

10/23/03

**SILVERWOOD H. A., INC.
(A NON-PROFIT CORPORATION)**

**November 6, 2003
CONTENTS OF REVISED BYLAWS**

DEFINITIONS

The following words when used in this Declaration or any Supplemental Declaration (unless the context shall otherwise prohibit) shall have the following meanings:

- (a) "Board Committees" shall refer to committees as designated in Section 2.16
- (b) "Articles of Incorporation" shall mean and refer to the articles of incorporation of the Association as may be amended from time to time.
- (c) "Association" shall mean and refer to Silverwood H.A., Inc., a Texas corporation, which will have the power, duty and responsibility of maintaining and administering the Common Properties, and collecting and disbursing the assessments and charges hereinafter prescribed, and will have the right to administer and enforce the Covenants and Restrictions.
- (d) "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.
- (e) "Class A Members" shall have the meaning set forth in Section 3.02
- (f) "Class B Members" shall have the meaning set forth in Section 3.02 hereof.
- (g) "Common Properties" shall mean and refer to those areas devoted to the common use and enjoyment of the Owners, and include the following: those certain landscaping improvements, plantings, screening walls, fencing, sprinkler systems and recreational facilities, to be placed as shown on the Plat for each phase.

Properties which are known, described or designated or which shall subsequently become known, described or designated as Common Properties intended for or devoted to the common use and enjoyment of the Owners, together with any and all improvements that are now or may hereafter be constructed thereon. In certain circumstances, Common Properties may not be owned by the Declarant or the Association in fee, but may, in some instances, be held as an easement, be leased or may simply be areas of land that are not owned or leased by the Declarant or the Association but which are maintained by the Association or the Declarant for the use and benefit of the Owners and the Properties. An example of areas of Common Properties which may not be owned or leased by the Association or the Declarant but would constitute a portion of the Common Properties would be landscaped areas appurtenant to and

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within public -rights-a-way. The Declarant may hold record title to all or a portion of the common Properties, consistent with the objectives envisioned herein and subject to the easement rights herein of the Owners to use and enjoy the Common Properties, for an indefinite period of time and at a point in time (deemed appropriate and reasonable by the Declarant) after the Association has been incorporated, record title to those portions of the Common Properties is which are owned by the Declarant in fee, as an easement or otherwise will be transferred from the Declarant to the Association.

(i) "Declarant" shall mean and refer to Silverwood Residential Development, Ltd., and its successors and assigns, if such successors and/or assigns become same by operation of law, or should (i) such successors and/or assigns acquire all or substantially all of The Lots from Silverwood Residential Development, Ltd. for the purpose of development, and (ii) any such assignee receives by assignment from Silverwood Residential Development, Ltd. all or a portion of its rights hereunder as such Declarant, by an instrument expressly assigning such rights of Declarant to such assignee. No person or entity purchasing one or more Lots from Silverwood Residential Development, Ltd. in the ordinary course of business shall be considered as "Declarant".

(j) "Lot" shall mean and refer to any plot or tract of land shown upon any recorded subdivision map(s) or plat(s) of the Properties, as amended from time to time, which is designated as a lot thereon and which is or will be improved with a residential dwelling. Some portions of the Common Properties may be platted as a "lot" on the recorded subdivision plat, however, these lots shall be excluded from the concept and definition of lot as used herein.

(k) "Member" shall mean and refer to each Owner as provided in Article III hereof.

(l) "Owner" shall mean and refer to every person or entity who is a record owner of a fee or undivided fee interest in any Lot which is subject to this Declaration. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

(m) "Properties" shall mean and refer to the properties subject to this Declaration, together with such additions as may hereafter be made thereto.

(n) "Quorum" shall be mean the presence of 1/10 the vote of each class of membership in order to conduct a meeting of the members. A majority of the Directors shall be present in order to conduct the business of the Board of Directors.

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ARTICLE ONE—CORPORATE CHARTER AND OFFICES

1.01 CORPORATE CHARTER PROVISIONS

Each provision of the Corporation's Charter shall be observed until amended by Restated Articles or Articles of Amendment, filed with the Texas Secretary of State.

1.02 REGISTERED OFFICE AND AGENT

The address of the Registered Office provided in the Articles of Incorporation, as duly filed with the Secretary of State for the State of Texas, is:

6420 Remington Parkway
Colleyville, Texas 76034.

The name of the Registered Agent of the Corporation at such address, as set forth in its Articles of Incorporation, is: Larry R. Cole.

The registered agent or office may be changed by filing a Statement of Change of Registered Agent or Office or Both with the Texas Secretary of State, and not otherwise. Such filing shall be made promptly with each change. Arrangements for each change in registered agent or office shall ensure that the Corporation is not exposed to the possibility of a default judgment. Each successive registered agent shall be of reliable character and well informed of the necessity of immediately furnishing the papers of any lawsuit against the Corporation to its attorneys.

1.03 INITIAL BUSINESS OFFICE

The address of the initial principal business office of the Corporation is hereby established as:

4123 Parkview Court
Bedford, Texas 76021

The Corporation may have additional business offices within the State of Texas, and where it may be duly qualified to do business outside of Texas, as the Board of Directors may designate or the business of the Corporation may require.

1.04 AMENDMENT OF BYLAWS

- (a) While a Class B membership exists, these Bylaws may be amended only by the Directors of the Association. When the Class B membership terminates, these Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy.
- (b) In the case of any conflict between the Articles of Incorporation and these Bylaws, the Declaration shall control.

ARTICLE TWO— DIRECTORS AND DIRECTORS' MEETINGS

2.01 POWERS AND DUTIES OF THE BOARD OF DIRECTORS

A. POWERS

- (1) The Board of Directors shall adopt and publish rules and regulations governing the Areas, and the personal conduct of the Members and their guests thereon, and to establish penalties for the violation thereof;
- (2) .Exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration;
- (3). Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (4). Employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties.

B. DUTIES It shall be the duty of the Board of Directors to:

- (1). Cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one fourth (1/4) of the Class A Members who are entitled to vote;
- (2). Supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed; as more fully provided in the Declaration and these Bylaws, to:
- (3) Fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period, and determine whether it shall be paid in installments and when due and payable;
- (4) Send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period;
- (5) Foreclose the lien against any property for which assessments are not paid within six (6) months after due date or to bring an action at law against the Owner personally obligated to pay the same; and

- (6) 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;
- (7). Procure and maintain adequate casualty, property, and liability insurance on Property owned by the Association.
- (8). Maintain adequate fidelity insurance coverage on all officers and employees having fiscal responsibilities as it may deem appropriate;
- (9). Cause to be maintained the Common Areas, and the Designated Public Properties; and
- (10). Perform such acts as may be reasonably necessary to carry out the provisions of the Declaration.

2.02 VACANCIES

Vacancies on the Board of Directors shall exist upon: (a) the failure of the Members to elect the full authorized number of Directors to be voted for at any Member's meeting at which any Director is to be elected; (b) a declaration of vacancy under Section 2.03(a) of these Bylaws; (c) an increase in the authorized number of Directors; or (d) the death, resignation, or removal of any Director.

2.02(a) DECLARATION OF A VACANCY

A majority of the Board of Directors may declare the office of a Director vacant if the Director is adjudged incompetent by a court; is convicted of a crime involving moral turpitude; or fails to accept the office of Director, either by a letter of acceptance or by attending a meeting of the Board of Directors within thirty (30) days of notice of election.

2.02(b) FILLING VACANCIES BY DIRECTORS

Vacancies other than those caused by an increase in the number of Directors shall be temporarily filled by majority vote of the remaining Directors, though less than a quorum, or by a sole remaining Director. Each Director so elected shall hold office until a successor is elected at a Member's meeting. Vacancies reducing the number of Directors to less than three shall be filled before the transaction of any other business.

2.02(c) FILLING VACANCIES BY MEMBERS

Any vacancy on the Board of Directors, including those caused by an increase in the number of Directors, shall be filled by the Members at the next annual meeting or at a special meeting called for that purpose. Upon the resignation of a Director tendered to take effect at a future time, the Board or the Members may elect a successor to take office when the resignation becomes effective.

2.03 REMOVAL OF DIRECTORS

The entire Board of Directors or any individual Director may be removed from office by a vote of a majority of Members entitled to vote at an election of Directors. However, if less than the entire Board is to be removed, and the Members are given the right to cumulate votes in the Articles of Incorporation, no one of the Directors may be removed if the votes cast against his removal would be sufficient to elect him if then voted at an election of the entire Board of Directors. If any or all Directors are so removed, their replacements may be elected at the same meeting.

2.04 ACTION BY CONSENT OF BOARD WITHOUT MEETING

Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and shall have the same force and effect as a unanimous vote of Directors if all the Directors consent to the action in writing. Such consent may be given individually or collectively.

2.05 PLACE OF MEETINGS

Meetings of the Board of Directors shall be held at any place within or without the State of Texas as may be designated by the Board.

2.06 REGULAR MEETINGS

Regular meetings of the Board of Directors shall be held, without call or notice, immediately following each annual Members' meeting, and at any other regularly repeating times as the Directors may designate.

2.07 SPECIAL MEETINGS

Special meetings of the Board of Directors for any purpose may be called at any time by the President or, if the President is absent or unable or refuses to act, by any Vice President or any two Directors. Written notice of the special meeting, stating the time and place of the meeting, shall be mailed ten (10) days before, or personally delivered so as to be received by each Director not later than two (2) days before, the day appointed for the meeting. The notice may include a tentative agenda, but the meeting shall not be confined to any agenda included with the notice, and none is required.

Upon providing notice, the Secretary or other officer sending notice shall sign and file in the Corporate Record Book a statement of the details of the notice given to each Director. If such statement should later not be found in the Corporate Record Book, due notice shall be presumed.

2.08 QUORUM

The presence throughout any Directors' meeting, or adjournment thereof, of a majority of the authorized number of Directors shall be necessary to constitute a quorum to transact any business, except to adjourn. If a quorum is present, every act done or resolution passed by a majority of the Directors present and voting shall be the act of the Board of Directors, unless the act of a greater number is required by law, the Articles of Incorporation, or these Bylaws. Directors present by proxy shall not be counted toward a quorum. Subject to the notice provisions required by these Bylaws and the Texas Non Profit Corporation Act, the Board may participate in and hold a meeting by means of conference telephone or similar communications equipment by which all persons participating can hear each other. Participation in such a meeting shall constitute presence in person at such meeting.

2.09 ADJOURNMENT AND NOTICE OF ADJOURNED MEETINGS

A quorum of the Directors may adjourn any Directors' meeting to meet again at a stated hour on a stated day. Notice of the time and place where an adjourned meeting will be held need not be given to absent Directors if the time and place are fixed at the adjourned meeting. In the absence of a quorum, a majority of the Directors present may adjourn to a set time and place if notice is duly given to the absent members, or until the time of the next regular meeting of the Board.

2.10 CONDUCT OF MEETINGS

The President shall chair all meetings of the Board of Directors. In the President's absence, the First Vice President or the Second Vice President shall preside. The Secretary of the Corporation shall act as Secretary of the Board of Directors' meetings. When the Secretary is absent from any meeting, the Chairman may appoint any person to act as Secretary of that meeting.

2.11 NUMBER OF DIRECTORS

The number of Directors of this Corporation shall be not less than nine (9) or more than thirteen (13), all of which need to be Members of the Association. The number of Directors may be increased or decreased from time to time by amendment of these Bylaws. Any decrease in the total number of Directors shall not have the effect of reducing the total number of Directors below nine (9), nor of shortening the tenure which any incumbent Director would otherwise enjoy.

2.12 TERM OF OFFICE

Directors shall be entitled to hold office until removed or their successors are elected and qualified. Election for all Director positions, vacant or not, shall occur at each annual Members' meeting and may be held at any special Members' meeting called specifically for that purpose. The term of office shall be two (2) years for each Director and three (3) years for the First Vice President. Those directors that served on the Interim Board of Directors in 2003 shall have been considered to have served one full year.

2.13 COMPENSATION

Directors as such shall not receive salaries for their services. This policy does not preclude any Director from serving the Corporation in any other capacity and receiving compensation for such additional service.

2.14 INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall indemnify all officers, Directors, employees, and agents to the extent required by law. The Board of Directors may, by separate resolution, provide for additional indemnification as allowed by law.

2.15 INSURING DIRECTORS, OFFICERS, AND EMPLOYEES

The Corporation may purchase and maintain insurance, or make any other arrangement, on behalf of any person as permitted by Article 2.22A(R) of the Texas Non-Profit Corporation Act, whether or not the Corporation has the power to indemnify that person against liability for any acts.

2.16 BOARD COMMITTEES

There shall be the following Standing Committees as listed below. Each Standing Committee shall contain at least one (1) member of the Board of Directors. The President of the Association shall have the authority to appoint the Chairman of each standing committee. The Board may also elect or appoint ad hoc committees, but these committees shall not conduct the business of the Corporation. The Board shall have the power to fill in vacancies in either a standing or ad hoc committee, and dissolve any ad hoc committee at any time. The designation of any committee and the delegation of authority thereto shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law.

(a) GROUND MAINTENANCE COMMITTEE

The Grounds Maintenance Committee shall consist of the Committee Chairman, at least one (1) member of the Board and other members as appointed by the Chairman and the Board. It shall be the responsibility of this committee to develop and present the annual grounds maintenance budget to the Board for review and approval. This budget will include all common areas and city right-of ways. This committee shall also negotiate maintenance and repair contracts with contractors, including but not limited to lawn, shrub and tree maintenance contracts, seasonal plantings and decorations contracts, irrigation systems contracts, and pest, insect and litter control contracts. This committee shall also prepare a report of its activities for presentation to the Board at its regularly scheduled meetings, for inclusion in the neighborhood newsletter and for presentation to all association members at the annual meeting.

(b) ARCHITECTURAL COMMITTEE

The Architectural Committee shall consist of the Association President, the Committee Chairman and other members as appointed by the Chairman and the Board. It shall be the responsibility of the committee to monitor and enforce compliance of the deed restrictions established for the development. This committee shall also, establish and maintain a notification process for notifying association members who are not in compliance with the deed restrictions, make recommendations to the Board on compliance issues and take action to obtain compliance to deed restrictions by association members, as directed by the Board. This committee shall also prepare a report of its activities for presentation to the Board at its regularly scheduled meetings, for inclusion in the neighborhood newsletter and for presentation to all association members at the annual meeting.

(c) FACILITIES COMMITTEE

The Facilities Committee shall consist of the Committee Chairman, at least one member of the Board and other members as appointed by the Chairman and the Board. It shall be the responsibility of the committee to provide for the maintenance of the pond, wells, walking paths, exterior lighting, entry gates, brick and iron fences.. This committee shall also negotiate maintenance and repair contracts with contractors, and monitor the proper operation of the mechanical equipment. This committee shall also prepare a report of its activities for presentation to the Board at its regularly scheduled meetings, for inclusion in the neighborhood newsletter and for presentation to all association members at the annual meeting.

(d) CITY SERVICES COMMITTEE

The City Services Committee shall consist of the Committee Chairman, at least one (1) member of the Board and other members as appointed by the Chairman and the Board. It shall be the responsibility of the committee to monitor the activities of the City of Bedford and other regional governmental entities, which may enact laws, ordinances and other regulations affecting the development or the association. The committee shall take the lead in interacting with city staff and elected officials with respect to issues affecting the development and the association. The committee will review the agenda of city council meetings and determine if association representation is required and keep association members informed on issues impacting the development. As directed by the Board, the committee will organize and oversee community programs such as, Adopt-A-Road and Crime Watch. This committee shall also prepare a report of its activities for presentation to the Board at its regularly scheduled meetings, for inclusion in the neighborhood newsletter and for presentation to all association members at the annual meeting.

(d) BLOCK CAPTAIN COMMITTEE

The Block Captain Committee shall consist of the Committee Chairman, at least one (1) member of the Board and other members as appointed by the Chairman and the Board. It shall be the responsibility of the committee to develop and present the annual committee budget to the Board for review and approval, to update and maintain the association resource guide, to publish and distribute the association newsletter, to greet new homeowners as soon as possible and provide them with the association resource guide and to canvass the association and recruit potential committee members and submit names of potential committee members to the appropriate Committee Chairman. This committee shall also prepare a report of its activities for presentation to the Board at its regularly scheduled meetings, for inclusion in the neighborhood newsletter and for presentation to all association members at the annual meeting.

(e) SOCIAL COMMITTEE

The Social Committee shall consist of the Committee Chairman, at least one (1) member of the Board and other members as appointed by the Chairman and the Board. It shall be the responsibility of the committee to develop and present the annual committee budget to the Board for review and approval and to plan, organize and implement social functions for the association as directed by the Board. This committee shall also prepare a report of its activities for presentation to the Board at its regularly scheduled meetings, for inclusion in the neighborhood newsletter and for presentation to all association members at the annual meeting.

(f) BUDGET AND FINANCE COMMITTEE

The Budget and Finance Committee shall consist of the President, First Vice President, Secretary, Treasurer and other members as appointed by the President and Board. It shall be the responsibility of the committee to prepare and present the annual budget to the Board for review and approval. This committee shall also be responsible for auditing the financial reports and books of the association on an annual basis and reporting the findings the Board and association members at the annual meeting.

(g) NOMINATING COMMITTEE

The nominating committee shall consist of at least four (4) members, including the President, the immediate Past President and two (2) other members as appointed by the Board. The committee shall be formed at the regularly scheduled Board meeting at least sixty (60) days prior to the annual meeting. It shall be the responsibility of this committee to nominate candidates for Officers and Directors of the Association to be elected at the annual meeting.

(h) OTHER COMMITTEES

The President shall have the authority to appoint other ad hoc committees as deemed necessary by the President for the proper management of the Association's business.

2.17 PROXIES

A Director may vote in person or by proxy executed in writing. No proxy shall be valid after three months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable and otherwise irrevocable by law.

ARTICLE THREE—MEMBERS AND MEMBERS' MEETINGS

3.01 MEMBERSHIP. Every Owner of a Lot shall automatically be a Member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot, which is subject to this Declaration.

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3.02 CLASSES OF MEMBERSHIP. The Association shall have two (2) classes of voting membership:

CLASS A. Class A Members shall be all Members with the exception of Declarant. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Lot.

CLASS B. The Class B Member shall be the Declarant. The Class B Member shall be entitled to six (6) votes for each Lot which Declarant holds the interest required for membership. Class B Members shall be Declarant and any bona fide owner, which is engaged in the process of constructing a residential dwelling on any lot for sale to consumers. Declarant shall be entitled to six (6) votes for each Lot owned by all Class B Members. Class B Members, other than Declarant, shall be non-voting Members of the Association. The Class B membership shall cease, and each Class B Member shall become a Class A Members upon the earlier to occur of the following:

- (i) When the total of votes outstanding in the Class A membership is eight (8) times greater than the total number of votes outstanding in the Class B membership; or
- (ii) Declarant no longer owns record title to any of the Lots; or
- (iii) on the tenth (10th) anniversary of the date this Declaration as recorded in the Office of the County Clerk of Tarrant County, Texas.

Owners of exempt properties as described in the Deed Restrictions hereof shall be Members but shall not have voting rights.

3.03 QUORUM, NOTICE AND VOTING REQUIREMENTS.

(a) Subject to the provisions of Paragraphs (b) and (c) of this Section, any action taken at a meeting of the Members shall require the assent of a majority of all of the votes of those who are voting in person or by proxy, regardless of class, at a meeting duly called, written notice of which shall be given to all Members not less than ten (10) days nor more than fifty (50) days in advance.

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(b) The quorum required for any action referred to in Paragraph (a) of this Section shall be as follows:

The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-tenth (1/10) of the votes of each class of membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration and these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or represented.

(c) As an alternative to the procedure set forth above, any action referred to in Paragraph (a) of this Section may be taken without a meeting if a consent in writing approving of the action to be taken, shall be signed by all Members.

(d) Except as otherwise specifically set forth in this Declaration, notice, voting and quorum requirements for all actions to be taken by the Association shall be consistent with its Articles of Incorporation and Bylaws, as same may be amended from time to time.

(e) At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of their lot.

3.04 ANNUAL MEETINGS

The time, place, and date of the annual meeting of the Members of the Association, for the purpose of electing Directors and for the transaction of any other business as may come before the meeting, shall be the first (1st) week of November each year or such date in November as the Board of Directors may designate. If the election of Directors is not held on the day thus designated for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the Members as soon thereafter as possible.

3.05 ACTION WITHOUT MEETING

Any action that may be taken at a meeting of the Members under any provision of the Texas Non-Profit Corporation Act may be taken without a meeting if authorized by a consent or waiver signed by all of the persons who would be entitled to vote on that action at a meeting and filed with the Secretary of the Corporation. Each such signed consent, or a true copy thereof, shall be placed in the Corporate Record Book.

3.06 PLACE OF MEETINGS

Members' meetings shall be held at any place within or without the State of Texas as may be designated by the written consent of all persons entitled to vote at a Members' meeting. Any meeting is valid wherever held if written consent to the meeting is given by all persons entitled to vote at the meeting.

3.07 CONDUCT OF MEETINGS

Members' meetings shall be chaired by the President, or, in the President's absence, a Vice President or any other person chosen by a majority of the Members present in person or by proxy and entitled to vote. The Secretary of the Corporation, or, in the Secretary's absence, an Assistant Secretary, shall act as Secretary of the Members' meetings. In the absence of the Secretary or Assistant Secretary, the Chairman of the meeting shall appoint another person to act as Secretary of the meeting.

3.08 NOTICE OF MEETINGS

The officer or persons giving notice of a Members' meeting shall deliver written notice to each Director and to each Member entitled to vote at the meeting at least ten (10) but not more than fifty (50) days before the date of the meeting. Such notice shall state the place, day, and hour of the meeting, and, in case of a special meeting, the purpose or purposes for which the meeting is called. The notice may be given personally, by mail, or by other means. The notice shall be addressed to each recipient at such address as appears in the Corporation's records or as the recipient has given to the Corporation for the purpose of notice. Meetings provided for in these Bylaws shall not be invalid for lack of notice if all persons entitled to notice consent to the meeting in writing or are present at the meeting in person or by proxy and do not object to the notice given. Consent may be given either before or after the meeting. Notice of the reconvening of an adjourned meeting is not necessary unless the meeting is adjourned more than thirty (30) days past the date stated in the notice, in which case notice of the adjourned meeting shall be given as in the case of any special meeting.

3.09 SPECIAL MEETINGS

A special Members' meeting may be called at any time by the President, the Board of Directors, or one or more Members holding one-tenth or more of all the votes entitled to vote at the meeting. Such meeting may be called for any purpose. The party calling the meeting may do so only by written request sent by certified mail or delivered in person to the President or Secretary. The officer receiving the written request shall cause notice of the meeting to be sent to all the Members entitled to vote at the meeting. If the officer does not give notice of the meeting within ten (10) days after receipt of the written request, the person or persons calling the meeting may fix the time of the meeting and give the notice. The notice shall be sent pursuant to Section 3.12 of these Bylaws. The notice of a special Members' meeting must state the purpose or purposes of the meeting and, absent consent of every Member to the specific action taken, shall be limited to purposes plainly stated in the notice, notwithstanding other provisions herein.

3.10 ELECTIONS

3.10(a) QUORUM OF MEMBERS

As to each item of business to be voted on, the presence (in person or by proxy) of the persons who are entitled to vote at least one-tenth of the Members' votes on that matter shall constitute the quorum necessary for the consideration of the matter at a Members' meeting. If a quorum is present, every act done or resolution passed by a majority of the Members present shall be the act of the Members.

3.10(b) ADJOURNMENT FOR LACK OF QUORUM

No business may be transacted in the absence of a quorum, or upon the withdrawal of enough Members to leave less than a quorum; other than to adjourn the meeting from time to time by the vote of a majority of the votes represented at the meeting.

3.10(c) PROCEDURES

The Nominating Committee shall prepare an official ballot listing the names of each person willing to serve on the Board of Directors and fill the vacancy of the total Board not less than nine (9) total members or more than thirteen (13) plus spaces for write-in candidates. The Nominating Committee shall then present a slate of officers recommended by the Board of Directors for all officers for the upcoming year plus spaces for write-in candidates. The person receiving the most votes for First Vice President shall be, subject to the vote of the membership, the president elect for the following year.

3.11 PROXIES

A Member may vote either in person or by proxy executed in writing by the Member or his or her duly authorized attorney in fact. Unless otherwise provided in the proxy or by law, each proxy shall be revocable and shall not be valid after three (3) months from the date of its execution.

3.12 VOTING BY POSTAL OR ELECTRONIC MAIL

Any election of Directors may be conducted by postal or electronic mail of a written ballot in such manner as the Board of Directors shall determine.

ARTICLE FOUR—OFFICERS

4.01 TITLE AND APPOINTMENT

The officers of the Corporation shall be a President, a First Vice President, a Second Vice President, a Secretary, and a Treasurer. All officers shall be elected by and hold office at the pleasure of the Association. The Board of Directors shall have the authority to appoint a director to fill the vacancy of any officer that has resigned or has been removed from office.

4.02 REMOVAL AND RESIGNATION

Any officer may be removed, with or without cause, by vote of a majority of the Directors at any meeting of the Board, or, except in case of an officer chosen by the Board of Directors, by any committee or officer upon whom that power of removal may be conferred by the Board. Such removal shall be without prejudice to the contract rights, if any, of the person removed. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary of the Corporation. Any resignation shall take effect upon receipt or at any later time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4.03 VACANCIES

Should any vacancy occur in any office of the Corporation, the Board of Directors may elect an acting successor to hold office for the unexpired term.

4.04 COMPENSATION

There shall be no compensation for any Board or Committee member.

4.05 PRESIDENT

The President shall be the chief executive officer of the Corporation, subject to the control of the Board of Directors. The President shall have general supervision, direction, and control of the business and officers of the Corporation; shall have the general powers and duties of management usually vested in the office of the President of a corporation; shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws; and shall be *ex officio* a member of all standing committees. In addition, the President shall preside at all meetings of the Members and Board of Directors. After the President has served his term of office, that person shall serve as Past President of the Association for one additional year.

4.06 FIRST VICE PRESIDENT

The Vice President(s) shall have such powers and perform such duties as from time to time may be prescribed by these Bylaws, the Board of Directors, or the President. In the absence or disability of the President, the senior Vice President shall perform all the duties of the President, pending action by the Board. While so acting, the First Vice President shall have the powers of, and be subject to all the restrictions on, the President. The First Vice President subject to the approval of the Association shall be the presumptive President Elect for the year following the current President's term.

4.07 SECRETARY

The Secretary shall:

(A) See that all notices are duly given as required by law, the Articles of Incorporation, or these Bylaws. In case of the absence or disability of the Secretary, or the Secretary's refusal or neglect to act, notice may be given and served by an Assistant Secretary or by the President, Vice President, or Board of Directors.

(B) Be custodian of the minutes of the Corporation's meetings, its Corporate Record Book, its other records, and any seal, which it may adopt. When the Corporation exercises its right to use a seal, the Secretary shall see that the seal is embossed upon all documents authorized to be executed under seal in accordance with these Bylaws.

(C) Maintain, in the Corporate Record Book, a record of all Members of the Corporation, together with their current mailing addresses.

(D) In general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be required by Article Six of these Bylaws, by these Bylaws generally, by the President, by the Board of Directors, or by law.

4.08 TREASURER

The Treasurer shall:

(A) Have charge and custody of and be responsible for, all funds and securities of the Corporation, and deposit all funds in the name of the Corporation in those banks, trust companies, or other depositories as the Board of Directors selects.

(B) Receive, and give receipt for, monies due and payable to the Corporation.

(C) Disburse or cause to be disbursed the funds of the Corporation as may be directed by the Board of Directors, taking proper vouchers for those disbursements.

(D) If required by the Board of Directors or the President, give to the Corporation a bond to assure the faithful performance of the duties of the Treasurer's office and the restoration to the Corporation of all corporate books, papers, vouchers, money, and other property of whatever kind in the Treasurer's possession or control, in case of the Treasurer's death, resignation, retirement, or removal from office. Any such bond shall be in a sum satisfactory to the Board of Directors, with one or more individual securities or with a surety company satisfactory to the Board of Directors.

(E) In general, perform all the duties incident to the office of the Treasurer, and such other duties as from time to time may be assigned to the Treasurer by Article Six of these Bylaws, by these Bylaws generally, by the President, by the Board of Directors, or by law.

4.09 SECOND VICE PRESIDENT

The Second Vice president shall serve in the capacity of the First Vice President should that person be unable to fulfill their obligations during that current fiscal year. In the event that this occurs, the Second Vice president shall become President Elect for the following fiscal year. The Second Vice President shall also serve as the assistant secretary and assistant treasurer shall have such powers and perform such duties as the Secretary or Treasurer, respectively, or as the President may prescribe.

ARTICLE FIVE COVENANTS AND ASSESSMENTS

5.01 CREATION OF THE LIEN AND PERSONAL OBJECTION OF ASSESSMENTS.

Declarant, for each Lot owned by it, hereby covenants and agrees, and each purchaser of any Lot by acceptance of a deed or other conveyance document creating in such Owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance document, shall be deemed to covenant and agree (and such covenant and agreement shall be deemed to constitute a portion of the consideration and purchase money for the acquisition of the Lot), to pay to the Association (or to an entity or collection agency designated by the Association): (1) annual maintenance assessments or charges (as specified in Section 5.04 hereof), such assessments to be fixed, established and collected from time to time as herein provided; (2) special assessments for capital improvements and other purposes (as specified in Section 5.05 hereof), such assessments to be fixed, established and collected from time to time as hereinafter provided; and (3) individual special assessments levied against one or more Owners to reimburse the Association for extra costs for maintenance and repairs

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caused by the willful or negligent acts or omissions of such Owner or Owners, his tenants (if applicable) and their respective family, agents, Guests and invitees, and not caused by ordinary wear and tear (as specified in Section 5.05 hereof), all of such assessments to be fixed, established and collected from time to time as hereinafter provided. The annual maintenance, special capital, and special individual assessments described in this Section 5.01 (hereinafter, the "Assessment" or the "Assessments", together with interest thereon, attorneys' fees, court costs and other costs of collection thereof, as herein provided, shall be a charge on the land and shall be a continuing lien upon each Lot against which any such Assessment is made. Each such Assessment, together with interest thereon, attorneys' fees, court costs, and other costs of collection thereof shall also be the continuing personal obligation of the Owner of such Lot at the time when the assessment is due. Further, no Owner may exempt himself from liability for such Assessments or waive or otherwise escape liability for the Assessments by non-use of the Common Properties or abandonment of his Lot. Existing obligations of an Owner to pay assessments and other costs and charges shall not pass to bona fide first lien mortgagees which become Owners by reason of foreclosure proceedings or an action at law subsequent to the date the Assessment was due; provided; however, any such foreclosure proceeding or action at law shall not relieve such new Owner of such Lot from liability for the amount of any Assessment thereafter becoming due nor from the lien securing the payment of any subsequent Assessment.

5.02 PURPOSE OF ASSESSMENTS. The Assessments levied by the Association shall be used exclusively for (i) the purpose of promoting the recreation, comfort, health, safety and welfare of the Members and/or the residents of the Properties; (ii) maintaining the Common Properties; (iii) enhancing the quality of life in the Properties and the value of the Properties; (iv) improving and maintaining the common Properties, the properties, services, improvements and facilities devoted to or directly related to the use and enjoyment of the Common Properties, including, but not limited to, the payment of taxes on the Common Properties and insurance in connection therewith and the repair, replacement and additions thereto; (v) paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties; (vi) carrying out the powers and duties of the Board of Directors of the Association as set forth in this Declaration and the Bylaws of the Association; (vii) carrying out the purposes of the Association as stated in its Articles of Incorporation; and (viii) carrying out the powers and duties relating to the Architectural Control Committee, after Declarant has delegated or assigned such powers and duties to the Association.

5.03 IMPROVEMENT AND MAINTENANCE OF THE COMMON PROPERTIES PRIOR TO ASSESSMENTS. Initially, the improvement of the Common Properties shall be the responsibility of the Declarant and shall be undertaken by Declarant at its sole cost and expense with no right to reimbursement from the Association. After the initial improvements to the Common Properties are substantially completed and until the date of the Assessments formally commence, the Declarant, on behalf of the Association, shall have the responsibility and duty (but with right of reimbursement once Assessments begin) of maintaining the Common Properties, including, but not limited to, the payment of taxes on and insurance in connection with the Common Properties and the cost of repairs, replacements and additions thereto, and for paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties.

5.04 ANNUAL MAINTENANCE ASSESSMENTS.

(a) The Board of Directors shall determine the amount of the annual maintenance assessments for each year, which assessments may include a reserve fund for working capital and for maintenance, repairs and replacements of the Common Properties.

(b) Subject to the provisions of Section 5.04(c) hereof, the rate of annual maintenance assessments may be increased by the Board. The Board may, after consideration of current maintenance, operational and other costs and the future needs of the Association, fix the annual maintenance assessments for any year at a lesser amount than that of the previous year.

(c) An increase in the rate of the annual maintenance assessments as authorized by Section 5.04(b) hereof in excess of ten percent of the preceding year's annual maintenance assessments must be approved by the Members in accordance with Section 3.03 hereof.

(d) When the annual maintenance assessment is computed for Lots, all or a portion of such annual maintenance assessment shall be payable to the Association by the Member according to the status of the Lot owned by such Member as follows:

(i) As to a Lot owned by a Class A Member, the full annual maintenance assessment shall be payable.

(ii) As to a Lot owned by a Class B Member, one-quarter (1/4) of the annual maintenance assessment shall be payable.

(e) Notwithstanding anything herein contained to the contrary, prior to January 1, 2003, the maximum annual maintenance assessment chargeable against any Lot for which a final assessment is payable shall not exceed \$475.00.

(f) The Board of Directors may provide that annual maintenance assessments shall be paid monthly, quarterly, semi-annually or annually on a calendar year basis. No later than thirty (30) days prior to the beginning of each fiscal year of the Association, the Board shall (i)

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estimate the total common expenses to be incurred by the Association for the forthcoming fiscal year, (ii) determine, in a manner consistent with the terms and provisions of this Declaration, the amount of the annual maintenance assessments to be paid by each Member, and (iii) establish the date of commencement of the annual maintenance assessments. Written notice of the annual maintenance assessments to be paid by each Member and the date of commencement thereof shall be sent to every Member, but only to one (1) joint Owner. Each Member shall thereafter pay to the Association his annual maintenance assessment in such manner as determined by the Board of Directors.

(g) The annual maintenance assessments shall include reasonable amounts, as determined by the Members or by the Board, collected as reserves for the future periodic maintenance, repair and/or replacement of all or a portion of the Common Properties. All amounts collected as reserves, whether pursuant to this Section or otherwise, shall be deposited in a separate bank account to be held in trust for the purposes for which they were collected and are to be segregated from and not commingled with any other funds of the Association. Assessments collected as reserves shall not be considered to be advance payments of regular annual maintenance assessments.

5.05 SPECIAL CARE ASSESSMENTS AND SPECIAL INDIVIDUAL ASSESSMENTS.

(a) In addition to the annual maintenance assessments authorized in Section 5.04 hereof, the Board of Directors of the Association may levy in any calendar assessment year a special capital assessment for the purpose of (i) defraying, in whole or in part, the cost of any construction or reconstruction, repair or replacement of improvements upon the Properties or Common Properties, including the necessary fixtures and personal property related thereto (ii) maintaining portions of the Common Properties and improvements thereon, or (iii) carrying out other purposes of the Association; provided, however, that any such special capital assessment levied by the Association shall have the approval of the members in accordance with Section 3.03 hereof. Any special capital assessment levied by the Association shall be paid by the Members directly to the Association on such date or dates as determined by the Board of Directors. All such amounts collected by the Association may only be used for the purposes set forth in this Section 5.05 and shall be deposited by the Board of Directors in a separate bank account to be held in trust for such purpose. These funds shall not be commingled with any other funds of the Association.

(b) The Board of Directors of the Association may levy special individual assessments against one or more Owners for (i) reimbursement to the Association of the costs for repairs to the Properties or Common Properties and improvements thereto occasioned by the willful or negligent acts of such Owner or Owners and not ordinary wear and tear; or (ii) for payment of fines, penalties or other charges imposed against an Owner or Owners relative to such Owner's failure to comply with the terms and provisions of this Declaration the Bylaws of the Association or any rules or regulation promulgated hereunder. Any special individual assessment levied by the Association shall be paid by the Owner or Owners directly to the Association. All amounts collected by the Association as special individual assessments under this Section 5.05 shall belong to and remain with the Association.

5.06 UNIFORM RATE OF ANNUAL MAINTENANCE ASSESSMENTS AND SPECIAL CAPITAL ASSESSMENTS. Both annual maintenance assessments and special capital assessments (excepting there from special individual assessments) must be fixed at a uniform rate for all Lots, and be payable as set forth herein.

5.07 DATE OF COMMENCEMENT OF ASSESSMENTS; DUE DATES; NO OFFSETS. The annual maintenance assessments provided for herein shall commence on the date fixed by the Board of Directors of the Association to be the date of commencement and, except as hereinafter provided, shall be payable monthly, quarterly, semi-annually or annually, in advance, on the first day of each payment period thereafter, as the case may be and as the Board of Directors shall direct. The first annual maintenance assessment shall be made for the balance of the calendar year in which it is levied. The amount of the annual maintenance assessment which may be levied for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual maintenance assessment provided for in Section 5.04 hereof as the remaining number of months in that year bears to twelve; provided, however, that if the date of commencement falls on other than the first day of a month, the annual maintenance assessment for such month shall be prorated by the number of days remaining in the month. The due date or dates, if to be paid in installments, of any special capital assessment or special individual assessment under Section 5.05 hereof shall be fixed in the respective resolution authorizing such assessments. All assessments shall be payable in the amount specified by the Association and no offsets against such amount shall be permitted for any reason.

5.08 DUTIES OF THE BOARD OF DIRECTORS WITH RESPECT TO ASSESSMENTS.

- (a) The Board of Directors of the Association shall fix the date of commencement and the amount of the annual maintenance assessment against each Lot for each assessment period at least thirty (30) days in advance of such date or period and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner.
- (b) Written notice of all assessments shall be delivered or mailed to every Owner subject thereto. Such notice shall be sent to each Owner at the last address provided by each Owner, in writing, to the Association.
- (c) The omission of the Board of Directors to fix the assessments within the time period set forth above for any year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

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(d) The Board of Directors shall upon demand at any time furnish to any Owner liable for said assessment a certified letter signed by an officer or agent of the Association, setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A reasonable charge may be made by the Board for the issuance of such certificates.

5.09 NON-PAYMENT OF ASSESSMENT.

(a) Delinquency. Any Assessment, or installment thereof, which is not paid in final when due shall be delinquent on the day following the due date (herein, "delinquency date") as specified in the notice of such Assessment. The Association shall have the right to reject partial payment of an Assessment and demand full payment thereof. If any Assessment or part thereof is not paid within ten (10) days after the delinquency date, the unpaid amount of such Assessment shall bear interest from and after the delinquency date until paid at a rate equal to the lesser of (i) eighteen percent (18%) per annum or (ii) the maximum lawful rate.

(b) Lien. The unpaid amount of any Assessment not paid by the delinquency date shall, together with the interest thereon as provided in Section 5.09(a) hereof and the cost of collection thereof, including reasonable attorneys' fees, become a continuing lien and charge on the Lot of the non-paying Owner, which shall bind such Lot in the hands of the Owner, and his heirs, executors, administrators, devisees, personal representatives, successors and assigns. The lien shall be superior to all other liens and charges against the Lot, except only for tax liens and the lien of any bona fide first mortgage or first deed of trust note or hereafter placed upon such Lot. A subsequent sale or assignment of the Lot shall not relieve the Owner from liability for any Assessment made prior to the date of sale or assignment and thereafter becoming due nor from the lien of any such Assessment. The Board shall have the power to subordinate the lien securing the payment of any Assessment rendered by the Association to any other lien. Such power shall be entirely discretionary with the Board. As herein before stated, the personal obligation of the Owner incurred at the time of such Assessment to pay such Assessment shall remain the personal obligation of such Owner and shall not pass to such Owner's successors in title unless expressly assumed by them in writing. Liens for unpaid Assessments shall not be affected by any sale or assignment of a Lot and shall continue in full force and effect. No Owner may exempt himself from liability for such Assessments or waive or otherwise escape liability for the Assessments by non-use of the Common Properties or abandonment of his Lot. To evidence any lien, the Association shall prepare a written notice of lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Lot covered by such lien and a description of the Lot covered by such lien. Such notice shall be executed by one of the officers of the Association and shall be recorded in the Office of the County Clerk of Tarrant County, Texas.

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(c) Remedies. The lien securing the payment of the Assessments shall attach to the Lot belonging to such non-paying Owner with the priority set forth in this Section. Subsequent to the recording of a notice of the lien, the Association may institute an action at law against the Owner or Owners personally obligated to pay the Assessment and/or for the foreclosure of the aforesaid lien. In any foreclosure proceeding the Owner shall be required to pay the costs, expenses and reasonable attorneys' fees incurred by the Association. In the event an action at law is instituted against the Owner or Owners personally obligated to pay the Assessment there shall be added to the amount of any such Assessment:

- (i) the interest provided in this Section,
- (ii) the costs of preparing and filing the complaint
- (iii) the reasonable attorneys' fees incurred in connection with such action, and
- (iv) any other costs of collection;

and in the event a judgment is obtained, such judgment shall include interest on the Assessment as provided in this Section and a reasonable attorneys' fee to be fixed by the court, together with the costs of the action.

Each Owner, by acceptance of a deed to a Lot, hereby expressly vests in the Association or its agents or trustees the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid liens by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to Section 51.002 of the Texas Property Code, and such Owner hereby expressly grants to the Association the private power of sale in connection with said liens. The Association may also suspend the Association membership and voting rights of any Owner who is in default in payment of any Assessment in accordance with this Declaration and/or the Bylaws.

(d) Notice to Mortgagees. The Association may, and upon the written request of any mortgagee holding a prior lien on any part of the Properties, shall report to said mortgagee any Assessments remaining unpaid for longer than thirty (30) days after the delinquency date of such Assessment.

5.10 SUBORDINATION OF THE LIEN TO MORTGAGES. The lien securing the payment of the Assessments shall be subordinate and inferior to the lien of any bona fide first lien mortgage or deed of trust note or hereafter recorded against any Lot; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a sale, whether public or private, of such property pursuant to the terms and conditions of any such mortgage or deed of trust. Such sale shall not relieve the new Owner of such Lot from liability for the amount of any Assessment thereafter becoming due nor from the lien securing the payment of any subsequent assessment.

5.11 EXEMPT PROPERTY.

The following property subject to this Declaration shall be exempted from the assessments, charges and liens created in Section 5.04 and Section 5.05(a) hereof:

(a) All properties dedicated and accepted by the local public authority and devoted to public use.

(b) All Common Properties.

5.12 ESTOPPEL INFORMATION FROM BOARD WITH RESPECT TO ASSESSMENTS. The Board shall upon demand at any time furnish to any Owner liable for an Assessment, a certificate in writing signed by an officer of the Association, setting forth whether said Assessment has been paid. Such certificate shall be conclusive evidence of payment of any Assessment therein stated to have been paid. A reasonable charge may be made by the Board of Directors of the Association for the issuance of such certificates.

ARTICLE SIX—CORPORATE RECORDS AND ADMINISTRATION

6.01 MINUTES OF CORPORATE MEETINGS

The Corporation shall keep at the principal office, or such other place as the Board of Directors may order, a Corporate Record Book containing minutes of all meetings of the Corporation's Members, Directors, and committees. The minutes shall show the time and place of each meeting, whether the meeting was regular or special, a copy of the notice given or written waiver thereof, and, if it is a special meeting, how the meeting was authorized. The minutes of all meetings shall further show the proceedings and the names of those present. Minutes of Member meetings shall also show the number of votes present or represented.

6.02 BOOKS OF ACCOUNT AND ANNUAL REPORTS

The Corporation shall maintain current true and accurate financial records with full and correct entries made with respect to all financial transactions, including all income and expenditures, in accordance with generally accepted accounting practices. Based on these records, the Board of Directors shall annually prepare or approve a report of the Corporation's financial activity for the preceding year. The report must conform to accounting standards as promulgated by the American Institute of Certified Public Accountants and must include a statement of support, revenue, expenses, and changes in fund balances, a statement of functional expenses, and balance sheets for all funds. All records, books, and annual reports of the financial activity of the Corporation shall be kept at its principal office for at least three years after the closing of each fiscal year and shall be available to the public for inspection and copying there during normal business hours. The Corporation may charge for the reasonable expense of preparing a copy of a record or report.

6.03 MEMBERSHIP REGISTER

The Corporation shall keep, at the principal office, a membership register showing the names of the Members, their addresses, the date they became a Member, and the date any former Member's membership terminated. The above-specified information may be kept on an information storage device, such as electronic data processing equipment, provided that the equipment is capable of reproducing the information in clearly legible form for the purposes of inspection by any Member, Director, officer, or agent of the Corporation during regular business hours.

6.04 CORPORATE SEAL

The Board of Directors may at any time adopt, prescribe the use of, or discontinue the use of, such corporate seal as it deems desirable, and the appropriate officers shall cause such seal to be affixed to such documents as the Board of Directors may direct.

6.05 FISCAL YEAR

The fiscal year of the Corporation shall be the calendar year as approved by the Internal Revenue Service. The Treasurer shall forthwith arrange a consultation with the Corporation's tax advisers to determine whether the Corporation is to have a fiscal year other than the calendar year. If so, the Treasurer shall file an election with the Internal Revenue Service as early as possible, and all correspondence with the IRS, including the application for the Corporation's Employer Identification Number, shall reflect such non-calendar year election.

6.06 MANAGEMENT OF FUNDS

All institutional and endowment funds shall be handled pursuant to the Uniform Management of Institutional Funds Act. (Texas Property Code Sections 163.001 et seq.)

ARTICLE SEVEN—AUTHORITY TO EXECUTE INSTRUMENTS

7.01 NO AUTHORITY ABSENT SPECIFIC AUTHORIZATION

These Bylaws provide certain authority for the execution of instruments. The Board of Directors, except as otherwise provided in these Bylaws, may additionally authorize any officer(s) or agent(s), to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. Unless expressly authorized by these Bylaws or the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement nor to pledge its credit nor to render it liable pecuniarily for any purpose or in any amount.

7.02 EXECUTION OF CERTAIN INSTRUMENTS

Formal contracts, promissory notes, deeds, deeds of trust, mortgages, pledges, and other evidences of indebtedness of the Corporation, other corporate documents, and certificates of ownership of liquid assets held by the Corporation shall be signed or endorsed by the President or any Vice President and by the Secretary or the Treasurer, unless otherwise specifically determined by the Board of Directors or otherwise required by law.

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In WITNESS WHEREOF, we, being all of the directors of Silverwood H.A. Inc. Have hereunto set our hands to these Amended By-Laws as of this _____ day of November , 2003.

Larry Cole

Chris Carlsen

Lynn Sly

Evelyn Topham

Jim Glover

Mark Adamson

Gerald Hasten

Pat Dunn

Alan Smith

Pat Coletti

Christie Newkirk
