association's attorney. The "Second Notice" shall give the non-paying Owner a minimum of ten (10) days to bring the account current. This notice shall be sent regular U.S. mail.
- C. If the non-paying Owner does not bring the account current after a first and/or second notice have been sent, the Association or its Managing Agent shall send a "30 Day Demand Letter." This notice shall be sent regular and certified mail by placing it for delivery with the U.S. Postal Service. The Managing Agent shall be entitled to a fee of Ten and No/100 Dollars (\$10.00) for each "30 Day Demand Letter" processed to compensate the Managing Agent for its administrative costs and efforts. This fee shall be charged to the non-paying Owner's account. The criteria below must be met before sending a "30 Day Demand Letter."
 - i. The non-paying Owner's account must be a minimum of thirty (30) days past due.

8. After a "30 Day Demand Letter" has been sent and the non-paying Owner has failed to bring the account current, the Association or its Managing Agent shall review the account to determine if it meets the criteria for referral to the Association's attorney. The Managing Agent shall have the authority to refer delinquent accounts to the Attorney for "Attorney Demand Letter" and "Notice of Lien" or "Lien" without requiring the prior approval of the Board on accounts with a delinquent balance of \$1,000.00 or more it being the intention of the Board of Directors on behalf of the Association that filing a lien on delinquent accounts for the purpose of securing payment of delinquent accounts shall be a routine part of the collection process set forth by the Association.

As part of the attorney's collection process, if the non-paying Owner fails to pay in full all Assessments and other charges due, the Association or its Managing Agent may cause a notice of the Association's Assessment Lien against the Owner to be publicly recorded. A copy of the notice of lien will be sent to the defaulting Owner, and may be sent to its Mortgagee. The Board of Directors may instruct an attorney, officer or agent of the Association to notify the defaulting Owner of the Association's intent to foreclose its Assessment Lien Nonjudicially, to post the property for sale at a public auction, and to conduct a public auction of the property in accordance with the Act, the Governing Documents and all other requirements of state law. The Board of Directors may file suit against the defaulting Owner for judicial foreclosure of the Association's Assessment Lien. This action may be combined with a claim against the Owner for recovery of a money judgment. NO FORECLOSURE PROCESS INCLUDING THE INITIAL NOTICE OF INTENT TO FORECLOSE SHALL BE SENT WITHOUT WRITTEN APPROVAL OF THE BOARD OF DIRECTORS WHICH MAY BE OBTAINED BY MAJORITY VOTE OF THE BOARD OR BY THE DESIGNATED BOARD MEMBER ASSIGNED TO THIS TASK, IF APPLICABLE. ALL SUCH APPROVALS SHALL BE IN WRITING AND SHALL BE MEMORIALIZED IN EXECUTIVE SESSION OF THE BOARD AND RECORDED IN THE MINUTES OF THE MEETING.

9. All late charges, collection fees, service charges and attorneys' fees assessed or incurred due to late payment of Assessments shall be charged to an Owner's account which shall be part of the delinquent Assessment and shall be payable and secured in the manner as provided in the Association's governing documents and / or under Texas Property Code 204.010.
10. The Association may file suit to recover any unpaid Assessment and, in addition to collecting such Assessment and interest thereon, may also recover all expenses reasonably expended in enforcing such obligation, including reasonable attorneys' fees and court costs.
11. The Association may but, is not obligated to waive any portion of charges and / or fees owed to the Association. All requests must be submitted in writing and presented to the Managing Agent for presentation to the Board. In order for the Board to make an informed decision, every request must include the reason for the waiver request and the specific amount of waiver requested. No request will be considered without this information provided.

These guidelines are supplementary and are in addition to any and all other covenants, conditions, restrictions, rules or regulations in effect for the Association. The Board of Directors, in their sole discretion, and by Board Resolution, amends the policies and procedures herein set forth. Any such amendment shall require a majority vote of the Board.

This is to certify the foregoing Collections Policy was adopted by the Board of Directors in accordance with Section 209.0062 of the Texas Property Code. If any provisions of this collection policy conflicts with any provision of the laws of the State of Texas, the conflicting provision is null and void, but all other provisions of this policy remain in full force and effect.

Affirmed to form and content this 24 day of February, 2016


Mehrdad Moayedl, President



Filed and Recorded
Official Public Records
Stacey Kemp, County Clerk
Collin County, TEXAS
02/26/2016 01:35:34 PM
\$198.00 SCAPELA
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