

**EXHIBIT "C"**  
**TO THE**  
**SECOND AMENDED AND RESTATED MASTER DECLARATION**  
**FOR**  
**STONEBRIDGE RANCH**

**SECOND AMENDED AND RESTATED BYLAWS**  
**OF**  
**STONEBRIDGE RANCH COMMUNITY**  
**ASSOCIATION, INC.**

**Riddle & Williams, P.C.**  
Attorneys & Counselors  
1400 Regency Plaza  
3710 Rawlins Street  
Dallas, Texas 75219  
Tel: 214 760-6766  
Fax: 214 760-6765  
**[office@riddleandwilliams.com](mailto:office@riddleandwilliams.com)**

## TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I	
NAME, PRINCIPAL OFFICE AND DEFINITIONS.....	1
1.1 Name .....	1
1.2 Principal Office .....	1
1.3. Definitions.....	1
ARTICLE II	
ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES.....	1
2.1 Membership .....	1
2.2 Place of Meetings.....	1
2.3 Annual Meetings.....	2
2.4 Special Meetings.....	2
2.5 Notice of Meetings.....	2
2.6 Waiver of Notice.....	2
2.7 Adjournment of Meetings .....	2
2.8 Voting .....	3
2.9 Proxies.....	3
2.10 Majority.....	3
2.11 Quorum .....	3
2.12 Conduct of Meetings.....	3
2.13 Action Without a Meeting .....	3
ARTICLE I	
BOARD OF DIRECTOR; NUMBER, POWERS, MEETINGS.....	4
3.1 Governing Body: Composition .....	4
3.2 Election of Directors .....	4
3.3 Removal of Directors .....	5
3.4 Organizational Meetings .....	6
3.5 Regular Meetings .....	6
3.6 Special Meetings.....	6
3.7 Workshops and Other Meetings.....	6
3.8 Waiver of Notice.....	6
3.9 Telephonic Meetings.....	6
3.10 Quorum of Board .....	6
3.11 Compensation .....	7
3.12 Conduct of Meetings.....	7
3.13 Open Meetings .....	7
3.14 Executive Session and Workshops .....	7
3.15 Action Without a Formal Meeting.....	8
3.16 Powers.....	8

3.17 Duties .....	8
3.18 Management.....	9
3.19 Accounts and Reports .....	9
3.20 Borrowing .....	11
3.21 Rights of the Association .....	11
3.22 Enforcement.....	11
ARTICLE IV	
OFFICERS.....	12
4.1 Officers .....	12
4.2 Election and Term of Office, and Vacancies .....	12
4.3 Removal .....	13
4.4 Powers and Duties.....	13
4.5 Resignation .....	13
4.6 Agreements, Contracts, Deeds, Leases, Checks, etc.....	13
ARTICLE V	
COMMITTEES.....	13
5.1 General.....	13
ARTICLE I	
NAME, PRINCIPAL OFFICE AND DEFINITIONS.....	14
6.1 Fiscal Year .....	14
6.2 Parliamentary Rules .....	14
6.3 Conflicts.....	14
6.4 Books and Records .....	14
6.5 Notices .....	14
6.6 Amendments .....	15
6.7 Use of Technology .....	15
CERTIFICATION .....	15

**SECOND AMENDED AND RESTATED BYLAWS  
OF  
STONEBRIDGE RANCH COMMUNITY ASSOCIATION, INC.**

**Article I  
Name, Principal Office and Definitions**

Section 1.1 Name. The name of the Association shall be **Stonebridge Ranch Community Association, Inc.** (the "Association").

Section 1.2. Principal Office. The principal office of the Association shall be located in the State of Texas in Collin County

Section 1.3. Definitions. The words used in these Bylaws shall be given their ordinary, commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Second Amended and Restated Master Declaration of Covenants, Conditions and Restrictions for Stonebridge Ranch Community Association, Inc. (said Declaration, as amended, renewed or extended from time to time, is hereinafter sometimes referred to as the "Declaration"), unless otherwise defined herein. For purposes of these Bylaws, the following capitalized terms shall be defined as follows:

"Class A Members" shall mean and refer to all Members who are subject to membership in the Association except the Class B Member until such time as the Class B membership terminates and is converted to a Class A membership at which time the Class B Member shall become a Class A Member for each Lot, if any, which it owns.

"Class B Member" shall mean the Declarant until such time as the Class "B" membership terminates and is converted to Class "A" membership at which time the Declarant shall become a Class "A" Member for each Lot, if any, which it owns.

"Major Entrances to Stonebridge Ranch" shall mean the following:

- Stonebridge Drive at Custer Road
- Stonebridge Drive at U.S. Highway 380 (University Drive)
- Eldorado Parkway at Lake Forest Drive
- Eldorado Parkway at Ridge Road
- Virginia Parkway at Lake Forest Drive
- Virginia Parkway at Ridge Road

**Article II  
Association: Membership, Meetings, Quorum, Voting, Proxies**

Section 2.1. Membership. The Association shall have one class of membership, as more fully set forth in the Declaration. The provisions of the Declaration pertaining to membership are specifically incorporated herein by reference.

Section 2.2. Place of Meetings. 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

the board may designate either within the Properties or as convenient thereto as possible and practical.

Section 2.3. Annual Meetings. Regular annual meetings of the membership shall be set by the Board so as to occur within 90 days after the close of the Association's fiscal year on a date and at a time set by the Board.

Section 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 if so directed by resolution of a majority of the Board or upon a petition signed by Members representing at least ten percent (10%) of the total votes of the Association.

Section 2.5. Notice of Meetings. Written, electronic or printed notice stating the place, day and hour of any meeting of the Members shall be delivered, either personally, by mail or electronically to each Member entitled to vote at such meeting 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 officers or persons calling the meeting.

In the case of a special meeting, or when required by statute or these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

Notices of all Board and Annual Membership Meetings may be posted at all Major Entrances into Stonebridge Ranch, at the principal office of the Association and posted on the Stonebridge Ranch Community Association's official web site. The failure to post notice at such locations shall not affect the validity of any actions taken at such meetings provided that notice is otherwise provided to the membership in accordance with these Bylaws or the Texas Non-Profit Corporation Act.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.

Section 2.6. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 2.7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time 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. If a time and place for reconvening the meeting is not fixed by those in

attendance at the original meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of time and place for reconvening the meeting shall be given to Members in the manner prescribed for special meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken is approved by Members representing at least a majority of votes required to constitute a quorum.

Section 2.8. Voting. The voting rights of the Members shall be as set forth in the Declaration and these Bylaws, and the Declaration's voting rights provisions are specifically incorporated herein.

Section 2.9. Proxies. At all meetings of Members, each Member may vote in person or by proxy, except as specifically provided otherwise in the Governing Documents. All proxies shall be in writing, signed by the Member or his or her duly authorized attorney-in-fact, dated and filed with the Secretary or such other Person as may be designated by the Board before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon loss of good standing by any such Member, conveyance by the Member of such Member's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

Section 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 number.

Section 2.11. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of Members representing at least ten percent (10%) of the total votes in the Association shall constitute a quorum at all meetings of the Association. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Section 2.12. Conduct of Meetings. The President (or, in the absence of the President, the Vice-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.

Section 2.13. Action Without a Meeting. Any action required by law to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if written consent setting forth the action so taken is signed by a sufficient number of Members as would be necessary to take that action at a meeting at which all of the Members were present and voted, and any such consent shall have the same force and effect as a unanimous vote of the Members. Such consents shall be signed within sixty (60) days after receipt of the earliest dated consent, dated and delivered to the Association. Such consents shall be filed with the minutes of the Association and shall have the same force as a vote of members at a meeting. Each written consent shall bear the date of the signature of each Member

who signs the consent. Within a reasonable time following authorization of any action by written consent, the Association shall give notice to all Members of the material features of the authorized action.

### **Article III**

#### **Board of Directors: Number, Powers, Meetings**

##### **A. Composition and Selection.**

Section 3.1. Governing Body; Composition. The affairs of the Association shall be governed by a Board consisting of seven (7) persons. The Directors must be Members of the Association. No more than one Member and/or Resident from each Village may serve on the Board at any given time. In the event two or more Members and/or Residents from the same Village are nominated for election to the Board, only the candidate receiving the highest number of votes from among those candidates shall be eligible to serve on the Board. Each Director shall have one vote.

Section 3.2. Election of Directors. At the 2005 annual meeting, Class A Members elected two (2) Directors ("Director #2" and "Director #3") to serve for a term of two (2) years and one (1) Director ("Director #1") for a term of one (1) year. During the 2006 annual meeting, the Class A Members elected one (1) Director ("Director #1") for a term of three (3) years. At each annual meeting thereafter, this Director position ("Director #1") shall be elected to serve for a term of three (3) years. Commencing with the 2007 annual meeting and at each annual meeting thereafter, the two (2) Director positions elected at the 2005 annual meeting ("Director #2" and "Director #3") shall be elected to serve for a term of three (3) years.

Commencing with the 2015 annual meeting or the first annual meeting following the surrender of the Class B Member's right to appoint Directors, whichever occurs first, the Class A Members shall elect Directors to fill the positions formerly held by the Directors appointed by the Class B Member. The Class B Member may surrender all four (4) Director seats within a single year or over a period of years so long as all four (4) positions are surrendered at or before the 2015 annual meeting. The Directors shall serve terms according to Table 1 below based on the year the Class B Member surrenders its right to appoint the Directors. The four (4) Director positions appointed by the Class B Member are described in Table 1 as Director #4, #5, #6 and #7.

Table 1: Years Remaining in Elected Terms

Position	Calendar Year							
	2008	2009	2010	2011	2012	2013	2014	2015
Director #1	1	3	2	1	3	2	1	3
Director #2	2	1	3	2	1	3	2	1
Director #3	2	1	3	2	1	3	2	1
Director #4	2	1	3	2	1	3	2	1
Director #5	1	3	2	1	3	2	1	3
Director #6	3	2	1	3	2	1	3	2
Director #7	3	2	1	3	2	1	3	2

Legend:

Directors #1, #2 and #3 are Class A Member-Elected Directors

Directors #4, #5, #6 and #7 are Class B Member-Elected Directors Until Transition

Upon the surrender of the Class B Member's right to appoint the aforementioned Directors, the candidate(s) receiving the most votes will be elected to the vacant position(s) having a three (3) year term, if any. The candidate(s) with the next highest number of votes will be elected to the vacant position(s) having a two (2) year term, if any. The candidate(s) with the next highest number of votes will be elected to the vacant position(s) having a one (1) year term, if any. At the expiration of the initial term of office of each such Director position of the Board of Directors and at each annual meeting thereafter, a successor shall be elected to serve for a term of three (3) years.

Directors elected by the Members shall hold office until their respective successors have been elected and qualified. At each election, each Member in good standing may cast one (1) vote for each Lot owned by such Member for each vacancy to be filled. If a Member owns more than one Lot, the Member may only cast his or her vote as to those Lots in which the Member is in good standing. There shall be no cumulative voting. The number of candidates equal to the number of positions to be filled and who receive the greatest number of votes shall be elected. Directors may not serve more than two (2) consecutive three (3) year terms. All terms less than three (3) years shall not count towards the term limits established above.

Section 3.3. Removal of Directors

Any director may be removed, with or without cause, by either the vote of two-thirds (2/3rds) of the Board or the vote of the Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given at least five (5) days' notice prior to any meeting called for that purpose and shall be given an opportunity to be heard at the meeting or to communicate his or her position. Upon removal of a director by the Members, a successor shall then and there be elected by the Members to fill the vacancy for the remainder of the term of such director. Upon removal of a director by the Board, a successor shall then and there be elected by the Board to fill the vacancy for the remainder of the term of such director.

Any director 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 sixty (60) 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 serve for the remainder of the term of such director. Alternatively, the Board may call for an election for the purpose of electing a successor to fill any such vacancy on the Board. In such case, the Members shall be entitled to elect a successor to serve for the remainder of the term of such director.

B. Meetings.

Section 3.4. Organizational Meetings. The first meeting of the Board following each annual meeting of the Membership shall be held within fifteen (15) days thereafter at such time and place as shall be fixed by the Board.

Section 3.5. 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 six (6) such meetings shall be held during each fiscal year with at least one (1) every other month. Notice of the time and place of the meeting shall be communicated to directors no less than seven (7) 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 holding of the meeting.

Section 3.6. Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President or by any two (2) directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. 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) by 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 electronic mail, facsimile, or other communication device. All such notices shall be given at the director's telephone number, fax, number, electronic mail address, 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.

Section 3.7. Workshops And Other Meetings. Meetings, other than those held under Section 3.4, Section 3.5 or Section 3.6, may be held. These Workshops and Other Meetings are such that discussions occur between Board Members with no input from Members. At these meetings no substantive decisions will be rendered, however, minutes of such meetings shall be recorded and entered into the official records of the Association. No prior notice to Membership is required.

Section 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 (i) a quorum is present, and (ii) 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 also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 3.9. Telephonic Meetings. Members of the Board or any committee may participate in a meeting 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 simultaneously communicate with one another. Participation in a meeting pursuant to this subsection shall constitute presence in person at such meeting.

Section 3.10. 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 directors present at a meeting at

which a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. 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 transacted at the meeting originally called may be transacted without further notice.

Section 3.11. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by Members representing a majority of the total vote 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.

Section 3.12. Conduct of Meetings; Minutes. The President (or, in the President's absence, a Vice-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 of Directors and all transactions and proceedings occurring at such meetings. Business of the Association shall be conducted during a minimum of six (6) public Board Meetings per year. Unless otherwise prohibited by the Bylaws, the Board shall be entitled to have one or more private workshop per Fiscal Year. The minutes of each and every meeting shall be accurately recorded, approved by the Board and filed with the records of the Association. The minutes of all public meetings shall be made available to the Association membership for inspection by whatever means necessary, including posting on the Association's official web site once the minutes have been approved by the Board no later than the next Board meeting.

Section 3.13. Open Meetings. Subject to the provisions of Section 3.14, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation except as follows:

(a) the Directors shall publish a meeting agenda and permit Members a reasonable opportunity to express their opinions concerning such agenda matters prior to taking any formal action; and

(b) the Directors shall allow an "open" or "new business" portion of the meeting in which any Member can express his/her opinion concerning any new or previously non-discussed matter.

In such case, the President may limit the number of speakers, limit the time for each presentation to three minutes, and adopt other rules of efficiency and decorum as may be reasonably needed to maintain order.

Section 3.14. Executive Session and Workshops. Unless otherwise required by law, the Board may, with approval of a majority of a quorum, adjourn any meeting of the Board and reconvene in executive session, excluding Members, to discuss and vote upon matters of a sensitive nature, such as pending or threatened litigation, personnel matters, covenant enforcement matters, assessment delinquencies, contracts, etc., or matters that are to remain

**BYLAWS- Page 7**

confidential by request of the affected parties and agreement of the Board. The general nature of any business to be considered in executive session must first be announced at the open meeting. The Board may also attend “workshop” meetings or sessions to discuss long-range concepts, receive educational assistance and training and the like, provided no official action of any sort is taken.

Section 3.15. 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 sufficient number of directors as would be necessary to take that action at a meeting at which all of the directors were present and voted, and such consent shall have the same force and effect as a unanimous vote. An explanation of the action taken shall be posted at a prominent place or places within the Properties within a reasonable time after the written consents of the Board members have been obtained and minutes of the action approved by the Board.

C. Powers and Duties.

Section 3.16. Powers. The Board 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 by the Governing Documents or by law directed to be done and exercised exclusively by the Members or the membership generally. The Board may delegate to one or more of its members the authority to act on behalf of the Board on all matters relating to the duties of and/or matters directly or indirectly pertaining to the managing agent or manager, if any, which might arise between meetings of the Board.

Section 3.17. Duties. The duties of the Board shall include, without limitation, the following:

(a) preparation and adoption, in accordance with Article V of the Declaration, of annual budgets in which there shall be established the contribution of each Owner to the Common Expenses;

(b) making assessments to defray the Common Expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment;

(c) providing for the operation, care, upkeep and maintenance of all of the Common Properties;

(d) designating, hiring and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair and replacement of its property and the Common Properties and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve and using the proceeds to operate the Association; provided, any reserve fund may be deposited in the directors’ best business judgment, in depositories other than banks;

- (f) making and amending rules and regulations;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) making or contracting for the making of repairs, additions and improvements to or alterations of the Common Properties in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;
- (i) enforcing by legal means the provisions of the Governing Documents and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;
- (l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;
- (m) making available to any prospective purchaser of a Lot, any Owner of a Lot, any first mortgagee, and the holders, insurers and guarantors of a first mortgage on any Lot, current copies of the Governing Documents and all other books, records and financial statements of the Association; and
- (n) permitting utility suppliers to use portions of the Common Properties reasonably necessary to the ongoing development or operation of the Properties.

Section 3.18. 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 its managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board by these Bylaws, other than the powers set forth in this Section 3.18.

The Association shall not be bound, either directly or indirectly, by any contract, lease or other agreement (including any management contract) executed during the Development Period unless such contract, lease or other agreement contains a right of termination exercisable by either party without penalty at any time, with or without cause, upon not more than 90 days' notice to the other party.

Section 3.19. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) cash or accrual accounting (as determined by the Board from time to time), as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) a segregation of accounting duties should be maintained, and disbursements by check shall require only one signature, except as otherwise specified by resolution of the Board;

(d) cash accounts of the Association shall not be commingled with any other accounts;

(e) 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 commissions, finder's fees, service fees, prizes, gifts or otherwise; anything of value received shall benefit the Association;

(f) 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;

(g) financial reports shall be prepared for the Association at least quarterly containing;

(i) a balance sheet as of the last day of the preceding period;

(ii) an income statement reflecting all income and expense activity for the preceding period on a cash or on an accrual basis, as the Board may prescribe;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a statement reflecting all cash receipts and disbursements for the preceding year; and

(v) 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 (any assessment or installment thereof shall be considered to be delinquent on the thirtieth (30<sup>th</sup>) day following the due date unless otherwise specified by resolution of the Board of Directors).

(h) an annual report consisting of at least the following shall be made available for inspection by the Members in accordance with the provisions of Section 6.4(b) 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. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined

by the Board; provided, upon written request of any holder, guarantor or insurer of any First Mortgage on a Lot, the Association shall provide an audited financial statement.

Section 3.20. Borrowing. The Association shall have the power to borrow money for any purposes; provided the Board shall obtain Member approval in the same manner provided in Section 5.4 of the Declaration for special group 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 twenty percent (20%) of the budgeted gross expenses of the Association for that fiscal year or would increase the total Annual Assessment by more than five percent (5%).

Section 3.21. Rights of the Association. With respect to the Common Properties, 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. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational or other agreements with trusts, condominiums, cooperatives and other owners or residents associations, both within and without the Properties. Such agreements shall require the consent of a majority of the total number of directors of the Association.

Section 3.22. Enforcement. The Association shall have the power to impose reasonable fines, which shall constitute a lien upon the property of the violating Owner, and to suspend an Owner's right to vote or any Person's right to use the Common Properties for violation of any covenant or duty imposed under the Governing Documents; provided, however, nothing herein shall authorize the Association to limit ingress or egress to or from a Lot. In the event that any occupant, guest or invitee of a Lot violates the Governing Documents for which a fine is imposed, such fine may be assessed against the occupant or the Owner; provided, however, if the fine is not paid by the occupant within the time period set by the Board, the Owner shall pay the fine upon notice from the Association of the occupant's failure to do so. The failure of the Board to enforce any provision of the Governing Documents shall not be deemed a waiver of the right of the Board to do so thereafter or of the right to enforce any other violation.

(a) Notice. Except as hereinafter provided, prior to imposition of any fine under the Governing Documents, suspension of an Owner's right to use the Common Properties, commencement of a suit against an Owner (other than a suit to collect a regular or special assessment or foreclose under the Association's assessment lien), imposition of a charge against an Owner for property damage (the foregoing actions are collectively referred to herein as a "sanction"), 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 Board, for a hearing and (iv) a statement that the proposed sanction shall be imposed as contained in the notice unless a hearing is requested within thirty (30) days of the notice; provided that the Board may suspend any proposed sanction if the violation is cured within the 30-day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

Notwithstanding the foregoing, the notice and hearing provisions of this Section 3.22(a) do not apply if the Association files a suit seeking a temporary restraining order or temporary injunctive relief or files a suit that includes foreclosure as a cause of action. The notice and

hearing provisions of this Section 3.22(a) do not apply to a temporary suspension of a Person's right to use the Common Properties if the temporary suspension is the result of a violation that occurred on the Common Properties and involved a significant and immediate risk of harm to others in the Properties. The temporary suspension is effective until the Board makes a final determination on the suspension action after following the procedures prescribed by this Section 3.22(a).

(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 deemed 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 of Directors may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the thirty (30) day period. Such suspension shall not constitute a waiver of the right to sanction future violations of the same or other provisions and rules by any Person.

(c) Appeal. Following a hearing before a Committee of the Association, the violator shall have the right to appeal the decision to the Board of Directors. To perfect this right, a written notice of appeal must be received by the manager, President, or Secretary of the Association within thirty (30) days after the hearing date.

(d) Additional Enforcement Rights. Notwithstanding anything to the contrary herein contained, the Association, acting through the Board of Directors, 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 and the maintenance of an Owner's Lot which the Owner failed and/or refused to perform) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both without the necessity of compliance with the notice and hearing procedures 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 attorney's fees actually incurred.

#### **Article IV** **Officers**

Section 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 or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.2. Election and 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 Members, as set forth in Section 3.7. A vacancy in any office arising

**BYLAWS- Page 12**

because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term. Officers may not serve more than two (2) consecutive three (3) year terms.

Section 4.3. Removal. Any officer may be removed by the Board whenever in its judgment the best interest of the Association will be served thereby.

Section 4.4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to 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 as provided for in the Declaration and may delegate all or part of the preparation and notification duties to a Finance Committee, management agent or both.

Section 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 therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.6. Agreements, Contracts, Deeds, Leases, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by such person or persons as may be designated by resolution of the Board.

## **Article V**

### **Committees**

Section 5.1. General. Committees are hereby authorized 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 shall cooperate in accordance with the terms of the resolution of the Board designating the committee or with rules adopted by the Board of Directors. The Board shall appoint the chairperson for each committee who shall preside at its meeting and who shall be responsible for transmitting any and all communications to the Board.

For each committee, a Board Member shall be designated as the primary interface/liaison to the Board for the specific committee. Committee reports or minutes should be taken at each meeting and presented at each regular Board Meeting. Committee members should also receive copies of the committee minutes. These minutes should include actions, recommendations and a list of committee members present at the meeting.

Committee members may be removed from the Committee by the Board without cause or for causes related to "Disclosure Due to Conflict of Interest" upon thirty (30) days written notice. Causes relating to "Disclosure Due to Conflict of Interest" include, (a) soliciting personal business or gain while acting in the capacity of a member of the committee or as an Association volunteer, (b) communicating directly with any vendor of the association or person or entity requested to submit a bid to provide services to the Association without express approval to do so from the Association, and (c) failing to fully disclose to the Association any personal or

**BYLAWS- Page 13**

business relationship with a vendor of the association or a person or entity requested to submit a bid to provide services to the Association, if the Committee made any recommendation to the Association to engage that vendor or to renew an existing contract, or to request a bid from that person or entity.

## **Article VI**

### **Miscellaneous**

Section 6.1. Fiscal Year. The fiscal year of the Association shall be the twelve (12) month period commencing on January 1 and ending on the following December 31, unless the Board shall otherwise select an alternative twelve (12) month period.

Section 6.2. Parliamentary Rules. Except as may be modified by Board resolution, 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.

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

Section 6.4. Books and Records.

(a) Inspection by Members and Mortgagees. The Governing Documents, 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 holder, insurer or guarantor of a First Mortgage on a Lot, a Member, or by the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot. Such inspection shall take place at the office of the Association or at such other place within the Properties as the Board shall prescribe.

(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.

Section 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 duly given if delivered electronically (delivery confirmed), personally or if sent by United States mail, first-class postage prepaid:

(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; 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.

Section 6.6. Amendments. The power and authority to alter, amend or repeal the Bylaws, or to adopt new Bylaws, has been delegated by the Members to the Board.

Section 6.7. Use of Technology. In recognition of the opportunities offered through computers and continuing advancements in the high technology fields, the Association may, to the extent Texas law permits, and unless otherwise specifically prohibited in the Governing Documents, do the following:

- send required notices to Members and Directors by electronic means;
- hold Board or Association meetings and permit attendance and voting by electronic means, to include early voting;
- where directors are to be elected by the Members, conduct such elections by mail, facsimile, or electronically, or by any combination of the foregoing;
- send and collect assessments and other invoices over the computer via the Internet or Intranet;
- sponsor a community cable television channel;
- create and maintain a community intranet or internet web site offering interactive participation opportunities for users;
- maintain an "online" newsletter or bulletin board.

#### CERTIFICATION

I, the undersigned, am the duly elected and acting Secretary of STONEBRIDGE RANCH COMMUNITY ASSOCIATION, INC., a Texas non-profit corporation, and I do hereby certify:

That the within and foregoing Second Amended and Restated Bylaws of Stonebridge Ranch Community Association, Inc. were adopted as the Bylaws of said corporation as of March 27, 2008, thereby replacing the existing Bylaws of the Association and that the same do now constitute the Bylaws of said corporation, and that they have not been modified, amended nor rescinded since their adoption.

IN WITNESS WHEREOF, I have hereunto subscribed my name as of March 27, 2008.

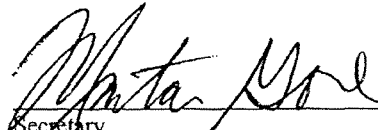
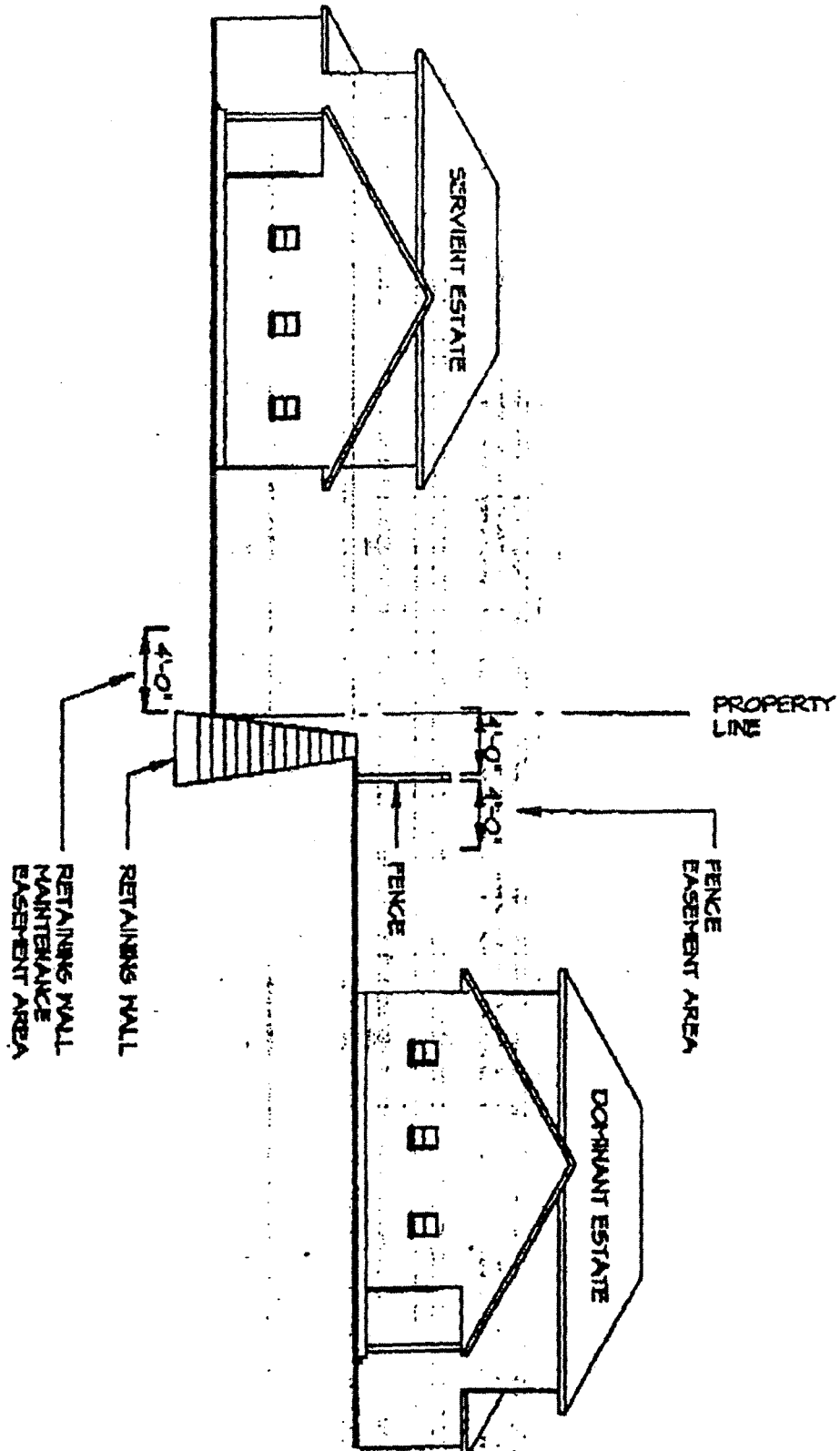
  
Secretary

EXHIBIT "D"



**EXHIBIT "E"**  
**Designation of Village Common Properties**

Subdivision	Common Areas	Date of Special Warranty Deed/Plat	Recording Information			
			Date	Doc/Num	Vol.	Page
Villas at Adriatica	Any land designated or assigned as common area on the recorded plat for the Villas at Adriatica, Phase I	7-17-06	7-18-06	20060718010003080		
Kings Lake	A-1, A-6, B-1	11-27-06	2-19-07	200702220002448504		
Coronado	Any land designated or assigned as common area on the recorded plat for Coronado	NA	NA	NA	NA	NA
The Enclave	Any land designated or assigned as common area on the recorded plat for The Enclave	NA	NA	NA	NA	NA
Grand Traditions	Any land designated or assigned as common area on the recorded plat for Grand Traditions	NA	NA	NA	NA	NA
Isleworth	Any land designated or assigned as common area on the recorded plat for Isleworth	NA	NA	NA	NA	NA
Lake Point	Any land designated or assigned as common area on the recorded plat for Lake Point	NA	NA	NA	NA	NA
Live Oak	Any land designated or assigned as common area on the recorded plat for Live Oak	NA	NA	NA	NA	NA
Muirfield Point	Any land designated or assigned as common area on the recorded plat for Muirfield Point	NA	NA	NA	NA	NA
The Symphony	Any land designated or assigned as common area on the recorded plat for The Symphony	NA	NA	NA	NA	NA
Woodland Bridge	Any land designated or assigned as common area on the recorded plat for Woodland Bridge	NA	NA	NA	NA	NA
Stonebridge Estates Phases 2 & 3	Private Streets within Stonebridge Estates Phases 2 & 3	4-30-03	5-1-03	2003-0079531	05408	01018 – 01025
Stonebridge Estates II	Lot A-2, Block A	2-22-01	3-2-01	2001-0021975	4867	4003 – 4005
Fieldstone Place	F-2, Block F and a 2.489 acre portion of G-1	2-22-01	3-2-01	2001-0021974	4867	3995 – 4002
Ballantrae I Ballantrae II	11A, Block B; Tract 3 (Lot 17A, Block A) B-2, Block B; Lot 2, Block D	2-22-01	3-2-01	2001-0021972	4867	3984 – 3986
Ballantrae ( <i>deeded back to Westerra Stonebridge, L.P.</i> )	Portion of Lot 1, Block D (0.018 Acres) (former Common Green)	7-25-00	7-26-00	2000-0078407	04717	00357 – 00360

Subdivision	Common Areas	Date of Special Warranty Deed/Plat	Recording Information			
			Date	Doc/Num	Vol.	Page
Stonebridge Estates Phase I	Lot 1, Block D	7-18-96	7-30-96	96-0063618		
Stonebridge Estates Phase I	Lot 1-A, Block C	1-29-96	2-19-96	96-0013034		
Ballantrae I	Lot 1, Block D	8-3-95	8-4-95	95-0055645		
Summer Point – Phase I	Any land designated or assigned as common area on the recorded plat for Summer Point Phase I	NA	NA	NA	NA	NA
Summer Point – Phase II	Lot 32A, Block A & Lot 13A, Block C	9-14-94	9-21-94	94-0086768		
Bridge Point	Lot 4-A, Block B & Lot 22-A, Block A	9-14-94	9-21-94	94-0086767		
Summer Point Village	Lot 9A	10-24-89	11-17-89	59552	3168	306 – 308

Filed and Recorded  
Official Public Records  
Stacey Kemp  
Collin County, TEXAS  
03/27/2008 03:12:21 PM  
\$408.00 TKING  
20080327000365660



A handwritten signature in cursive script that reads "Stacey Kemp".