

BYLAWS OF

ISABELLA VILLAGE COMMUNITY ASSOCIATION, INC.

A TEXAS PROPERTY OWNERS ASSOCIATION

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ISABELLA VILLAGE COMMUNITY ASSOCIATION, INC.
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ARTICLE I
NAME AND LOCATION

The name of the corporation is ISABELLA VILLAGE COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the association shall be located at 8200 Douglas Avenue, Suite 300, Dallas, TX 75225, but meetings of Members and Directors may be held at such places within the State of Texas, County of Denton, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

The following words when used in these Bylaws, unless a different meaning or intent clearly appears from the context, shall have the following meanings:

"Assessment" or "Assessments" shall mean assessment(s), both regular annual assessments and special assessments, levied by the Association under the Declaration.

"Association" shall mean and refer to ISABELLA VILLAGE COMMUNITY ASSOCIATION, INC., its successors and assigns.

"Board" shall mean the Board of Directors of the Association.

"Builder Members" shall mean builders approved by Declarant for construction within the Property and who own one or more Lots for construction of a residence and resale to others.

"Conversion Date" shall mean the date of termination of the Class B membership and conversion of the same to a Class A membership, which shall be the earlier to occur of (i) the date on which the last lot or parcel in both Savannah Community Association and Isabella Village Community Association, Inc. is sold, or (ii) when Declarant voluntarily turns over control.

"Declarant" shall mean CHS Savannah, L.P., a Texas limited partnership, and successors and assigns of its interest as Declarant under the Declaration.

"Declaration" means and refers to that certain Declaration of Covenants, Conditions and Restrictions for Isabella Village Community Association, Inc. executed by Declarant and recorded in the Deed Records of Denton County, Texas, as such Declaration may be amended, supplemented and/or restated from time to time.

"Lot" shall mean and refer to any portion of the Property shown as a subdivided residential lot on a Plat.

"Member" means each Owner and the Declarant.

"Owner" shall mean and refer to the record owner, including sellers pursuant to executory contracts for conveyance and whether one or more persons or entities, of fee simple title to any Lot, but excluding those persons or entities having such interest merely as security for the performance of an obligation.

"Plat" shall mean a subdivision plat or plats of any portion of the Property now or hereafter filed for record in the Map or Plat Records of Denton County, Texas, as such plat or plats may be amended from time to time.

"Property" shall mean and refer to any and all property which is or becomes subject to the terms of the Declaration.

"Restrictions" shall mean the covenants, conditions and restrictions contained in the Declaration, the Articles, these Bylaws, any rules and regulations promulgated by the Association pursuant to the Declaration and any rules, regulations, guidelines or procedures promulgated by the Architectural Control Committee (as defined in the Declaration), as any of the foregoing may be adopted and amended from time to time.

ARTICLE III MEETING OF MEMBERS

Section 1. Annual Meetings. An annual meeting of the Members shall be held during the first calendar quarter of each year. At annual meetings, after the Conversion Date, the Members will elect directors in accordance with these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

Section 2. Special Meeting. Special meetings of the Members may be called at any time by the President or by the Board, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership. Only such business shall be transacted at a special meeting of Members as may be stated or indicated in the notice of such meeting.

Section 3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) nor more than sixty (60) days before such meeting to each Member entitled to vote at such meeting, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. When a meeting of the Members is adjourned for less than thirty (30) days, it shall not be necessary to give any

notice of the time and place of the adjourned meeting or of the business to be transacted at such meeting other than by adjournment at the meeting at which the adjournment is taken.

Section 4. Action Taken Without a Meeting. The Members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of the amount of Members required for the action to be taken at a meeting. Any action so approved shall have the same effect as though taken at a meeting of the Members.

Section 5. Quorum. Except as provided in the Declaration, at any meeting of the Association, the presence in person or by proxy of owners of at least five percent (5%) of the Lots in the Property constitutes a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of members constituting a quorum.

Section 6. Voting and Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and signed by the Member or his or her duly authorized attorney in fact and shall bear a date not more than eleven (11) months prior to any such meeting, unless the proxy provides that it is to be valid for a period in excess of eleven (11) months. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for more than eleven (11) months. A proxy granted by any Member shall automatically cease as to any Lot conveyed by such Member to another person. At any election of Directors, every Member entitled to vote at such election shall have the right to vote, in person or by proxy, the number of votes allocated to such Member for as many persons as there are Directors to be elected and for whose election he or she has a right to vote. Members are expressly prohibited from cumulating their votes in any election for Directors of the association.

Section 7. Membership in the Association. The Declarant and every Owner shall be a Member of the Association; provided, after the Conversion Date, the Declarant shall be a Class A Member only if and to the extent that it is also an Owner. Membership shall be appurtenant to, and shall not be separated from, ownership of a Lot, but no person or entity shall be a Member merely by having an interest in a Lot as security for the performance of an obligation. Declarant may, at any time, terminate its Class B membership and its status as Declarant by giving written notice to the Board.

Section 8. Voting Rights. The right to cast votes and the number of votes which may be cast for election of members of the Board and on all other matters to be voted on by the Members shall be determined as follows:

(a) The Association shall have two (2) classes of voting membership, Class A and Class B.

(b) Each Owner of a Lot (other than Declarant) shall automatically and mandatorily be a Class A Member. Each Owner of a Lot shall be entitled to one (1) vote for each Lot so owned. When more than one Person owns the fee simple interest in any Lot, all such Persons shall be Members. The vote for such Lot shall be exercised as such Persons among themselves

determine and so advise the Secretary of the Association prior to the vote, but in no event shall the vote for such Lot exceed the total vote to which such Lot is otherwise entitled under this Section 7.

(c) The Class B Member shall be Declarant. The Class B Member shall be entitled to three (3) votes for each Lot owned by it until the Conversion Date, provided that the Class B membership shall cease and become converted to Class A membership on the happening of the following events, whichever occurs earlier: (i) the date upon which the last lot or parcel in both Savannah Community Association and Isabella Village Community Association, Inc. is sold, or (ii) when Declarant voluntarily turns over control.

(d) Members are expressly prohibited from cumulating their votes in any election for members of the Board. Prior to submitting any matter for a vote of the Members, the Board shall determine the total number of votes outstanding and the Members entitled to vote.

ARTICLE IV BOARD OF DIRECTORS

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be Members of the Association.

Section 2. Term of Office. Initially, each director shall be elected for a term of three (3) years. Each director shall hold office for the term for which he or she is elected and until his or her successor shall be elected and qualified unless sooner removed as provided in these Bylaws. Upon termination of the Class B membership and Conversion of the same to a Class A membership, the Members of the Association shall elect three (3) directors, who need to be Members of the Association. The initial directors elected upon Conversion shall be elected as follows:

- (i) One (1) director shall be elected for a term of one (1) year.
- (ii) One (1) director shall be elected for a term of two (2) years.
- (iii) One (1) director shall be elected for a term of three (3) years.

Thereinafter, upon reelection, each director shall be elected for a term of three years.

Section 3. Removal; Vacancies. Any director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association at any meeting of the Members duly called and held. In the event of death, resignation or removal of a director, his or her successor shall be selected by the remaining directors and shall serve for the unexpired term of his or her predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. Any director may, however, be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Annual Meetings. The annual meeting of the Board shall be held, without further notice, immediately following the annual meeting of Members, and at the same place or at such other time and place as shall be fixed with the consent in writing of all directors.

Section 6. Regular Meetings. Regular meetings of the Board shall be held after such notice as is required under Section 209.0051 of the Texas Property Code, as it may be amended, supplemented or restated.

Section 7. Special Meetings. Special meetings of the Board shall be held after such notice as is required under Section 209.0051 of the Texas Property Code, as it may be amended, supplemented or restated.

Section 8. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the directors present at a meeting duly called and held at which a quorum is present shall be regarded as the act of the Board.

Section 9. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

Section 10. Powers of Board of Directors. In addition to the powers and authority expressly conferred by these Bylaws upon them, the Board may exercise all such powers, duties and authority vested in or delegated to the Association by law, the Articles of Incorporation or the Declaration and do all other lawful acts and things, except to the extent that any of the foregoing are directed or required by law, the Articles of Incorporation, the Declaration or these Bylaws to be exercised or done by the Members.

ARTICLE V OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of the Association shall be a President, a Secretary and a Treasurer and such other officers as the Board may from time to time designate. Any two or more offices may be held by the same person, except the offices of president and secretary. The officers of the Association shall at all times be members of the Board.

Section 2. Election of Officers; Term. The officers of the association shall be chosen annually by the Board at its annual meeting or as soon after such annual meeting as practicable. Each officer shall hold office for the term of one year, or until his or her death or until he or she shall have resigned or shall have been removed, whichever occurs first. In no circumstance shall an officer's term extend more than one year without re-election by the Board at its annual meeting or as soon after such annual meeting as practicable. The Board may appoint, from time to time, officers as it shall deem necessary for such terms and with such

duties and powers as shall be determined by the Board. Additionally, the powers and duties of any officer may be delegated to such party as may be deemed necessary by the Board, including but not limited to a management company.

Section 3. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 5. Duties. All officers and agents of the association, as between themselves and the association, shall have such authority, perform such duties and manage the association as provided in these Bylaws or as may be determined by resolution of the Board not inconsistent with these Bylaws. Without limiting the generality of the foregoing, the following officers shall have the duties provided below:

President

The President shall be the executive manager of the operation of the association and shall preside at all meetings of the Board.

Vice President

The Vice President, if any, shall act in the place and stead of the President in the event of his absence, inability or refusal to act and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

The Secretary shall record the vote and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses and shall perform such other duties as required by the Board.

Treasurer

The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; keep proper books of account; and shall perform such other duties as required by the Board.

ARTICLE VI INDEMNIFICATION

The association shall indemnify any person who was, is or is threatened to be made a named defendant or respondent in a proceeding (as hereinafter defined) because the person is or was a director or officer of the association to the fullest extent that a association may grant indemnification to a person serving in such capacity under the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended. Such right shall be a contract right and shall include the right to be paid by the association for all expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent permitted under the Texas Non-Profit Corporation Act, as the same exists or may hereafter be amended. If a claim for indemnification or advancement of expenses hereunder is not paid in full by the association within ninety (90) days after a written claim has been received by the association, the claimant may at any time thereafter bring suit against the association to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall be entitled to be paid also the expenses of prosecuting such claim. It shall be a defense to any such action that such indemnification or advancement of costs of defense are not permitted under the Texas Non-Profit Corporation Act, but the burden of proving such defense shall be on the association. Neither the failure of the association (including its Board or any committee thereof, special legal counsel or Members) to have made its determination prior to the commencement of such action that indemnification of, or advancement of costs of defense to, the claimant is permissible in the circumstances nor an actual determination by the association (including its Board or any committee thereof, special legal counsel or Members) that such indemnification or advancement is not permissible, shall be a defense to the action or create a presumption that such indemnification or advancement is not permissible. The association shall additionally indemnify any person covered by the grant of mandatory indemnification contained above to such further extent as is permitted by law and may indemnify any other person to the fullest extent permitted by law. As used herein, the term "proceeding" means a threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitratve or investigative, any appeal in such an action, suit or proceeding and any inquiry or investigation that could lead to such an action, suit or proceeding. The association shall maintain insurance, at its expense, for its benefit in respect of such indemnification and for the benefit of any such person, whether or not the association would otherwise have the power to indemnify such person to the extent provided in the Declaration.

ARTICLE VII BOOKS AND RECORDS

The association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its Members, Board and committees having any authority of the Board and shall keep at its registered or principal office in the State of Texas a record of the names and addresses of its Members entitled to vote. A Member, on written demand stating the purpose of the demand, shall have the right to examine and copy, in person or by agent, accountant or attorney, at any reasonable time, for any proper purpose, the books and records of the association relevant to the stated purpose, at the expense of the Member.

**ARTICLE VIII
CORPORATE SEAL**

The Association shall not have a seal.

**ARTICLE IX
AMENDMENTS**

The power to alter, amend or repeal these Bylaws shall be vested in the Declarant prior to the Conversion date, and the power to alter, amend or repeal these Bylaws shall be vested in the Board upon Conversion.

**ARTICLE X
MISCELLANEOUS**

Section 1. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 2. Conflicting Provisions. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

Section 3. Invalid Provisions. If any part of these provisions shall be held invalid or inoperative for any reason, the remaining parts, so far as possible and reasonable, shall be valid and operative.

Section 4. Headings. The headings used in these Bylaws have been inserted for convenience only and shall not be given effect in construing the meaning of any provision.

Section 5. Resale Certificates. The Association shall comply, or shall cause its managing agent, if any, to comply, with any properly submitted request for information under Section 207.003(a) of the Texas Property Code. Neither the Association nor its managing agent shall have any duty to inspect the Property prior to issuing a resale certificate pursuant to any such request, nor shall the Association, or its managing agent, have a duty to update any information provided pursuant to any such request, except in response to a properly submitted further request for updated information. The Association may establish a reasonable fee to assemble, copy and deliver the information requested pursuant to Section 207.003 of the Texas Property Code.

