

ARCADIA PARK HOMEOWNERS ASSOCIATION

BY-LAWS

ARTICLE I

Name and Address

Section 1.1 Name. The name of this association shall be ARCADIA PARK HOMEOWNERS ASSOCIATION ("the Association").

Section 1.2 Address. The office of the Association shall be at the place designated by the Board of Directors, subject to transfer upon notice to the Members of the Association.

Section 1.3 Registered Agent. The Association shall have and continuously maintain in the State of Texas a registered agent whose office is identical with such registered Office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical to the principal office in the State of Texas, and the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

Applicability

Section 2.1 Applicability. These By-Laws shall be applicable to the Association. In accordance with the terms of the Declaration of Covenants, Conditions and Restrictions of Arcadia Park (attached hereto as Exhibit "A") (the "Declaration"), all present and future Owners shall be Members of the Association, and all Owners and any Other person who shall be permitted to use the Community Facilities shall be subject to these By-Laws and to any rules and regulations adopted from time to time by the Board of Directors. Ownership, rental or occupancy of any Lot in the Property shall be conclusively deemed to mean that the Owner, tenant or occupant has accepted, ratified and will comply with these By-Laws and any rules and regulations of the Association.

ARTICLE III

Purpose

Section 3.1 Association Purpose. The purpose of the Association is to promote the health, safety and welfare of the Members and to protect and enhance the value of the Property, including, without limitation, providing for the management, maintenance, repair and

replacement of the Community Facilities. The Association does not contemplate pecuniary gain or profit to its Members.

ARTICLE IV Definitions and Interpretation

Section 4.1 Definitions. The following terms shall have the meanings set forth below

"Assessments" shall have that meaning set forth in the Declaration.

"Board of Directors" shall include those persons saving as Directors pursuant to Article VII of these By-Law's.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Common Expenses" shall have that meaning set forth in the Declaration.

"Common Receipts" shall have that meaning set forth in the Declaration.

"Community" shall have that meaning set forth in the Declaration.

"Community Facilities" shall have that meaning set forth in the Declaration.

"Declarant" shall have that meaning set forth in the Declaration.

"Director" shall mean a member of the Board of Directors.

"Limited Charges" shall have that meaning set forth in the Declaration.

"Lot" shall have that meaning set forth in the Declaration.

"Member" shall have, the meanings set forth in Section 5.1.

"Owner" shall have that meaning set forth in the Declaration.

"Property" shall have that meaning set forth in the Declaration.

Section 4.2 Interpretation. In the event of a conflict of interpretation between the provisions set forth in these By-Laws and the Declaration, the Declaration shall govern. In the event that the Code is hereafter amended or changed, both the Declaration and these By-Laws shall be interpreted in a manner which conform to the provisions of the Code with respect to

non-profit entities, it being the intention to preserve the status of the Association as a bona-fide non-profit entity.

ARTICLE V Member

Section 5.1 Membership. The Members of the Association shall be (i) the Owners or collective co-Owners of Lots subjected to the Declaration (Class A Members) and (ii) the Declarant (the sole Class B Member). Votes in the Association are allocated among the Members pursuant to Section 4(d) of the Declaration.

Section 5.2 Affirmative Vote. Except as otherwise provided herein or in the Declaration, the Members of both Class A and Class B (collectively, the "Members") shall be entitled to vote upon any decision or resolution and the majority of votes cast shall determine the passage of any decision or resolution. A vote may be cast either in person or by proxy, by Members of record who are in good standing and entitled to vote (as defined in Section 4(f) of the Declaration). The record date shall be thirty (30) days prior to the date of the annual or special meeting. If any vote shall be taken at an annual or special meeting, a quorum of the Members is required either in person or by proxy. Cumulative voting shall not be permitted.

Section 5.3 Membership List. Not less than thirty (30) days prior to the date of any annual or special meeting of the Association, the Secretary shall compile and maintain, at the principal office of the Association, an updated list of Members and their last known post office addresses. The list shall also show opposite each Member's name the address of the Lot(s) he owns. The list shall be revised by the Secretary to reflect changes in the ownership of Lots occurring prior to the date of the annual or special meeting. The list shall be open to inspection by all Members and other persons lawfully entitled to inspect the list during regular business hours up to the date of the annual or special meeting. The Secretary shall also keep current and retain custody of the minute book of the Association which shall contain the minutes of all annual and special meetings of the Association and the Board of Directors and all resolutions of the Board of Directors (the "Minute Book").

Section 5.4 Proxies. Votes may be cast by written proxy or by ballot. Written proxies may be submitted by United States mail or delivered to the office of the Association or delivered directly to the Secretary of the Association. A proxy vote shall be defined as a written vote submitted by a Member which either states the specific vote of the Member with respect to the issues, resolutions or election being voted on by the Members at the annual or special meeting or which is written permission for the Board of Directors or a specific Director to exercise the Member's vote(s) as the Board of Directors or the specific Director sees fit. To be valid, proxies, must be duly executed by the Member or the appropriate person whose name appears on a certificate on file with the Association and must be received by the Secretary no later than 4:00 p.m. of the day before the meeting for which the proxy is specified to be effective.

Section 5.5 Quorum. Except as otherwise provided in these By-Laws the presence, either in person or by proxy, of Members entitled to cast twenty percent (20%) of the votes at the beginning of any annual or special meeting shall constitute a quorum. If any meeting of Members cannot be organized because a quorum has not attended, the Members present may adjourn the meeting from time to time, without notice other than announcement at the meeting, to a time not less than forty-eight (48) hours from the time the original meeting was called until a quorum as aforesaid shall be present or represented.

ARTICLE VI Meetings of Members

Section 6.1 Place of Annual and Special Meetings. All annual and special meetings of the Association shall be held at the principal office of the Association or at another suitable and convenient place permitted by law and fixed by the Board of Directors from time to time and designated in the notices of the meetings.

Section 6.2 Date of Annual Meetings. Annual meetings of the Members shall be held each year on a date as shall be fixed by the Board of Directors. The Members may transact any business which may properly come before the meeting.

Section 6.3 Notice of Annual Meetings. The Secretary shall mail notices of annual meetings to each Member directed to his last known post office address, as shown on the records of the Association, by regular mail, postage prepaid. This notice shall be mailed not less than ten (10) nor more than sixty (60) days before the date of the meeting and shall state the date, time and place of the meeting, the purpose or purposes thereof and the items on the agenda, including the general nature of any proposed amendment to the Declaration or these By-Laws. In lieu of mailing notice as herein provided, notice may be delivered by hand to the Members or left at their residences in their absence.

Section 6.4 Special Meeting. It shall be the duty of the President to call a Special meeting of the Members in the following situations: (a) the holding of elections of Directors pursuant to the terms of Section 7.2; (b) whenever he is directed to do so by resolution of the Board of Directors; or (c) upon presentation to the Secretary of a petition stating the specific purpose of the special meeting, which petition has been signed by the Members having not less than one-tenth (1/10th) of the votes entitled to be cast at such meeting.

Section 6.5 Notice of Special Meetings. The Secretary shall mail or deliver notice of any special meeting of the Association to each Member in the manner provided in Section 6.3 of these By-Laws. The notice shall state the same items required by Section 6.3 of these By-Laws for notices of annual meetings. No business shall be transacted at any special meeting except as stated in the notice thereof unless by consent of two-thirds (2/3) of the Members of each class of Members present at the special meeting, either in person or by proxy.

Section 6.6 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Approval of the minutes of the preceding meeting
- (d) Reports of officers and committees,
- (e) Election of Directors, if applicable.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

ARTICLE VI
Board of Directors

Section 7.1 Number of Directors. The affairs of the Association shall initially be governed by a Board of Directors consisting of three (3) Directors. The initial Directors shall serve until their successors take office. Until the Transitional Meeting (defined and set forth in Section 7.2) the successor Directors shall be appointed by and at such time as determined by the Declarant. Following the Transitional Meeting, the Board of Directors shall be comprised of five (5) Directors who shall, be Owners of Lots, elected by the Owners in person or by proxy, at a special or annual meeting of the Association. Each Director, other than Directors appointed by the Declarant shall be an Owner of a Lot, or in the case of a corporate or partnership Owner, a duly authorized agent or representative of the corporate or partnership Owner. The corporate or partnership Owner shall be designated as the Director in all correspondence or other documentation setting forth the names of the Directors. In any election of Directors, the nominees receiving the highest number of votes, either in person or by proxy, shall be the Owners elected to the Board of Directors.

Section 7.2 Term of Directors and Compensation.

(a) Within sixty (60) days following the later to occur of (i) Declarant's conveyance to an Owner of the last Lot held by Declarant or (ii) the completion of the seven (7) year term beginning on the date of the formation of the Association, the Board of

Directors shall call a meeting (the "Transitional Meeting") for purposes of changing the number of Directors to five (5) and for purposes of electing five (5) Directors to replace the three (3) Directors appointed by the Declarant. Of these five (5) newly appointed Directors two shall serve until the next annual meeting which is at least one (1) year after the Transitional Meeting at which time, they shall be re-elected or replaced. The other three (3) of the newly appointed Directors shall serve until the annual meeting which is at least two (2) years after the Transitional Meeting at which time they shall be re-elected or replaced.

(b) Subject to paragraph (a) above, the Owners who are elected to be Directors shall all serve two (2) year terms with two (2) Directors being re-elected or replaced in one year and three (3) Directors being re-elected or replaced in the next year. Each Director shall continue to hold office until his successor is elected.

(c.) The Directors shall serve without compensation.

Section 7.3 Nominations to Board of Directors. Owners may be nominated for election to the Board of Directors in one of the following ways:

(a) A Director shall be deemed to have been nominated for re-election to the position he holds by signifying his intention to seek re-election in a writing addressed to the Board of Directors.

(b) An Owner who is not a Director and who desires to run for election to that position shall be deemed to have been nominated for election upon his filing with the Board of Directors a written petition of nomination bearing the genuine signatures of at least five (5) other Owners.

Section 7. - 4 Vacancy on Board of Directors. Except as provided in Section 7.1 hereof with respect to Directors appointed by the Declarant, if the office of any Director shall become vacant by reason of his death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a special meeting duly called for this purpose, shall choose a successor who shall serve for the unexpired term of the Director he is replacing. In the event that there shall be a deadlock in the voting for a successor by the remaining Directors, the one (1) Director with the longest continuous term on the Board shall select a successor. At the expiration of the term of his position on the Board of Directors, the replacement Director shall be re-elected or his successor shall be elected in accordance with Section 7.1 of these By-Laws.

Section 7.5 Removal of Directors. Subject to the right of the Declarant to nominate and elect Directors as set forth in Section 7.1 hereof, Directors may be removed, with or without cause, by a majority vote of each class of Members at any, special meeting of the Members of which notice has been properly given as provided in the By-Laws; provided the

same notice of this special meeting has also been given to the entire Board of Directors, including any Individual Director whose removal is to be considered at this special meeting.

Section 7.6 Organizational Meeting of the Board of Directors. No later than twenty (20) days following the First Election Meeting, the Transitional Meeting and each annual meeting of the Association, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers and transaction of other business. Notice of this meeting shall be given to all Directors in accordance with Section 7.8 of these By-Laws, except for the meeting following the First Election Meeting which shall be called by the Director receiving the highest number of votes.

Section 7.7 Place of Meetings. All meetings of the Board of Directors shall be held at the principal office of the Association or at any other place or places designated at any time by resolution of the Board of Directors or by written consent of all of the Directors.

Section 7.8 Regular Board of Directors Meetings. Regular meetings of the Board of Directors may be held at any time and place permitted by law as from time to time, may be determined by the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by telegram, telephone or by United States mail, with postage prepaid, directed to him at the last known post office address, as the same appears on the records of the Association, at least five (5) but not more than thirty (30) days before the date of the meeting. This notice shall state the date, time, place and purpose of the meeting.

Section 7.9 Special Board of Directors Meetings. Special meetings of the Board of Directors may be called by the President of the Association on three (3) days' written notice to each Director, given in the same manner as provided in Section 7.8 of these By-Laws. Special meetings of the Board of Directors shall be called by the President or the Secretary of the Association in like manner upon the written request of any two (2) Directors.

Section 7.10 Waiver of Notice. Before any meeting of the Board of Directors, whether regular or special, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving the required notice. All written waivers shall be filed in the Minute Book of the Association or made a part of the minutes of the meeting. Attendance by a Director at any meeting of the Board of Directors shall likewise constitute a waiver by him of the required notice. If all Directors are present at any meeting of the Board of Directors, no notice of the meeting shall be required and any business may be transacted at the meeting except as prohibited by law or these By-Laws.

Section 7.11 Quorum. At all duly convened meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, except as otherwise expressly provided in these By-Laws. The acts of a majority of the Directors present at the 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 shall be less than a quorum present, the Directors present may adjourn the meeting from time to time and, at the adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice to any Director.

Section 7.12 Consent in Writing. Any action by the Board of Directors may be taken without a meeting if all of the Directors shall unanimously consent in writing to the action. Such written consent shall be filed in the Minute Book. Any action taken by such written consent shall have the same force and effect as a unanimous vote of the Directors.

Section 7.13 Records. The Board of Directors shall cause a complete record of all of its acts and the corporate affairs of the Association to be kept and to present a general report thereof to the Members at the annual meetings of the Association or at any special meeting where a general report is requested, in writing by one-third (1/3) of each class of Members entitled to vote.

Section 7.14 Powers and Duties. The Board of Directors shall have and exercise all powers and duties necessary for the proper administration of the affairs of the Association. In the performance of its duties as the governing body of the Association and in addition to those powers and duties set forth in the Declaration, the Board of Directors shall have the powers and duties, including, but not limited to, the following:

(a) Duties:

- (i) Each Director individually and the Board of Directors collectively shall perform the duties of the Board of Directors in good faith as a fiduciary of the Association in a manner which the Director believes to be in the best interest of the Association and with the care of a person of ordinary prudence under similar circumstances, including, but not limited to, reasonable inquiry, skill and diligence.
- (ii) Provide for the operation, maintenance, management, insurance, cleaning, sanitation, renewal, replacement care and upkeep of the Community Facilities and all property real or personal of the Association.
- (iii) Determine the Common Expenses and Limited Charges and assess the same among the Owners in accordance with the provisions of the Declaration and these By-Laws.
- (iv) Levy and collect, in addition to regular Assessments and Limited Charges, special Assessments in amounts which the Board of Directors deems proper whenever the Board of Directors is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs or additional capital expenses or because of emergencies.
- (v) Use and expend any sums collected from regular and special Assessments for the operation, maintenance, renewal, care and upkeep of the Community Facilities.
- (vi) Maintain the Community Facilities at a level of maintenance which approximates that which existed at the time of the Transitional Meeting.
- (vii) Maintain a reserve fund out of regular Assessments adequate for the periodic, maintenance, repair and replacement of the Community Facilities.
- (viii) Use any non-refundable contributions of Owners who have purchased Lots and any Common Surplus as revenues or for those purposes which the Board of Directors may deem reasonable and necessary pursuant to its Powers under the Declaration and these By-Laws.

(ix) Pay all taxes and assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Owner or otherwise properly chargeable to the Owner.

(x) Collect delinquent Assessments and other charges made by the Association through the Board of Directors against any Lot and the Owner thereof, together with the Costs and expenses incurred in connection therewith, including, but not limited to, court costs and attorneys' fees, whether by suit or otherwise and to abate any nuisance and enforce the term of the Declaration and the observance of the rules and regulations relating to the Property, by injunction or other legal action or means which the Board of Directors may deem necessary or appropriate.

(xi) Establish operating, escrow and other accounts in the name of the Association as the Board of Directors may deem appropriate from time to time and as may be consistent with generally accepted accounting practices.

(xii) Adopt a budget for each fiscal year which shall contain estimates of the costs and expense of the Association, including, but not limited to, the following items:

A. Annual Common Expenses Which shall include, without limiting the generality of the foregoing, the estimated amounts necessary for maintenance and operation of the Community Facilities and any and all other expenses related to the operation thereof, including, but not limited to, common utility services, casualty and liability insurance, professional management expenses, administrative and office expenses, reserves and the costs associated with the administration of the Association;

B. Reserve Account Common Expenses which shall include reasonable amounts to be credited, allocated or accumulated for reserves for replacement of those Community Facilities which require replacement, renovation or rehabilitation periodically; and

C. Proposed Assessments against each Lot for the calendar year.

Copies of the proposed budget and proposed Assessments shall be distributed to all Members at least thirty (30) days prior to the beginning of each fiscal year and shall be available to all Members for inspection during regular business hours at the Association's office. If the budget is subsequently amended before the Assessments are made, a copy of the amended budget shall also be distributed and made available for inspection. Subject to the provisions of Section 7.14(a)(iv), nothing herein contained shall be construed as restricting the right of the Board of Directors at any time and in its sole discretion, to levy a special Assessment in the event that the budget as originally adopted shall appear to be insufficient to pay the cost of the operation or management of the Property or in the event of emergencies.

(xiii) Cause a complete review of the books and accounts of the Association to be made by a competent independent public accountant at the end of each fiscal year and at any other time or times deemed necessary.

(xiv) Maintain accounting records in accordance with generally accepted accounting principles.

(xv) Make and enforce compliance with any reasonable rules and regulations relative to the operation, use and occupancy of the Property, including, but not limited to, penalties to be levied for violations of these By-Laws, the Declaration and any rules and regulations which the Board of Directors shall adopt, and to amend the same from time to time as and when approved by appropriate resolutions which shall be binding on the Owners, tenants and occupants of Lots, their successors in title and assigns. A copy of these rules and regulations and copies of any amendments thereto shall be delivered or mailed to each Owner and any tenant or occupant of a Lot promptly upon the adoption thereof.

(b) Powers:

(i) Employ and dismiss personnel of the Association, and to purchase or arrange for those services, machinery, equipment tools materials and supplies as, in the opinion of the Board of Directors, may from time to time be necessary for the proper operation and maintenance of the Community Facilities.

(ii) Enter into a contract for professional management of the Property and the Association, at a price and upon the terms determined by the Board of Directors, to perform those duties and services which the Board of Directors may lawfully delegate. However, any management contract shall not be for a term in excess of two (2) years and shall provide for termination by either party with or without cause on ninety (90) days written notice thereof to the other.

(iii) Employ or retain and receive advice from professional counsel and consultants, including, but not limited to, landscape architects, architects, engineers, planners, biologists, lawyers and accountants, which the Board of Directors may deem necessary for any proper purposes of the Association, and to fix the compensation for professional advice or services, including, but not limited to, those hereinbefore or hereinafter referred to in these By-Laws. The Board of Directors shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (i) out or more officers or employees of the Association whom the Board of Directors reasonably believes to be reliable and competent in the matter presented; (ii) counsel, public accountants or other persons as to the matters which the Board of Directors reasonably believes to be within the professional or expert competence of this person; and (iii) a committee of the Board of Directors duly designated in accordance with law, as to matters within its designated authority, which committee the Board reasonably believes to merit confidence. The Board of Directors shall not be considered to be acting in good faith if it has knowledge concerning the matter in question that would cause this reliance to be unwarranted.

(iv) Name as an insured, on behalf of the Association, the Association's authorized representative, including any trustee with whom the Association may enter into any insurance trust agreement or any successor to this trustee (each of whom shall be referred to herein as the "Insurance Trustee"), who shall be given exclusive authority to negotiate losses under any policy providing property or liability insurance coverage. The Association or any Insurance Trustee or substitute Insurance Trustee designated by the Association shall have the power to act as attorney-in-fact for the purpose of purchasing and maintaining, such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses, execution of releases of liability and the execution of all documents and the performance of all other acts necessary to accomplish these purposes.

(v) Establish depositories for the funds of the Association with the bank or banks as shall be designated from time to time by the Board of Directors and in which monies of the Association shall be deposited. Withdrawal of monies shall be only by check signed by those persons who are authorized by the Board of Directors to sign checks on behalf of the Association.

(vi) Invest monies of the Association in any investments which the Board of Directors deems to be reasonably prudent.

(vii) Borrow and repay monies and give notes, mortgages or other security upon the term or terms which are deemed reasonable by the Board of Directors.

(viii) Sell, lease, transfer or otherwise convey real and personal property owned by the Association by deed, lease or bill of sale executed by the appropriate officers of the Association, with the approval of at least sixty-seven percent (67%) of the votes.

(ix) Acquire by purchase, gift, annexation or lease, real or personal property, if, at any time in the future, the Board of Directors deems it to be proper and not inconsistent with the terms hereof to do so, with the approval of at least sixty-seven percent (67%) of the votes.

(x) Take all steps necessary to effectuate any merger of the Association with any other association if approved by the vote of at least sixty-seven percent (67%) of the votes.

(xi) Do all things incidental and necessary to the accomplishment of the above.

The duties and powers imposed on the Board of Directors by this Section 7.14 shall not be amended so as to reduce or eliminate any' duties or powers of the Board of Directors without the affirmative vote of at least eighty percent (80%) of the votes.

ARTICLE VIII

Officers

Section 8.1 Officers. The officers of the Association shall be a President, Secretary and Treasurer. The offices of President and Secretary may not be held by the same person. The Secretary may be eligible to hold the office of Treasurer. A Director shall be elected as President. The Treasurer and Secretary need not be Directors.

Section 8.2 Elections. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting held pursuant to Section 7.6 of these By-Laws and shall hold office until their successors are elected or appointed by the Board of Directors; provided that each officer shall hold office at the pleasure of the Board of Directors

and may be removed, either with or without cause, and his successor elected by the affirmative vote of a majority of the Directors at any annual or special meeting of the Board of Directors called for that purpose. The Board of Directors may, from time to time, appoint other officers which, in its judgment, are necessary. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Association. Any resignation shall take effect as of the date of the receipt of this notice or any later time specified therein; unless specified therein, the acceptance of this written resignation shall not be necessary to make it effective.

Section 8.3 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in these, By-Laws for regular appointments to that office.

Section 8.4 President, The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and the Board of Directors. He shall have the general powers and duties usually vested in the office of the president of a community association, including, but not limited to, the power to appoint committees from the Membership, from time to time, as he may deem appropriate to assist in the conduct of the affairs of the Association provided, however, no such committee shall have the right to exercise the full authority of the Board of Directors. The President shall be an ex-officio member of all standing committees, if any. He shall execute deeds, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal when a seal is required, except when these documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof shall be delegated by the Board of Directors to another officer or agent of the Association.

Section 8.5 Secretary. The Secretary shall attend all meetings of the, Board of Directors and all meetings of the Members and record all votes and the minutes of all meetings and proceedings, including resolutions, in the Minute Book. He shall perform the same duties for any committees when required. He shall have charge of the Minute Book, the records of the Association and any papers which the Board of Directors shall direct him to keep; shall perform all duties incident to the office of Secretary, including, but not limited to, the sending of notice of meetings to the Members, the Directors and members of any committees, and shall perform any other duties which may be prescribed by these By-Laws or by the Board of Directors or the President. He shall also have custody of the corporate seal and shall affix the same to any instrument requiring it when authorized by the Board of Directors and shall attest the same when appropriate. The Secretary shall keep, or cause to be kept at the principal office of the Association, a membership register showing the following: (a) the names and addresses of all Directors; (b) the names and addresses of all Members; (c) the Lot as to which each membership relates; and (d) the number of memberships held by each Member.

Section 8-6 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies, checks and other valuable effects in the name of and to the credit of the Association in those depositories which may be designated from time to time by the Board of Directors. He shall disburse the funds of the Association, as he may be ordered to do from time to time by the Board of Directors or by the President, and shall render to the President and the Directors at the regular meetings of the Board of Directors, or whenever they or either of them shall require, an account of his transactions as Treasurer and of the financial condition of the Association. Nothing shall prohibit the functions of the Treasurer to be delegated to an agent of the Association provided this delegation is approved by resolution of the Board of Directors. The delegation of the duties of the Treasurer shall not relieve the Treasurer from any responsibility related to overseeing and reviewing any duties performed by the agent.

Section 8.7 Compensation. The officers of the Association shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

ARTICLE IX
INDEMNIFICATION OF DIRECTORS,
OFFICERS AND OTHER AUTHORIZED REPRESENTATIVES

Section 9.1 Limitation of Liability. The Association shall indemnify every Director and Officer of the Association against, and reimburse and advance to every Director and Officer for, all liabilities, costs and expenses incurred in connection with such directorship or office and any actions taken or omitted in such capacity to the greatest extent permitted under the Texas Non-Profit Corporation Act and all other applicable laws at the time of such indemnification, reimbursement or advance payment; provided, however, no Director or Officer shall be indemnified for: (1) a breach of duty of loyalty to the Association or its Members; (2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law; (3) a transaction from which such Director or Officer received an improper benefit, whether or not the benefit resulted from an action taken within the scope of directorship or office; or (4) an act or omission for which the liability of such Director or Officer is expressly provided for by statute.

ARTICLE X
ASSOCIATION BOOKS AND RECORDS

Section 10.1 Association Books and Records. The Board of Directors shall make available to the Owners current copies of the Declaration, these By-Laws, any rules and regulations adopted pursuant thereto and the books, records and financial statements of the Association. For purposes of this paragraph, "available" shall mean available for inspection, upon request, during normal business hours at the office of the Association or the office of the manager of the Association.

ARTICLE XI
DISSOLUTION AND TERMINATION

Section 11.1 Distribution of Assets Upon Dissolution and Termination of the Association. Upon dissolution of the Association, the real and personal property of the Association shall be distributed pursuant to the provision of the Articles of Incorporation of the Association or, if no such provision is made, distributed to one or more organizations which are exempt from taxation under Section 501 (c) (3) of the Code.

ARTICLE XII
MISCELLANEOUS

Section 12.1 Fiscal Year. The Fiscal year of the Association shall be the calendar year unless the Board of Directors shall determine otherwise.

Section 12.2 Amendments to By-Laws.

(a) At any time prior to the Transitional Meeting described in Section 7.2, these By-Laws may be amended from time to time by the affirmative vote of the majority of the Directors or by the affirmative vote, in person or by proxy, of at least fifty-one percent (51%) of the votes cast by the Members.

(b) At any time subsequent to the Transitional Meeting described, in Section 7.2, (i) these By-Laws may be amended from time to time by the affirmative vote, in person or, by proxy, of at least fifty-one percent (51%) of the votes cast by the Members, and (ii) the Directors shall no longer have the authority to amend these By-Laws is expressly denied.

(c) Notwithstanding any other provision of these By-Laws, at no time shall any amendment be made to these By-Laws so as to affect or change any power granted to the Declarant without the prior written consent of the Declarant.