

BYLAWS OF
LAKEAIRE OWNERS ASSOCIATION, INC.
A NONPROFIT CORPORATION

The amendments and the bylaws were adopted at the meeting held on February 4, 1986, and subsequently amended and approved again in 2001, 2005 and 2006.

LOA Board of Directors' changes from the 06-20-05, 06-23-05, 08-08-05, 10-10-05, 12-04-05, 03-13-06, 04-17-06, and 07-10-06 meetings are included, along with the results of the 09-01-05 and 10-20-05 meetings with Counsel.

ARTICLE 1

OFFICES

Principal Office

1.01. The principal office of the corporation in the State of Texas shall be located in the Lakeaire Subdivision, County of Bell. The corporation may have such other offices, either within or without the state of Texas, as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

Registered Office and Registered Agent

1.02 The corporation shall have and continuously maintain in the State of Texas a registered office, and 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 with the principal office of the corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE 2

MEMBERS

Classes of Members

2.01. The corporation shall have two classes of members. The designation of such classes and the qualifications and rights of the members of such classes shall be as follows:

Class A membership shall be extended only to fee-simple owners of a lot or lots in LAKEAIRE, SECTIONS I AND II, a subdivision in Bell County, Texas, and such additions thereto as may hereafter be brought within the jurisdiction of and made in accordance with the provisions of the recorded covenants and restrictions applicable to said properties. Class A membership entitles the owner, or owners, of a lot, or lots, one share of stock and one vote at the meetings of the corporation per membership entity. A membership entity might be an individual, a husband and wife, a corporation, an institution or a trust, for example. The Class A membership entity consists of the owner or owners named on the deed. On January First of each year each Class A membership entity shall be assessed \$21.00 annual assessments to the corporation as provided in Paragraph 12 of the recorded restrictions. This assessment is an annual payment which is

not prorated, and it is not transferable to a new member or to a successor in land ownership. If this assessment is not paid by March 31st of each year, then a delinquency penalty of 10% per year compounded annually, shall be added to the annual assessment.

The General Secretary acting with the President will affix liens or release liens on properties whose owner is delinquent in payment of assessments and will cause to be released any lien that said owner has become current in assessment or whose payment of liens shall have been satisfied.

Class A membership entities in good standing are entitled to two membership identity cards. Where the membership entity is a corporation, institution, trust or other non-household type, the two cards must be requested by an authorized representative. Names of specific individuals authorized to use the cards must be provided, and these individuals must be employed by or officially connected to the membership entity. It is not required that the individuals so named be Lakeaire property owners or residents. When a Class A membership entity sells its lot or lots and no longer owns an interest in the subject subdivision, then its share of stock is forfeited back to the corporation and the Board of Directors may issue the stock to the new owner.

Class B membership shall extend only to the members of the immediate family 13 years of age and older residing in the same household of a Class A member. Class B members shall not have voting rights.

(Amended by LOA Board of Directors, July, 2006)

Acceptance of Members

2.02. Prospective members shall be accepted by the Board of Directors upon approval of a written application.

(Amended by LOA Board of Directors, June, 2005)

Voting Rights

2.03. Each Class A membership entity (see para. 2.01) shall be entitled to one vote on each matter submitted to a vote of the members that does not involve any provision of the Restrictions for Lakeaire, Sections I and II. For matters involving the restrictions, each lot shall have one vote (reference page 6 of restrictions, Plat Book 2, page 111-T, for details of elections involving restrictions).

(Amended by LOA Board of Directors, Dec., 2005)

Termination of Membership

2.04. The Board of Directors, by affirmative vote of two-thirds of all of the members of the Board, may suspend or expel a member for cause after an appropriate hearing and may, by a majority vote of those present at any regularly constituted meetings, terminate the membership of any member who becomes ineligible for membership or suspend or expel any member who shall be in default in the payment of assessments. Those whose membership has been terminated are ineligible to vote in corporation elections and lose the right to use corporation facilities.

(Amended by LOA Board of Directors, June, 2005)

Resignation

2.05. Any member may resign by filing a written resignation with the General Secretary, but such resignation shall not relieve the member so resigning of the obligation to pay assessments or other charges as provided in the recorded Restrictions herein recited. Those whose membership has been terminated are ineligible to vote in corporation elections and lose the right to use corporation facilities.

(Amended by LOA Board of Directors, June, 2005)

Reinstatement

2.06. Upon written request signed by a former member and filed with the General Secretary, the Board of Directors may, by the affirmative vote of two-thirds of the members of the Board, reinstate such former member to membership of such terms as the Board of Directors may deem appropriate.

Transfer of Membership

2.07 Membership in the Corporation is not transferable or assignable.

ARTICLE 3

MEETING OF THE MEMBERS

Annual Meeting

3.01. An annual meeting of the members shall be held at a time and place to be designated by the Board of Directors, for the purpose of presenting the state of the Association, and for the transaction of other business as may come before the meeting. The announcement of the time, place and agenda for the meeting will be distributed to the membership at least 30 days before the meeting date. If the day fixed for the annual meeting shall be on a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. The election of Directors shall be held at a meeting of the Board of Directors in December of each year, with the time, place, agenda and ballots provided to the membership as prescribed in Appendix I. Class A membership entities shall elect three directors for a term of three years. Appendix I to these bylaws presents the procedures for notifying the membership of elections and the requirements for carrying out the election process.

(Amended by LOA Board of Directors, March, 2006)

Meeting to Elect Directors

3.02. The election of Directors shall be held at a meeting of the Board of Directors in December of each year, with the time, place, agenda and ballots provided to the membership as prescribed in Appendix I. Class A membership entities shall elect three directors for a term of three years. Appendix I to these bylaws presents the procedures for notifying the membership of elections and the requirements for carrying out the election process.

(Amended by the LOA Board of Directors, July, 2006)

Special Meeting

3.03. Special meetings of the members may be called by the President, the Board of Directors, or not less than one-tenth of the membership entities having voting rights. The voting process shall conform to the procedures presented in Appendix I, as they may pertain to the preparation and distribution of agendas and ballots; identification, validation and processing of absentee ballots and those cast at the meeting; counting and checking of ballots; and a final tally of ballots.

(Amended by LOA Board of Directors, June, 2005)

Place of meeting

3.04 The Board of Directors may designate any place, within the State of Texas, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

Notice of Meeting

3.05 Written or printed notice stating the place, day, and hour of any meeting shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President, or the Secretary or the officers or persons calling the meeting. In case of a special meeting or when required by statute or these bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the corporation, with postage thereon prepaid.

(Amended by LOA Board of Directors, June, 2005)

Informal Action by Members

3.06. Actions desired to be taken outside a meeting may be carried out as long as:

(1) the eligible membership has been notified in writing of the proposed action; and (2) a simple majority of those eligible membership entities responding in writing within 30 days of the notification are in favor of the proposed action, with the exception of matters pertaining to provisions of the restrictions. For matters involving the restrictions, each lot shall have one vote (reference page 6 of restrictions, Plat Book 2, page 111-T, for details of elections involving restrictions).

(Amended by LOA Board of Directors, Dec., 2005)

Quorum

3.07 Members holding one-tenth of the votes entitled to be cast, represented in person (no proxies allowed per 3.08 below) shall constitute a quorum.

(Proposed amendment of June, 2005, drawn up by Bylaws Committee was subsequently amended after 9-1-05 meeting with counsel, ref. Article 1396-2.12A of Texas Revised Civil Statutes; Texas Non-profit Corporation Act)

(Amended by LOA Board of Directors, Dec., 2005)

Absentee Voting

3.08. At any meeting of members, a membership entity entitled to vote may vote by absentee ballot, according to the procedures presented in Appendix I.

(Amended by LOA Board of Directors, June, 2005)

Proxies

3.09. There shall be no proxy votes.

ARTICLE 4

BOARD OF DIRECTORS

General Powers

4.01. The affairs of the corporation shall be managed by its Board of Directors. Directors need not be residents of Texas but must be members of the corporation.

Number, Tenure, and Qualifications

4.02. The number of Directors shall be nine. Each Director shall hold office for his or her elected term until his or her successor shall have been elected and qualified.

Qualification consists of verification that the proposed successor is a Class A paid-up member.

(Amended by LOA Board of Directors, Dec., 2005)

Regular Meetings

4.03. The Board of Directors shall meet monthly and will post notice of such meetings at the LOA office in the park no less than 72 hours before the meeting.

(Amended by LOA Board of Directors, July, 2006)

Special Meetings

4.04. Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors, or by one tenth of the qualified members (ref. 3.02).

(Amended by LOA Board of Directors, Dec., 2005)

Notice

4.05. Notice of regular meetings of the Board of Directors shall be posted at the LOA office in the park no less than 72 hours before the meeting. Notice of any special meeting of the Board of Directors shall be given at least 72 hours previously thereto by written notice delivered personally or sent by mail or electronic mail (email) to each Director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed with postage thereon prepaid. If notice be given by email, such notice shall be deemed to be delivered when the message is shown as sent. The purpose and/or agenda for any regular or special meeting shall be posted or conveyed as specified above to each Director.

(Amended by LOA Board of Directors, Dec., 2005)

EMERGENCY MEETINGS

Notice of meetings may be posted as late as two hours before a meeting is convened in the case of an emergency or urgent public necessity. Additionally, if new items are to be added to the meeting's agenda that has previously been posted, the additional item may be posted as a supplemental notice as little as two hours before the meeting is to convene. In both the case of an emergency notice or an emergency supplement to a notice, the nature of the emergency must be expressed in the notice.

(Amended by LOA Board of Directors, June, 2005)

Quorum

4.06. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board.

(Amended by LOA Board of Directors, June, 2005)

Manner of Acting

4.07. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these bylaws.

Vacancies

4.08. Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors, shall be appointed by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

(Amended by LOA Board of Directors, June, 2005)

Compensation

4.09. Directors as such shall not receive any stated salaries for their services as Directors.

(Amended by LOA Board of Directors, Dec., 2005)

Informal Action by Directors

4.10. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if consent in writing setting forth the action so taken shall be signed by all of the Directors.

Removal

4.11. Directors are elected to serve the membership, and in order to serve they must attend meetings. Any Director who fails to attend three (3) consecutive meetings of the Board of Directors, without good cause, shall be deemed guilty of neglect of duty, and that Director may be removed from office by the affirmative vote of a majority of those Directors present and voting at any meeting of the Directors at which such removal action is taken. Notice to the President, in advance of the meeting, either verbal or in writing, with the Director's reason for non-attendance shall be deemed an excusable absence. Any director deemed by the Board of Directors to have been in violation of this rule, shall be notified in writing in advance of any proposed removal action to be taken.

Closed Meetings

4.12 The president of the board or any two directors may ask for a meeting to be closed or may call for a closed meeting at any time when issues to be discussed are deemed sensitive, or to prevent the rights of the general membership or any individual member from being violated. Minutes of these meetings shall be recorded and sealed in an envelope. The envelope shall be signed and dated by the recording secretary after approval of the Board and kept in a place approved by the Board of Directors.

ARTICLE 5

BOARD OF DIRECTORS' OFFICERS

Officers

5.01. The officers of the corporation shall be a President, one or more vice Presidents (the number thereof to be determined by the Board of Directors), a General Secretary, a Recording/Corresponding Secretary, a Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two offices may be held by the same Director. The office of President may be held by the same Director for no more than six consecutive years. There are no term restrictions on the other offices.

(Amended by LOA Board of Directors, July, 2006)

Election and Term of Office

5.02. The officers of the corporation shall be elected annually by the Board of Directors at the regular December meeting of the Board of Directors, according to the requirements of paragraph 3.02. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified. (See 4.02 Number, Tenure and Qualifications)

(Amended by LOA Board of Directors, July, 2006)

Removal

5.03. Any officer elected or appointed by the Board of Directors may be removed

by a majority vote of the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

(Amended by LOA Board of Directors, June, 2005)

Vacancies

5.04. A vacancy in any office because of death, resignation, disqualification or otherwise, may be filled by a majority vote of the Board of Directors for the unexpired portion of the term.

(Amended by LOA Board of Directors, June, 2005)

President

5.05. The President shall be the Registered Agent (see paragraph 1.02) as well as the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs of the corporation. The President shall preside at all meetings of the members and of the Board of Directors. He or she may sign, with the General Secretary or any other property officer of the corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors have authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors of these bylaws or by statute to some other officer or agent of the corporation: and in general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

(Amended by LOA Board of Directors, June, 2005)

Vice President

5.06. In the absence of the President or in the event of any inability or refusal to act, the Vice president (or in the event there is more than one Vice President, the vice Presidents in order of their election) shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

Treasurer

5.07. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. He or she shall have charge and custody of and be responsible for all funds and securities of the corporation, receive and give receipts for money due and payable to the corporation from any source whatsoever, and deposit all

such moneys in the name of the corporation in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of Article 7 of these bylaws; and in general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned by the President or by the Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

Assistant Treasurer

5.08. If required by the Board of Directors, the Assistant Treasurer shall give bond for the faithful discharge of his or her duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurer shall perform such duties as shall be assigned by the Treasurer, the President or the Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

General Secretary

5.09. The General Secretary shall be the custodian of the corporate records and of the seal of the corporation, and affix the seal of the corporation to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provisions of these bylaws; keep a register of the post office address of each member which shall be furnished to the General Secretary by each member; and, in general perform the duties of bookkeeping in regards to the assessments prescribed by the Board of Directors or membership. The General Secretary will furnish a current roster of addresses to the President and Corresponding-Recording Secretary.

The General Secretary acting with the President will affix liens or release liens on properties whose owner is delinquent in payment of assessments and will cause to be released any lien that said owner has become current in assessment or whose payment of liens shall have been satisfied. The General Secretary will perform duties incident to the office and such other duties as from time to time may be assigned by the President or the Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

Assistant General Secretary

5.10 The Assistant General Secretary shall perform such duties as shall be assigned by the President, the Vice-President, the General Secretary, or the Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

Corresponding-Recording Secretary

5.11. The Corresponding-Recording Secretary shall keep all minutes of the meetings of the Board of Directors, annual meetings, and special meetings. He or she shall notify all of the membership when annual membership or special membership

meetings are to be held and be responsible for the vote count at all meetings of the membership and be responsible to assure that those in nomination or those desiring to serve on the Board of Directors are listed on the ballot prior to notification of such election (See Appendix I for instructions). The Corresponding-Recording Secretary will perform all duties incident to the office and such other duties assigned by the President or the Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

ARTICLE 6

COMMITTEES

Committees of Directors

6.01. The President shall appoint and the Board of Directors shall approve at least the following standing Committees: Finance; Park and Pool; Roads and Safety; and Architectural. Duties and authority pertaining to these committees shall be as specified by the Board of Directors. Other committees of Directors may be named and assigned specific duties by majority vote of the Board of Directors. Each Committee, including the standing committees, must have a minimum of three members and at least two of these shall be Directors. No committee, standing or other, may have more than four directors. Any other committee members must be made up of corporation Class A members in good standing. No actions may be taken by any such committee which countermand these bylaws or the restrictions in force. Any actions which either would commit the corporation or the Board, or which are outside the stated purpose of the committees must be brought to the Board for approval.

(Amended by LOA Board of Directors, Dec., 2005)

Other Committees

6.02. Other committees not having and exercising the authority of the Board of Directors in the management of the corporation may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Members of each such committee shall be Class A members in good standing, and the President of the corporation shall appoint the members to the committee, and the President may remove a member for cause.

(Amended by LOA Board of Directors, June, 2005)

Terms of Office

6.03. Each member of a committee shall continue as such until the next annual meeting of the members of the corporation and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof.

Chairman

6.04. One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

Vacancies

6.05. 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.

Quorum

6.06. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

Rules

6.07. Each committee may adopt rules for its own government consistent with these bylaws or with rules adopted by the Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

ARTICLE 7

CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

Contracts

7.01. The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances.

Checks and Drafts

7.02. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the corporation shall be signed by the President and Treasurer. Should either the President or Treasurer be unavailable, a third, authorized Board member shall sign for the absent party.

(Amended by LOA Board of Directors, Dec., 2005)

Deposits

7.03. All funds of the corporation shall be deposited within one week of receipt to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select.

(Amended by LOA Board of Directors, June, 2005)

Gifts

7.04. The Board of Directors may accept on behalf of the corporation any contribution, gift, or devise for the general purposes or for any special purpose of the corporation. No Director may accept any gift or contribution for his/her personal use as a result of the Director's position. However, the Board of Directors may bestow awards on past or present directors in recognition of meritorious service.

(Amended by LOA Board of Directors, June, 2005)

Special Assessments

7.05 The special assessment of \$60.00 per lot shall be in effect until such time as the board feels that it needs to be changed. This special assessment is primarily for road repair and road maintenance and or general operating expenses of the Corporation. This special assessment is in addition to the \$21.00 per property owner provided in Article 2, paragraph 2.01 herein, and it shall apply to each lot in the Lakeaire Subdivision, section I and II. An increase in any special assessment greater than 10% requires that : (1) notification be given to the membership at large, and (2) no Board action on the proposed increase be taken until at least 60 days after such notification.

If a property owner sells his property after having paid the special assessments, the amount of said special assessment is transferable to the new owner. The \$21.00 regular assessment is not transferable and the new owner will be expected to pay it even though the former owner has paid for the current year.

This special assessment of \$60 per lot is an annual payment which is not prorated, and it is not transferable to a new member or to a successor in land ownership. If this assessment is not paid by March 31st of each year, then a delinquency penalty of 10% per year compounded annually, shall be added to the annual assessment.

The General Secretary acting with the President will affix liens or release liens on properties whose owner is delinquent in payment of assessments and will cause to be released any lien that said owner has become current in assessment or whose payment of liens shall have been satisfied.

(Amended by LOA Board of Directors, July, 2006)

Purchase of Property with Past Due LOA Assessments by Class A Members

7.06 A Class A LOA member in good standing, i.e., with no overdue assessments and whose membership has not been terminated or resigned, who wishes to purchase a lot

or lots in Lakeaire Sections I or II which are in a state of arrears concerning payment of assessments for a period of more than 10 years may request that the Board of Directors consider a reduction of the amount owed. The Board, upon consideration of the request, may forgive all but 10 years of assessments owed. Thus, for one lot, for an annual assessment of \$21 and \$60 per year per lot owed in special assessments, the maximum would be \$810; \$1410 for two lots; \$2010 for three, etc.

This provision applies only to Class A members whose names currently appear on Lakeaire property deeds.

(Amended by LOA Board of Directors, Dec., 2005)

Purchase of Property with Past Due LOA Assessments by Non-members

7.07 The Board of Directors may negotiate with a non-LOA member who is a prospective purchaser of a lot or lots in Lakeaire regarding past due assessments. Such negotiations shall be carried out only after there is a signed contract for the property, and final approval must be given by a majority of the Board of Directors. In no case shall the settlement terms be more generous than those afforded members in 7.06 above.

(Amended by LOA Board of Directors, June, 2005)

ARTICLE 8

RECORD OF MEMBERSHIP

Record of Membership

8.01. The General Secretary shall keep a permanent record evidencing membership in the corporation, which shall be in such form as may be determined by the Board. Such membership applications shall be signed by the President or Vice President and by the General Secretary or an Assistant Secretary and shall be sealed with the seal of the corporation. The name and address of each member and the date of issuance of the membership application shall be entered in the records of the corporation.

(Amended by LOA Board of Directors, Dec., 2005)

Article 8.02 "Issuance of Certificates" deleted in its entirety

(Amended by LOA Board of Directors, Dec., 2005)

ARTICLE 9

BOOKS AND RECORDS

Books and Records

9.01. The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Boards of

Directors, and Committees having authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of all property owners. Any property owner or his/her agent or attorney may inspect the property owners personal financial record and open meeting minutes for any proper purpose at any reasonable time. These books and records will be maintained by the Lakeaire Board of Directors or their appointed/hired agents. These records and books are the property of the Corporation and shall not be removed from the registered office unless in the hands of the President, General Secretary, or a member of the Board of directors so authorized, or an appointed /hired agent of the Board of Directors. These records shall be returned to said office within a twenty-four (24) hour period unless authorized by the Board of Directors.

(Amended by LOA Board of Directors, June, 2005)

Audits and Inventories

9.02 An audit of Corporation financial records, and a complete inventory of both real and personal property shall be conducted at least every three years. The Board may conduct more frequent audits and/or inventories as it deems necessary.

(Amended by LOA Board of Directors, Dec., 2005)

ARTICLE 10

10.01. The fiscal year of the corporation shall begin on the first day of January and end on the last day in December in each year.

Article 11 "Dues" deleted in its entirety

(Amended by LOA Board of Directors, Dec., 2005)

ARTICLE 11

SEAL

11.01. The Board of Directors shall provide a corporate seal, which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words "Corporate Seal of Lakeaire Owners Association, Inc."

(Amended by LOA Board of Directors, Dec., 2005)

ARTICLE 12

WAIVER OF NOTICE

12.01. Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the articles of incorporation or the bylaws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

(Amended by LOA Board of Directors, Dec., 2005)

ARTICLE 13

AMENDMENTS TO BYLAWS

13.01. These bylaws may be altered, amended, or repealed and new bylaws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least 72 hours written notice is given of an intention to alter, amend, or repeal these bylaws or to adopt new bylaws at such meeting.

13.02. In the case of any conflict between the Articles of Incorporation and these bylaws, the Articles shall control, and in the case of any conflict between the Restrictions applicable to the properties described in Article 2 hereof and these bylaws, the Restrictions shall control.

(Amended by LOA Board of Directors, Dec., 2005)

The bylaws herein were amended and rewritten for a vote from the Board of Directors at a regular monthly meeting of the Board held on March 13, 2006, and supersedes any and all bylaws and amendments heretofore written. The bylaws were approved by a unanimous vote.

IN WITNESS WHEREOF, We being all the Directors of LAKEAIRE OWNERS ASSOCIATION, INC., hereunto set our hands _____

Wayne Reynolds

Pat Kuhl

Seal:

Dolores McMann

Al Kile

Larry Ryter

John Bockhold

Mae Pruett

Randall Lathrop

Dennis Oellrich