

**FIRST RESTATEMENT AND AMENDMENT OF THE
ARTICLES OF ASSOCIATION OF THE
PECAN CREEK ASSOCIATION**

ARTICLE I

Name

Section 1: The homeowners' association formed hereunder shall be known as Pecan Creek Association (Association), and not being incorporated under the laws of any state shall have all of the rights and obligations of an association.

ARTICLE II

Definitions

Section 1: The following words when used in these Articles of Association (unless the context shall prohibit) shall have the following meanings:

(a) "Association" shall mean and refer to Pecan Creek Association,
(b) "Land" shall mean and refer to all such existing Land and additions thereto, as are subject to the Declaration of Reservations of record in Volume 0720, Page 007, through 026, of the official Public Records of Real Property of Llano County, Texas.

(c) "Common Areas" shall mean and refer to those areas of Land shown on any recorded subdivision plat of the Land and intended to be devoted to the common use and enjoyment of the owners of the Land.

(d) "Lot" shall mean and refer to any plot of land developed subject to this Declaration and shown upon any recorded subdivision map of the Land with the exception of Common Areas as heretofore defined, together with all Improvements thereon.

(e) "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot situated upon the Land but notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

(f) "Improvements" shall include any building, fence, fixtures or structure, temporary or permanent now or hereafter constructed on said Lot.

(g) "Building Exterior" shall mean the exterior sides and roof of any permanent structure on any Lot, exclusive of exterior glass surfaces.

ARTICLE III
Membership

Section 1: Every person or entity who is a record Owner of a fee interest in any Lot as heretofore defined that is part of the Land as heretofore defined shall automatically be a member of this Association.

ARTICLE IV
Meetings of Members

Section 1: Annual Meetings: There shall be an annual meeting of the membership on the second Saturday of the month of February every year for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. The membership may waive notice of the meeting and consent to all actions by written memorandum.

Section 2: Special Meetings: Special meetings of the members may be called by a majority vote of the Directors or not less than two-thirds of the members of the Association's membership.

Section 3: Place of Meeting: The Board of Directors may designate any place, either within or without the State of Texas, as the place of any meeting, Annual, Special or otherwise.

Section 4: Notice of Meetings: Written or printed notice stating the place, day and hour of any meeting of members shall be delivered, either personally, US Mail, or by email to each member entitled to vote at such meeting, not less than ten (10) nor more than sixty (60) days before the date of such meeting.

Section 5: Quorum: The members holding one half (50%) of the votes which may be cast at any meeting shall constitute a quorum at such meeting.

Section 6: Proxies: At any meeting of members, a member entitled to vote may vote by proxy executed in writing by a member or by his duly authorized attorney-in-fact.

Section 7: Voting by Mail: Elections may be conducted by mail or at a meeting of members, or a combination thereof, in such manner as the Board of Directors shall determine.

SECTION V Board of Directors

Section 1: General Powers: The affairs of the Association shall be supervised and managed by its Board of Directors whose authority shall include, but not be limited to, the power to borrow money, enter into any contract, execute and deliver any instrument in the name of and on behalf of the Association, set or modify annual assessments for the Association as hereinafter provided, hire employees and agents of the Association and perform all other duties necessary or appropriate for the operation of the Association.

Section 2: Duties: The duties of the Board of Directors in managing and supervising the affairs of the Association shall be to maintain correct and complete books and records of account, which shall be open to inspection by any member or his agent for any proper purpose at any reasonable time; to maintain insurance as hereinafter provided; to maintain and repair the Common Areas, parking lots, pathways, stairs, grass, shrubs; to enforce the rules, regulations, covenants and restrictions of the Association; and to perform all other duties as may be reasonably necessary for the efficient and continuous operation of the Association.

Section 3: Delegation of Authority: The Board of Directors may delegate its authority to and act through a managing agent duly appointed by the Board of Directors.

Section 4: Number: The number of Directors shall be five (5).

Section 5: Term: The term of Directors shall be three (3) years, except for the Directors elected at the Annual Meeting held in the year 2007. At the meeting held in 2007, one (1) Director shall be elected for a term that will expire at the Annual Meeting to be held in the year 2008; two (2) shall be elected for a term that will expire at the Annual Meeting in 2009; and two (2) shall be elected for a term that will expire at the Annual Meeting in 2010. To determine which directors are elected to each term of office, lots will be

drawn. Thereafter, at each Annual Meeting of members, the membership shall elect Directors as their terms expire. .

Section 6: Annual Meetings: A regular annual meeting of the Board of Directors shall be held without other notice than this Article at the time and place established by the Board of Directors.

Section 7: Special Meetings: Special meetings of the Board of Directors may be called from time to time by any three Directors. Said three Directors may fix the time and place for such meeting with at least five days' notice to the other Directors.

Section 8: Quorum: A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board.

Section 9: Manner of Acting: 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.

Section 10: Vacancies: Any vacancy occurring in the Board of Directors shall be filled by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 11: Compensation: Directors shall serve without compensation but shall be entitled for reimbursement for expenses incurred on behalf of the Association.

Section 12: Nominating Committee: The Nominating Committee shall consist of the President, who shall be a member of the Board of Directors, and two (2) other members of the Association, who shall be appointed by the Board of Directors no less than sixty (60) days prior to the Annual Meeting or such other meeting called for the purpose of electing Directors. Any qualified member, however, who is not nominated but who wishes to have his/her name placed on the ballot may request in writing that his name be included on the ballot.

Section 13: Informal Action by Directors: 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.

ARTICLE VI Officers

Section 1: Officers: The officers of the Association shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, such officers to have the authority and perform the duties prescribed, from time to time by the Board of Directors. Any two or more offices may be held by the same person, except the office of President.

Section 2: Election and Term of Office: The officers of the Association shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3: Removal: Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Association would be served thereby.

Section 4: Vacancies: A vacancy in any office because of death, resignation, removal, disqualification or otherwise of an officer, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5: Duties and Powers: Each officer shall have those duties and powers generally associated with the office to which he is elected or appointed. In the absence of the President, the Vice President shall preside at all meetings of the Board of Directors.

Section 6: Compensation: Officers shall serve without compensation.

ARTICLE VII Committees

Section 1: Designation of Committees: The Association acting through its Board of Directors may designate one or more committees as necessary or appropriate.

Section 2: Chairman: One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

Section 2: Resignation: Each member of a committee shall continue as such until the next Annual Meeting of the Board of Directors unless he or she sooner resigns or is removed from such committee by a majority vote of the Board of Directors. Committee members may be appointed for successive terms.

ARTICLE VIII Assessments

Section 1: Basis and Maximum of Annual Assessments: The Board of Directors of the Association shall, after consideration of current maintenance costs and future needs of the Association, fix the annual assessment. Property sold or transferred during each calendar year shall be assessed a pro rated Annual Assessment for the unexpired portion of the year.

Section 2: Change in Basis and Maximum of Annual Assessments: Subject to the limitations of Section 1 of this Article, the Board of Directors of the Association may set the amount of the Annual Assessment by a majority vote at a meeting called for such purpose; HOWEVER, any such amount so established may be changed or modified by the members of the Association upon a vote of two-thirds or the membership of the Association, voting in person or by proxy, at a meeting duly called for such purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting, but in no event shall the assessment be reduced below the actual cost of operating the Association and performing the duties and obligations hereunder as evidenced by the actual costs experienced during the previous year adjusted for known inflationary increases.

Section 3: Special Assessments for Capital Improvements: In addition to the annual assessments authorized by Article VIII hereof, the Association through its Board of Directors, may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Areas, including the necessary fixtures and personal property related thereto,

PROVIDED THAT any assessment for the erection or construction of new improvements not previously existing shall have the assent of two-thirds (2/3) of its membership, voting in person or by proxy, at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 4: Purpose of Assessments: The assessments herein levied shall be used exclusively for the purpose of promoting the recreation, health, safety and welfare of the residents in the area known as Pecan Creek, and in particular for the payment of taxes and insurance on the Common Areas, and for the improvement and maintenance of the Common Areas and other areas of the Land designated by the Board of Directors of the Association, including, but not limited to, repairs and replacements thereto, and for the costs of labor, equipment, management and supervision thereof, as herein provided, together with all other costs and expenses attributable to the operation and purposes of the Association.

ARTICLE IX Management and Administration

Section 1: The day-to-day affairs of the Association shall be administered by the Board of Directors or by a managing agent duly appointed and authorized by the Board of Directors.

Section 2: The Board of Directors shall have the continuing power to replace, control, direct and supervise the managing agent if one is so appointed.

ARTICLE X Insurance

Section 1: Liability Insurance: The Board of Directors of the Association shall obtain comprehensive liability insurance in such limits as it shall deem desirable, insuring the Association, its Board of Directors, Officers, Agents and Employees and each Owner from and against liability in connection with the Common Areas and other Association activities. The costs, charges and premiums for this insurance shall be a common expense of all owners and also be a part of the maintenance assessment.

Section 2: Property Insurance: The Board of Directors of the Association shall obtain property insurance in such limits as it deems desirable and appropriate to insure the property of the Association, including, but not necessarily limited to, the structures located in the Common Areas of the Association.

ARTICLE XI Restrictive Covenants

Section 1: Declaration of Reservations: The Declaration of Reservations set out and filed of record in Volume 0720, Page 007 through 026, of the official Public Records of Real Property of Llano County, Texas, together with all other applicable restrictions, covenants, easements and reservations of record in Llano County, Texas are binding on the members of the Association and are incorporated herein by reference.

ARTICLE XII Taxes and Assessments

Section 1: Payment of Taxes and Assessments: The Association shall pay all taxes, assessments and other charges of the state, or of any political subdivision, or of any special improvement district, or any other taxing or assessing authority that may be levied on any of the Common Areas. The payment of any of the sums heretofore described shall be included in the annual assessment of the Association.

Section 2: Taxes Assessed on Individual Lots: The valuation and assessment of each Lot with respect to the items listed in the foregoing Section shall be on an individual basis with each Lot Owner responsible therefor.

ARTICLE XIII Calendar Year

Section 1: Calendar Year: The Association's affairs shall be administered on a calendar year basis.

ARTICLE XIV Dedication of Association Property

Section 1: Dedication of Property: The Association shall have power to dedicate any of its property to an appropriate authority for public use, PROVIDED THAT any such dedication shall have the assent of two-thirds (2/3) vote of the members voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be given to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

ARTICLE XV
Waiver of Notice

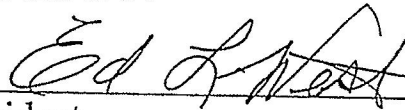
Section 1: Waiver of Notice: Whenever any notice is required to be given under these Articles of Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated herein, shall be deemed equivalent to the giving of such notice.

ARTICLE XVI
Amendments

Section 1: Amendments to the Articles of Association: These Articles may be altered, amended or repealed by a vote of seventy-five (75%) percent of the total votes of the membership of the Association, whether such election is conducted in person or by mail.

APPROVED BY THE MEMBERSHIP OF THE ASSOCIATION ON THE
10 DAY OF February, 2007 TO BECOME EFFECTIVE JULY 1,
2007.

SIGNED BY:



President



Secretary