

**BYLAWS
OF
SOUTHBROOK HOMEOWNERS' ASSOCIATION, INC.**

**ARTICLE 1
NAME, PRINCIPAL OFFICE, AND DEFINITIONS**

1.1 **Name.** The name of the Association is Southbrook Homeowners' Association, Inc., a Texas non-profit corporation (the "**Association**").

1.2 **Principal Office.** The principal office of the Association in the State of Texas shall be located in the county where the Development is located (the "**County**"). The Association may have such other offices as the Board of Directors of the Association (the "**Board**") may determine or as the affairs of the Association may require.

1.3 **Definitions.** Capitalized terms used herein but not defined shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Southbrook Homeowner's Association, Inc. recorded in the Real Property Records of the County (the "**Declaration**").

**ARTICLE 2
ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES**

2.1 **Membership.** The Association shall have two (2) classes of membership, as more fully set forth in Section 3.2 of the Declaration. The terms of the Declaration pertaining to membership are specifically incorporated herein by reference.

2.2 **Place of Meeting.** Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board either within the Development or as convenient thereto as possible and practical.

2.3 **Annual Meetings.** The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. Meetings shall be of the Members entitled to vote or their alternates (the "**Voting Members**"). Subsequent regular annual meetings shall be set by the Board so as to occur no earlier than ninety (90) but not more than one hundred eighty (180) days after the close of the Association's fiscal year on a date and at a time set by the Board.

2.4 **Special Meetings.** The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Voting Members representing at least fifty percent (50%) of the total Class "A" Members. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

2.5 **Notice of Meetings.** Except as otherwise provided in the Declaration, written or printed notice stating the place, day, and hour of the meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member, not less than ten (10) nor more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons

calling the meeting. Any notice of a meeting required or permitted to be given to any Member that is mailed shall be deemed to have been properly delivered forty-eight (48) hours after deposited in the United States Mail, postage prepaid, and addressed to the address of the Member as it appears on the records of the Association.

2.6 **Waiver of Notice.** Waiver of notice of a meeting of a Voting Member shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

2.7 **Reconvened Meetings.** If any annual or special meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by alternate, may reconvene the meeting. At the reconvened meeting, a quorum shall constitute one-half (1/2) of the quorum required at the original meeting, and if such number of votes are present, any business which might have been transacted at the meeting originally called may be transacted. If one-half (1/2) of the quorum required at the original meeting are not present at such reconvened meeting, then a majority of the Voting Members who are present at such reconvened meeting, either in person or by alternate, may again reconvene such meeting. At the second reconvened meeting, a quorum shall constitute one-half (1/2) of the quorum required at the first reconvened meeting. Notice of the time and place for reconvening any meeting must be given in the same manner prescribed for the meeting that is being reconvened.

2.8 **Voting.** The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein. Except as otherwise specifically provided herein or in the Declaration, the vote allocated to each Lot shall be cast only by the Voting Member.

2.9 **Proxies.** Voting Members may vote by proxy as permitted by the Texas Non-Profit Corporation Act.

2.10 **Majority.** As used in these Bylaws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

2.11 **Quorum.** Except as provided in Section 2.7 with respect to a reconvened meeting, the number of Voting Members required to constitute a quorum at all meetings of the Association shall be as provided in the Declaration.

2.12 **Conduct of Meetings.** The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

2.13 **Action Without a Meeting.** Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if written consent setting forth the action so taken is signed by a number of Voting Members sufficient to take such action as if all Voting Members were present and voted on such action.

ARTICLE 3
BOARD: NUMBER, POWERS, MEETINGS

COMPOSITION AND SELECTION

3.1 **Governing Body; Composition.** The affairs of the Association shall be governed by the Board of Directors, each of whom shall have one (1) vote. Except with respect to the initial directors appointed in the Articles of Incorporation, the directors shall be Members or spouses of Members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a member which is a corporation or partnership, the person designated in writing to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

3.2 **Number of Directors.** The number of directors in the Association shall not be less than three (3) nor more than seven (7). The initial Board shall consist of three (3) directors as identified in the Articles of Incorporation. The Board may be increased in size by majority vote of the then-existing Board.

3.3 **Election and Term of Office.**

(a) At each election, each director shall be elected for a term of one (1) year under such procedures as the Board may determine. At each annual meeting thereafter successors for each director whose term is expiring shall be elected to serve for a term of one (1) year.

(b) Each Voting Member shall be entitled to cast all votes attributable to the Lots which it represents with respect to each vacancy to be filled from each slate on which such Voting Member is entitled to vote. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Voting Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

3.4 **Removal of Directors and Vacancies.** Any director elected by the Voting Members may be removed, with or without cause, by a majority of the Class "A" Members and the Class "B" Members of the Association. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the remaining directors.

Any director elected by the Voting Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any Assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor to fill the vacancy for the remainder of the term.

MEETINGS

3.5 **Organizational Meetings.** The first meeting of the Board following each annual meeting of the membership shall be held within sixty (60) days after such meeting of the membership at such time and place as shall be fixed by the Board.

3.6 **Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least one (1) such meeting shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of such meeting.

3.7 **Special Meetings.** Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two (2) directors. The notice shall specify the time and place of the meeting. The notice shall be given to each director by one of the following methods: (i) by personal delivery; (ii) written notice by first class mail, postage prepaid; (iii) telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) by fax, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone, or fax, shall be delivered, telephoned, or faxed at least seventy-two (72) hours before the time set for the meeting.

3.8 **Waiver of Notice.** The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if 3.8.1 a quorum is present, and 3.8.2 either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

3.9 **Quorum of Board.** At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

3.10 **Compensation.** No director shall receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total votes of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

3.11 **Conduct of Meetings.** The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings.

3.12 **Action Without a Formal Meeting.** Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a number of directors sufficient to take such action as if all directors were present and voted on such action.

POWERS AND DUTIES

3.13 **Powers.** The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not directed to be done and exercised exclusively by the Voting Members or the membership generally by the Declaration, Articles of Incorporation, or these Bylaws. The Board may delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager of the Development, if any, which might arise between meetings of the Board.

3.14 **Management.** The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws that can properly be delegated. Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

3.15 **Accounts and Reports.** The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

- (a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;
- (b) accounting and controls should conform to generally accepted accounting principles;
- (c) cash accounts of the Association shall not be commingled with any other accounts;
- (d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commission, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;
- (e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;
- (f) financial reports shall be prepared for the Association at least annually containing:
 - (1) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;
 - (2) a statement reflecting all cash receipts and disbursements for the preceding period;
 - (3) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;
 - (4) a balance sheet as of the last day of the preceding period; and
 - (5) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent. For purposes of this Section 3.15(f)(5) only, any

Assessment shall be considered delinquent on the thirtieth (30th) day following the due date unless otherwise determined by the Board; and

(g) an annual report consisting of at least the following shall be available to all Members within one hundred twenty (120) days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in financial position for the fiscal year.

3.16 **Borrowing.** The Board shall have the power to borrow money for the purpose of maintenance, repair or restoration of Areas of Common Responsibility without the approval of the Voting Members. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Voting Member approval in the same manner provided in the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

3.17 **Rights of the Association.** With respect to the Areas of Common Responsibility, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Such agreements shall require the consent of a majority of directors of the Association.

3.18 **Enforcement.** The Board shall have the power to impose reasonable fines as provided in the Declaration, which shall constitute a lien upon the Lot of the violating Owner, as provided in the Declaration, and to suspend an Owner's right to vote or any person's right to use the Areas of Common Responsibility for violation of any duty imposed under the Declaration, these Bylaws, or any rules and regulations duly adopted by the Association. The failure of the Board to enforce any provision of the Declaration, Bylaws, or any rule or regulation shall not be a waiver of the right of the Board to do so thereafter.

(a) **Notice.** Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (i) the nature of the alleged violation, (ii) the proposed sanction to be imposed, (iii) a period of not less than thirty (30) days within which the alleged violator may present a written request to the Covenants Committee (as defined in Section 5.2), if any, or Board for a hearing, and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within thirty (30) days of the notice. If a timely challenge is not made, the Board may, without further notice, impose the sanction stated in the notice.

(b) **Hearing.** If a hearing is requested within the allotted thirty (30) day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board or the Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

(c) **Appeal.** Following hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be

received by the manager, if any, President, or Secretary of the Association within thirty (30) days after the hearing date.

3.19 **Additional Enforcement Rights.** The Association, acting through the Board, may elect to enforce any provision of the Declaration, these Bylaws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations), or by suit at law or in equity to enjoin any violation or to recover monetary damages or both, or by an action to foreclose the lien against any Lot, without the necessity of compliance with the procedure set forth above. In addition, the Association, acting through the Board, may elect to enforce any remedy provided by the Declaration or these Bylaws for the collection of delinquent Assessments without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees and expenses actually incurred.

ARTICLE 4 **OFFICERS**

4.1 **Officers.** The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

4.2 **Election, Term of Office, and Vacancies.** The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the Voting Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

4.3 **Removal.** Any officer may be removed by the Board whenever, in the Board's judgment, the best interests of the Association shall be served thereby.

4.4 **Powers and Duties.** The officers of the Association shall each have such powers and duties as generally associated with their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget and reports as provided for herein and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

4.5 **Resignation.** 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 the receipt of such notice or at any later time specified herein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.6 **Agreements, Contracts, Deeds, Leases, Checks, Etc.** All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board.

ARTICLE 5
COMMITTEES

5.1 **General.** The Board is authorized to establish committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee established by the Board shall operate in accordance with the terms of the resolution of the Board designating the committee and such rules as are adopted by the Board.

5.2 **Covenants Committee.** The Board may appoint a "**Covenants Committee**" consisting of at least three (3) and no more than five (5) Voting Members, who shall be appointed to serve a term of one (1) year and may, in the discretion of the Board, be appointed for any number of consecutive terms of one (1) year each. Acting in accordance with the provisions of the Declaration, these Bylaws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.18.

ARTICLE 6
MISCELLANEOUS

6.1 **Fiscal Year.** The fiscal year of the Association shall be set by resolution of the Board. In the absence of a resolution, the fiscal year shall be the calendar year.

6.2 **Parliamentary Rules.** Except as may be modified by resolution of the Board, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these Bylaws.

6.3 **Conflicts.** If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration, and/or these Bylaws, then the provisions of Texas law, the Declaration, the Articles of Incorporation, and these Bylaws (in that order) shall prevail.

6.4 **Books and Records.**

(a) **Inspection by Members and Mortgagees.** The Declaration, Bylaws, Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Lienholder at any reasonable time during reasonable business hours and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Development as the Board may prescribe. The Board may impose a reasonable fee for costs of copying any such information, which shall be payable in advance.

(b) **Rules for Inspection.** The Board shall establish reasonable rules with respect to: (i) notice to be given to the custodian of the records; (ii) hours and days of the week when such an inspection may be made; and (iii) payment of the cost of reproducing copies of documents requested.

(c) **Inspection by Directors.** Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

6.5 **Notices.** Unless otherwise provided in these Bylaws, all notices, demands, bills, statements, or other communications under these Bylaws shall be in writing and shall be deemed to have been properly delivered if delivered personally or if sent by United States Mail, forty-eight (48) hours after deposited in the United States Mail, first class postage prepaid:

(a) if to a member or Voting Member, at the address which the member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the last known address of the person who appears as Owner in the public records at the time of such mailing; or

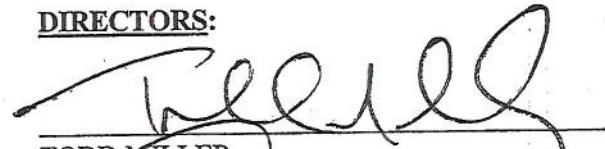
(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

6.6 **Amendment.** The Declaration may only be amended pursuant to its provisions. These Bylaws may be amended or modified upon the express consent of at least sixty-six and two-thirds percent (66-2/3%) of the outstanding votes of each class of Members entitled to vote present at a meeting at which a quorum is present; provided, however, so long as Declarant continues as a Class "B" Member, these Bylaws may not be amended without first obtaining the prior written consent of Declarant as evidenced by Declarant's execution of the amendment instrument. Notwithstanding the foregoing, Declarant shall have the right to execute amendments to these Bylaws without the consent or approval of any other party (i) at any time while Declarant continues as a Class "B" Member, (ii) to correct technical errors, (iii) to cause these Bylaws to be in compliance with any and all applicable laws, rules, and regulations of any applicable governmental authority, including the FHA and VA, or (iv) to clarify any provision hereof. In addition, as long as there remains any Class "B" Member and any first lien mortgage is in effect with respect to any Lot which is insured by FHA or VA, then any amendment to these Bylaws requires the prior approval of the FHA or VA if such approval is required under then applicable FHA or VA regulations.

If an Owner consents to an amendment to these Bylaws, it will be conclusively presumed that such Owner has the authority to so consent and no contrary provision in any mortgage or contract between Owner and a third party will affect the validity of such amendment.

The undersigned hereby certify that the foregoing set of Bylaws was unanimously adopted as the Bylaws of Southbrook Homeowners' Association, Inc. by the Board of Directors effective as of _____, 2005.

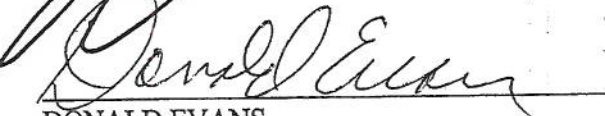
DIRECTORS:



TODD MILLER



JEFF JOHNSON

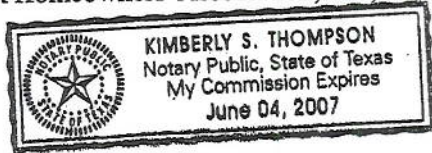


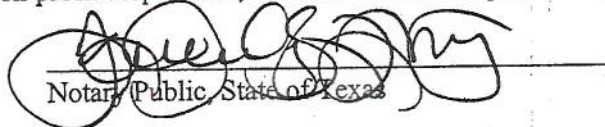
DONALD EVANS

STATE OF TEXAS

COUNTY OF COLLIN

This instrument was acknowledged before me on April 19, 2005, by Todd Miller, Director of Southbrook Homeowners' Association, Inc., a Texas non-profit corporation, on behalf of said corporation.

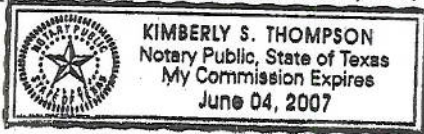



Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF COLLIN

This instrument was acknowledged before me on April 19, 2005, by Jeff Johnson, Director of Southbrook Homeowners' Association, Inc., a Texas non-profit corporation, on behalf of said corporation.

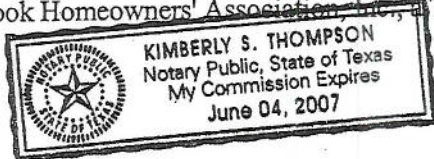


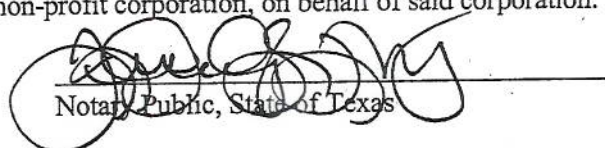

Notary Public, State of Texas

STATE OF TEXAS

COUNTY OF COLLIN

This instrument was acknowledged before me on April 19, 2005, by Donald Evans, Director of Southbrook Homeowners' Association, Inc., a Texas non-profit corporation, on behalf of said corporation.




Notary Public, State of Texas

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AFTER RECORDING, RETURN TO:

Beazer Homes Texas, L.P.

Attn: Todd Miller

501 George Bush Hwy., Suite 100

Richardson, Texas 75080