

KERRVILLE SUMMIT PROPERTY OWNERS ASSOCIATION

BY-LAWS

ARTICLE I. - DEFINITIONS

The following words when used in these By-laws, unless a different meaning or intent clearly appears from the context, shall have the following meaning:

(a) "Association" shall mean and refer to the KERRVILLE SUMMIT PROPERTY OWNERS ASSOCIATION. The principal office of the Association shall be 829-A Main Street, Kerrville, Kerr County, Texas 78028. The Association shall be formed for the purpose of owning the Common Areas and of preserving and maintaining the uniform standards and quality of land as well as the natural beauty and aesthetic value of the Property.

(b) "A C Board" shall mean the Architectural Control Board as provided for in the Declarations; provided that the Declarant shall and does hereby retain the exclusive right to appoint and remove all voting and advisory members of the Architectural Control Board for Phase V and Phase VI, and Phase VII as provided in the Declarations for same. Until such right is delegated to the Board of Directors of the corporation as provided in Section 4 (n) of the Declarations for Phase V and Phase VI, and Phase VII, the Board of Directors of the corporation shall have no say, power or authority with respect to the Architectural Control Committee for Phase V and Phase VI or Phase VII or any Additional Subdivisions as provided in the Declarations for such subdivisions as provided in the Articles of Incorporation.

(c) "Board" shall mean and refer to the Board of Directors of the Association.

(d) "By-Laws" shall mean and refer to the By-laws of the Association as the same may be amended from time to time by proper action of its Members.

(e) "Common Area" shall mean and refer to all real property, and improvements thereon, if any, designated as such in the original plats, including all property acquired or owned by the Association for the common use and enjoyment of the Members, except the individual lots which are to be separately owned.

(f) "Declarant" or "Developer" as used herein shall refer to the same party and for purposes of this agreement shall mean and refer to The Phoenix Venture, a Texas joint venture partnership, its successors and assigns.

(g) "Declarations" shall mean the Declaration of Covenants, Conditions and Restrictions for (1) Phase III and Phase IV of record in Volume 761, Page 149, Real Property Records of Kerr County, Texas; (2) Phase V and Phase VI of record in Volume 820, Page 506, Real Property Records of Kerr County, Texas; (3) Phase VII of record in Volume 938, Page 389, Real Property Records of Kerr County, Texas; and (4) any additional subdivisions which may be subsequently developed and platted by the Developer ("Additional Subdivisions").

(h) "Property" as used herein shall refer to the land situated in The Summit, Phase III and Phase IV; Phase V and Phase VI; and Phase VII being subdivisions in Kerr County, Texas, according to the respective plats thereof of record in Volume 6, Page 196; Volume 6, Page 265; and Volume 6, Page 348 of the Plat Records of Kerr County, Texas, together with any Additional Subdivisions which may be subsequently developed and platted by the Developer.

(i) "Member" or "Owner" as used herein shall be synonymous and shall mean and refer to the record owner, whether one or more persons or entities, whose estates or interests individually, jointly or collectively aggregate fee simple, absolute title to a lot. The foregoing does not include any persons or entities who hold an interest in any property within the Property merely as security for the performance of an obligation. Each Member shall be entitled to vote in accordance with the Class (i.e. Class A Members, Class B Members and Class C Members) as defined in the Declarations.

(j) "Mortgage" shall mean a deed of trust lien as well as a mortgage lien on one or more lots.

(k) "Mortgagee" shall mean a beneficiary under or holder of a Mortgage who has given to the Association written notice that it is the beneficiary under or holder of a Mortgage on one or more lots.

(l) "Original Plats" shall mean and refer to the plats of The Summit, Phase III and Phase IV; Phase V and Phase VI; and Phase VII being subdivisions in Kerr County, Texas, according to the respective plats thereof of record in Volume 6, Page 196; Volume 6, Page 265; and Volume 6, Page 348 of the Plat Records of Kerr County, Texas, together with any Additional Subdivisions.

(m) "Lot" shall mean and refer to any numbered lot, tract or parcel of land (with the exception of the Common Area) shown as such on the Original Plats.

(n) "Residence" shall mean and refer to a permanent structure erected on a Lot for use as a single family dwelling.

ARTICLE II. - OFFICES

Section 1. Principal Office. The principal office of the Association shall be located in the County of Kerr, State of Texas.

Section 2. Other Offices. The Association may also have offices at such other places, within and without the State of Texas, as the Board may from time to time determine or as the business of the Association may require.

ARTICLE III. - MEMBERSHIP

Section 1. Membership. The Members of the Association shall from time to time consist of and be limited to each person or entity who is then an Owner. Change of Membership in the Association shall be established only when a deed or other instrument of transfer establishing a change in the record title to a Lot shall have been duly executed and recorded in the Office of the County Clerk of Kerr County, Texas, in which event the transfer of the Membership shall be accomplished in accordance with the Declaration. To assist the Board, the Owner transferring the Lot shall notify the Board in writing of the name and address of the transferee and the nature of the transfer and the Lot transferred, as well as such other information relative to the transfer and transferee as the Board may reasonably request. Such notice shall also contain an executed or certified copy of the instrument of transfer. The provisions of this paragraph shall not apply to sales of Lots by Developer.

The interest and Membership share of each Member in the Association shall not be assigned, hypothecated or transferred in any manner whatsoever except as an appurtenance to a Lot.

Section 2. Payment of Assessments. The rights of Membership are subject to the payment of assessments levied from time to time by the Association as provided in the Declarations, the obligation of which assessments is imposed against the Owner of and becomes a lien upon each Lot against which such assessments are made as provided by the Declarations (incorporated herein and made a part hereof for all purposes), except that the Developer shall be exempt from the payment of annual assessment charges and special assessments levied by the Association as provided in the Declaration and these By-laws and the Lots ("Developer Property") for which Developer is the record owner shall not be subject to and shall be exempt from the imposition of a lien upon said Developer Property as provided in the Declaration and these By-laws for so long as Developer owns Developer Property including Lots reacquired by Developer by subsequent deed or as a result of foreclosure or by way of a deed in lieu of foreclosure.

Section 3. Suspension of Membership. During any period in which a Member shall be in default in the payment of any annual assessment or special assessment levied by the Association, the voting rights and right to the use of the Common Areas of such Member, his tenants, licensees and guests, and each individual occupying such Lot owned by such Member, may be suspended by

the Board until such assessment has been paid. Such rights of a Member, his tenants, and each individual occupying such Member's Lot may also be suspended by the Board after notice and hearing for a period not to exceed 60 days, for violations of any rules and regulations established by the Board governing the use of the Common Areas and facilities, or for failure to meet any obligation imposed by the Declaration upon such Member, his tenants, licensees and guests, or an individual occupying such Lot.

ARTICLE IV - PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Member, his tenants, and the individuals who occupy the Lot owned by such Member, shall be entitled to the use and enjoyment of the Common Areas and facilities in accordance with and subject to the terms and conditions set forth in the Declaration, these By-Laws and the rules and regulations adopted from time to time by the Board. The rights and privileges of any such tenant or other individual are subject to suspension to the same extent as those of the Member. Any Member may also delegate the aforementioned rights of enjoyment to his guests and invitees, subject to any applicable rules and regulations that may be adopted from time to time by the Board of Directors of the Association.

ARTICLE V - BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number; Qualifications. The affairs of this Association shall be managed by a Board of Directors. The initial Board of Directors as named in the Articles shall consist of three who shall serve until the organizational meeting of the Members and thereafter, the Board of Directors of the Association shall consist of not less than 4 nor more than 8 members, the exact number to be fixed from time to time by the Owners of a majority of the Lots provided that the Board of Directors shall always have at least (i) one member from Phase III or Phase IV, (ii) one member from Phase V or Phase VI, (iii) one member from Phase VII, (iv) one member from each Additional Subdivision, and (v) the Developer so long as it owns any portion of the Property. Directors need not be residents of the State of Texas. Members of the Board of Directors (other than the initial Board of Directors as specified in the Articles) shall be Owners. If an Owner is a partnership or corporation, any partner or officer thereof shall qualify as an Owner and may be a member of the Board.

Section 2. Election; Term. The Directors named in the Articles shall serve until the organizational meeting of the Members which shall be conducted in August of 2001. At the organizational meeting of the Members, three Directors shall be elected, one for a term of one year, one for a term of two years, and one for a term of three years, the fourth Director shall be the Developer who shall remain as a permanent director so long as it owns any portion of the Property. Thereafter, Directors shall serve for a term of three years and until their respective successors are elected, or until their death, resignation or removal; provided, that if any Director ceases to be an Owner, his membership on the Board shall thereupon terminate.

Section 3. Death, Resignation and Removal; Filling Vacancies. Any Director may resign at any time by giving written notice to the other Directors, and any Director may be removed from

membership on the Board by the vote of 75% of the Owners and Developer, so long as Developer shall own a Lot. Any vacancy in the Board shall be filled by the other Directors, provided that the Owners, acting at a meeting called within 10 days after the occurrence of the vacancy, may fill the vacancy.

Section 4. Compensation. Directors shall serve without pay unless expressly approved by the Members entitled to cast a majority of the votes in the Association; however, a Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

ARTICLE VI - MEETINGS OF DIRECTORS

Section 1. Place of Meetings. Meetings of the Board, regular or special, may be held either within or without the State of Texas.

Section 2. First Meeting. After the organizational meeting of the Members in August 2001, the first meeting of each newly elected Board shall be held at such time and place as shall be fixed by the vote of the Members at the annual meeting and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, providing a quorum shall be present. In the event of the failure of the Members to fix the time and place of such first meeting of the newly elected Board of Directors, or in the event such meeting is not held at the time and place so fixed by the Members, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the Directors.

Section 3. Regular Meetings. Regular meetings of the Board (in addition to the first meeting provided in Section 2 above) may be held without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should the day so fixed by a legal holiday, then the meeting shall be held at the same time on the next day not a legal holiday.

Section 4. Special Meetings. Special meetings of the Board may be called by the president and shall be called by the secretary on the written request of two directors of the Board. Written notice of special meetings of the Board shall be given to each Director at least three days before the date of the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Section 5. Quorum. A majority of the Directors, but in no event less than three, shall constitute a quorum for the transaction of business and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, unless a greater number is required by the Articles. If a quorum shall not be present at any meeting of the Board, the

Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

ARTICLE VII - NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board 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, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board prior to each annual meeting of the Members in which Directors are to be elected, to serve from the close of such annual meeting until the close of the next annual meeting in which Directors are to be elected, and such appointment shall be announced at each such annual meeting. The Nominating Committee shall make as many nominations for election to the Board as it shall in its discretion determine, but not less than the number of vacancies that are to be filled.

Section 2. Election. Election to the Board shall be by secret written ballot. At such election the Members or their proxies may cast as many votes as they are entitled to exercise; however, no member shall have a right to cumulate his votes at any election of the Directors.

ARTICLES VIII - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The business and affairs of the Association shall be managed by its Board of Directors, which may exercise all such powers as are not by law, the Articles or the By-Laws directed or required to be exercised and done by the Members or the Developer as provided in the Articles of Incorporation and in Article I (b) of these By-laws. The power and authority of the Board shall include, but shall not be limited to, all powers, duties and authority vested in or delegated to the Board in the Declaration.

Section 2. Duties. It shall be the duty of the Board:

(a) to keep all books and records of the Association in accordance with good accounting procedures and to provide to Members financial statements at least once a year as provided in the Declaration;

(b) if deemed necessary by the Board, to hire a manager to care for and manage the Common Areas and provide other services to the Association that the Board shall deem necessary;

(c) to supervise all officers, managers, agents and employees of the Association, and to see that their duties are properly performed;

(d) as more fully provided in the Declaration,

(i) to fix the amount of the annual assessment against each Lot in advance of each annual assessment period, as provided in the Declaration; and

(ii) to send written notice of each assessment to every Owner subject thereto at least 30 days in advance of each annual assessment period;

(e) to issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) to procure and maintain adequate liability and hazard insurance on property owned by the Association and to adjust the amount, collect, and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property; to assess all Lots in proportionate amounts to cover the deficiency;

(g) to procure and maintain adequate fidelity coverage to protect against dishonest acts by the manager, officers, Directors, trustees and other employees of the Association having fiscal responsibilities and all others who are responsible for handling funds of the Association;

(h) to cause the Common Areas, if any, to be maintained; and

(i) to perform any and all other duties and exercise any and all other powers specified in either the Declaration or the Articles.

Section 3. Limitation. The Board's powers and duties hereinabove enumerated shall be limited in that the Board shall not have the authority to acquire and pay for any structural alterations, capital additions to, or capital improvements of the Common Areas, if any, (other than for purposes of replacing or restoring portions of the Common Areas, subject to all the provisions of the Declaration) requiring any expenditures in excess of \$1,000.00 (exclusive of any insurance proceeds applied to such alterations, additions, improvements, or repair of damages), without in each case the prior approval of the Members entitled to cast a majority of the votes in the Association.

ARTICLE IX - COMMITTEES

The Board, by resolution adopted by a majority of the Board, may designate two or more Members of the Association to constitute special committees, which committees, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board within its field of responsibility except when the action of the Board is required by statute. Vacancies in the membership of the committee shall be filled by the Board at a regular or special meeting of the Board. The committees shall keep regular minutes of their proceedings and report the same to the Board when required. The provisions of this Article shall not apply to the Architectural Control Committee which shall be governed by the Declarations and which control thereof is retained by the Developer as provided in the Articles of Incorporation and in Article I (b) of these By-laws.

ARTICLE X - MEETINGS OF MEMBERS

Section 1. Place of Meetings. Meetings of the Members shall be held at the offices of the Association, in Kerr County, Texas, or at such other location within or without the State of Texas as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Annual Meeting. A regular annual meeting of Members shall be held in August of each year at 7:00 p.m., commencing with the year 2001. The date of the annual meeting may be changed from time to time by the resolution duly adopted by the Board of Directors of the Association.

Section 3. Special Meetings. Special meetings of the Members shall be called by the secretary upon written request of (a) two members of the Board of Directors, or (b) Members entitled to cast 1/4 of the votes in the Association.

Section 4. Notice. Written notice of the organization meeting, each annual meeting, and each special meeting of the Members, specifying the date, hour and place of the meeting shall be delivered to each Owner (and, upon request to each Mortgagee, which shall be permitted to designate a representative to attend all such meetings) not less than ten days nor more than fifty days prior to the date fixed for said meeting. Notices of special meetings shall in addition specify the general nature of the business to be transacted at the meeting.

Section 5. Purposes. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 6. Quorum. The presence at any meeting of Members entitled to cast a majority of the votes in the Association, represented in person or by proxy, shall constitute a quorum except as otherwise provided by the Articles and the Declaration. If a quorum is not present at any meeting, the Members present, though less than a quorum, may adjourn the meeting to a later date and give notice thereof to all the Members in accordance with the provisions of Section 4 of this Article, and at that meeting the presence of Members entitled to cast 1/4 of the votes in the Association shall constitute a quorum. If a quorum is not present at the second meeting, the Members present, though less than a quorum, may again adjourn the meeting to a later date and give notice thereof to all Members in accordance with the provisions of Section 4 of this Article and at the third meeting whatever Members are present shall constitute a quorum.

Section 7. Majority Vote. The vote of Members entitled to cast a majority of the votes thus represented at a meeting at which a quorum is present shall be the act of the Members' meeting, unless the vote of a greater number is required by law, the Declaration, the Articles, or these By-Laws.

Section 8. Voting Rights. Each Member may cast as many votes as he is entitled to exercise under the terms and provisions of the Declarations on each matter submitted to a vote at a meeting of Members, except to the extent that the voting rights of any Member have been suspended in

accordance with the By-Laws. Whenever there is more than one record Owner of a Lot, any or all of the record Owners may attend and vote at any meeting of the Members, but in no event shall more than one vote be cast with respect to any Lot except as to the contrary provided in the Declaration.

Section 9. Proxies. Any Member may attend and vote at any meeting of Members in person or by an agent duly appointed by an instrument in writing signed by the Member and filed with the Board. Whenever there is more than one record Owner of a Lot, any designation of an agent to act for such record Owners must be signed by all such record Owners. Any designation of an agent to act for a Member may be revoked at any time by written notice to the Board and shall be deemed revoked when the Board shall receive actual notice of the death or judicially declared incompetency of such Member or of the conveyance by such Member of his Lot. Upon the death of a Member, the legal representative of the Member's estate shall have the right to vote for that Member and the legally appointed guardian of a Member who has been judicially declared to be incompetent shall have the right to vote for the Member.

Section 10. List of Members. The officer or agent having charge of the corporate books shall make, at least ten days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of each, which list, for a period of ten days prior to such meeting, shall be kept on file at the principal office of the Association and shall be subject to inspection by any Member at any time during the usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 11. Record Date. The Board of Directors may fix in advance a date, not exceeding fifty days preceding the date of any meeting of Members, as a record date for the determination of the Members entitled to notice of, and to vote at, any such meeting, and any adjournment thereof, and in such case such Members and only such Members as shall be Members of record on the date so fixed shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof, notwithstanding any change of membership on the books of the Association after any such record date fixed as aforesaid.

Section 12. Action Without Meeting. Any action required by the statutes to be taken at a meeting of the Members, or any action which may be taken at a meeting of the Members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all Members entitled to vote with respect to the subject matter thereof.

ARTICLE XI - NOTICES

Section 1. Delivery. Any notice to a Director or Member shall be in writing and delivered personally or mailed to the Director or Member addressed to the Director or Member at his Lot or at such other address as may be given in writing to the Board of Directors by the Director or Member. Notice by mail shall be deemed to be given at the time when deposited in the United States Mail addressed to the Member or Director, with postage thereon prepaid. Notice to Directors may also be given by facsimile transmission and shall be deemed to be given when the facsimile transmission is confirmed delivered.

Section 2. Waivers. Whenever any notice is required to be given to any Member or Director by law, the Declaration, the Articles, or the By-Laws, 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 equivalent to the giving of such notice.

Section 3. Attendance at Meetings. Attendance of any Member or Director at a meeting shall constitute a waiver of notice of such meeting, except when a Director or Member attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE XII - OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of the Association shall be a president (who shall at all times be a member of the Board of Directors), a vice president, a secretary, and a treasurer, and such officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the initial Board of Directors and thereafter following the organizational meeting of the Members and following each subsequent annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointment. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. 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.

Section 6. Vacancies. A vacancy in any office may be filled in the manner prescribed for regular election. The officer elected to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person, otherwise no person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

(a) The President. The president shall be the chief executive officer of the Association, shall preside at all meetings of the Members and the Board of Directors, shall have general and active management of business of the Association, and shall see that all orders and resolutions of the Board of Directors are carried into effect. He shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Association, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Association.

(b) The Vice President. The vice presidents in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the president, perform the duties and exercise the powers of the president. They shall perform such other duties and have such other powers as the Board of Directors shall prescribe.

(c) The Secretary and Assistant Secretaries. The secretary shall attend all meetings of the Board of Directors and all meetings of the Members and record all the proceedings of the meeting of the Association and of the Board of Directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or president, under whose supervision he shall be. He shall keep in safe custody the seal of the Association and, when authorized by the Board of Directors, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the treasurer or an assistant secretary.

(d) The assistant secretaries in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary. They shall perform such other duties and have such powers as the Board of Directors may from time to time prescribe.

(e) The Treasurer and Assistant Treasurers. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors.

(f) The treasurer shall disburse the funds of the Association as may be authorized by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and the Board of Directors at its regular meetings or when the Board of Directors so requires an account of all his transactions as treasurer and of the financial condition of the Association.

(g) If required by the Board of Directors, the treasurer shall, at the expense of the Association, give the Association a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for

the restoration to the Association, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association.

(h) The treasurer shall cause an annual financial statement of the Association at the completion of each fiscal year in accordance with the Declaration; and shall prepare (i) an annual budget and (ii) a statement of income and expenditures, to be presented to the membership at its regular annual meetings, a copy of each of which shall be made available to each Member upon request.

(i) The assistant treasurers in the order of their seniority, unless otherwise determined by the Board of Directors, shall, in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. They shall perform such other duties and have such other powers as the Board of Directors may from time to time prescribe.

ARTICLE XIII - BOOKS AND RECORDS

The Declaration, the Articles, the By-Laws and the books, records and financial statements of the Association shall at all times, upon request during normal business hours and under other reasonable circumstances, be subject to inspection by any Member. Copies of the Declaration, the Articles and the By-Laws of the Association may be purchased at a reasonable cost at the principal office of the Association.

ARTICLE XIV - CORPORATE SEAL

The corporate seal shall have inscribed thereon the name of the Association, the year of its organization and the word "Texas". The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE XV - CERTIFICATE OF MEMBERSHIP

The Board of Directors may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary and shall be sealed with the seal of the Association. All certificates evidencing membership of any class shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Association. If any certificate shall become lost, mutilated, or destroyed, a new certificate may be issued therefor on such terms and conditions as the Board may determine.

ARTICLE XVI - AMENDMENTS

These By-laws may be altered, amended or repealed and new by-laws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least three days' written notice is given of intention to alter, amend or repeal or to adopt new by-laws at such

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meeting, provided that no amendment shall be made which would cause these By-Laws to be in conflict with the provisions of the Declaration or to (i) delete the Developer as a permanent director as provided in Section 2 of Article V hereof or (ii) revoke the Developer's exemption provided in Section 2 of Article III hereof without the Developer's express written consent.

ARTICLE XVII - CONFLICTS

In the case of any conflict between the Articles and these By-Laws, the Articles shall control, and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XVIII - FISCAL YEAR

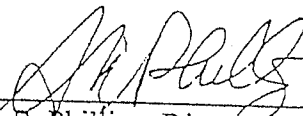
The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

ARTICLE XIX - WAIVER OF NOTICE

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 By-laws 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.

ARTICLE VIII - ADOPTION OF BY-LAWS

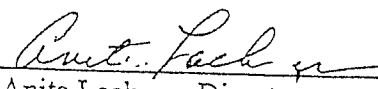
The foregoing By-laws of this corporation are hereby adopted by the undersigned, being all the Directors of such corporation named in the Articles of Incorporation on August 15, 2000.



A. B. Phillips, Director



Donn Huot, Director



Anita Lachner, Director