



Stone Lake Estates HOA Bylaws

ARTICLE I

NAME

1.1 NAME. The name of the organization shall be STONE LAKE ESTATES HOMEOWNERS ASSOCIATION, INC., hereinafter called the "Association".

ARTICLE II

PURPOSE AND OWNERS' OBLIGATION

2.1 PURPOSE. The purpose for which this non-profit Association is formed is to govern, operate and maintain the Common Properties (as defined in Paragraph 3.6 hereof) situated in Stone Lake Estates Section 2, an addition to the City of Plano, Collin County, Texas ("Stone Lake Estates Section 2"), according to the Plat thereof ("the Plat") recorded in Cabinet H, Page 286, Map Record, Collin County, Texas.

2.2 OWNERS OBLIGATION. All present or future owners, tenants or future tenants of any or all of the One Hundred Seventy Five (175) lots ("the "Lots") in the Stone Lake Estates Section 1, Stone Lake Estates Section 2 and Stone Lake Estates Section 3 Additions (the Lots being sometimes hereinafter referred to as the "Property"), or any other person who might use the facilities of the Common Properties in any manner, are subject, to the regulations set forth in these Bylaws. The mere acquisition or rental of any of the Lots or the mere act of occupancy of any of the Lots will signify that these Bylaws are accepted, ratified and will be strictly followed.

ARTICLE III

DEFINITIONS AND TERMS

3.1 MEMBERSHIP. Any person on becoming a record owner ("Owner") of all or any part of a Lot shall automatically become a Member ("Member") of this association and be subject to these Bylaws. Such membership shall terminate without any formal Association action whenever such person ceases to own all or any part of a Lot. Such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Property during the period of such ownership and membership in this Association, or impair any rights others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and covenants and obligations incident thereto.

No certificate of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one (1) Membership Card (herein so called) per Lot. Such Membership Card shall be surrendered to the Secretary whenever ownership of the Lot designated therein is terminated.

3.2 VOTING. The Association shall have three (3) classes of voting membership.

CLASS A: Class A members shall be Members, other than Class B and Class C Members. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. 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 (1) vote be cast with respect to any such Lot.

CLASS B: Class B Members shall be any bona fide Owners who are engaged in the process of constructing a residential dwelling on any Lot for sale to a consumer. Class B Members shall be non-voting members of the Association. The Class B Membership shall cease, and each Class B Member shall become a Class A Member:

- (i) when the total number of votes outstanding in the Class A membership equals the total number of votes outstanding in the Class C membership;

or

- (ii) on the tenth (10th) anniversary of the date hereof, whichever occurs first in time.

CLASS C: The Class C Member shall be Declarant (hereinafter defined). The Class C Member shall be entitled to ten (10) votes for each Lot which it owns and for each Lot owned by all Class B Members. Notwithstanding the voting rights within the Association, until the Class C Member no longer owns record title to any Lot, or until January 31, 2002, whichever occurs first in time, the Association shall take no action which is inconsistent with the Declaration of Covenants, Conditions and Restriction (hereinafter defined) without the consent and approval of the Class C Member. As used herein, "Declarant" shall mean and refer to Tiburon Development, Inc. and the successors and assigns thereof, as provided in the Declaration.

3.3 MAJORITY OF LOT OWNERS: NOTICE.

Subject to the provisions hereof, any action pertaining to special assessments for capital improvements, as authorized in the Declaration, shall require the assent of the majority of the vote of those who are voting in person or by proxy at a meeting duly called for that purpose, written notice of which shall be given to all Members not less than ten (10) days nor more than twenty (20) days in advance and shall set forth the purpose of such meeting. As used in these Bylaws, a "majority" shall mean the vote of at least fifty-one percent (51%) of the votes entitled to be cast.

3.4 QUORUM.

(a) The quorum required for any action referred to in Paragraph 3.3 hereof shall be as follows:

At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast sixty percent (60.0%) of all of the votes of each voting class shall constitute a quorum. If the required quorum is not present at the first meeting, one additional meeting may be called, subject to the notice requirement hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

(b) The quorum required for any action other than that action referred to in Paragraph (a) of this Section shall be as follows:

At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast thirty percent (30%) of all of the votes of each voting class shall constitute a quorum. If the required quorum is not present at the first meeting, one additional meeting may be called, subject to the notice requirement hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

(c) As an alternative to the procedure set forth above, any action referred to in Paragraph (a) of this Section may be taken with the assent given in writing and signed by Members who hold more than sixty percent (60%) of the outstanding votes of each voting class; and any action referred to in Paragraph (b) of this Section may be taken with the assent given in writing and signed by Members who hold more than thirty percent (30%) of the outstanding votes of each voting class.

3.5 PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

3.6 COMMON PROPERTIES. As used in these Bylaws the term "Common Properties" shall mean and refer to all areas of land within the Property which are known, described or designated as common access easements, common areas, recreational easements or open spaces on any recorded subdivision plat of the Property or in the Declaration or intended for or devoted to the common use and enjoyment of the Members of the Association, together with any and all improvements that are now or may hereafter be constructed thereon.

3.7 DECLARATION. As used in these Bylaws, the term "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Stone Lake Estates executed by Declarant on the 25th day of February, 1992, recorded under File No. 92-0014674 of the Land records of Collin County, Texas, as amended from time to time.

ARTICLE IV

ADMINISTRATION

4.1 ASSOCIATION RESPONSIBILITIES.

The Owners of the Lots will constitute the Association, which will have the responsibility of administering the Common Properties through a Board of Directors.

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

4.3 ANNUAL MEETINGS. The first annual meeting shall be held the first Wednesday of December 1994 and additional annual meetings shall be held the first Wednesday of December each year thereafter.

4.4 SPECIAL MEETINGS. It shall be the duty of the President of the Association to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by at least two (2) of the Owners and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

4.5 NOTICE OF MEETINGS. The Secretary shall mail notices of annual and special meetings to each Member of the Association, directed to the last known post office address of the Member, as shown on the records of the Association, by uncertified mail, postage prepaid. Such notice shall be mailed not less than ten (10) days nor more than twenty (20) days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. In lieu of mailing notice as herein provided, such notice may be delivered by hand or left at the Member's residence in his absence. If requested, any mortgagee of record or its designee may be entitled to receive similar notice.

4.6 ADJOURNED MEETING. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting until a quorum is attained, as provided in Paragraph 3.4 hereof.

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

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.

- d. Reports of officers.
- e. Reports of committees.
- f. Election of Directors, if applicable.
- g. Unfinished business.
- h. New business.

ARTICLE V
BOARD OF DIRECTORS

5.1 NUMBER AND QUALIFICATION. The initial number of directors of this Association shall be 3, elected at the organizational meeting. Each of these directors will be appointed by Declarant " and shall serve until the first annual association meeting to be held the first Wednesday of December 1994. At the first annual meeting of the Association the following Directors shall be elected:

Position	Term
President	One (1) year
Vice President	One (1) year
Treasurer	One (1) year
Secretary	One (1) year
Director of Landscaping	One (1) year
Director of Communications	One (1) year
Director of Social Activities	One (1) year
Director of Safety	One (1) year
Director of Planning/Zoning	One (1) year

At the first meeting of the members of the Association, and in subsequent years, the Directors shall be elected by secret ballot at the annual meeting. At such election the members or their

proxies may cast as many votes as they are entitled to exercise under the provisions of the declaration.

In the event the Association deems it proper, an odd number, less than nine (9) but not less than five (5) may be elected to carry out the duties of the originally stated nine (9) positions.

The initial directors shall serve in the positions of President, Vice President and Secretary/Treasurer until their successors are elected.

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

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

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Declaration.

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

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

(d) To insure and keep insured the Common Properties in an amount equal to maximum replacement value of the improvement thereon, if any. Further to obtain and maintain comprehensive liability insurance covering the Common Properties in amounts not less than One Hundred Thousand Dollars (\$100,000.00) per person, Three Hundred Thousand Dollars (\$300,000.00) per accident and Fifty Thousand Dollars (\$50,000.00) for property damages, plus a One Million Dollar (\$1,000,000.00) umbrella policy. To insure and keep insured all the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Owners of the Lots and their First Mortgagees.

(e) To fix, determine, levy and collect the assessments to be paid by each of the Owners; and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments, subject to provisions of the Declaration; to levy and collect special assessments in order to meet increased operating or maintenance expenses or costs, and

additional capital expenses. All quarterly or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the assessments are being made.

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner, as provided in the Declaration and by these Bylaws.

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

(h) To borrow funds in order to pay for any required expenditure or outlay; to execute all such instruments evidencing such indebtedness which shall be the several obligation of all of the Owners in the same proportion as their interest in the Property.

(i) To enter into contracts within the scope of their duties and power.

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

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

(l) To meet at least once each calendar year.

(m) To designate and employ the personnel necessary for the maintenance and operation of the Property.

(n) In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of the use and enjoyment of the Common Properties.

5.4 VACANCIES. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association, shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each Director so elected shall serve out the remaining term of his predecessor.

5.5 REMOVAL OF DIRECTORS. At any regular or special meeting of the Association duly called, any one (1) or more of the Directors may be removed with or without cause by a majority of the

Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given opportunity to be heard at the meeting. Any Director who is absent from three (3) consecutive Board meetings during one fiscal year, is automatically removed.

5.6 ORGANIZATION MEETING. The first (1st) meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

5.7 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting shall be held every other month to total no less than six (6) meetings in each fiscal year.

5.8 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least two (2) Directors. The President or Secretary will give three (3) days personal notice to each Director by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

5.9 TELEPHONIC MEETINGS. The Board may participate in and hold a meeting by means of conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

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

5.11 BOARD OF DIRECTORS QUORUM. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If at any meeting of the Board of Directors there is less than a quorum present, the meeting may be adjourned by those present, without notice other than announcement at the meeting, until a quorum is present.

5.12 RESIGNATION OF DIRECTOR. Upon an affirmative vote of the Board, a Director may be requested to tender his resignation. In the event the Director refuses to resign, a majority of the

Board of Directors may call a special meeting of the members of the Association to vote for or against his removal.

5.13 RESTRICTION OF ELECTION. No two Directors shall be of the same family and residence.

ARTICLE VI OFFICERS

6.1 PRESIDENT. The President shall be the chief executive officer of the Association. He shall preside at all meetings of both the Association and the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of President of an association, including, but not limited to, the power to appoint committees from among the Owners to assist in the administration of the affairs of the Association. He shall co-sign all promissory notes and instruments of conveyance with the Secretary and co-sign all checks with the Treasurer. The President, or his designated alternate, shall represent the Association at all meetings of the Association.

6.2 VICE PRESIDENT. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors. The Vice President shall be a candidate for the duties of President at the next election of directors.

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

6.4 SECRETARY.

(a) The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. He shall have charge of such books and papers as the Board of Directors may direct and shall co-sign all promissory notes and instruments of conveyance; and he shall, in general, perform all duties incident to the office of the Secretary.

(b) The Secretary shall keep an up-to-date and complete list of Members and their last known addresses. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same.

6.5 DIRECTOR OF LANDSCAPING. The Director of Landscaping shall regularly inspect all Common Properties of the Association. He shall advise the Board of Directors of measures to be taken in order that the Common Properties are well maintained.

6.6 DIRECTOR OF COMMUNICATIONS. The director of Communications will distribute all written newsletters, etc. to the members of the Association. He shall compile information necessary to form and update the Association's directory to be supplied to the Secretary. He shall direct the initial amending of the Association's By-Laws and Covenants and give counsel to the Board regarding interpretation of these documents.

6.7 DIRECTOR OF SOCIAL ACTIVITIES.

The Director of Social Activities shall plan social events for Members of the Association so as to perpetuate a positive community spirit.

6.8 DIRECTOR OF SAFETY. The Director of Safety is responsible for organizing and maintaining an effective Neighborhood Watch program as well as informing the Board of any safety and environmental hazards that may arise in the community.

6.9 DIRECTOR OF PLANNING & ZONING. The Director of Planning and Zoning shall regularly attend the City planning and zoning committee meetings as they pertain to the Association and its surrounding areas. He will advise the Board of Directors on all zoning issues that may affect the property values of the land within the Association. He shall maintain correspondence with all other Planning and Zoning directors in the area.

ARTICLE VII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

7.1 INDEMNIFICATION. The Association shall indemnify every Director or officer, his heirs, executors and administrators, against all loss, cost and expense, including counsel fees, reasonable incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Director or officer of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Director or officer may be entitled. All liability, loss damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and

handled by the Association as Common Expenses (as defined in Paragraph 8.1 hereof); provided, however, nothing contained in this Article VII shall be deemed to obligate the Association to indemnify any Member or Owner of a Lot, who is or has been a Director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him as a Member or Owner of a Lot covered thereby.

ARTICLE VIII OBLIGATIONS OF THE OWNERS

8.1 ASSESSMENTS. All Owners shall be obligated to pay the assessments imposed by the Association in accordance with the Declaration (the "Common Expenses"). The assessments shall be made pro rata based upon the number of Lots owned by each respective owner in relation to all Lots within the Stone Lake Estates subdivision and shall be due quarterly in arrears. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these Bylaws, only if he is current in the assessments made or levied against him and the Lot owned by him.

8.2 ASSOCIATION DUES. Association dues shall be payable and due January 1st, April 1st, July 1st and October 1st of each year. The payment will be considered late after thirty (30) days and the owner will be assessed a late fee of twenty five dollars (\$25.00) every thirty (30) days thereafter.

8.3 USE OF THE COMMON PROPERTIES. Each Owner may use the Common Properties in accordance with the purposes for which they were intended.

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

ARTICLE IX AMENDMENTS TO BYLAWS

9.1 AMENDMENTS. These Bylaws may be amended and/or changed in part as follows:

(a) during a ten (10) year period commencing on the date hereof, Declarant may amend or change these Bylaws with the consent of at least sixty percent (60%) of the outstanding votes of the Members of the Association;

(b) after a ten (10) year period, as described above, these Bylaws may be amended or changed upon the express written consent of at least seventy-five percent (75%) of the outstanding votes of the Members of the Association; or by a resolution passed by the majority of the Board evidencing the consent of seventy-five percent (75%) of the Owners and authorizing the President of the Association to execute such amendments.

Any and all amendments, if any, shall be recorded in the office of the County Clerk of Collin County, Texas.

ARTICLE X MORTGAGES

10.1 NOTICE TO ASSOCIATION. An Owner who mortgages his Lot shall notify the Association through the President of the Association giving the name and address of his Mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Lots".

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

ARTICLE XI NON-PROFIT ASSOCIATION

11.1 NON-PROFIT PURPOSE. This Association is not organized for profit. No Lot Owner, Member of the Board of Directors or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as a salary or as compensation to, or distributed to or inure to the benefit of any Member of the Board of Directors; provided, however, always (1) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purpose of the Association and (2) that any Member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association, subject to prior approval by the Board of Directors.

ARTICLE XII PRINCIPAL OFFICE

12.1 ADDRESS. The principal office of the Association shall be located at Midcrest Properties, Inc., 400 Chisholm Place, Suite 100, Plano, Texas 75075. (214) 422-7006.

ARTICLE XIII EXECUTION OF INSTRUMENTS

13.1 AUTHORIZED AGENTS. The persons who shall be authorized to execute any and all instruments of conveyance or encumbrance, including promissory notes, shall be the President with the co-signature of the Secretary of the Association.

ARTICLE XIV

CORPORATE SEAL

14.1 CORPORATE SEAL. A Corporate Seal will be held by the Association and be in the care of the Director currently carrying out the duties of Secretary.

The following Members of Stone Lake Homeowners Association, Inc., hereby acknowledge that they have read the foregoing Bylaws for Stone Lake Estates, and that they hereby consent to and approve of such Declaration in its entirety:

Tiburon Development, Inc., Declarant

S/By R.K. Lambert, President

S/By Clyde Denham,
Secretary/Treasurer

AMENDMENTS TO BYLAWS

Amendments approved at the December 2, 1998 Annual Meeting of Members of the Stone Lake Estates Homeowners Association:

- 1) Resolved, that Section 4.3 of the Bylaws of Stone Lake Estates Homeowners Association, Inc., be amended to allow the Board to set the Annual Meeting for a time between November 1 and December 31 of each year
- 2) Resolved, that Section 4.5 of the Bylaws of Stone Lake Estates Homeowners Association, Inc., be amended to expand the maximum permitted notice period for the Annual Meeting from 20 days to 45 days.