

**BY-LAWS OF THE
PROPERTY OWNERS ASSOCIATION OF LAKE RIDGE**

**Article I
Registered Office**

1.01 The location of the registered office of the Corporation shall be determined by the Board of Directors. The name and registered agent of the Corporation shall be determined by the Board of Directors and reflected in the records for the Corporation maintained by the office of the Texas Secretary of State. [Fourth Amendment]

**Article II
Definitions**

2.01

(A) LAKE RIDGE SUBDIVISION: Those lots, tracts or parcels of real property included in any section of the LAKE RIDGE SUBDIVISION, as such sections are shown by the plats filed of record among the Plat Records of Dallas or Ellis Counties, Texas. [Fourth Amendment]

(B) MEMBERS:

(1) Ownership of each lot in LAKE RIDGE SUBDIVISION shall entitle the owner thereof to one membership in the Corporation. Members of the Corporation shall include all of those persons or entities who are voting members, non-voting members, or advisory members of the Corporation as provided below. [Original By-Laws]

(2) For purposes of these provisions, those persons who have purchased any of the lots in LAKE RIDGE SUBDIVISION under the provisions of any Contracts of Sale and Purchaser with the Veterans Land Board of the State of Texas shall be considered as "members" of the Corporation, and the State of Texas shall not be considered as a member of the Corporation. In the case of any lots owned by two or more persons or entities other than one individual, the owner or owners thereof may designate one person in writing as the person eligible for memberships. [Original By-Laws]

(3) A person shall be considered as an owner of a lot in the LAKE RIDGE SUBDIVISION only after such person has received legal title to such lot. [Fourth Amendment]

(C) VOTING MEMBERS: All those persons or entities owning a lot or lots in the Lake Ridge subdivision. [Fourth Amendment]

Article III Members Meetings

3.01 All meetings of the members shall be held at the registered office of the Corporation or at any other place within or outside this state as maybe designated for that purpose from time to time by the Board of Directors. [Original By-Laws]

3.02 Annual Meeting of the Members. The annual meetings of the members shall be held during the first quarter of each calendar year at a time, date and place determined by the Board of Directors. [Fourth Amendment]

3.03 Notice of Meetings. Notice of the meeting, stating the place, date, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given in writing to each member at least ten (10) but not more than fifty (50) days before the date of the meeting either personally, my electronic mail, by mail or other means of written communication including a newsletter, or a combination thereof, addressed to the member at his address or electronic mail address appearing on the books of the Corporation or given by him to the Corporation for the purposes of notice. Each member is solely responsible for maintaining an updated electronic mail address with the Corporation. If allowed by law notice of adjourned meetings is not necessary until the meeting is adjourned for thirty (30) days or more, in which case notice of the adjourned meetings shall be given as in the case of any other meeting of the members. [Fourth Amendment]

3.04 Special meetings. Special meetings of the members for any purpose or purposes whatsoever maybe called at any time by the President, or by the Board of Directors, or by any two or more directors. Any special meeting must be called for specific purposes, which purposes shall be identified in the call of the meeting and notice of the meeting. [Original By-Laws]

3.05. Quorum. Ten percent (10%) of the voting members constitutes a quorum for transaction of business. Once the presence of quorum has been confirmed, business may continue despite any failure to maintain quorum during the remainder of the meeting. [Original By-Laws]

3.06 Voting. Only persons listed as members on the date of the meeting shall be entitled to vote at such meeting. Votes shall be apportioned by lots, i.e., each lot shall be entitled to one vote, and therefore, if any voting member owns two or more lots, he shall be entitled to the same number of votes as he shall own lots. There shall be no fractional voting, but rather, if a lot is owned by two or more persons, that lot shall be entitled to only one vote and shall not be entitled to split that vote and the owners of such lot must, in writing, designate one of their members to be the voting member of the Corporation. Should a lot be owned by an entity other than a natural person, that entity must, in writing, designate a natural person to be the voting member of the Corporation. At all meetings of members, each member may vote in person or by proxy, absentee ballot, or electronic ballot. An absentee or electronic ballot:

- (1) may be counted as a member present and voting for the purpose of establishing a quorum only for items appearing on the ballot;
- (2) May not be counted if the member attends the meeting to vote in person; and

- (3) May not be counted on the final vote of a proposal if the motion is amended at the meeting to be different from the exact language on the absentee or electronic ballots. Voting for directors does not constitute a "proposal" under the preceding limitation. All proxies shall be in writing, signed by the member or his or her duly authorized attorney-in-fact, dated and filed with the Secretary or such other person as may be designated by the Board before the appointed time of such meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of such member's lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal. [Fourth Amendment]

3.07 Presiding officer. All meetings of the membership shall be presided by the President of the Corporation, and maybe conducted in accordance with Roberts Rules of Order. [Original By-Laws]

Article IV Board of Directors

4.01 The management of the Corporation shall be vested in a Board of Directors consisting of three directors, which board shall have the full Power and authority to carry out the purposes of the Corporation and to do any and all lawful acts necessary and profitable thereto. The powers of the Corporation shall be exercisable by the Board of Directors or under its authority, and the action of the President of the corporation shall be controlled by the Board of Directors, subject, however, to such limitations as are imposed by law, the Articles of Incorporation, or these By-laws as to the actions to be authorized or approved by the members. The Board of Directors may, by contract or otherwise, give general or limited special power and authority to the officers and employees of the Corporation to transact the general business, or any special business of the Corporation, and may give powers of attorney to agents of the Corporation to transact any special business required by such authorization. [Original By-Laws]

4.02 The authorized number of directors of this Corporation shall be no less than five (5) and no more than nine (9). Within these limits, the number of directors to serve shall be determined by the Board of Directors prior to each annual meeting without the need to amend these By-Laws. The directors must be members of the Corporation. No decrease in the number of directors shall have the effect of shortening the term of any incumbent director. Any directorship to be filled by reason of an increase in the number of the directors shall be filled by election at an annual meeting or at a special meeting of the members called for that purpose. [Fourth Amendment]

4.03 The directors shall be elected at an annual meeting or at a special meeting of the members called for that purpose and shall hold office until their respective successors are elected or until their deaths, resignations, or removal. At the first election of directors following the increase from five (5) to (7) directors, the Voting Members shall elect directors as follows for the purposes of implementing staggered terms for director positions:

- a. two (2) Directors shall be elected for a term of two (2) years;

- b. three (3) directors shall be elected for a term of one (1) year;
- c. two (2) of the incumbent directors shall receive an extended term of one (1) additional year to expire at the next annual meeting; the two incumbent directors to receive the one-year extension of their term shall be selected by majority vote of all incumbent directors prior to the date of the annual meeting of the members at which the foregoing elections are held;
- d. thereafter, the two (2) director positions held by the incumbent directors who received the one-year extension of their term shall be filled by the election of two (2) directors for two (2) year terms thereafter.

The first election of directors for staggered terms shall not act to shorten or interrupt the term of any incumbent director. At each annual meeting thereafter, successors shall be elected to fill the vacancies caused by expiration of the respective one or two year terms. A successor shall be elected to serve the same term as that of the outgoing director. The candidates receiving the most votes shall be elected, with the two candidates receiving the highest votes being elected to fill the two-year term positions, unless the elected candidate requests to serve for only a one-year term. There is no limit on the number of consecutive terms a director may serve. Election of directors shall be by written ballot, to include voting by validly executed proxies pursuant to section 3.06 of these By-laws. In the case of a tie vote, Voting Members present at the meeting shall cast a second written ballot vote only for those candidates who received the tie vote. Any validly executed directed proxies specifying the vote for a specific candidate shall also be recounted in tabulating the second vote to break the tie. In the case of a continued tie vote between two candidates as result of the tie-breaking vote, the incumbent Board of Directors will vote by secret written ballot in an attempt to break the tie vote. The Board of Directors may promulgate and enforce rules and regulations governing the nomination and election of directors. Any director may resign effective upon giving written notice to the President, the Secretary, or the Board of Directors, unless the notice specifies a later time for the effectiveness of such resignation. Acceptance of the resignation by the Board of Directors shall not be necessary to make the resignation effective. [Third Amendment]

4.04 Vacancies of the board of Directors may be filled by a majority of the remaining directors, or by the sole remaining director. The voting members may elect a director at any time to fill any vacancy not filled by directors. The entire Board of Directors or any individual director may be removed from office with or without cause by a vote of the majority of the voting members at any regular or special meeting of the members. [Original By-Laws]

4.05 All meetings of the Board of Directors shall be held at the principal office of the Corporation or such place within Dallas or Ellis Counties as maybe designated from time to time by the President. Regular meetings of the Board of Directors shall be held at such times as directors may determine. Members, including directors, shall be given notice of the date, hour, place and general subject of a regular or special meeting, including a general description of any matter to be brought up for deliberation in executive session. The notice shall be: (1) mailed to each member not later than the 10th day for earlier than the 60th day before the date of the meeting; or (2) provided at least 72 hours before the start of the meeting by: (A) posting the notice in a conspicuous manner reasonably designed to provide notice to the members; (i) in a place located on the Corporation's Common Area, or, with consent, on other conspicuously

located privately owned property within the LAKE RIDGE SUBDIVISION; or (ii) on any Internet website maintained by the Corporation; and (B) sending the notice by email to each member who has registered an electronic mail address with the Corporation. It is the Member's obligation and duty to ensure that the Corporation has his/her most updated and current electronic mail address registered with the Corporation. [Fourth Amendment]

4.06 Special meetings of the Board of Directors for any purpose shall be called at any time by the President, or if the President is absent or unable or refuses to act, by the Vice-President or by any two directors. Notice of special meetings shall be given as provided in section 4.05. [Fourth Amendment]

4.07 A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by the majority of directors present shall be regarded as an act of the Board of Directors, unless a greater number is required by law or by the Articles of Incorporation. [Original By-Laws]

4.08 Members of the Board or any committee may participate in a meeting of the Board or committee by means of telephone conference or electronic communications system or equipment, through which all persons participating in the meeting can simultaneously communicate with one another. Participation in a meeting pursuant to this section shall constitute presence in person at such meeting. The Board may meet without notice to the members under section 4.05 to consider routine and administrative matters or a reasonably unforeseen emergency or urgent necessity that requires immediate board action. Any action taken without notice to the members shall be summarized orally and documented in the minutes of the next regular or special meeting of the board.

4.09 A quorum of the directors may adjourn any meeting of the directors to meet again at a stated hour on a stated day. If the board adjourns the meeting to the following regular business day, the board is not required to give notice to the members under section 4.05. If the meeting is adjourned to any day other than the following regular business day, the board must give notice to members under section 4.05. [Fourth Amendment]

4.10 The President, or in the President's absence, any director selected by the directors present, shall preside at meeting of the Board of Directors. The Secretary of the Corporation or, in the Secretary's absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors. [Original By-Laws]

4.11 Directors and members of the committee shall not receive any compensation for their services. They may receive reimbursement for actual expenses incurred only upon the submission of appropriate written evidence of such expenses incurred. [Original By-Laws]

4.12 The Board of Directors may authorize the Corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, present or former Directors, officers, or employees of this Corporation as provided by Article 1296.22A of Title 32 of the Miscellaneous Corporation Act of the State of Texas. [Original By-Laws]

4.13 Subject to the provisions of Section 4.08, all meetings of the board shall be open to all members, but members other than directors may not participate in a discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such cases, the President rate limit the time any member may speak. Notwithstanding the above, the President may adjourn any meeting of the board and reconvene in executive session, excluding members, to discuss matters of a sensitive nature including, but not limited to, pending or threatened litigation, personnel matters, or matters that are to remain confidential by request of the affected parties and agreement of the board. The general nature of any business to be considered in executive session must first be announced at the open meeting.

Article V Officers

5.01 The officers of the Corporation shall be a President, a Vice President, a Secretary, a Treasurer, and such assistants and other officers as the Board of Directors shall from time to time determine. Any two offices may be held by one person. All officers shall be elected by and hold office at the pleasure of the Board of Directors, which shall fix the tenure of all officers. [Original By-Laws]

5.02 The officers of the Corporation shall have the power and duties generally ascribed to the respective offices, and such additional authority or duty as may from time to time be established by the Board of Directors. [Original By-Laws]

Article VI Execution of Instruments

6.01 The Board of Directors may, in its discretion, authorize an officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the corporation name without limitation, except where otherwise provided by law, and such execution or signature shall be binding on the Corporation. [Original By-Laws]

Article VII Miscellaneous

7.01 The Board of Directors, on behalf of the Corporation, shall have the authority to employ such agents or employees as the Board of Directors shall deem appropriate for carrying out the purposes of this Corporation. [Original By-Laws]

7.02 The Board of Directors shall have discretion over the disposition of any and all assessments paid as provided for in any of the covenants, conditions and restrictions imposed on any lot in the LAKE RIDGE SUBDIVISION. Subject to the approval of the majority of voting members at a meeting of the membership duly convened, the Board Directors may increase or decrease the assessments described in the covenants, conditions and restrictions affecting a lot of the LAKE RIDGE SUBDIVISION as shown by recorded instruments filed for record in Dallas or Ellis Counties. In addition to the foregoing, the Board of Directors is authorized to present to

the members for approval, by a majority of those voting members present a meeting of the membership duly convened, a community enhancement fee designated for improvement, maintenance or beautification of the LAKE RIDGE SUBDIVISION, as determined by the board its sole and absolute discretion. The amount of the community enhancement fee, the number of years the fee will be in effect and whether such fee is to be paid on an annual, semi-annual or quarterly basis shall be approved by the members. Each lot in the LAKE RIDGE SUBDIVISION shall be subject to the community enhancement fee; provided, however, if an Owner owns more than one lot in the LAKE RIDGE SUBDIVISION, such Owner shall pay only twice the per lot community enhancement fee no matter how many lots are owned (the “*multi-lot credit*”). Notwithstanding the foregoing, the multi-lot credit shall only be applied with regards to the total number of lots owned by the same Owner as of the date the Fourth Amendment to the By-laws is filed with the Dallas County Clerk and the Ellis County Clerk. The multi-lot credit shall not apply to any lots purchased by an Owner following the date of this Fourth Amendment to the By-laws is filed with the Dallas County Clerk and the Ellis County Clerk. Any lot purchased following the date this Fourth Amendment to the By-Laws is filed with the Dallas County Clerk and the Ellis County Clerk shall be subject to the community enhancement fee without exception. Any community enhancement fee not paid within thirty (30) days after the date shall bear interest at the same rate set forth in the Declarations for the LAKE RIDGE SUBDIVISION, and shall be subject to the same collection procedures set forth in any Collection Policy adopted by the board.

7.03 The Board of Directors shall have the authority to appoint such committees to assist it in the management of the Corporation as it shall deem appropriate, and to appoint to such committees either members or non-members of the Corporation. Such committees shall be of such number and serve such functions as the Board of Directors may determine; however, there shall always be created an Architectural Control Committee as is described in the covenants, conditions and restrictions affecting the lots of the LAKE RIDGE SUBDIVISION as shown by recorded instruments in Dallas and Ellis Counties, Texas. Further, there will always be created a separate committee for each gated community or subassociation which shall have the sole power and authority to govern and control issues that are unique to such gated communities or subassociations. [Fourth Amendment]

7.04 The Corporation shall not enter into any contract to pay and shall not pay, any salary or other remuneration to any officer, directors, or committee member for their services as such, nor in any other capacity regardless of the capacity in which they may act. However, nothing in this section shall prevent the Corporation from reimbursing any officer or director for actual expenses incurred by such director or officer in the performance of his duties. [Original By-Laws]

7.04(A) The day-to-day affairs and operations of the Corporation shall be managed by an independent third-party who is recognized to provide professional management services to property owners associations in the State of Texas. The professional management company or managing agent shall act at the direction of the Board of Directors of the Corporation. The engagement of professional management shall be evidenced by a written agreement entered into by and between the managing agent and the Corporation, as approved by the Board of Directors, detailing the tasks and responsibilities to be performed on behalf of the Corporation as the

Corporation's managing agent. The Board of Directors has the sole discretion to determine who shall act as the Corporation's management company and/or managing agent. The Corporation shall be professionally managed in accordance with and as provided in this Section 7.04(A) until such time as no less than a majority of all the votes of the Corporation, at a special meeting of the Corporation duly called for that purpose, vote for the Corporation to self-manage and not use the services of a professional management company as provided herein. Any vote to self-manage shall not serve to abrogate the terms of any existing management agreement entered into by the Corporation. Notwithstanding anything contained in the By-laws to the contrary, this Section 7.04A may not be amended, modified, canceled or terminated without the vote of a majority of all the votes of the Corporation at a special meeting of the Members of the Corporation duly called for that purpose. [Fifth Amendment]

7.05 Any and all funds of the Corporation shall be deposited in the bank accounts owned by the Corporation. All demand withdrawal instruments and checks on such bank accounts shall bear the signatures of at least two authorized persons, the identity of whom shall be determined by the Board of Directors, and who may or may not be members of the Corporation. [Fourth Amendment]

7.06 All books and records provided for by statute shall be open to inspection by the members at any reasonable time. [Original By-Laws]

7.07 The power to alter, amend, or repeal these By-Laws is vested in the Board of Directors, subject to repeal or change by the action of the members. [Original By-Laws]