

**BYLAWS**  
**OF**  
**OWNERS ASSOCIATION OF**  
**MURPHY FARMS, INC.**

**(A Texas Property Owners Association)**

**Murphy, Collin County, Texas**

**Declarant**

**D. R. HORTON – TEXAS, LTD**

**PROPERTY**

**Murphy Farms is an addition to the City of Murphy, Collin County, Texas, the initial phase o which is platted by the Final Plat of Murphy Farms Phase One, recorded January 4, 2000, as Instrument No. 00-0000284, Plat Records, Collin County, Texas**

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**BYLAWS  
OF  
OWNERS ASSOCIATION OF MURPHY FARMS, INC.**

(A Texas Property Owners Association)

**ARTICLE 1**

**INTRODUCTION**

**1.1. PROPERTY.** These bylaws provide for the governance of the residential development known as Murphy Farms, located in the City of Murphy, Collin County, Texas (the "**development**"), and which is subject to the Declaration of Covenants, Conditions & Restrictions for Murphy Farms, recorded or to be recorded in the Real Property Records of Collin County, Texas. The initial phase of the development is shown on the Final Plat of Murphy Farms Phase One, recorded January 4, 2000, as Instrument No. 00-0000284, in the Plat Records of Collin County, Texas.

**1.2. PARTIES TO BYLAWS.** All present or future lot owners and all other persons who use or occupy the development in any manner are subject to these bylaws, the declaration, and the other Documents as defined in the declaration. The mere acquisition of a lot or occupancy of a dwelling will signify that these bylaws are accepted, ratified, and will be strictly followed.

**1.3. DEFINITIONS.** Words and phrases defined in the declaration have the same meanings when used in these bylaws.

**1.4. NONPROFIT PURPOSE.** The Association is organized to be a nonprofit organization.

**1.5. GENERAL POWERS AND DUTIES.** The Association, acting through the board, has the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the development as may be required or permitted by the Documents and State law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating for the best interests of its members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Documents.

**ARTICLE 2**

**BOARD OF DIRECTORS**

**2.1. NUMBER AND TERM OF OFFICE.** The board will consist of three persons. Upon election, each director will serve a term of 2 years. To maintain staggered terms, two directors will be elected in even-numbered years, and one director will be elected in odd-numbered years. A director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed. The number of directors may be changed by amendment of these bylaws, but may not be less than three. To establish staggered terms, at the

first election, the candidates receiving most votes will serve initial terms of 2 years, the candidates receiving the next-highest votes will serve initial terms of one year. Thereafter, their successors will serve 2-year terms.

**2.2. QUALIFICATION.** At least a majority of the directors must be members of the Association or spouses of members.

**2.2.1. Entity Member.** If a lot is owned by a legal entity, such as a partnership or corporation, any officer, partner, agent, or employee of that entity member is eligible to serve as a director and is deemed to be a member for the purposes of this Section. If the relationship between the entity member and the director representing it terminates, that directorship will be deemed vacant.

**2.2.2. Delinquency.** No member, member's spouse, or resident may be elected or appointed as a director if any assessment against the member or resident, or his lot is delinquent at the time of election or appointment, provided he has been given notice of the delinquency and a reasonable opportunity to cure it.

**2.2.3. Violations.** No member, member's spouse, or resident may be elected or appointed as a director if the member or resident, or his lot -- at the time of election or appointment -- has not cured a violation of the Documents for which the Association has given notice and a reasonable opportunity to cure.

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

**2.3. ELECTION.** Directors will be elected by the members of the Association. The election of directors will be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by any method permitted by Section 2.13B of the Texas Nonprofit Corporation Act, which may include, without limitation, mail, facsimile transmission, or a combination of mail and facsimile transmission.

**2.4. VACANCIES.** Vacancies on the board caused by any reason, except the removal of a director by a vote of the Association, are filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the board. Each director so elected serves until the next meeting of the Association, at which time a successor will be elected to fill the remainder of the term.

## **2.5. REMOVAL OF DIRECTORS.**

**2.5.1. Removal by Members.** At any annual meeting or special meeting of the Association, any one or more of the directors may be removed with or without cause by members representing at least two-thirds of the votes present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members must be given an opportunity to be heard at the meeting.

**2.5.2. Removal by Directors.** A director may be removed by at least a majority of the other directors, at a meeting of the board called for that purpose, for any of the following limited reasons:

- a. The director is a party adverse to the Association or the board in pending litigation to which the Association or the board is a party; provided the Association did not file suit to effect removal of the director.
- b. The director's account with the Association has been delinquent for at least 90 days or has been delinquent at least 3 times during the preceding 12 months, provided he was given notice of the default and a reasonable opportunity to cure.
- c. The director has refused or failed to attend 3 or more meetings of the board during the preceding 12 months, provided he was given proper notice of the meetings.
- d. The director has refused or failed to cure a violation of the Documents for which he has been given notice, a reasonable opportunity to cure, and an opportunity to request a hearing before the board.

## **2.6. MEETINGS OF THE BOARD.**

**2.6.1. Organizational Meeting of the Board.** Within 10 days after the annual meeting, the directors will convene an organizational meeting for the purpose of electing officers. The time and place of the meeting will be fixed by the board and announced to the directors.

**2.6.2. Regular Meetings of the Board.** Regular meetings of the board may be held at a time and place that the board determines, from time to time, but at least one such meeting must be held each calendar quarter. Notice of regular meetings of the board will be given to each director, personally or by telephone, written, or electronic communication, at least 3 days prior to the date of the meeting.

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

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

**2.6.5. Conduct of Meetings.** The president presides over meetings of the board and the secretary keeps, or causes to be kept, a record of resolutions adopted by the board and a record of transactions and proceedings occurring at meetings. When not in conflict with law or the Documents, the then current edition of Robert's Rules of Order governs the conduct of the meetings of the board.

**2.6.6. Quorum.** At meetings of the board, a majority of directors constitutes a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present are the acts of the board. If less than a quorum is present at a meeting of the board, the majority of those present may adjourn the meeting from time to time. At any reconvened meeting at which a quorum is present, any business that may have been transacted at the meeting as originally called may be transacted without further notice.

**2.6.7. Minutes.** The written report of a board meeting is not the minutes of the meeting until approved by the directors at a future meeting. The minutes must report actions taken by the

board, but need not report the substance of discussion. The board is not required to distribute minutes of its meetings to the members.

**2.6.8. Open Meetings.** Regular and special meetings of the board are open to members of the Association, subject to the following provisions:

- a. No audio or video recording of the meeting may be made, except by the board.
- b. Members who are not directors may not participate in board deliberations under any circumstances, and may not participate in board discussions unless the board expressly so authorizes at the meeting.
- c. The board may adjourn any meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar or sensitive nature. The nature of business to be considered in executive session will first be announced in open session.
- d. The board may prohibit attendance by non-members, including representatives, proxies, agents, and attorneys of members.
- e. The board may prohibit attendance by any member who disrupts meetings or interferes with the conduct of board business.
- f. The board may but is not required to publish to members the time, date, and place of board meetings, but will provide the information if requested in writing by a member on a meeting by meeting basis.

**2.6.9. Telephone Meetings.** Members of the board or any committee of the Association may participate in and hold meetings of the board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

**2.6.10. Action Without a Meeting.** Any action required or permitted to be taken by the board at a meeting may be taken without a meeting, if all directors individually or collectively consent in writing to such action. The written consent must be filed with the minutes of board meetings. Action by written consent has the same force and effect as a unanimous vote.

**2.7. LIABILITIES AND STANDARD OF CARE.** In performing their duties, the directors are required to exercise certain standards of care and are subject to certain liabilities, including but not limited to the following provisions of State law: Articles 1396-2.20.D., -2.25, -2.26, -2.28, -2.29, and -2.30 of the Corporation Act.

**2.8. POWERS AND DUTIES.** The board has all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the development. The board may do all acts and things except those which, by law or the Documents, are reserved to the members and may not be delegated to the board. Without prejudice to the general and specific powers and duties set forth in laws or the Documents, or powers and duties as may hereafter be imposed on the board by resolution of the Association, the powers and duties of the board include, but are not limited to, the following:

**2.8.1. Appointment of Committees.** The board, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the board with its responsibilities. The resolution may establish the purposes and powers of the committee created, provide for the appointment of a chair and committee members, and may provide for reports, termination, and other administrative matters deemed appropriate by the board. Members of committees will be appointed from among the owners and residents.

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

**2.9. FIDELITY BONDS.** Any person handling or responsible for Association funds, including officers, agents, and employees of the Association, must furnish adequate fidelity bonds. The premiums on the bonds may be a common expense of the Association.

## **ARTICLE 3**

### **OFFICERS**

**3.1. DESIGNATION.** The principal officers of the Association are the president, the secretary, and the treasurer. The board may appoint one or more vice-presidents and other officers and assistant officers as it deems necessary. The president and secretary must be directors. Other officers may, but need not, be members or directors. Any 2 offices may be held by the same person, except the offices of president and secretary. If an officer is absent or unable to act, the board may appoint a director to perform the duties of that officer and to act in place of that officer, on an interim basis.

**3.2. ELECTION OF OFFICERS.** The officers are elected no less than annually by the directors at the organizational meeting of the board and hold office at the pleasure of the board. Except for resignation or removal, officers hold office until their respective successors have been designated by the board.

**3.3. REMOVAL AND RESIGNATION OF OFFICERS.** A majority of directors may remove any officer, with or without cause, at any regular meeting of the board or at any special meeting of the board called for that purpose. A successor may be elected at any regular or special meeting of the board called for that purpose. An officer may resign at any time by giving written notice to the board. Unless the notice of resignation states otherwise, it is effective when received by the board and does not require acceptance by the board. The resignation or removal of an officer who is also a director does not constitute resignation or removal from the board.

**3.4. STANDARD OF CARE.** In performing their duties, the officers are required to exercise the standards of care provided by Article 1396-2.20.D. of the Texas Nonprofit Corporation Act.

### **3.5. DESCRIPTION OF PRINCIPAL OFFICES**

**3.5.1. President.** As the chief executive officer of the Association, the president: (1) presides at all meetings of the Association and of the board; (2) has all the general powers and duties which are usually vested in the office of president of a corporation organized under the laws of the State of Texas; (3) has general supervision, direction, and control of the business of the Association, subject to the control of the board; and (4) sees that all orders and resolutions of the board are carried into effect.

**3.5.2. Secretary.** The secretary: (1) keeps the minutes of all meetings of the board and of the Association; (2) has charge of such books, papers, and records as the board may direct; (3) maintains a record of the names and addresses of the members for the mailing of notices; and (4) in general, performs all duties incident to the office of secretary.

**3.5.3. Treasurer.** The treasurer: (1) is responsible for Association funds; (2) keeps full and accurate financial records and books of account showing all receipts and disbursements; (3) prepares all required financial data and tax returns; (4) deposits all monies or other valuable effects in the name of the Association in depositories as may from time to time be designated by the board; (5) prepares the annual and supplemental budgets of the Association; (6) reviews the accounts of the managing agent on a monthly basis in the event a managing agent is responsible for collecting and disbursing Association funds; and (7) performs all the duties incident to the office of treasurer.

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

## **ARTICLE 4**

### **MEETINGS OF THE ASSOCIATION**

**4.1. ANNUAL MEETING.** An annual meeting of the Association will be held during the month of March of each year. At annual meetings 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.

**4.2. SPECIAL MEETINGS.** It is the duty of the president to call a special meeting of the Association if directed to do so by a majority of the board or by a petition signed by owners of at least 20 percent of the lots in the development. The meeting must be held within 30 days after the board resolution or receipt of petition. The notice of any special meeting must state the time, place, and purpose of the meeting. No business, except the purpose stated in the notice of the meeting, may be transacted at a special meeting.

**4.3. PLACE OF MEETINGS.** Meetings of the Association may be held at the development or at a suitable place convenient to the members, as determined by the board.

**4.4. NOTICE OF MEETINGS.** At the direction of the board, written notice of meetings of the Association will be given to an owner of each lot at least 10 days but not more than 60 days

prior to the meeting. Notices of meetings will state the date, time, and place the meeting is to be held. Notices will identify the type of meeting as annual or special, and will state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the board.

**4.5. INELIGIBILITY.** The board may determine that no member may vote at meetings of the Association if the member's financial account with the Association is in arrears 45 days before the date of a meeting of the Association at which members will vote, provided each ineligible member is given notice of the arrearage and an opportunity to become eligible. The board may specify the manner, place, and time for payment for purposes of restoring eligibility. A determination of members entitled to vote at a meeting of the Association is effective for any adjournment of the meeting, provided the date of the adjourned meeting is not more than 45 days after the original meeting.

**4.6. VOTING MEMBERS LIST.** The board will prepare and make available a list of the Association's voting members in accordance with Art. 1396-2.11B of the Texas Nonprofit Corporation Act.

**4.7. QUORUM.** At any meeting of the Association, the presence in person or by proxy of owners of at least 20 percent of the lots in the development 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.

**4.8. LACK OF QUORUM.** If a quorum is not present at any meeting of the Association for which proper notice was given, members representing at least a majority of the votes present at the meeting, although not constituting a quorum, may vote to recess the meeting for not more than 24 hours in order to attain a quorum, provided the place of the meeting remains as stated in the notice. If the meeting is adjourned without attainment of a quorum, notice of a new meeting for the same purposes within 15 to 30 days may be given to an owner of each lot, at which meeting owners of at least 10 percent of the lots in the development constitute a quorum for that meeting.

**4.9. VOTES.** The vote of members representing at least a majority of the votes cast at any meeting at which a quorum is present binds all members for all purposes, except when a higher percentage is required by these bylaws, the declaration, or by law. Cumulative voting is prohibited.

**4.9.1. Co-Owned Lots.** If a lot is owned by more than one member, the vote appurtenant to that lot is cast as follows. If only one of the multiple owners of a lot is present at a meeting of the Association, that person may cast the vote allocated to that lot. If more than one of the multiple owners is present, the vote allocated to that lot may be cast only in accordance with the owners' unanimous agreement. Multiple owners are in unanimous agreement if one of the multiple owners casts the vote allocated to a lot and none of the other owners makes prompt protest to the person presiding over the meeting.

**4.9.2. Corporation-Owned Lots.** If a lot is owned by a corporation, the vote appurtenant to that lot may be cast by any officer of the corporation in the absence of the corporation's written appointment of a specific person to exercise its vote. The vote of a partnership may be cast by any general partner in the absence of a written appointment of a specific person by the owning partnership. The person presiding over a meeting or vote may

require reasonable evidence that a person voting on behalf of a corporation or partnership is qualified to vote.

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

**4.10. PROXIES.** Votes may be cast in person or by written proxy. To be valid, each proxy must (1) be signed and dated by a member or his attorney-in-fact; (2) identify the lot to which the vote is appurtenant; (3) designate the person or position (such as "presiding officer") in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (4) identify the purpose or meeting for which the proxy is given; (5) not purport to be revocable without notice; and (6) be delivered to the secretary, to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the board. Unless the proxy specifies a shorter or longer time, it terminates one year after its date. Perpetual or self-renewing proxies are permitted, provided they are revocable. To revoke a proxy, the granting member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. A proxy may be delivered by fax. However, a proxy received by fax may not be counted to make or break a tie-vote unless the proxy has been acknowledged or sworn to by the member, before and certified by an officer authorized to take acknowledgments and oaths.

**4.11. CONDUCT OF MEETINGS.** The president, or any person designated by the board, presides over meetings of the Association. The secretary keeps, or causes to be kept, the minutes of the meeting which should record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then current edition of Robert's Rules of Order governs the conduct of meetings of the Association when not in conflict with the Documents. Votes should be tallied by tellers appointed by the person presiding over the meeting.

**4.12. ORDER OF BUSINESS.** Unless the notice of meeting states other wise, or the assembly adopts a different agenda at the meeting, the order of business at meetings of the Association is as follows:

- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Approval of minutes of preceding meeting
- Reports
- Election of directors (when required)
- Unfinished or old business
- New business

**4.13. ADJOURNMENT OF MEETING.** At any meeting of the Association, a majority of the members present at that meeting, either in person or by proxy, may adjourn the meeting to another time and place.

**4.14. ACTION WITHOUT MEETING.** Subject to board approval, any action which may be taken by a vote of the members at a meeting of the Association may also be taken without a meeting by written consents. The board may permit members to vote by ballots delivered by any method allowed by Section 2.13B of the Texas Nonprofit Corporation Act, which may include hand delivery, mail, fax, email, or any combination of these. Written consents by members representing at least a majority of votes in the Association, or such higher percentage

as may be required by the Documents, constitutes approval by written consent. This Section may not be used to avoid the requirement of an annual meeting.

**4.15. TELEPHONE MEETINGS.** Members of the Association may participate in and hold meetings of the Association by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE 5

### RULES

**5.1. RULES.** The board has the right to establish and amend, from time to time, reasonable rules and regulations for: (1) the administration of the Association and the Documents; (2) the maintenance, management, operation, use, conservation, and beautification of the development; and (3) the health, comfort, and general welfare of the residents. The rules may not be in conflict with law or the Documents. The board will, at all times, maintain the then current and complete rules in a written form which can be copied and distributed to the members. Rules need not be recorded in the public records.

**5.2. ADOPTION AND AMENDMENT.** Any rule may be adopted, amended, or terminated by the board, provided that the rule and the requisite board approval are properly recorded as a resolution in the minutes of the meeting of the board.

**5.3. NOTICE AND COMMENT.** At least 10 days before the effective date, the board will give written notice to an owner of each lot of any amendment, termination, or adoption of a rule, or will publish same in a newsletter or similar publication that is circulated to the members. The board may, but is not be required, to give similar notice to residents who are not members. Any member or resident so notified has the right to comment orally or in writing to the board on the proposed action.

**5.4. DISTRIBUTION.** On request from any member or resident, the board will provide a current and complete copy of rules. Additionally, the board will, from time to time, distribute copies of the current and complete rules to owners and, if the board so chooses, to non-member residents.

## ARTICLE 6

### ENFORCEMENT

**6.1. REMEDIES.** The violation of any provision of the Documents gives the board the following rights, in addition to any other rights set forth in the Documents

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

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

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

**6.2. NOTICE AND HEARING.** Before imposing a fine or exercising self-help abatement, the board must give the owner a written violation notice and an opportunity to be heard.

**6.2.1. Notice of Violation.** The board's written violation notice will contain the following: (1) the date the violation notice is prepared or mailed; (2) a description of the violation; (3) a reference to the rule or provision of the Documents that is being violated; (4) a description of the action required to cure the violation; (5) the amount of the fine to be levied and/or the abatement action to be taken; (6) the date the fine begins accruing or abatement action becomes possible; and (7) a statement that not later than the 30th day after the date of the violation notice, the owner may request a hearing before the board to contest the fine or the abatement action.

**6.2.2. Notice to Resident.** In addition to giving the written violation notice to the owner, the board may also give a copy of the notice to the non-owner resident, if the board deems it appropriate.

**6.2.3. Request for Hearing.** To request a hearing before the board, an owner must submit a written request to the board within 30 days after the date of the violation notice. Within 10 days after receiving the owner's request for a hearing, the board will give the owner notice of the date, time, and place of the hearing. The hearing will be scheduled for a date within 45 days from the date the board receives the owner's request, and should be scheduled to provide a reasonable opportunity for both the board and the owner to attend.

**6.2.4. Pending Hearing.** Pending the hearing, the board may continue to exercise the Association's other rights and remedies for the violation, as if the declared violation were valid. The owner's request for a hearing suspends only the levy of the fine and/or the abatement action described in the notice.

**6.2.5. Hearing.** The hearing will be held in a closed or executive session of the board. At the hearing, the board will consider the facts and circumstances surrounding the violation. The owner may attend the hearing in person, or may be represented by another person or written communication. No audio or video recording of the hearing may be made.

**6.2.6. Minutes of Hearing.** The minutes of the hearing must contain a statement of the results of the hearing and the amount of fine, if any, imposed, or abatement action, if any, authorized. A copy of the violation notice and request for hearing should be placed in the minutes of the hearing. If the owner appears at the hearing, the notice requirement will be deemed satisfied.

**6.3. IMPOSITION OF FINE.** Within 30 days after levying the fine or authorizing the abatement, the board must give the owner notice of the levied fine or abatement action. If the fine or action is announced at the hearing at which the owner is actually present, the notice requirement will be satisfied. Otherwise, the notice must be in writing.

**6.3.1. Amount.** The board may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The board may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation. If the board allows fines to accumulate, it may establish a maximum amount for a particular fine, at which point the total fine will be capped.

**6.3.2. Type of Fine.** If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, weekly, or monthly). If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

**6.3.3. Other Fine-Related.** The Association is not entitled to collect a fine from an owner to whom it has not given notice and an opportunity to be heard. The Association may not charge interest on unpaid fines. The Association may not foreclose its assessment lien on a debt consisting solely of fines. The board may adopt a collection policy that applies owners' payments to unpaid fines before retiring other types of assessments.

**6.4. ADDITIONAL ENFORCEMENT RIGHTS.** Notwithstanding the notice and hearing requirement, the board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the Documents which, in the board's opinion, are (1) self-evident, such as vehicles parked illegally or in violation of posted signs; (2) threatening to life or property; or (3) repeat violations of the same provision by the same owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the Documents for certain violations, such as nonpayment of assessments.

## ARTICLE 7

### OBLIGATIONS OF THE OWNERS

**7.1 NOTICE OF SALE.** Any owner intending to sell or convey his lot or any interest therein must give written notice to the board of his intention, together with (1) the address or legal description of the lot being conveyed, (2) the name and address of the intended purchaser, (3) the name, address, and phone number of the title company or attorney designated to close the transaction, (4) names and phone numbers of the real estate agents, if any, representing seller and purchaser, and (5) scheduled date of closing. An owner will furnish this information to the board at least 10 business days before the scheduled date of closing or conveyance. The requirements of the Section may be satisfied by giving the Association a copy of an accepted resale contract in connection with the owner's request to the Association for a resale certificate.

**7.2. PROOF OF OWNERSHIP.** Except for those owners who initially purchase a lot from declarant, any person, on becoming an owner of a lot, must furnish to the board evidence of ownership in the lot, which copy will remain in the files of the Association. A person may not be deemed to be a member or be entitled to vote at any annual or special meeting of the Association unless this requirement is first met. This requirement may be satisfied by receipt of a board-approved form that is completed and acknowledged by a title company or attorney at time of conveyance of the lot or any interest therein.

**7.3. OWNERS' INFORMATION.** Within 30 days after acquiring an ownership interest in a lot, the owner must provide the Association with the owner's mailing address, telephone number, and driver's license number, if any; the name and telephone number of any resident other than the owner; and the name, address, and telephone number of any person managing the lot as agent of the lot owner. An owner must notify the Association within 30 days after he has

notice of a change in any information required by this Section, and must provide the information on request by the Association from time to time.

**7.4. MAILING ADDRESS.** The owner or the several co-owners of a lot must register and maintain one mailing address to be used by the Association for mailing of monthly statements, notices, demands, and all other communications. If an owner fails to maintain a current mailing address with the Association, the address of that owner's lot is deemed to be his mailing address.

**7.5. REGISTRATION OF MORTGAGEES.** Within 30 days after granting a lien against his lot, the owner must provide the Association with the name and address of the holder of the lien and the loan number. The owner must notify the Association within 30 days after he has notice of a change in the information required by this Section. Also, the owner will provide the information on request by the Association from time to time.

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

**7.7. COMPLIANCE WITH DOCUMENTS.** Each owner will comply with the provisions and terms of the Documents, and any amendments thereto. Further, each owner will always endeavor to observe and promote the cooperative purposes for which the development was established.

## ARTICLE 8

### ASSOCIATION RECORDS

**8.1. INSPECTION OF BOOKS AND RECORDS.** Books and records of the Association will be made available for inspection and copying pursuant to Article 1396-2.23 of the Texas Nonprofit Corporation Act.

**8.1.1. Proper Purpose.** The board may require a member to submit a written demand for inspection, stating the purpose for which the member will inspect the books and records. The board has the following rights:

- a. To determine whether the member's purpose for inspection is proper.
- b. To deny the request if the board determines that the member's purpose is not proper.
- c. If granting the request, to identify which books and records are relevant to the member's stated purpose for inspection.

**8.1.2. Copies.** A member, at member's expense, may obtain photocopies of books and records for which the board grants the right of inspection. The board has the right to retain possession of the original books and records, to make copies requested by the member, and to charge the member a reasonable fee for copying.

**8.1.3. Member's Agent.** A member's inspection of the books and records may be assisted or performed by the member's agent, accountant, or attorney.

**8.1.4. Records of Attorneys and Accountants.** The files and records of an attorney or accountant who performs services for the Association are not records of the Association and are not subject to inspection by members.

**8.2. RESALE CERTIFICATES.** Any officer may prepare, or cause to be prepared, assessment estoppel certificates or resale certificates. The Association may charge a reasonable fee for preparing such certificates, and may refuse to furnish such certificates until the fee is paid. Any unpaid fees may be assessed against the lot for which the certificate is furnished.

## ARTICLE 9

### NOTICES

**9.1. CO-OWNERS.** If a lot is owned by more than one person, notice to one co-owner is deemed notice to all co-owners.

**9.2. DELIVERY OF NOTICES.** Any written notice required or permitted by these bylaws may be given personally, by mail, or by fax. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Association's records. If transmitted by fax, the notice is deemed delivered on successful transmission of the facsimile.

**9.3. WAIVER OF NOTICE.** Whenever a notice is required to be given to an owner, member, or director, a written waiver of the notice, signed by the person entitled to the notice, whether before or after the time stated in the notice, is equivalent to giving the notice. Attendance by a member or director at any meeting of the Association or board, respectively, constitutes a waiver of notice by the member or director of the time, place, and purpose of the meeting. If all members or directors are present at any meeting of the Association or board, respectively, no notice is required and any business may be transacted at the meeting.

## ARTICLE 10

### AMENDMENTS TO BYLAWS

**10.1. AUTHORITY.** These bylaws may not be amended by the board without approval by the members. These bylaws may be amended by the members according to the terms of this Article.

**10.2. PROPOSALS.** The Association will provide an owner of each lot with a description, if not exact wording, of any proposed amendment. The description will be included in the notice of any annual or special meeting of the Association at which the proposed amendment is to be considered.

**10.3. CONSENTS.** Subject to the following limitation, an amendment of these bylaws must be approved by members representing at least a majority of the votes present (in person or by proxy) at a properly called meeting for which a quorum is obtained. In other words, if a quorum is present (in person or by proxy) at a meeting, the owners of a majority of the lots represented at the meeting (in person or by proxy) -- even if less than a majority of the total lots -- may approve an amendment to these bylaws. However, this Section may not be amended without the approval of owners representing at least a majority of the total lots in the development.

**10.4. MORTGAGEE PROTECTION.** In addition to the notices and consents required by these bylaws, certain actions and amendments require notice to or approval by Eligible Mortgagees, pursuant to the Mortgagee Protection article of the declaration. If applicable, the Association must give the required notices to and obtain the required approvals from Eligible Mortgagees.

**10.5. EFFECTIVE.** To be effective, each amendment must be in writing, reference the names of the development and the Association, be signed by at least one officer acknowledging the requisite approval of members, and be delivered to an owner of each lot at least 10 days before the amendment's effective date. An amendment may be effective immediately if adopted at a meeting at which owners of two-thirds of the lots are represented. Further, if these bylaws are publicly recorded, the amendment must recite the recording data for the bylaws, be in a form suitable for recording as a real property record, and be delivered to the county clerk for recordation.

**10.6. DECLARANT PROTECTION.** During the Development Period, no amendment of these bylaws may affect the declarant's rights herein without the declarant's written and acknowledged consent. Specifically, this Section and the section titled "Declarant Control" may not be amended without prior written approval of the declarant. The declarant's written consent must be part of the amendment instrument.

## ARTICLE 11

### GENERAL PROVISIONS

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

- a. Reasonable compensation may be paid to a director, officer, member, or resident for services rendered to the Association in other capacities.
- b. A director, officer, member, or resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided the expense has been approved by the board.
- c. The board may budget and use Association funds to purchase awards, certificates, a celebratory meal, or other customary tokens or demonstrations of appreciation for volunteer activities.
- d. This provision does not apply to distributions to lot owners permitted or required by the declaration.

**11.2. DECLARANT CONTROL.** During the declarant control period, the declarant's reservations in Appendix C of the declaration govern the number, qualification, appointment, removal, and replacement of directors, as well as the number of votes allocated to lots owned by declarant.

**11.3. CONFLICTING PROVISIONS.** If any provision of these bylaws conflicts with any provision of the laws of the State of Texas, the conflicting bylaws provision is null and void, but all other provisions of these bylaws remains in full force and effect. In the case of any conflict between the articles of incorporation of the Association and these bylaws, the articles control. In the case of any conflict between the declaration and these bylaws, the declaration controls.

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

**11.5. CONSTRUCTION.** The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

**11.6. FISCAL YEAR.** The fiscal year of the Association will be set by resolution of the board, and is subject to change from time to time as the board determines. In the absence of a resolution by the board, the fiscal year is the calendar year.

**11.7. WAIVER.** No restriction, condition, obligation, or covenant contained in these bylaws may be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

**11.8. PREPARER.** These bylaws were prepared in the law office of Sharon Reuler, P.C., of Palmer, Allen & McTaggart, L.L.P., 8111 Preston Road, Suite 300, Dallas, Texas 75225.

### **CERTIFICATION & ACKNOWLEDGMENT**

I CERTIFY that the foregoing Bylaws of Owners Association of Murphy Farms, Inc., were adopted by the declarant of Murphy Farms for the benefit of Owners Association of Murphy Farms, Inc., a Texas property owners association.

Signed this 20th day of March 2000.

**D.R. Horton – Texas, LTD.,** a Texas limited partnership

By: D. R. Horton, Inc., a Delaware corporation, its authorized agent By:

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David L. Booth, Assistant Secretary