

SADDLE CREEK FARMS PROPERTY OWNERS ASSOCIATION, INC.

**CONSENT OF DIRECTORS
IN LIEU OF ORGANIZATIONAL MEETING**

July 14, 2004

The undersigned, being all of the initial Directors of Saddle Creek Farms Property Owners Association, Inc. (the "Association") named in the Articles of Incorporation of the Association previously filed with the Secretary of State of Texas, hereby consent, pursuant to the provisions of Article 9.10 of the Texas Non-Profit Corporation Act in lieu of holding an organizational meeting of the Board of Directors of the Association, to the adoption of the following resolutions:

1. Directors.

RESOLVED, that the undersigned, being the persons named as the initial Directors of the Association in the Articles of Incorporation hereby accept appointment to such office and agree to serve as Directors of the Association until their successors shall have been duly appointed or elected or until their earlier death, resignation, retirement, disqualification or removal from office.

2. Bylaws.

RESOLVED, that By-Laws in the form presented to the Directors (and attached hereto as *Exhibit A*) be, and the same hereby are, in all respects, approved and adopted as the By-Laws of the Association, and the Secretary of the Association is instructed to insert such By-Laws in the appropriate section of the minute book of the Association.

3. Officers.

RESOLVED, that the following persons be, and each of them hereby is, elected to the office or offices set forth below opposite his or her name, to serve until the first annual meeting of the Board of Directors of the Association or until his or her successor is elected and qualified or until his or her death, resignation, retirement, disqualification or removal from office:

J.W. Ramshur	-	President
James E. Ramshur	-	Vice President
Steven W. Ramshur	-	Treasurer
StevenW. Ramshur	-	Secretary

4. Books and Records.

RESOLVED, that the Secretary of the Association be, and hereby is, authorized, empowered and directed, on behalf of the Association, to maintain all necessary books and records for the Association.

5. Organization Expenses.

RESOLVED, that the Treasurer of the Association be, and hereby is, authorized, empowered and directed, on behalf of the Association, to pay all fees, expenses and costs incident to or necessary for the incorporation and organization of the Association.

6. Corporate Seal.

RESOLVED, that the Association not adopt a corporate seal at this time.

7. Fiscal Year.

RESOLVED, that the fiscal year of the Association shall begin on the first day of January and end on the last day of December; and that the proper officers of the Association be, and they hereby are, authorized, empowered and directed, on behalf of the Association, to keep the books of account and financial records of the Association in accordance with such fiscal year.

8. Depository Resolutions.

RESOLVED, that a regular bank account in the name of the Association be opened in such depositories as the Board of Directors of the Association shall from time to time designate, wherein may be deposited any of the funds of the Association and from which withdrawals are hereby authorized in the name of the Association by the signature of any two (2) of the officers of the Association or any two (2) persons who are not officers of the Association but who are designated in writing by the Board of Directors of the Association.

RESOLVED FURTHER, that the Secretary or any Assistant Secretary of the Association be, and each hereby is, authorized, empowered and directed to certify to such bank resolutions authorizing the opening of such bank accounts in such form as said bank may customarily require, and such resolutions shall be deemed to be copied in these minutes as if set forth herein in full.

9. Principal Office.

RESOLVED, that the initial principal office of the Association shall be located at 21721 FM 2100, Crosby, Texas 77532-3363.

10. Regular Meetings.

RESOLVED, that the first regular meeting of the Members of the Association be held in August or September 2004 at the principal office of the Association. Subsequent regular annual meetings shall be held in August of each calendar year, beginning in 2005.

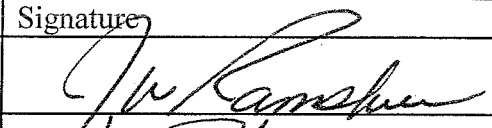
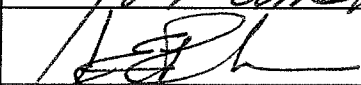
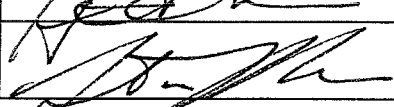
11. Acceptance of Common Area.

RESOLVED, that the Association accept the Special Warranty Deed conveying certain common area located in the Saddle Creek Farms subdivision, and assume all obligations with respect thereto in accordance with the terms of the Declaration of Covenants, Conditions and Restrictions for Saddlecreek Farms, Sections I, II & III recorded in the real property records of Harris County, Texas at Clerk's File No. W711387, as amended by that one certain First Amendment to Declaration of Covenants, Conditions and Restrictions for Saddlecreek Farms, Sections I, II & III recorded in the real property records of Harris County, Texas at Clerk's File No. X850691 (the "Declaration").

12. Acceptance and Assumption of Certain Declarant's Rights.

RESOLVED, that the Association accept those right, privileges and prerogatives transferred to the Association by Phase I – FM 2100, LP, a Texas limited partnership, Phase II-BOF, LP, a Texas limited partnership, and Phase III – LFH, LP, a Texas limited partnership (collectively, "Declarant") pursuant to that one certain Statement of Limited Transfer of Declarant's Rights for Saddle Creek Farms dated July __, 2004 and recorded in the real property records of Harris County, Texas at Clerk's File No. _____, and assume all duties related thereto.

IN WITNESS WHEREOF, the undersigned have hereunto executed this Consent effective as of the date stated hereinabove.

Name of Director	Signature
J. W. Ramshur	
James E. Ramshur	
Steven W. Ramshur	

BYLAWS

OF

SADDLE CREEK FARMS PROPERTY OWNERS ASSOCIATION, INC.

Article I

Name, Principal Office and Definitions

Section 1. Name. The name of the Association shall be **Saddle Creek Farms Property Owners Association, Inc.** (hereinafter sometimes referred to as the "Association").

Section 2. Principal Office. The principal office of the Association in the State of Texas shall be located in Harris County, Texas.

Section 3. Definitions. The words used in these Bylaws shall be given their normal commonly understood definitions. Capitalized terms shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Saddlecreek Farms, Sections I, II & III recorded in the real property records of Harris County, Texas at Clerk's File No. W711387 (said declaration, as amended, renewed or extended from time to time, being referred to as the "Declaration"), unless otherwise defined herein or the context shall otherwise require.

Article II

Association: Membership, Meetings, Quorum, Voting, Proxies

Section 1. Membership. The Association shall have one class of membership as more fully set forth in the Declaration and the Articles of Incorporation, the terms of which pertaining to membership are specifically incorporated herein by reference. The Board of Directors shall determine the names of the Members from the books and records of the Association, or such other methods as the Board of Directors may, from time to time, determine.

Section 2. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors.

Section 3. Annual Meetings. The first meeting of the Members of the Association, whether a regular or special meeting, shall be held within one (1) year from the date of incorporation of the Association. The date of subsequent regular annual meetings shall be set by the Board.

Section 4. Special Meetings. The President of the Association may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by Members representing at least thirty percent (30%) of the Members.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of the Members 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 sixty (60) 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 the 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. No business shall be transacted at a special meeting except as 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 Association, with postage thereon prepaid.

The address of each Member for purposes of notice which is delivered personally or by mail shall be the Member's address last appearing in the books and records of the Association, or as supplied by a Member to the Association for the purpose of notice. The Board of Directors may, from time to time, establish other methods of determining the addresses of the Members for purposes of notice.

The Board of Directors may fix a date as the record date for determining the Members entitled to notice of a meeting of the Members.

Section 6. Waiver of Notice. Waiver of notice of a meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member shall be deemed waiver by such Member of notice of the time, date and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting also shall be deemed waiver of notice of all business transacted unless an objection on the basis of lack of proper notice is raised before the business is put to a vote.

Section 7. Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for reconvening the meeting after adjournment, notice of the time and place for reconvening the meeting shall be given to Members in the manner prescribed for regular meetings.

The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that Members representing at least ten percent (10%) of the total votes of the Association remain in attendance and provided further that any action taken is approved by at least a majority of the votes required to constitute a quorum.

Section 8. Voting. The voting rights of the Members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein.

Section 9. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing, dated and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of such Member's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of a Member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 10. Majority. As used in these Bylaws, the term "majority" shall mean those votes, owners or other group, as the context may indicate, totaling more than fifty percent (50%) of the total number.

Section 11. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of Members representing ten percent (10%) of the total votes in the Association shall constitute a quorum at all meetings of the Association. The Board of Directors may, from time to time, establish different quorum requirements for meetings of Members.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 13. Action Without a Meeting. Any action required by law 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 written consent setting forth the action so taken is signed by a sufficient number of Members as would be necessary to take that action at a meeting at which all of the Members were present and voted, and any such consent shall have the same force and effect as a unanimous vote of the Members. Each written consent shall bear the date of the signature of each Member who signs the consent.

Article III

Board of Directors; Number, Powers, Meetings

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors, each of whom shall have one vote.

Section 2. Number of Directors. The number of directors in the Association shall not be less than three (3) nor more than seven (7). The initial Board shall consist of three (3) members.

Section 3. Nomination of Directors. Nominations for election to the Board of Directors may be made by a Nominating Committee or from the floor at the annual meeting. The Nominating

Committee, if established, shall consist of a chairman, who shall be a member of the Board of Directors, and three (3) or more Members of the Association. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event less than the number of positions to be filled. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members and to solicit votes.

Section 4. Election and Term of Office. Each Member shall be entitled to cast the total number of votes attributed to the Lots which it represents with respect to each vacancy to be filled. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Members shall hold office until their respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 5. Removal of Directors; Vacancies. Any director elected by the Members may be removed, with or without cause, by the vote of Members holding a majority of the votes entitled to be cast for the election of such director. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the Members entitled to elect the director so removed to fill the vacancy for the remainder of the term of such director.

Any director elected by the Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any assessment or other charge due the Association for more than thirty (30) days, may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term.

In the event of the death, disability or resignation of a director prior to the first annual meeting of the Members, a vacancy may be declared by the Board, and it may appoint a successor. Vacancies occurring on the Board after the first annual meeting of the Members caused by any reason, excluding the removal of a director by the vote of the Members, shall be filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the Board. Each person so elected shall serve the unexpired portion of the term.

B. Meetings.

Section 6. Organizational Meeting. The first meeting of the Board of Directors following the incorporation of the Association shall be held within 180 days after incorporation.

Section 7. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a majority of the directors, but at least two(2) such meetings shall be held during each fiscal year. Notice of the time and place of the meeting shall be communicated to directors no less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to holding of the meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two (2) directors. The

notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each director by one of the following methods: (i) by personal delivery; (ii) written notice by first-class mail, postage prepaid; (iii) by telephone communication, either directly to the director or to a person at the director's office or home who would reasonably be expected to communicate such notice promptly to the director; or (iv) by telegram, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first-class mail shall be deposited into a United States mailbox at least four (4) days before the time set for the meeting. Notices given by personal delivery, telephone or telegraph shall be delivered, telephoned or given to the telegraph company at least seventy-two (72) hours before the time set for the meeting.

Section 9. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (i) a quorum is present, and (ii) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting also shall be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 10. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the directors shall constitute a quorum for the transaction of business, and the directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have transacted at the meeting originally called may be transacted without further notice.

Section 11. Compensation. No director shall receive any compensation from the Association for acting as such unless approved by the Members at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 12. Conduct of Meetings. The President shall preside over all meetings of the Board of Directors, and the Secretary shall keep a minute book of meetings of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and all transactions and proceedings occurring at such meetings.

Section 13. Open Meetings. Subject to the provisions of Section 14 of this Article, all meetings of the Board shall be open to all Members, but Members other than directors may not participate in any discussion or deliberation unless permission to speak is requested on his or her behalf by a director. In such case, the President may limit the time any Member may speak. Notwithstanding the above, the President may adjourn any meeting of the Board of Directors and

reconvene in executive session, excluding Members, to discuss matters of a sensitive nature, such as pending or threatened litigation, personnel matters, etc.

Section 14. Action Without a Formal Meeting. Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a sufficient number of directors as would be necessary to take that action at a meeting at which all of the directors were present and voted, and such consent shall have the same force and effect as a unanimous vote.

C. Powers and Duties.

Section 15. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not by the Declaration, Articles or these Bylaws directed to be done and exercised exclusively by the Members or the membership generally.

The Board of Directors shall delegate to one of its members the authority to act on behalf of the Board of Directors on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board of Directors.

In addition to the duties imposed by these Bylaws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to establish policies relating to, and shall be responsible for, performing or causing to be performed, the following, in way of explanation, but not limitation:

(a) preparation and adoption of annual budgets in which there shall be established the contribution of each Owner to the common expenses;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment; provided, unless otherwise determined by the Board of Directors, the annual assessment for each Lot's proportionate share of the common expenses shall be payable in equal monthly installments, each such installment to be due and payable in advance on the first day of each month for said month;

(c) providing for the operation, care, upkeep and maintenance of all of the common areas owned by the Association;

(d) designating, hiring and dismissing the personnel necessary for the operation of the Association and the maintenance, operation, repair and replacement of its property and the common area owned by the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies and materials to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve and using the proceeds to operate the Association;

(f) making and amending rules and regulations;

(g) opening of bank accounts on behalf of the Association and designating the signatories required;

(h) making or contracting for the making of repairs, additions and improvements to or alterations of the common area owned by the Association in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these Bylaws and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members and not chargeable directly to specific Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred;

(m) making available to any prospective purchaser of a Lot, any owner of a Lot, any lender with a lien on a Lot, and the holders, insurers and guarantors of an mortgage or lien on any Lot, current copies of the Declaration, the Articles of Incorporation, the Bylaws, rules governing the Lot and all other books, records and financial statements of the Association;

(n) permitting utility suppliers to use portions of the common area owned by the Association reasonably necessary to the ongoing development or operation of the Subdivision; and

(o) retaining legal, accounting and other professionals as the Board of Directors may deem necessary or prudent from time to time.

Section 16. Management. The Board of Directors may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board of Directors shall authorize. The Board of Directors may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board of Directors by these Bylaws, other than policy-making authority.

Section 17. Accounts and Reports. The following management standards of performance will be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts or otherwise; anything of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board of Directors;

(f) financial reports shall be prepared for the Association on a period basis containing:

(i) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(ii) a statement reflecting all cash receipts and disbursements for the preceding period;

(iii) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(iv) a balance sheet as of the last day of the preceding period; and

(v) a delinquency report listing all Owners who are delinquent in paying any assessments at the time of the report and describing the status of any action to collect such assessments which remain delinquent (any assessment or installment thereof shall be considered to be delinquent on the fifteenth (15th) day following the due date unless otherwise specified by resolution of the Board of Directors); and

(g) an annual report consisting of at least the following shall be made available to all Members within one hundred twenty (120) days after the close of the fiscal year: (i) a balance sheet; (ii) an operating (income) statement; and (iii) a statement of changes in

financial position for the fiscal year. The annual report referred to above shall be prepared on an audited or reviewed basis, as determined by the Board.

Section 18. Borrowing. The Association, acting through the Board of Directors, shall have the power to borrow money for the purpose of maintenance, repair or restoration of the common area owned by the Association without the approval of the Members of the Association. The Board shall also have the power to borrow money for other purposes.

Section 19. Rights of the Association. With respect to the common area owned by the Association, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Without limiting the foregoing, this right shall entitle the Association to enter into common management, operational or other agreements with other owners or residents associations, both within and without the Subdivision. Such agreements shall require the consent of a majority of the total number of directors of the Association.

Article IV

Officers

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, to be elected from among the members of the Board. The Board of Directors may appoint such other officers, including one or more Assistant Secretaries and 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 or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Members, as set forth in Article III.

Section 3. Removal and Vacancies. Any officer may be removed by the Board of Directors whenever in its judgment the best interests of the Association will be served thereby. A vacancy in any office arising because of death, resignation, removal or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget and may delegate all or part of the preparation and notification duties to a finance committee, management agent or both.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of

the 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. Agreements, Contracts, Deeds, Leases, Checks, etc. All agreements, contracts, deeds, leases, checks and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board of Directors.

Section 7. Compensation. Compensation of officers shall be subject to the same limitations as compensation of directors under Article III, Section 13 hereof.

Article V

Committees

Section 1. General. Committees are hereby authorized to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee shall cooperate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors.

Section 2. Covenants Committee. In addition to any other committees which may be established by the Board pursuant to Section 1 of this Article, the Board of Directors may appoint a Covenants Committee consisting of at least three (3) and no more than five (5) members. Acting in accordance with the provisions of the Declaration, these Bylaws and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association.

ARTICLE VI

Indemnification

Section 1. Suit Against Association. To the full extent permitted by the Texas Non-Profit Corporation Act, and subject to the provisions of Section 3 of this Article, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or complete action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Association) by reason of the fact that he is or was a director or officer of the Association against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding, by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 2. Suit By or In Right of Association. . To the full extent permitted by the Texas Non-Profit Corporation Act, and subject to the provisions of Section 3 of this Article, the Association shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Association to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the Association against expenses (including attorney's fees) actually and reasonably incurred by him in connection with such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Association and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Association unless and only to the extent that the appropriate court of the State of Texas or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the appropriate court of the State of Texas or such other court shall deem proper.

Section 3. Approval of Indemnification. Any indemnification under Section 1 or 2 of this Article (unless ordered by a court) shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director or officer is proper in the circumstances because he had met the applicable standard of conduct set forth in said Sections 1 and 2. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable and a quorum of disinterested Directors so directs, by independent legal counsel (who may be counsel to the Association) in a written opinion, or (3) by the Members.

Section 4. Indemnification Upon Success on the Merits. If a director or officer of the Association has been successful on the merits or otherwise as a party to any action, suit or proceeding referred to in Section 1 or 2 of this Article, or with respect to any claim, issue or matter therein (to the extent that a portion of his expenses can be reasonably allocated thereto), he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

Section 5. Advance for Expenses. Expenses incurred in connection with a civil, criminal, administrative or investigative action, suit or proceeding, or threat thereof, may be paid by the Association in advance of the final disposition of such action, suit or proceeding, as authorized in the manner provided in Section 3 of this Article, upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article.

Section 6. Other Rights. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any other bylaw, agreement, vote of Members or disinterested directors, or otherwise, both as to actions in his official capacity and as to actions in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Insurance. The Association may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article or the applicable laws of the State of Texas.

Article VII

Miscellaneous

Section 1. Fiscal Year. The fiscal year of the Association shall be set by resolution of the Board of Directors. In the absence of a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution, Robert's Rules of Order (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration or these Bylaws.

Section 3. Conflicts. If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration and these Bylaws, the provisions of Texas law, the Declaration, the Articles of Incorporation and the Bylaws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members and Mortgagees. The Declaration, Bylaws and Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the Members, the Board and committees shall be made available for inspection and copying by any holder, insurer or guarantor of a mortgage on any Lot, Member of the Association, or by the duly appointed representative of any of the foregoing at any reasonable time and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Subdivision as the Board shall prescribe.

(b) Rules for Inspection. The Board shall establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records;

(ii) hours and days of the week when such an inspection may be made; and

(iii) payment of the cost of reproducing copies of documents requested.

(c) Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical Community owned or controlled by the Association. The right of inspection by a

director includes the right to make extracts and a copy of relevant documents at the expense of the Association.

Section 5. Notices. Unless otherwise provided in these Bylaws, all notices, demands, bills, statements or other communications under these Bylaws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States mail, first-class postage prepaid:

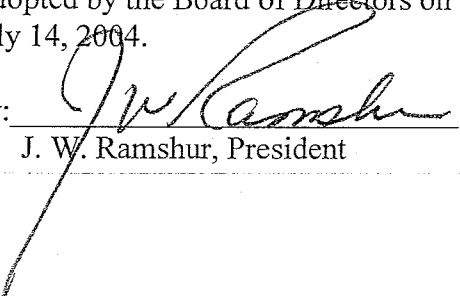
(a) if to a Member, at the address which the Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such Member; or

(b) if to the Association, the Board of Directors, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the Members pursuant to this Section.

Section 6. Amendment. Except as otherwise specifically provided herein, these Bylaws may be amended by either (a) the unanimous vote of the Board of Directors, or (b) by the affirmative vote or written consent, or any combination thereof, of fifty-one percent (51%) of the Members.

Adopted by the Board of Directors on
July 14, 2004.

By:


J. W. Ramshur, President