

BYLAWS OF
MAJESTIC OAKS HOMEOWNERS ASSOCIATION
(A Texas Nonprofit Corporation)

ARTICLE I
NAME

The name of this Corporation is MAJESTIC OAKS HOMEOWNERS ASSOCIATION (hereinafter called the "Association").

ARTICLE II
DEFINITIONS

The terms used in these Bylaws shall have the same definitions or meanings as set forth or used in the Restated and Amended Declaration of Covenants, Conditions and Restrictions for Majestic Oaks (formerly Charterwood, Section Ten) recorded in the Official Public Records of Real Property of Harris County, Texas (the "Declaration"), as amended from time to time.

ARTICLE III
OFFICES

3.01 Registered Office. The registered office of the Association shall be as designated with the Secretary of State of the State of Texas, as it may be changed from time to time.

3.02 Other Offices. The Association may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Association may require.

ARTICLE IV
PARTIES

All present or future Owners, tenants, future tenants of any Lot, or any other person who might use in any manner the facilities of the Property are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of all or any portion of a Lot or the mere act of occupancy of all or any portion of a Lot will signify that these Bylaws are accepted, approved and ratified.

ARTICLE V
MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS,
VOTING, CUMULATIVE VOTING, QUORUM, PROXIES

5.01 Membership. Each Owner (whether one or more persons or entities) of a Lot other than the Association itself shall automatically become, and must remain, a Member in Good Standing of the Association during such Owner's period of ownership of such Lot. Such membership shall be appurtenant to each such Lot and may not be severed from or held separately therefrom. The membership of a person or entity in the Association shall terminate automatically whenever such

person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

5.02 Member in Good Standing. A Member of the Association shall be considered to be a Member in Good Standing and eligible to vote if such Member:

(a) Has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for hereunder; and

(b) Has discharged other obligations to the Association as may be required of Members hereunder and under the Declaration.

The Board shall have sole responsibility and authority for determining the Good Standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) days prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting any or all of the requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of subsection (a) of this Section shall be declared by the Board to be not a Member in Good Standing and unless the time requirement required hereunder is specifically waived by the Board in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board. Any Member not conforming with the provisions of subsection (b) of this Section shall be declared by the Board to be not a Member of Good Standing for a period not to exceed sixty (60) days.

5.03 Voting Rights in the Association. The number of votes each Member has at any time will equal the sum of the number of Lots within the Property then owned by that Member. If record title to a particular Lot is in the name of two or more persons, all of those co-owners shall be Members and may attend any meeting of the Association by the voting rights appurtenant to each such Lot may not be divided and fractional votes shall not be allowed. Any one of said co-owners may exercise the vote appurtenant to each such Lot or tract so owned at any meeting of the Members and such vote shall be binding and conclusive on all of the other co-owners of said Lot or tract who are not present; provided, if one of the non-attending co-owners has given the Association notice of objection to the attending co-owner's vote, no vote shall be cast for said Lot except upon notice of unanimous consent by all such co-owners being given to the Association. In the event more than one vote is cast for a single Lot or tract by an Owner other than Declarant, none of the votes so cast shall be counted and all of such votes shall be deemed void. The Association shall not be such a

voting member by virtue of its ownership of any Lot, separate tract or subdivided portion thereof.

5.04 Voting. Only Members in Good Standing shall be entitled to vote, and the voting membership shall be decreased by the number of Members who are not Members in Good Standing to determine the votes entitled to be cast for the purpose of establishing a quorum, such determination of the total number of Members in Good Standing to be as of the date of which a vote is taken. The vote of the majority of those votes entitled to be cast by the Members in Good Standing present or voting by legitimate proxy at a duly called meeting at which a quorum of Members are represented shall be sufficient for the transaction of any business, unless otherwise provided by law or by the Declaration.

5.05 Cumulative Voting. Cumulative voting is not permitted.

5.06 Majority. As used in these Bylaws, the term "Majority of Owners" or "Majority of Members" shall mean those voting Members holding fifty-one percent (51%) of the votes of the Association.

5.07 Notice and Quorum For Membership Action.

a. Written notice of any meeting called for the purpose of taking any action authorized herein shall be sent to Members in accordance with the Declaration not less than ten (10) days nor more than fifty (50) days in advance of the meeting.

b. With respect to any annual or special "general" membership meeting of the Association except when a proposed amendment to the Declaration of the Articles of Incorporation or a proposed Special Assessment is to be considered, at the first call of such meeting, the presence at the meeting in person or by proxy of thirty-three percent (33%) of the total votes of all Members shall constitute a quorum. If the required quorum is not forthcoming at such a meeting, the meeting may be adjourned to a new date not later than seven (7) days from the date of that adjourned meeting, and the required quorum at such meeting shall be one-half (1/2) of the required quorum at the immediately preceding meeting. This procedure shall be continued until a quorum has been obtained; provided, however, that such reduced quorum requirement shall not be applicable at a subsequent meeting held more than sixty (60) days following the originally scheduled meeting.

c. Notwithstanding the provisions of Article 5.07(d) above, when a proposed amendment to the Declaration or the Articles of Incorporation or a proposed Special Assessment is to be considered, the presence at the meeting in person or by proxy of two-thirds (2/3) of the total votes of all Members shall constitute a quorum.

5.08 Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary of the Association seven (7) days before the ap-

pointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE VI
ASSOCIATION RESPONSIBILITIES AND
MEETINGS OF MEMBERS

6.01 Association Responsibilities. The Members will constitute the Association which will have the responsibility of administering and enforcing the covenants, conditions and restrictions contained in the Declaration, including, without limitation, the collection and disbursement of charges and assessments created therein, through a Board of Directors which is hereby designated to manage all the Association's affairs. In the event of any dispute or disagreement between any Members relating to the Property, or any questions of interpretation or application of the provisions of the Declaration, Articles of Incorporation or these Bylaws, such dispute or disagreement shall be submitted to the Board for determination in accordance with the Board's discretion. The determination of such dispute or disagreement by the Board shall be binding on each and all such Members, subject to the right of Members to seek other remedies provided by law after such determination by the Board.

6.02 Place of Meeting. Meetings of the Association shall be held at such suitable place as the Board of Directors may determine, provided said meeting place is reasonably convenient to the Members.

6.03 Annual Meetings. The annual meetings of the Association shall be held on or before February 15 of each year. At such meetings there shall be elected, by ballot of the Members, a Board of Directors in accordance with the requirements of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

6.04 Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by a majority of Members and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

6.05 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote at such meeting, at least ten (10) days, but not more than fifty (50) days in advance of such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

ARTICLE VII
BOARD OF DIRECTORS

7.01 Number and Qualification. The affairs of this Association shall be governed by a Board of Directors initially consisting of the three (3) persons named in the Articles of Incorporation of the Association. At the first annual meeting, there shall be elected not less than three (3) nor more than five (5) Members in Good Standing of the Association to the Board of Directors who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified, as provided herein.

7.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Common Areas and the Property in keeping with the character and quality of the area in which it is located. The Board of Directors may do all such acts and things on behalf of the Association except those which by law or by these Bylaws or by the Declaration may not be delegated to the Board of Directors.

7.03 Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done solely for the benefit of the Property and for the mutual and reciprocal benefit of Members:

- a. To set, collect and disburse annual assessments and individual assessments in any fiscal year or portion thereof in accordance with the Declaration and these Bylaws;
- b. To expend special group assessments collected pursuant to the Declaration and these Bylaws;
- c. To enter into agreements or contracts with insurance companies with respect to insurance coverage for Common Areas and improvements thereon and other property of the Association, and to purchase policies insuring the Association against liability to the public, Owners, or occupants, as provided in the Declaration;
- d. To enter into contracts with utility companies with respect to utility installation, consumption and services matters;
- e. To own or lease real and personal property for the benefit of and in the name of the Association;
- f. To borrow funds to pay any costs of operation as the Board may determine in its sole discretion to be necessary and appropriate;
- g. To enter into contracts for goods and services or other Association purposes, provide services it deems proper, maintain one or more bank accounts, and generally to have all the powers necessary or incidental as may be required for prudent operation and management of the Association;

h. To retain employees, hire independent contractors and enter into contracts for legal, accounting and other professional services;

i. To sue or to defend in any court of law on behalf of the Association;

j. To provide for and accumulate reserve funds to be used for repairs, replacement and/or maintenance, in such amounts and for such purposes as may reasonably be determined by the Board to be necessary and appropriate;

k. To make, or cause to be made, any tax returns, reports, or other filings required by Federal, State, or local governmental authorities;

l. To make reasonable rules and regulations for the use of the Property, including, but not limited to, Common Areas, as the Board deems necessary and appropriate and create a high level of environmental and aesthetic quality within the Property;

m. To adjust the amount, collect and use any insurance proceeds to repair or replace any damaged or lost property, or to reimburse persons or entities entitled to receive reimbursement for injury, damage, or losses, and, if said insurance proceeds are insufficient to provide full reimbursement as may be required, the Board may act to obtain the funds required in such manner as prescribed in the Declaration;

n. To enforce the provisions of the Declaration, and to seek damages and/or equitable relief or other remedial action from any Owner for violation of this Declaration or any of its individual provisions; and

o. To contract with any Owner(s), for performance of services which the Association is otherwise obligated or permitted to perform, such contracts to be at competitive rates then prevailing for such services and upon such terms and conditions, and for such considerations, as the Board may deem advisable and in the best interest of the Association. The Board also shall have full power and authority, but no obligation, to contract with any Owner(s) to provide maintenance, repair or replacement service, or any combination thereof, through the Association for an individual Lot.

7.04 No Waiver of Rights. The omission or failure of the Association, Board of Directors, or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provision of the Declaration, the Bylaws or the rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same thereafter.

7.05 Term of Office. At the first meeting of the Association the term of office of one (1) Director shall be fixed at three (3) years; and the term of office of a second Director shall be fixed at two (2) years, the term of the third Director shall be fixed at one (1) year, the term of the fourth Director (if a fourth Director is elected) shall be fixed at three (3) years, and the

term of the fifth Director (if a fifth Director is elected) shall be fixed at two (2) years. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.

7.06 Nomination and Election of Directors. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws. The persons receiving the largest number of votes shall be elected.

7.07 Vacancies. Vacancies in the Board of Directors caused by death, resignation or disqualification (i.e., by any reason other than the removal of a Director by a vote of the Association), shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

7.08 Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the Directors may be removed, with or without cause, by a majority vote of the members and a successor may then and there be elected to fill the vacancy thus created.

7.09 Organization Meeting. The first meeting of a newly elected Board of Directors following each annual meeting of the Members shall be held within ten (10) days thereafter at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

7.10 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors but at least one such meeting shall be held during each calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone, telecopier, or telegraph, at least five (5) days prior to the date named for such meeting.

7.11 Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days' notice to each Director, given personally or by mail, telephone, telecopier, or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Director.

7.12 Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7.13 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

7.14 Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

ARTICLE VIII FISCAL MANAGEMENT

8.01 Accounts. The funds and expenditures of the Members by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

a. Normal operating expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.

b. Reserve for maintenance, repair and/or replacement relating to Common Areas or Lots which shall include funds for maintenance, repair or replacement required because of damage, wear or obsolescence and funds for capital improvements deemed necessary by the Board for such maintenance, repair or replacement.

8.02 Separate Accounts. Separate accounts may be established in order to better demonstrate that the amounts deposited therein are capital contributions and not income to the Association.

8.03 Fiscal Year. The fiscal year for the Association shall be the calendar year.

ARTICLE IX
OFFICERS

9.01 Designation. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, elect. Such officers need not be members of the Board of Directors or Members. The office of Secretary and Treasurer may be held by the same person.

9.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office subject to the continuing approval of the Board.

9.03 Resignation and Removal of Officers. Upon an affirmation vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.04 Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise of the officer previously filling such office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officers he replaces.

9.05 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Members from time to time as he may, in his discretion, decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

9.06 Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform duties he is directed to perform by the President.

9.07 Secretary. The Secretary will keep all the minutes of the meeting of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct;

and he shall, in general, perform all the duties incident to the office of Secretary and as is provided in the Declaration and the Bylaws.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

9.08 Assistant Secretary. The Assistant Secretary, if any, shall have all the powers and authority to perform all the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also to perform duties he is directed to perform by the Secretary.

9.09 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE X
INDEMNIFICATION OF OFFICERS AND DIRECTORS

10.01 Indemnification. The Association shall have the power to indemnify any Officer or Director who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was a Director or Officer of the Association, against all loss, expenses (including, but not limited to, judgments, fines and amounts paid in settlement actually and reasonable incurred by him or her in the connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association; provided, that with respect to: (1) any criminal action or proceedings, such person had no reasonable cause to believe that his or her conduct was unlawful; or (2) any civil claim, issue or matter, such person shall not be guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his or her conduct was unlawful, that such person did not act in good faith or in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, or that such person is guilty of gross negligence or willful misconduct in the performance of his or her duties to the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon the determination that indemnification of such person is proper in the circumstances because he or she has met the applicable standards of conduct as set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, by (a) independent legal counsel in a written opinion, or (b) the Members in Good Standing of the Association and no Member shall be disqualified from voting because he or she is or was party to any such action, suit or proceeding. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he or she is not entitled thereto as provided in this Article.

The Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him or her against such liability under the provision of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense subject to Special Assessment; provided, however, that nothing herein contained shall be deemed to obligate the Association to indemnify any Member or Owner who is or has been a director or officer of the Association with respect to any duties or obligations assumed or liability incurred by him or her under and by virtue of the Declaration and these Bylaws that were assumed or incurred outside of his or her conduct specifically related to the fulfillment of his or her duties as an Officer or Director of the Association.

10.02 Other. The Members, Board of Directors, Officers or representatives, of the Association shall enter contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners).

ARTICLE XI AMENDMENTS TO BYLAWS

These Bylaws may be amended in writing by vote of the majority of the Members in Good Standing.

ARTICLE XII ASSESSMENTS AND LIENS

12.01 Assessments. Assessments levied hereunder by the Association shall be used exclusively for the purpose of protecting and promoting the comfort,

collective mutual enjoyment, health, safety, and welfare of the Owners, residents and tenants of the Property, including, but not limited to, the following:

a. The improvement, maintenance, repair or replacement of any and all Common Area improvements, including, but not limited to, landscaped areas and easements, along with the cost of any associated management or supervisory services, fees, labor, equipment and materials;

b. The special maintenance, repair or replacement of improvements located in Common Areas;

c. The design, purchase and installation of any Common Area improvements;

d. The purchase of insurance coverage relating to Common Area and any improvements thereon, and other property of the Association;

e. The carrying out of duties of the Board as provided herein and in the Declaration and Articles of Incorporation of the Association;

f. The carrying out of purposes of the Association as stated herein and in its Declaration and Articles of Incorporation; and

g. The carrying out of all other matters set forth or contemplated in the Declaration.

12.02 Annual Budget and Annual Assessment. Subject to the provisions and limitations of the Declaration, the Board shall adopt an annual budget and set the amount of the annual assessment to be levied for the next year, taking into consideration Association operating costs for the then current year, expected normal increases in such costs over the next year, the additional future needs of the Association, including the establishment and maintenance of an Association reserve funds as provided for herein. The annual budget for fiscal year 1991 shall be adopted by the Board at least fifteen (15) days prior to the annual members meeting for 1991. Thereafter, the annual budget shall be adopted by the Board at least thirty (30) days prior to the commencement of each fiscal year. Written notice of the annual assessment shall thereupon be sent to every Owner subject thereto. Notwithstanding the above, in the event the Board fails for any reason to adopt an annual budget covering the succeeding fiscal year, then and until such time as an annual budget shall have been adopted for such succeeding fiscal year, the annual budget current in effect shall continue and the annual assessment shall be deemed the same as for the current year. Should any surplus exist at the end of any year, the Board may, at its own discretion, reduce the amount required for the next annual assessment by an amount not more than said surplus, provided, however, that reserve fund requirements are first met as stipulated in these Bylaws. Each Owner's pro rata share of the annual assessment and the annual assessment charged to Declarant (as defined in the Declaration) shall be determined in accordance with the provisions of the Declaration.

12.03 Special Assessments. In addition to the annual assessments provided for herein, the Association may, as provided in the Declaration, levy in and for any year, applicable to that year only, a special group assessment for the purpose of:

a. Defraying in whole or in part the cost of any new construction or reconstruction, unexpected repair or replacement of capital improvements for and within Common Areas, including the necessary fixtures and personal property related thereto;

b. Defraying the cost of repairs or replacements resulting from an uninsured loss or damage or insured loss or damage where there are insufficient insurance proceeds as provided for in the Declaration;

c. Responding to unusual or emergency needs of the Association as may be expected to occur from time to time; and

d. Any other purposes permitted under the Declaration.

Special Assessments shall be allocated and prorated among the Owners in the manner provided in the Declaration.

12.04 Individual Assessments. In addition to the annual assessments and any special group assessments, the Association, by vote of its Board, may levy an individual assessment on any Member for the purposes specified in the Declaration.

12.05 Payment of Annual Assessments. The annual assessments provided for herein shall commence, as to all Lots within the Property subject to the annual assessments, as provided in the Declaration. The annual assessments for any year, after the first year, shall become due and payable in advance on the first day of January of said year subject to forbearance as provided in the Declaration.

12.06 Payment of Special Assessments. Special group assessments or individual assessments shall be due and payable in full thirty (30) days following the date at which any such assessment is set by the Board in the resolution adopting such assessment, except that, if it is specifically determined by the Board that any such assessment is to be paid instead in deferred installments, then the payment dates and amounts of such installments shall be fixed in the resolution authorizing such assessments.

12.07 Enforcement and Personal Obligation of Owners for Payment of Assessments. As more fully provided in the Declaration, each Member is obligated to pay to the Association the annual, special group and individual assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the due date at the maximum rate permitted by state law, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the

property, and interest, costs, and reasonable attorneys' fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot or other separate parcel of land in the Property.

ARTICLE XIII
COMMITTEES

13.01 Architectural Control Committee. As more fully provided in the Declaration, the Board shall maintain an Architectural Control Committee ("ACC") consisting of three (3) Regular Members. The Board shall have the exclusive right and authority at any time to appoint, remove and fill vacancies on the ACC.

13.02 Other Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more other committees. Except as otherwise provided in such resolution, members of such committee or committees shall be Members of the Association, and the President of the Association shall appoint the members thereof.

13.03 Term of Office. Each member of a committee shall continue as such until the next annual meeting of the Members of the Association or until his or her successor is appointed unless the committee shall be sooner terminated, or unless such committee member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

13.04 Chairman. One member of each committee shall be appointed chairman by the President of the Association.

13.05 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

13.06 Quorum. Unless otherwise provided in the Declaration concerning the ACC or the resolution of the Board of Directors designating any other committee, a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

13.07 Rules. Each committee may adopt rules for its own government not inconsistent with the Declaration, these Bylaws or with rules adopted by the Board of Directors.

ARTICLE XIV
NONPROFIT ASSOCIATION

This Association is not organized for profit. No Member, member of the Board of Directors, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to,

or distributed to, or inure to the benefit of any member of the Board of Directors, officer or Member; provided, however, that reasonable compensation may be paid to any Member, director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and that any Member, director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XV
EXECUTION OF DOCUMENTS

The persons who shall be authorized to execute any and all contracts, documents, instruments or conveyance or encumbrances, including promissory notes, shall be the President or Vice President, and the Secretary or any Assistant Secretary of the Association. Documents may be executed with or without the impression of the corporate seal.


ARTICLE XVI
CONFLICTING OR INVALID PROVISIONS

Notwithstanding anything contained herein to the contrary, should all or any part of any Article of these Bylaws be in conflict with the provisions of the Texas Non-Profit Corporation Act or any other Texas law, or the Declaration, such Act, law or Declaration shall control; and should any part of these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

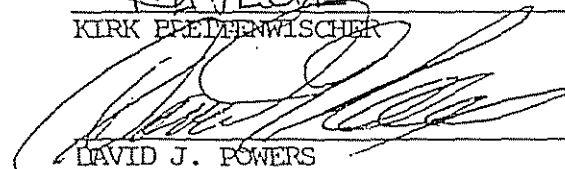
ARTICLE XVII
NOTICES

All notices to Members of the Association shall be given in accordance with the Declaration.

By our signatures hereto, the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing Bylaws for the Association as of the 29 day of July, 1991.



KIRK PLEDNERWISCHER



DAVID J. POWERS



REBECCA A. LAYTON