

BYLAWS
OF THE
CHASE OAKS VILLAGE HOMEOWNERS ASSOCIATION, INC.

Chase Oaks Village Homeowners Association, Inc., a Texas nonprofit corporation (the "Corporation"), is hereby organized exclusively to exercise the rights and powers and to perform the duties and obligations of the Corporation in accordance with the Declaration of Covenants, Conditions and Restrictions for Chase Oaks Village (the "**Declaration**"), to be recorded in the Real Property Records of Collin County, Texas, the Articles of Incorporation of the Corporation (the "Articles"), and these bylaws ("Bylaws"), as each may be amended from time to time.

ARTICLE I
Offices, Definitions

- 1.01. Registered Office and Agent. The Registered Office of the Corporation shall be 1913 Justin Road, Suite 113, Flower Mound, Texas, 75028.
- 1.02. Other Offices. The Corporation may also have offices at such other places within or without the State of Texas as the Board of Directors may from time to time determine or the business of the Corporation may require.
- 1.03. Definitions. The following words, when used in these Bylaws (unless otherwise indicated), shall have the following meanings:
- (a) "The Declaration" shall mean and refer to the "Declaration of Restrictions, Covenants and Conditions of Chase Oaks Village, as recorded in Volume _____, Page _____ of the _____ Records of Collin County, Texas, or any Supplemental Declaration of said Declaration.
- (b) "The Properties" shall mean and refer to all existing properties, and additions thereto, as are subject to the Declaration.
- (c) "Common Area" shall mean and refer to those areas of land shown on any recorded subdivision plat of The Properties and easements intended to be devoted to the common use and enjoyment of the members of the Corporation.
- (d) "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision plat of The Properties, with the exception of Common Area as herein defined.
- (e) "Living Unit" shall mean and refer to any portion of a building situated upon The Properties designed and intended for use and occupancy as a residence by a single family.
- (f) "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot or Living Unit which is a part of The Properties, including purchasers under contract from Developer, but notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.
- (g) "Member" shall mean and refer to every person or entity who holds membership in the Corporation.
- (h) "The Developer" and or the "Declarant" shall mean and refer to Chase Oaks Village, L.P.

ARTICLE II
Membership and Voting Rights

- 2.01. Membership. Every person or entity who is a record owner of any Lot which is subject by covenants or record to assessment by the Corporation, shall be a member of the Corporation (provided that any such person or entity who holds such interest merely as security for the performance of an obligation shall not be a member), and any person or entity who acquired any such fee or undivided fee interest shall be deemed to have accepted membership and assumed all obligations thereof. Notwithstanding the foregoing, a person or entity holding title while constructing a residence upon a lot with intent of reselling said House and Lot shall not be considered a Member.
- 2.02. Voting Rights. The corporation shall initially have one class of voting membership. Members shall be all those Owners entitled to one vote for each Lot in which they hold the interest required for membership by Section 1. When more than one person holds such interest in any Lot, all such persons shall be members and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more

than one vote be cast with respect to any Lot. No Owner may vote in the event such Owner's dues are in arrears or the Owner is otherwise indebted to the Association.

2.03. Methods of Voting. At any meeting of the Members, every Member having the right to vote shall be entitled to vote in person, or by a proxy appointed in writing, or his duly authorized attorney-in-fact and dated not more than sixty (60) days prior to said meeting. Any proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting. In the absence of any action by the Board of Directors, the date upon which the Notice of the Meeting is mailed shall be the record date.

2.04. Resolution of Disputes. In any dispute between Members relating to the activities of the Corporation, all parties involved shall cooperate in good faith to resolve the dispute. If the parties cannot resolve the dispute between themselves, they shall cooperate to select one or more mediators to help resolve the dispute. If no timely resolution of the dispute occurs through mediation, any party may demand binding arbitration as provided by Texas law. This Paragraph shall not apply to a dispute involving the Corporation as a party relating to the sanctioning, suspension, or expulsion of a Member from the Corporation. The Board of Directors shall have the discretion to authorize the use of the Corporation's funds for mediation or arbitration of a dispute described in this Paragraph.

ARTICLE III **Meeting of Members**

3.01. General Meetings. All meetings of the Members for the election of directors shall be held at the office of the Corporation in Texas, or at such other place, within or without the State of Texas as may be specified in the Notice of the Meeting or in a duly executed Waiver of Notice thereof. Meetings of Members for any other purpose may be held at such time and place, within or without the State of Texas as shall be stated in the Notice of the Meeting or in a duly executed Waiver of Notice thereof.

3.02. Annual Meeting; First Meeting. An Annual Meeting of the Members shall be held on the second Monday of October of each year, at the hour of 8:00 o'clock p.m.; provided, however, that should said day fall upon a legal holiday, then at the same time on the next business day thereafter. At such meeting, Directors shall be elected, reports of the affairs of the Corporation shall be considered, and any other business may be transacted which is within the powers of the members. The first meeting of Members shall be called within thirty (30) days of the date when ninety-five percent (95%) of the Lots have been sold and houses built thereon.

3.03. Member List. At least ten, (10) days before each meeting of Members, a complete list of the Members entitled to vote at each meeting arranged in alphabetical order, with the residence of each and the number of votes held by each shall be prepared by the Secretary. Such list shall be kept on file at the Registered Office of the Corporation for a period of ten (10) days prior to such meeting and shall be subject to inspection by any member at any time during usual business hours. Such list shall be produced and kept open at the time and place of the meeting during the whole time thereof, and shall be subject to the inspection of any Member who may be present.

3.04. Call for Special Meetings. Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by statute, the Articles of Incorporation, or these Bylaws, may be called by the President, the majority of the Board of Directors or the holders of not less than one-fifth (1/5) of all the Members entitled to vote at the meetings. Business transacted at any special meeting shall be confined to the objects stated in the Notice of the Meeting. No meeting of Members shall be called whether general or special until after the First Meeting of Members under Section 3.2 hereof.

3.05. Notice.

(a) Written or printed notice stating the place, date and time of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) or more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the officer or person calling the meeting, to each Member of record entitled to vote at the meeting; and

(b) Notice of any meeting of Members shall specify the place, date and hour of the meeting. The notice shall also specify the purpose of the meeting if it is a special meeting, or if its purpose or one of its purposes will be to consider a proposed dissolution or the revocation of a voluntary dissolution by act of the Corporation, or to consider a proposed disposition of all, or substantially all of the assets of the Corporation outside the ordinary course of business.

3.06. Quorum; Adjournments. Except as otherwise provided in Article V, Paragraph 5.11 of the Declaration, by statute, by the Articles of Incorporation or these Bylaws, the Members holding one-tenth (1/10) of the votes issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the Members for the transaction of business. If, however, a quorum shall not be present or represented at any meeting of the Members, the Members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. Any business may be transacted which might have been transacted at the meeting as originally notified when a quorum is present.

3.07. Transaction of Business. When a quorum is present at any meeting, the vote of the Members holding a majority of the votes having voting power present in person or represented by proxy shall decide any question before such meeting, unless the question is one upon which by express provisions of the statutes, the Articles of Incorporation, or these Bylaws, a different vote is required, in which case such express provision shall govern. The Members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of any Members to leave less than a quorum.

3.08. Membership Fees and Dues. The Board of Directors may set and charge the initiation fee, 2 month special assessment, together with the annual dues payable by Members. The initiation fee, 2 month special assessment, and the annual dues shall be due and payable at Closing of the Lot when that Owner becomes a Member of the HOA. Annual dues shall be due and payable as established herein and the annual dues shall be prorated from the date the Member becomes an Owner.

ARTICLE IV **Directors**

4.01. Powers. The business and affairs of the Corporation shall be managed by its Board of Directors who may exercise all the powers of the Corporation and may do all lawful acts and things which are not by statute, The Declaration, the Article of Incorporation or these Bylaws directed or required to be exercised or done by the Members. Specifically, the Board of Directors shall be empowered to take such actions as authorized by the Members.

4.02. Number, Election, and Qualification. The Board of Directors shall consist of five (5) directors. The Directors shall be elected at the annual meeting of the Members, except as hereinafter provided, and each Director elected shall hold office until his successor has been elected and qualified. Directors must be resident Members. Should a Director sell his or her Lot or fail to occupy his or her Lot for sixty (60) consecutive days, such Director shall be automatically disqualified to serve on the Board of Directors.

4.03. Term of Office. Directors may be elected for a term of two (2) years.

4.04. Removal; Filling Vacancies. Any Director may be removed, with or without cause, at any special meeting of the Members by the affirmative vote of a majority of the Members present in person or by proxy at such meeting and entitled to vote for the election of such Director, if notice of intention to act upon such matter shall have been given in the notice calling such meeting. If any vacancies occur in the Board of Directors, for any reason, a majority of the Directors then in office, though less than a quorum, may choose a successor or successors. Each successor Director so chosen shall be elected for the unexpired term of the predecessor in office.

4.05. Prohibition of Cumulative Voting. Directors shall be elected by plurality vote. Cumulative voting shall not be permitted.

4.06. Location of Meetings. The Directors of the Corporation may hold their meetings, both regular and special, either within or without the State of Texas.

4.07. Annual Meetings. The first meeting of each newly elected Board shall be held without further notice immediately following the annual meeting of Members, and at the same place, unless by unanimous consent of the Directors then elected and serving such time or place shall be changed.

4.08. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly or more frequently if called by the President or by a majority of Board Members at such time and place as shall from time to time be determined by the Board.

4.09. Special Meetings. Special meetings of the Board of Directors may be called by the President or Secretary on two (2) days' notice to each Director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of a majority of Directors. Except as may be otherwise expressly provided by statute, the Articles of Incorporation or these Bylaws neither the business to be transacted at, nor the purpose of any special meeting need be specified in a notice or waiver of notice.

4.10. Quorum. At all meetings of the Board of Directors, the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by statute, the Declaration, the Articles of Incorporation or these Bylaws. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

ARTICLE V **Notices**

5.01. Formalities of Notices. Whenever under the provisions of the statutes, the Articles of Incorporation or these Bylaws, notice is required to be given to any Director or Member, and no provision is made as to how such notice shall be given, it shall be construed to mean either personal notice or notice in writing, by mail Irregular or otherwise), postage prepaid, addressed to such Director or Member at such address as appears on the books of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be given at the time when the same shall be thus deposited in the United States Mail as aforesaid.

5.02. Waiver of Notices. Whenever any notice is required to be given to any Member or Director of the Corporation under the provisions of the statutes, the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice. Signing the minutes of any meeting shall be deemed a waiver of all formalities with respect to such meeting.

ARTICLE VI **Officers**

6.01. Miscellaneous Provisions; Qualification. The officers of the Corporation shall be elected by the Directors and shall be a President, Vice-President, a Secretary and a Treasurer. Any two or more offices may be held by the same person, except that the offices of President and Secretary and President and Treasurer shall not be held by the same persons. Any such officer shall have the powers and duties usually associated with such office, subject to limitations or extension by the Board of Directors. Officers must be resident Members. Should an officer sell his or her Lot or fail to occupy his or her Lot for sixty (60) consecutive days, such Officer shall be automatically disqualified to serve as an officer.

6.02. Other Agents. The Board of Directors may appoint such other officers and agents as it shall deem necessary, who shall be appointed for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

6.03. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all contracts, mortgages, tax returns, and other written instruments; shall co-sign all checks except those on a monthly recurring nature previously approved by the Board, and promissory notes; shall appoint committee chairmen and members of committees with the concurrence of the Board; and shall carry out such other duties as may be assigned by the Board or the Policy Manual as adopted by the Board.

(b) Vice-President. The Vice-President shall act in the place and stead of the President when he is absent, unable, or unwilling to act; and shall discharge such other duties as may be required of him by the Board.

(c) Secretary. The Secretary shall perform or cause to be performed the following secretarial activities: record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal and affix it on all papers requiring said seal; serve notice of meetings of the Board and members; keep the appropriate current records showing the ownership of Lots and membership of the Association, together with their addresses; and shall perform such other duties as required by the Board or the Policy Manual as adopted by the Board.

(d) Treasurer. The Treasurer shall perform or cause to be performed the following financial activities: receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by a Resolution of the Board; sign all checks and promissory notes; cause an annual audit of the Association Books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting and deliver a copy of the budget and assessments adopted by the Board to each member. The Treasurer shall perform such other duties as required by the Board or the Policy Manual as adopted by the Board.

6.04. Salaries. All officers and directors of the Corporation shall serve without compensation. However, expenses may be reimbursed for unusual activities carried out on behalf of the Corporation. Any officer may receive compensation for services rendered to the Corporation in other than his official capacity.

6.05. Tenure; Removal; Vacancies. Each officer of the Corporation shall hold office for a term of one (1) year or until his successor is chosen and qualified in his stead or until death, resignation or removal from office. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. If the office of any officer becomes vacant, for any reason, the vacancy may be filled by the Board of Directors.

ARTICLE VII **Committees**

7.01. Number. There may be, at the direction of the Board of Directors, up to six (6) standing committees. Until the First Meeting of Members (see Section 3.2 hereof), at which time the nomination and election to committee membership shall be voted upon, the Developer shall carry out the duties and responsibilities, if any, of the committees. Except as specified by Article VI and Article IX, of the Declaration, all of the Chairmen and members of the standing committees shall be appointed by the President with the concurrence of the Board. Additional ad hoc committees may be appointed by the President as the need may arise.

7.02. Architectural Control Committee. A committee composed of up to three persons shall be responsible for approving or disapproving the design, location, details, color, texture, materials and specifications of all new construction, landscaping and tree removal and for any additions or modifications to buildings or lots. All decisions by the committee shall be based on an adopted set of architectural and landscape guidelines. The committee shall render consistent judgments based this committee may be appealed to the Board of Directors by filing a notice thereof with the Secretary of the Board at least thirty days in advance of a regularly scheduled meeting of the Board; except that decisions made with respect to new construction on a vacant lot may not be appealed to the Board. This committee may appoint a subcommittee composed of members outside the committee to be responsible for approving or disapproving the design, location, details, color, texture, materials and specifications of all construction, landscaping and tree removal as they related to additions or modifications of buildings or lots.

7.03. Finance Committee. This committee is responsible for preparing a proposed budget each year for submission to the Board for action. It shall review the expenses periodically during the year to determine if any significant deviations are occurring and to recommend actions for the Board to make appropriate adjustments. The committee shall also recommend the assessment level each year to cover anticipated expenses. This committee is also responsible for maintaining a record of the status of assessment payments for each Lot and recommending appropriate action to the Management Committee and the Board for collection of any delinquencies. The chairman of this committee shall be the Treasurer.

7.04. Management Committee. In conjunction with the officers, this committee is responsible for the on-going management of the Corporation. It is responsible for obtaining service contracts, management contracts, insurance contracts, and performing or supervising the performance of office and administrative functions. This committee is also responsible for maintaining an accurate list of the owners of each Lot and the residents of each Lot if different from the owners, including lessee's from owners. The committee shall require that such lessees abide by all rules and regulations of the Corporation and its Bylaws. This list is to be given to the Secretary who has primary responsibility to send official mailings to the members. The chairman shall be a Director who does not hold another office of the Board.

7.05. Communications and Social Committee. This committee is responsible for a newsletter to inform the residents and owners of activities and events occurring in The Properties. The committee also schedules social events and other activities for the benefit of the community. The committee performs any other duties as assigned by the Board.

7.06. Rules and Regulations Committee. This committee is responsible for those rules and regulations affecting actions by persons in the community or actions by persons on property owned by the Corporation. The rules and regulations adopted by the Board shall be promulgated to all owners and enforced by this committee. This committee shall also see that owners inform their tenants of these rules and regulations. The committee shall recommend new rules and regulations from time to time as conditions may warrant or modifications of existing rules and regulations to the Board.

7.07. Elections Committee. This committee is responsible for obtaining nominations for election to the Board of Directors and for conducting the election at the annual meeting. The Election Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than one (1) for each vacancy to be filled. The committee shall present its report to the Secretary at least seventy-five 75 days before the annual meeting. The chairman of the Elections Committee shall conduct that portion of the meeting devoted to elections. The members shall count the votes at the meeting and announce the results. The chairman and members shall not be members of the Board.

ARTICLE VIII

General Provisions

8.01. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

8.02. Seal. There shall be no necessity for a corporation seal, but if there should be one, such seal shall have inscribed thereon the name of the Corporation and the word "TEXAS." Such seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

8.03. Indemnification. The Association shall indemnify any director, officer or employee or former director, officer or employee of the Corporation, against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments in connection with any action, suit or proceeding, whether civil or criminal in nature, in which he is made a party by reason or being or having been such a director, officer or employee (whether or not a director, officer or employee at the time such costs or expenses are incurred by or imposed upon him) except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct in the performance of duty. The Corporation shall pay or cause to be paid to any director, officer or employee the reasonable costs of settlement of any such action, suit or proceeding. Such right of indemnification shall not be deemed exclusive of any other rights to which such director, officer or employee may be entitled by law or under any bylaw, agreement, vote of members or otherwise.

ARTICLE IX
Maintenance; Insurance; Common Areas; Security Systems

Maintenance: Association Responsibility. Except as may be herein otherwise specifically provided, the Association shall maintain and keep in good repair the Common Areas, which responsibility shall included but not be limited to the maintenance, repair, and replacement, subject to any insurance than in effect, of all road, parking lots, landscaped area, perimeter walls, structures and improvements constructed by Declarant or the Association within the Common Areas or within easements encumbering Lots or Dwellings. Neither The Association, the Developer, or the Management Company shall not be liable for (i) injury or damage to any person or property (A) caused by the elements or by an owner of a Lot or Dwelling or any other person, (B) resulting from any rain or other surface water which may leak or flow from an portion of the Common Areas, or (C) caused by any pipe, plumbing drain, conduit, appliance, equipment, security system, or utility line or facility, the responsibility for the maintenance of which is that of the Association, becoming out of repair, or (ii) loss of damage, by theft or otherwise, of any property of any owner of a Lot or Dwelling which may be stored in or upon any portion of the Common Areas or any other portion of the Property. No diminution or abatement of assessments shall be claimed or allowed by reason of any alleged failure of the Association to take some action or to perform some function required to be taken or performed by the Association under this Declaration, or for inconvenience or discomfort arising from the making of improvements or repairs which are the responsibility of the Association, or from any action taken by the Association to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority, the obligation to pay such assessments being a separate and independent covenant on the part of each Owner and Lot Owner.

Insurance:

(A) The Board of Directors or its duly authorized agents shall be the authority to and shall obtain and continue in effect adequate property insurance, in such form as the Board deems appropriate, for the benefit of the Association and insuring all insurable improvements in and to the Common Areas against loss or damage by fire or other hazards, including, without limitation, extended coverage, flood, vandalism, and malicious mischief, such coverage to be in an amount sufficient to cover the full replacement cost (without depreciation but subject to such deductible levels as are deemed reasonable by the Board) of any repair or reconstruction in the event of damage or destruction from any such hazard.

(B) The Board or its duly authorized agents shall have the authority to and shall obtain and continue in effect a public liability policy covering all the Common Areas and all damage or injury caused by the negligence of the Association, its members its trustees and officers, or any of its agents. Such public liability policy shall provide such coverages as are determined to be necessary by the Board of Directors.

(C) The Board or its duly authorized agents shall have the authority and may obtain (i) worker's compensation insurance to the extent necessary to comply with any applicable laws and (ii) such other types and amounts of insurance as may be determined by the Board to be necessary or desirable.

(D) All such insurance coverage obtained by the Board of Directors shall be written in the name of the Association and costs of all such coverage shall be a Common Expense. Exclusive authority to adjust losses under policies obtained by the Association and hereafter in force with respect to the Development shall be vested in the Board of Directors; provided, however, that no mortgagee or other security holder of the Common Areas having an interest in such losses may be prohibited from participating in the settlement negotiations if any, related thereto. Insofar as permitted by law, the Association shall be required to make reasonable efforts to secure insurance policies with the provisions hereinafter set forth;

(i) All policies shall be written with a company licensed to do business in the State of Texas and holding a rating off A-XI or better in such financial categories and established by A.M. Best Company, Inc., if such a company is reasonably available or, if not available, the most nearly equivalent rating.

(ii) All property insurance policies shall be for the benefit of the Association and its Mortgagees as their interests may appear.

(iii) All policies shall contain a waiver of the insurer's right to cancel without first giving thirty (30) days prior written notice of such cancellation to the Association and to any Mortgagee to which a mortgage endorsement has been issued.

(iv) In no event shall the insurance coverage obtained and maintained by the Board of Directors hereunder by brought into contribution with insurance purchased by individual owners of Lots or Dwellings or their Mortgagees, and all policies shall contain provision that the "other insurance" clauses in such policies exclude from consideration policies obtained by individual owners of Lots or Dwellings or their Mortgagees.

(v) All policies shall contain a waiver of subrogation by the insurer as to any claims against the Declarant, the Declarant's directors, officers, agents and employees and the Association, the Association's directors, officers, agents and employees, including, without limitation, the Association's manager.

(vi) All policies shall contain a provision that no policy may be canceled, invalidated, or suspended on account of the conduct of one or more of the individual Owners, Lot Owners or their respective families, servants, agents, employees, tenants, guests, and invitees, or on

account of the acts of any trustee, officer, employee, or agent of the Association or of its manager, without prior demand in writing delivered to the Association to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

(vii) All liability insurance shall contain cross liability endorsements to cover liability of the Association to an individual Owner or Lot Owner and shall also name the Declarant as an additional insured as long as Declarant owns property subject to this Declaration or which may become subject to this Declaration.

(E) By virtue of taking title to a Lot or Dwelling subject to the terms of this Declaration, each Owner and Lot Owner covenants and agrees with all other Owners and Lot Owners and with the Association to carry, at his own expense, public liability, property damage, title, and other insurance with respect to his own Lot or Dwelling. The Board of Directors may require all Owners and Lot Owners to furnish copies or certificates of such insurance thereof to the Association.

Administration: Common Areas. The Association, subject to the rights of Declarant and the right and duties of the Owners and Lot Owners set forth in this Declaration shall be responsible for the exclusive management and control of the Common Areas and all improvements thereon (including any and all furnishings and equipment related thereto) and shall keep the same in a good, clean, attractive, and sanitary condition, order, and repair, pursuant to the terms and conditions hereof. Except to the extent otherwise required by the provisions of the Texas Revised Civil Statutes relating to nonprofit corporation, this Declaration, the by-laws, or the Articles of Incorporation the powers herein or otherwise granted to the Association may be exercised by the Board of Directors, acting through the officers of the Association, without any further consent or action on the part of the Owners or Lot Owners.

Duties and Powers: The duties and powers of the Association shall be those set forth in the provision of the Texas Revised Civil Statutes relating to nonprofit corporation, this Declaration the By-Laws, and the Articles of Incorporation together with those reasonably implied to effect the purpose of the Association including, but not limited to, the power to appoint committees, hire and fire Association personnel, retain outside administrators for the Association, negotiate and sign contracts, grant easements, dedicate the access and utility easements, which will be used as streets and roads to appropriate governmental bodies, borrow money, grant liens or security interests in Association assets subject to the other provision of this Declaration, file and defend suits, and take any necessary or appropriate action on behalf of the Association; provided, however, that if there are conflicts or inconsistencies between the Texas Revised Civil Statutes, this Declaration, the By-Laws, or the Articles of Incorporation, the provision of (i) the Texas Revised Civil Statutes, (ii) this Declaration, and (iii) the By-Laws, in that order shall prevail, and each Owner and Lot Owner, by acceptance of a deed or other conveyance therefor, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. The Association may exercise any other right or privilege given to it expressly by this Declaration or by law, together with every other right or privilege reasonably to be implied from the existence of any right to privilege given to it herein or reasonably necessary to effectuate any such right or privilege. Notwithstanding the foregoing provisions of this Section or any other provision of this Declaration to the contrary, for so long as Declarant shall own any Lot or Dwelling in the development or has the option to add Additional Property to the Development, the Association shall not, without the consent of Declarant, borrow money or pledge, mortgage, or hypothecate all or any portion of the Common Areas.

Agreements: Subject to the prior approval of Declarant for so long as Declarant owns a Lot or Dwelling in the subdivision, or has the option to add Additional Property or any portion thereof to the Development, all agreements and determination lawfully authorized by the Board of Directors shall be binding upon all owners of Lots and Dwellings, their heirs, legal representatives, successors, and assigns, and all others having an interest in the Development or the privilege of possession and enjoyment of any part of the Development; and in performing its responsibilities hereunder, the Association, through its Board of Directors, shall have the authority to delegate to persons of its choice such duties of the Association as may be determined by the Board of Directors. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, as well as such other personnel as the Association shall deem necessary or desirable for the property operation of the Development, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. All costs and expenses incident to the employment of a manager shall be a Common Expense. During the term of such management agreement, such manager may, if authorized by the Board of Directors, exercise all of the powers and shall be responsible for the performance of all the duties of the Association, excepting any of those powers or duties specifically and exclusively reserved to the directors, officers, or Members of the Association by this Declaration or the By-Laws. Such manager may be an individual, corporation, or other legal entity, as the Board of Directors shall determine, and may be bonded in such a manner as the Board of Directors may require, with the cost of acquiring any such bond to be a Common Expense. In addition, the Association may pay for, and the Board of Directors may hire and contract for such legal and accounting services as are necessary or desirable in connection with the operation of the Development or the enforcement of this Declaration, the By-Laws, or the rules and regulations of the Association.

Personal Property and Real Property for Common Use. The Association, through action of its Board of Directors, may acquire, hold, and dispose of tangible and intangible personal property and real property. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, shall be held by and for the benefit of the Association. The shares of the Owners and Lots Owners in the funds and assets of the Association cannot be individually assigned, hypothecated, or transferred in any manner, except to the extent that a transfer of the ownership of a Lot or Dwelling also transfers the membership in the Association which is an appurtenance to the Lot or Dwelling.

Security Systems: The Association may, but shall not be obligated to, maintain or support certain activities, within the Properties designed to make the Properties safer than they otherwise might be. Neither the association, the Declarant, nor any successor Declarant shall in any way be considered insurers or guarantors of security within the properties. Neither the Association, the Declarant, nor any successor Declarant shall be held liable for any loss or damage for failure to provide adequate security or ineffectiveness of security measures undertaken. All Owners and Occupants of any dwelling, and all tenants, guests, and invitees of any owner, acknowledge that the Association, and its Board of Directors, Declarant, any successor Declarant, and new construction and modifications committees do not represent or warrant that any fire protection system, burglar alarm system, or other security system designated by or installed according to guidelines established by the Declarant or The New Construction or Modifications committees may not be compromised or circumvented; nor that any fire protection or burglar alarm systems or other security systems will prevent loss by fire, smoke, burglary, theft, hold-up, or otherwise; nor that fire protection or burglar alarm systems or other security systems will in all cases provide the detection or protection for which the system is designed or intended. All owners and occupants of any dwelling, and all tenants guests and invitees of any Owner acknowledge and understand that the Association, its Board of Directors, Committees, Declarant, or any successor Declarant are not insurers. All Owners, and Occupants of any dwelling and all Tenants, guests, and invitees of any Owner assume all risks for loss or Damage to Persons, to dwellings, and to the contents of dwellings and further acknowledge that the Association, its Board of Directors, Committees, Declarant, or any successor Declarant have made no representations or warranties, expressed or implied, including any warranty or merchantability or fitness for any particular purpose, relative to any fire and or burglar alarm systems or other security systems recommended or installed or any security measures undertaken within the properties.

ARTICLE X **Amendments**

Developer may, prior to the First Annual Meeting as described herein, unilaterally amend the terms of these Bylaws for any purpose, provided such amendment does not adversely affect the title to any Lot or Living Unit without the Owner's written consent.

At and after the First Meeting, these Bylaws may be altered or amended by a two-thirds vote of members voting in person or by proxy at a duly called regular or special membership meeting at which a quorum is present. No amendment may remove, revoke, or modify any right or privilege of the Developer without the written consent of the Declarant or the assignee of such right or privilege.

EXECUTED TO BE EFFECTIVE OF EVEN DATE WITH THE INCORPORATION OF THE CORPORATION

Chase Oaks Village Homeowners Association, Inc.

By: Chase Oaks Village, L.P., Developer

By: Chase Oaks Village Management Company, General Partner

By: _____
Mitchell A. Vexler, President