

BYLAWS

BYLAWS
OF
BHF HOMEOWNERS ASSOCIATION, INC.

These Bylaws govern the affairs of BHF HOMEOWNERS ASSOCIATION, INC., a nonprofit corporation (the “Corporation”).

ARTICLE 1: OFFICES

Principal Office

1.01. The Corporation’s principal office in Texas will be located at 900 Utility Road #101, Sanger, Texas 76266. The Corporation may have such other offices, in Texas or elsewhere, as the Board of Directors may determine. The Board may change the location of any office of the Corporation.

Registered Office and Registered Agent

1.02. The Corporation will maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Corporation’s principal office in Texas. The Board may change the registered office and the registered agent as permitted in the Texas Non-Profit Corporation Act.

ARTICLE 2: MEMBERS

Class of Members

2.01. The Corporation will have one class of members (the “Members”). Each person or legal entity who is an owner as defined in the Declaration of Covenants, Conditions and Restrictions of Granite Industries, LLC, a Nevada limited liability company, filed of record as Instrument No. 00074761, V. 2134, Pg. 790, in the Land Records of Cooke County, Texas (the “Declarations” or “Declaration”), shall be a Member of the Corporation and such membership shall automatically cease when such person or entity no longer owns such interest. The Declarations are incorporated herein by this reference. Upon any transfer of a homestead, the new owner succeeding to such ownership shall likewise succeed to membership in the Corporation.

Membership Fees and Dues

2.02. The Board of Directors shall have the power to assess each Member such Member’s pro rata part of expenses incurred by the Corporation as set forth in the Declarations.

Voting Rights

2.03. The voting rights of the Members shall be as set forth in the Declarations and Articles of Incorporation, and such voting rights provisions are specifically incorporated herein.

Resolving Disputes

2.04. In any dispute between Members relating to the Corporation's activities, all parties involved will cooperate in good faith to resolve the dispute. If the parties cannot resolve a dispute among themselves, they will cooperate to select one or more mediators to help resolve it. If no timely resolution of the dispute occurs through mediation, any party may demand binding arbitration as described in Civil Practice and Remedies Code Section 171.021 regardless of whether the parties have met together with a mediator. This paragraph will not apply to a dispute involving the Corporation as a party relating to the sanctioning, suspending, or expelling a Member from the Corporation. The Board has discretion to authorize using corporate funds for mediating or arbitrating a dispute described in this paragraph.

Transferring Membership

2.05. Membership in the Corporation shall automatically cease when the Member no longer owns Property as defined in the Declarations. Upon any legal transfer of the homestead whether by sale, court order or upon the death of Owner, the new owner succeeding to such ownership shall likewise succeed to membership in the Corporation.

ARTICLE 3: MEETINGS OF MEMBERS

Annual Meeting

3.01. Beginning in 2018, the Board will hold an annual Members' meeting at 7:00 o'clock p.m. at such date as may be determined by the Board of Director in so much that said meeting date is convenient for the Board of Directors and the members of the Association. Additionally such date cannot be a governmental or religious holiday. At the annual meeting, the Voting Members will elect Directors, elect Officers, and transact any other business that may come before the meeting. If, in any year, the election of directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting the Board will call a special meeting of the Members, as soon as possible, to elect directors.

Special Meetings

3.02. Special meetings of the Members may be called at any time by a majority of the Board of Directors, or upon written request of twenty-five percent (25%) of the Voting Members.

Place of Meeting

3.03. The Board may designate the location for any annual or special meeting, such

location to be on or close to the Property as designated by the Board of Directors in such notice.

Notice of Meetings

3.04. Written or printed notice of any Members’ meeting, including the annual meeting, will be delivered to each Member entitled to vote at the meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. The record date for determining the Members entitled to notice of any meeting of Members will be determined as of 5:00 o’clock p.m. on the twenty-fifth (25th) day preceding any such meeting. After fixing the record date, the Board will cause to be prepared an alphabetical list of all Members entitled to notice of any meeting of Members. Notice will be given by or at the direction of the president or secretary, or the officers or persons calling the meeting. If all of the Members meet and consent to holding a meeting, any corporate action may be taken at the meeting regardless of lack of proper notice.

Quorum

3.05. Except as otherwise provided in these Bylaws or in the Declaration, the presence of Voting Members representing ten percent (10%) of the total votes in the Association shall constitute a quorum at all meetings of the Association: provided, if a quorum is not present at any meeting when initially called, then the meeting may be adjourned and reconvened within 30 days after the date originally, called and the quorum requirement upon such reconvening shall be reduced to one-half (1/2) of the original quorum amount. Any provision in the Declaration concerning quorums is specifically incorporated herein.

Proxies

3.06. Voting Members may vote by proxy provided such proxy instrument is duly signed and dated by the member who is also the owner of the lot so addressed in the proxy.

ARTICLE 4: BOARD OF DIRECTORS

Management of Corporation

4.01. The Board will manage corporate affairs.

Number, Qualifications, and Tenure of Directors

4.02. The number of Directors will be not less than three (3) or more than six (6). Directors must be Texas residents and an owner as defined in the Declarations. Directors must be Members of the corporation. Directors will serve for a term of two (2) years.

Nominating Directors

4.03. At any meeting at which the election of a director is held, a Voting Member in good standing may nominate a person with the second of any other Voting Member in good standing.

Electing Directors

4.04. Directors will be elected at the annual meeting of the Voting Members.

Vacancies

4.05. The Board will fill any vacancy in the Board and any director position to be filled due to an increase in the number of directors. A vacancy is filled by the affirmative vote of a majority of the remaining directors, even if it is less than a quorum of the Board, or if it is a sole remaining director. A director selected to fill a vacancy will serve for the unexpired term of his or her predecessor in office.

Annual Meeting

4.06. The annual meeting of the Board may be held without notice other than as required by these Bylaws. The annual Board meeting will be held immediately following the annual meeting of the Voting Members.

Regular Meetings

4.07. The Board may provide for regular meetings by resolution stating the time and place of such meetings. The meetings may be held at such location on or close to the Property. No notice of regular Board meetings is required other than a Board resolution stating the time and place of the meetings.

Special Meetings

4.08. Special Board meetings may be called by directors. The person or persons calling a special meeting will inform the secretary of the corporation of the information to be included in the notice of the meeting. The secretary of the Corporation will give notice to the directors as these Bylaws require.

Notice

4.09. Written or printed notice of any special meeting of the Board will be delivered to each director not less than seven (7), nor more than, thirty (30) days before the date of the meeting. The notice will state the place, day, and time of the meeting; who called and the purpose or purposes for which it is called. If all of the Directors meet and consent to holding a meeting, any corporate action may be taken at the meeting regardless of lack of proper notice.

Quorum

4.10. A majority of the number of directors then in office constitutes a quorum for transacting business at any Board meeting. The directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough directors leave the

meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required for a quorum. If a quorum is never present at any time during a meeting, a majority of the directors present may adjourn and reconvene the meeting once without further notice.

Duties of Directors

4.11. In addition to the duties set out in the Declarations, the Directors will discharge their duties, including any duties as committee Members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the Corporation's best interest. In this context, the term "ordinary care" means the care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In discharging any duty imposed or power conferred on directors, directors may, in good faith, rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Corporation or another person that has been prepared or presented by a variety of persons, including officers and employees of the Corporation, professional advisors or experts such as accountants or legal counsel. A director is not relying in good faith if he or she has knowledge concerning a matter in question that renders reliance unwarranted.

Directors are not deemed to have the duties of trustees of a trust with respect to the Corporation or with respect to any property held or administered by the Corporation, including property that may be subject to restrictions imposed by the donor or transferor of the property.

Duty To Avoid Improper Distributions

4.12. Directors who vote for or assent to improper distributions are jointly and severally liable to the Corporation for the value of improperly distributed assets, to the extent that, as a result of the improper distribution or distributions, the corporation lacks sufficient assets to pay its debts, obligations, and liabilities. Any distribution made when the Corporation is insolvent, other than in payment of corporate debts, or any distribution that would render the Corporation insolvent, is an improper distribution. A distribution made during liquidation without payment and discharge of or provision for payment and discharge of all known debts, obligations, and liabilities is also improper. Directors present at a Board meeting at which the improper action is taken are presumed to have assented, unless they dissent in writing. The written dissent must be filed with the secretary of the Corporation before adjournment of the meeting in question or mailed to the secretary by registered mail immediately after adjournment.

A director is not liable if, in voting for or assenting to a distribution, the director (1) relies in good faith and with ordinary care on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more officers or employees of the Corporation; legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or a committee of the Board of which the director is not a Member; (2) while acting in good faith and with ordinary care, considers the Corporation's assets to be at least that of their book value; or (3) in determining whether the Corporation made adequate provision for paying, satisfying, or discharging all of its liabilities and obligations, relied in good faith and with ordinary care on

financial statements or other information concerning a person who was or became contractually obligated to satisfy or discharge some or all of these liabilities or obligations. Furthermore, directors are protected from liability if, in exercising ordinary care, they acted in good faith and in reliance on the written opinion of an attorney for the Corporation.

Directors held liable for an improper distribution are entitled to contribution from persons who accepted or received the improper distributions knowing they were improper. Contribution is in proportion to the amount received by each such person.

Interested Directors

4.13. Except as set out in the Declarations, contracts or transactions between directors, officers, or Members who have a financial interest in the matter are not void or voidable solely for that reason. Nor are they void or voidable solely because the director, officer, or Member is present at or participates in the meeting that authorizes the contract or transaction, or solely because the interested party's votes are counted for the purpose. However, every director with any personal interest in the transaction must disclose all material facts concerning the transaction, including all potential personal benefit and potential conflicts of interest, to the other Members of the Board or other group authorizing the transaction. The transaction must be approved by a majority of the uninterested directors or other group with the authority to authorize the transaction.

Actions of Board of Directors

4.14. Except as provided in the Declarations, the Board will try to act by consensus. However, if a consensus is not available, the vote of a majority of directors present and voting at a meeting at which a quorum is present is enough to constitute the act of the Board, unless the act of a greater number is required by law or by some other provision of these Bylaws. A director who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining the Board's decision.

Compensation

4.15. Directors may not receive salaries for their services. The Voting Members may adopt a resolution providing for paying directors a fixed sum and expenses of attendance, if any, for attending each Board meeting. A director may serve the Corporation in any other capacity and receive compensation for those services. Any compensation that the Corporation pays to a director will be reasonable and commensurate with the services performed.

Removing Directors

4.16. The Voting Members may vote to remove a director at any time, only for good cause. Good cause for removal of a director includes the unexcused failure to attend three (3) consecutive Board meetings. A meeting to consider removing a director may be called and noticed following the procedures provided in these Bylaws for a special meeting of the Members of the corporation. The notice of the meeting will state that the issue of possibly removing the

director will be on the agenda and the notice will state the proposed cause for removal.

At the meeting, the director may present evidence of why he or she should not be removed and may be represented by an attorney at and before the meeting. Also, at the meeting, the Corporation will consider possible arrangements for resolving the problems that are in the mutual interest of the Corporation and the director.

A director may be removed by the affirmative vote of fifty-one percent (51%) of the Members present in person or by proxy.

ARTICLE 5: COMMITTEES

Establishing Committees

5.01. The Board shall appoint, dissolve, and/or change, the composition of such committees as it deems appropriate in carrying out the purposes of the Corporation. Only Active Members may be appointed to committees.

Authority

5.02. No committee shall have the authority to approve any financial transaction to which the Corporation is a party without prior approval of the Board. No committee shall take any action *outside* the scope of authority delegated to it by the Board or take final action on a matter that requires the approval of the Active Members.

Reports

5.03. Committees shall, at the request of the Board, provide reports concerning committee meetings and activities.

Compensation

5.04. No committee Member shall receive compensation for any services rendered to the Corporation. Any committee Member may be reimbursed for actual expenses incurred in the performance of the duties of the committee provided that the expenses were pre-authorized by the Board and the request for reimbursement is accompanied by original receipts.

ARTICLE 6: TRANSACTIONS OF CORPORATION

Contracts

6.01. The Board may authorize any officer or agent of the Corporation to enter into a contract or execute and deliver any instrument in the name of, and on behalf of, the Corporation. This authority may be limited to a specific contract or instrument, or it may extend to any number and type of possible contracts and instruments.

Deposits

6.02. All the Corporation's funds will be deposited to the credit of the Corporation in banks, trust companies, or other depositories that the Board selects.

Gifts

6.03. The Board may accept, on the Corporation's behalf, any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Corporation. The Board may make gifts and give charitable contributions not prohibited by these Bylaws, the Articles of Incorporation, state law, and provisions set out in federal tax law that must be complied with to maintain the Corporation's federal and state tax status.

Potential Conflicts of Interest

6.04. The Corporation may not make any loan to a director or officer of the Corporation. A Member, director, officer, or committee Member of the Corporation may lend money to--and otherwise transact business with--the Corporation except as otherwise provided by these Bylaws, the articles of incorporation, and applicable law. Such a person transacting business with the Corporation has the same rights and obligations relating to those matters as other persons transacting business with the Corporation. The Corporation may not borrow money from--or otherwise transact business with--a Member, director, officer, or committee Member of the Corporation unless the transaction is described fully in a legally binding instrument and is in the Corporation's best interests. The Corporation may not borrow money from--or otherwise transact business with--a Member, director, officer, or committee Member of the Corporation without full disclosure of all relevant facts and without the Board's or the Members' approval, not including the vote of any person having a personal interest in the transaction.

Prohibited Acts

6.05. As long as the Corporation exists, and except with the Board's or the Members' prior approval, no Member, director, officer, or committee Member of the Corporation may:

- (a) Do any act in violation of these Bylaws or a binding obligation of the Corporation.
- (b) Do any act with the intention of harming the Corporation or any of its operations.
- (c) Do any act that would make it impossible or unnecessarily difficult to carry on the Corporation's intended or ordinary business.
- (d) Receive an improper personal benefit from the operation of the Corporation.
- (e) Use the Corporation's assets, directly or indirectly, for any purpose other than carrying on the Corporation's business.
- (f) Wrongfully transfer or dispose of Corporation property, including intangible property such as good will.
- (g) Use the Corporation's name (or any substantially similar name) or any trademark or trade name adopted by the Corporation, except on behalf of the Corporation in the ordinary course of its business.

- (h) Disclose any of the Corporation's business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

ARTICLE 7: BOOKS AND RECORDS

Required Books and Records

7.01. The Corporation will keep correct and complete books and records of account. The books and records include:

- (a) A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Corporation, including but not limited to the Articles of Incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or registered agent.
- (b) A copy of these Bylaws, and any amended versions or amendments to them.
- (c) Minutes of the proceedings of the Members, Board, and committees having any of the authority of the Board.
- (d) A list of the names and addresses of the Members, directors, officers, and any committee Members of the Corporation.
- (e) A financial statement showing the Corporation's assets, liabilities, and net worth at the end of the three (3) most recent fiscal years.
- (f) A financial statement showing the Corporation's income and expenses for the three (3) most recent fiscal years.
- (g) All rulings, letters, and other documents relating to the Corporation's federal, state, and local tax status.
- (h) The Corporation's federal, state, and local tax information or income-tax returns for each of the Corporation's three (3) most recent tax years.

Inspection and Copying

7.02. Any Member, director, officer, or committee Member of the Corporation may inspect and receive copies of all the corporate books and records required to be kept under the bylaws. Such a person may, by written request, inspect or receive copies if he or she has a proper purpose related to his or her interest in the Corporation. He or she may do so through his or her attorney or other duly authorized representative. The inspection may take place at a reasonable time, no later than five (5) working days after the Corporation receives a proper written request. The Board may establish reasonable copying fees, which may cover the cost of materials and

labor but may not exceed twenty-five (25) cents per page. The Corporation will provide requested copies of books or records no later than five working days after receiving a proper written request.

Audits

7.03. Any Member may have an audit conducted of the Corporation's books. That Member bears the expense of the audit unless the Members vote to authorize payment of audit expenses. The Member requesting the audit may select the accounting firm to conduct it. A Member may not exercise these rights so as to subject the Corporation to an audit more than once in any fiscal year.

ARTICLE 8: FISCAL YEAR

The Corporation's fiscal year of the Corporation will begin on the first day of January and end on the last day in December in each year.

ARTICLE 9: INDEMNIFICATION

When Indemnification Is Required, Permitted, and Prohibited

9.01.

- (a) The Corporation will indemnify a director, officer, Member, committee Member, employee, or agent of the Corporation who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Corporation. For the purposes of this article, an agent includes one who is or was serving at the Corporation's request as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee-benefit plan, or other enterprise.
- (b) The Corporation will indemnify a person only if he or she acted in good faith and reasonably believed that his or her conduct was in the Corporation's best interests. In case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Corporation will not indemnify a person who is found liable to the Corporation or is found liable to another on the basis of improperly receiving a personal benefit from the Corporation. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted. Termination of a proceeding by judgment, order, settlement, conviction, or on a plea of *nolo contendere* or its equivalent does not necessarily preclude indemnification by the Corporation.
- (c) The Corporation will pay or reimburse expenses incurred by a director, officer, Member, committee Member, employee, or agent of the Corporation in

connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Corporation when the person is not a named defendant or respondent in the proceeding.

- (d) In addition to the situations otherwise described in this paragraph, the Corporation may indemnify a director, officer, Member, committee Member, employee, or agent of the Corporation to the extent permitted by law. However, the Corporation will not indemnify any person in any situation in which indemnification is prohibited by paragraph 9.01(a), above.
- (e) The corporation may advance expenses incurred or to be incurred in the defense of a proceeding to a person who might be eventually entitled to indemnification, even though there has been no final disposition of the proceeding. Advancement of expenses may occur only when the procedural conditions specified in paragraph 9.03(c), below, have been satisfied. Furthermore, the Corporation will never advance expenses to a person before final disposition of a proceeding if the person is a named defendant or respondent in an proceeding brought by the Corporation or one or more Members or if the person is alleged to have improperly received a personal benefit or committed other willful or intentional misconduct.

Extent and Nature of Indemnity

9.02. The indemnity permitted under these Bylaws includes indemnity against judgments, penalties, (including excise and similar taxes), fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. If the proceeding was brought by or on behalf of the Corporation, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

Procedures Relating to Indemnification Payments

9.03.

- (a) Before the Corporation may pay any indemnification expenses (including attorney's fees), the Corporation must specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in subparagraph (c), below. The Corporation may make these determinations and decisions by any one of the following procedures:
 - (1) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.
 - (2) If such a quorum cannot be obtained, by a majority vote of a committee of the Board, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the

vote are not named defendants or respondents in the proceeding.

- (3) Determination by special legal counsel selected by the Board by the same vote as provided in subsubparagraphs (1) or (2), above, or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors.

Majority vote of Members, excluding directors or other Members who are named defendants or respondents in the proceeding.

- (b) The Corporation will authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If special legal counsel determines that indemnification is permissible, authorization of indemnification and determination of reasonableness of expenses will be made as specified by subparagraph (a)(3), above, governing selection of special legal counsel. A provision contained in the articles of incorporation, or a resolution of Members or the Board that requires the indemnification permitted by paragraph 9.01, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination That indemnification is permissible.
- (c) The Corporation will advance expenses before final disposition of a proceeding only after it determines that the facts then known would not preclude indemnification. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment will be made in the same manner as a determination that indemnification is permissible under subparagraph (a), above.

In addition to this determination, the Corporation may advance expenses only after it receives a written affirmation and undertaking from the person to receive the advance. The person's written affirmation will state that he or she has met the standard of conduct necessary for indemnification under these Bylaws. The written undertaking will provide for repayment of the amounts advanced by the Corporation if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking will be an unlimited general obligation of the person, but it need not be secured and may be accepted without reference to financial ability to repay.

Any indemnification or advance of expenses will be reported in writing to the Corporation's Members. The report will be made with or before the notice or waiver of notice of the next membership meeting, or with or before the next submission to Members of a consent to action without a meeting. In any case, the report will be sent within the 12-month period immediately following the date of the indemnification or advance.

ARTICLE 10: NOTICES

Notice by Mail or Facsimile

10.01. Any notice required or permitted by these Bylaws to be given to a Member, director, officer, or Member of a committee of the Corporation may be given by mail or facsimile. If mailed, a notice is deemed delivered when deposited in the mail addressed to the person at his or her address as it appears on the corporate records, with postage prepaid. If given by facsimile, a notice is deemed delivered the day the sender receives a fax confirmation and sent to the person at his or her fax number as it appears on the corporate records. A person may change his or her address or fax number in the corporate records by giving written notice of the change to the secretary of the corporation.

Signed Waiver of Notice

10.02. Whenever any notice is required by law or under the articles of incorporation or these Bylaws, a written waiver signed by the person entitled to receive such notice is considered the equivalent to giving the required notice. A waiver of notice is effective whether signed before or after the time stated in the notice being waived.

Waiving Notice by Attendance

10.03. A person's attendance at a meeting constitutes waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

ARTICLE 11: SPECIAL PROCEDURES CONCERNING MEETINGS

Meeting by Telephone

11.01. The Members, Board of Directors, and any committee of the Corporation may hold a meeting by telephone conference-call procedures.

Decision Without Meeting

11.02. Any decision required or permitted to be made at a meeting of the Members, Board, or any committee of the Corporation may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by all the persons entitled to vote on the matter. The original signed consents will be placed in the Corporation minute book and kept with the corporate records.

ARTICLE 12: AMENDING BYLAWS

12.01. These Bylaws may be altered, amended, or repealed, and new bylaws may be adopted by the Board of Directors as provided for in this Article 12 and the Declarations. The notice of any meeting at which these Bylaws are altered, amended, or repealed, or at which new

bylaws are adopted will include the text of the proposed bylaw provisions as well as the text of any existing provisions proposed to be altered, amended, or repealed. Alternatively, the notice may include a fair summary of those provisions.

The following types of bylaw amendments shall be adopted only by the Voting Members:

- (a) Setting or changing the authorized number of directors.
- (b) Changing from a fixed number to a variable number of directors or vice versa.
- (c) Increasing or extending the directors' terms.
- (d) Increasing the quorum for membership meetings.
- (e) Repealing, restricting, creating, expanding, or otherwise changing the Members' proxy rights.

- (f) Authorizing or prohibiting cumulative voting.

ARTICLE 13: DISPUTE RESOLUTION AND LIMITATION ON LITIGATION

Agreement to Avoid Cost of Litigation and to Limit Right to Litigate Disputes

13.01. All Members and all persons subject to the Declarations and any Person not otherwise subject to the Declarations who agrees to submit to this Article (collectively, "Bound Parties") agree to encourage the amicable resolution of disputes involving the Properties, and to avoid the emotional and financial costs of litigation if at all possible. Accordingly, each Bound Party covenants and agrees that all claims, grievances or disputes between such Bound Party and any other Bound Party involving the Properties, including, without limitation, claims, grievances or disputes arising out of or relating to the interpretation, application or enforcement of the Declarations, the Bylaws, the Association rules, or the Articles (collectively "Claim"), except for those Claims authorized in 13.02, shall be resolved using the procedures set forth in 13.03 in lieu of filing suit in any court or initiating proceedings before any administrative tribunal seeking redress or resolution of such Claim.

Exempt Claims

13.02. The following Claims ("Exempt Claims") shall be exempt from the provisions of 13.03.

- (a) Any suit by the Association to obtain a temporary restraining order (or equivalent emergency equitable relief) and such other ancillary relief as the court may deem necessary in order to maintain the status quo and preserve the Association's ability to enforce the provisions of the Declarations;

- (b) Any suit between Owners (other than Declarant) seeking redress on the basis of a Claim which would constitute a cause of action under federal law or the laws of the State of Texas in the absence of a claim based on the Declarations, Bylaws, Articles or rules of the Association, if the amount in controversy exceeds \$5,000.00;

- (c) Any suit arising out of any written contract between Owners which would constitute a cause of action under the laws of the State of Texas in the absence of the Declarations, Bylaws, and Articles of the Association; and
- (d) Any suit involving two or more parties if all parties are not Bound Parties.

Any Bound Party having an Exempt Claim may submit it to the alternative dispute resolution procedures set forth in 13.03, but there shall be no obligation to do so. The submission of an Exempt Claim involving the Association to the alternative dispute resolution procedures of 13.03 shall require the approval of the Association.

Mandatory Procedures For All Other Claims

13.03. All Claims other than Exempt Claims shall be resolved using the following procedures:

- (a) Any Bound Party having a Claim (“Claimant”) against any other Bound Party (“Respondent”), other than an Exempt Claim, shall notify each Respondent in writing of the Claim (the “Notice”), stating plainly and concisely:
 - (1) The nature of the Claim, including date, time, location, persons involved, and Respondent’s role in the Claim;
 - (2) The basis of the Claim (i.e., the provisions of the Declarations, the Bylaws, the Articles or rules or other authority out of which the Claim arises);
 - (3) What Claimant wants Respondent to do or not do to resolve the Claim; and
 - (4) That Claimant wishes to resolve the Claim by mutual agreement with Respondent and is willing to meet in person with Respondent at a mutually agreeable time and place to discuss in good faith ways to resolve the Claim.
- (b) Any and all negotiations will be entered into observing the following:
 - (1) Each Claimant and Respondent (the “Parties”) shall make every reasonable effort to meet in person and confer for the purpose of resolving the Claim by good faith negotiation.
 - (2) Upon receipt of a written request from any Party, accompanied by a copy of the Notice, the Association may appoint a representative to assist the Parties in resolving the dispute by negotiation, if in its discretion it believes its efforts will be beneficial to the Parties and to the welfare of the community.

- (c) The matter may be referred to mediation under the following terms:
- (1) If the Parties do not resolve the Claim through negotiation within thirty (30) days of the date of the Notice (or within such other period as may be agreed upon by the Parties) (“Termination of Negotiations”), Claimant shall have thirty (30) additional days within which to submit the Claim to mediation under the auspices of an independent mediation service designated by the Association, the local Chapter of the Community Association Institute, or such other independent agency providing similar services upon which the Parties may mutually agree.
 - (2) If Claimant does not submit the Claim to mediation within thirty (30) days after Termination of Negotiations, Claimant shall be deemed to have waived the Claim, and Respondent shall be released and discharged from any and all liability to Claimant on account of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.
 - (3) If the Parties do not settle the Claim within thirty (30) days after submission of the matter to the mediation process, or within such time as determined reasonable or appropriate by the mediator, the mediator shall issue a notice of termination of the mediation proceedings (“Termination of Mediation”). The Termination of Mediation notice shall set forth when and where the Parties met, that the Parties are at an impasse, and the date that mediation was terminated.
 - (4) Each Party shall, within five days of the Termination of Mediation, make a written offer of settlement in an effort to resolve the Claim. The Claimant shall make a final written settlement demand (“Settlement Demand”) to the Respondent. The Respondent shall make a final written settlement offer (“Settlement Offer”) to the Claimant. If the Claimant fails to make a Settlement Demand, Claimant’s original Notice shall constitute the Settlement Demand, If the Respondent fails to make a Settlement Offer, Respondent shall be deemed to have made a “zero” or “take nothing” Settlement Offer.
- (d) The matter will be submitted to final and binding arbitration under the following conditions:
- (1) If the Parties do not agree in writing to accept either the Settlement Demand, the Settlement Offer, or otherwise resolve the Claim within fifteen (15) days of the Termination of Mediation, the Claimant shall have fifteen (15) additional days to submit the Claim to a professional arbitrator, or the Claim shall be deemed abandoned, and Respondent shall be released and discharged from any and all liability to Claimant arising

out of such Claim; provided, nothing herein shall release or discharge Respondent from any liability to Persons not a Party to the foregoing proceedings.

- (2) This subsection (d) is an agreement of the Bound Parties to arbitrate all Claims except Exempt Claims and is specifically enforceable under the applicable arbitration laws of the State of Texas. The arbitration award (the “Award”) shall be final and binding, and judgment may be entered upon it in any court of competent jurisdiction to the fullest extent permitted under the laws of the State of Texas.

Allocation of Costs of Resolving Claims

13.04. Each Party shall bear its own costs incurred prior to and during the proceedings described in 13.03 (a), (b) and (c), including the fees of the attorney or other representative. Each Party shall share equally all charges rendered by the mediator(s) pursuant to 13.03(c).

Each Party shall bear its own costs (including the fees of its attorney or other representative) incurred after the Termination of Mediation under 13.03 (c) and shall share equally in the costs of conducting the arbitration proceeding (collectively, “Post Mediation Costs”), except as otherwise provided in the following paragraph.

Any Award which is equal to or more favorable to Claimant than Claimant’s Settlement Demand shall add such Claimant’s Post Mediation Costs to the Award, such Costs to be borne equally by all Respondents. Any Award which is equal to or less favorable to Claimant than Respondent’s Settlement Offer to that Claimant shall also award to such Respondent its Post Mediation Costs, such Costs to be borne by all such Claimants.

Enforcement of Resolution

13.05. If the Parties agree to resolve any Claim through negotiation or mediation in accordance with 13.03 and any Party thereafter fails to abide by the terms of such agreement, or if the Parties agree to accept the Award following arbitration and any Party thereafter fails to comply with such Award, then any other Party may file suit or initiate administrative proceedings to enforce such agreement or Award without the need to again comply with the procedures set forth in 13.03. In such event, the Party taking action to enforce the agreement or Award shall be entitled to recover from the non-complying Party (or if more than one non-complying Party, from all such Parties pro rata) all costs incurred in enforcing such agreement or Award, including, without limitation, attorney fees and court costs.

ARTICLE 14: COMMON EXPENSE FUND, ASSESSMENTS AND COLLECTIONS

The Directors shall have the power to assess each Owner such Owner’s pro rata part of cost and expenses associated with the Corporation, and to enforce such assessment as set forth in the Declarations. The Directors shall maintain funds in an amount adequate to pay all common expenses of the Corporation.

ARTICLE 15: MISCELLANEOUS

Legal Authorities Governing Construction of Bylaws

15.01. These Bylaws will be construed under Texas law. All references in these Bylaws to statutes, regulations, or other sources of legal authority will refer to the authorities cited, or their successors, as they may be amended from time to time.

Legal Construction

15.02. To the greatest extent possible, these Bylaws shall be construed to conform to all legal requirements and all requirements for obtaining and maintaining all tax exemptions that may be available to nonprofit corporations. If any bylaw provision is held invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision, and the bylaws will be construed as if they had not included the invalid, illegal, or unenforceable provision.

Headings

15.03. The headings used in the bylaws are for convenience and may not be considered in construing the bylaws.

Number

15.04. All singular words include the plural, and all plural words include the singular.

Power of Attorney

15.05. A person may execute any instrument related to the Corporation by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary to be kept with the corporate records.

Parties Bound

15.06. These Bylaws, as they exist or may be amended, will bind and inure to the benefit of the Members, directors, officers, committee Members, employees, and agents of the Corporation and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as the bylaws otherwise provide.


Declarations

15.07. Any and all provisions contained in the Declarations regarding the organization, duties, powers, rights, privileges, and responsibilities of the BHF Homeowners Association, Inc. and its membership are specifically adopted herein and to the extent that any of these bylaws specifically conflict with any provisions of the Declarations, the Declarations shall govern.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting secretary of BHF Homeowners Association, Inc. and that these Bylaws constitute the Corporation's Bylaws. These Bylaws were duly adopted at a meeting of the Board of Directors held on November 6, 2018.

Dated: November 6, 2018



Printed Name: Lisa Dritschler
Secretary of the Corporation