

BYLAWS OF THE  
GOLDENWOOD WEST PROPERTY OWNERS' ASSOCIATION, INC.

The name of the organization shall be the Goldenwood West Property Owners' Association, Inc.

ARTICLE I  
OBJECT

1. The purposes for which this non-profit corporation has been formed are to administer the common affairs of all of the owners of lots in the "Subdivision", as that term is defined in the Restrictive Covenants hereinafter described; to assure the upkeep, maintenance, improvement and administration of the Common Properties as such are defined in the Restrictive Covenants hereinafter described; to assure the upkeep, maintenance, improvement and administration of any additional property which may later be acquired by or placed under the control of Goldenwood West Property Owners' Association, Inc.; and more generally, to carry out the functions and exercise the powers described in the Articles of Incorporation of Goldenwood West Property Owners' Association, Inc.

2. All present or future owners, tenants, future tenants, or any other person that might use the facilities of Goldenwood West Property Owners' Association, Inc. in any manner, are subject to the regulations set forth in these Bylaws. The mere acquisition, occupancy or rental of any of the platted lots within the Subdivision, or in any additional property later placed under the jurisdiction of the Goldenwood Property Owners' Association, Inc. will signify that these Bylaws are accepted and ratified and that the owner, tenant or occupant thereof will comply with the terms and provisions hereof.

ARTICLE II  
DEFINITIONS

1. Articles. "Articles" shall mean and refer to the Articles of Incorporation of Goldenwood West Property Owners' Association, Inc.

2. Association. "Association" shall mean and refer to Goldenwood West Property Owners' Association, Inc., its successors and assigns.

3. Common Properties. "Common Properties" shall mean and refer to the "Common Properties" as the term is defined in the Restrictive Covenants including but not limited to streets which have been completed but have not been accepted by the appropriate governmental entity for maintenance.

4. Subdivision. "Subdivision" shall mean and refer to Goldenwood West Section I, a Subdivision in Hays County, Texas, according to the map or plat thereof recorded in Book 2, Pages 322-324, Plat Records of Hays County, Texas, including any additional areas which may be later bought under the jurisdiction of the Association in accordance with the Restrictive Covenants.

5. Member. "Member" or "Members" shall mean and refer to any person who is an Owner, and therefore a member of the Association.

6. Owner. "Owner" or "Owners" shall mean and refer to the record owner, whether one or more persons or entities, of any fee simple interest in any Lot, but excluding the beneficiary of any mortgage.

7. Restrictive Covenants. "Restrictive Covenants" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Goldenwood West, Section I, of record in Volume 394, Page 9, Deed Records of Hays County, Texas, and any addition to or modification or amendment of same, including without limitation any supplemental declarations filed of record in accord with the provisions of said Restrictive Covenants. Unless otherwise expressly provided herein, all terms used herein shall have the same meaning as those terms have in the Restrictive Covenants.

8. Architectural and Protective Committee. "Architectural and Protective Committee" shall mean and refer to that three member committee whose composition, duties and powers are set forth in Article Six of the Restrictive Covenants.

### ARTICLE III MEMBERSHIP, VOTING, QUORUM, PROXIES, MOTIONS

1. Membership. Any person or entity upon becoming an Owner shall automatically become a Member of this Association and be subject to these Bylaws. Membership shall be appurtenant to and shall run with the property interest which qualifies the Owner thereof for membership, and membership may not be severed from, or in any way transferred, pledged, mortgaged, or alienated except together with the title to the property interest. Membership shall terminate without any formal Association action whenever such person or entity ceases to be an Owner, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Association during the period of such ownership and membership in this Association or impair any rights or remedies which the Board of Trustees of the Association or others may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Trustees may, if it so elects, issue certificates or cards evidencing membership in the Association. Such certificate or card shall be surrendered to the Secretary whenever ownership of the Lot designated thereon shall terminate.

2. Voting. The voting rights of each member shall be determined under the terms of the Restrictive Covenants and the Articles.

3. Quorum. The presence in person or by proxy of persons entitled to cast at least one-third (1/3) of the votes of the membership of the Association shall constitute a quorum, and except as otherwise provided in the Restrictive Covenants or these Bylaws, a vote representing more than fifty percent (50%) of the votes held by Owners represented at the meeting, either in person or by proxy, shall be sufficient to either defeat or approve any proposed action. If any meeting cannot be held because a quorum is not present, the Members present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours nor more than thirty (30) days from the time set for the original meeting, at which adjourned meeting the quorum requirement shall be waived. Except as otherwise provided herein, action may be taken by a vote of a majority of the votes present at such adjourned meeting.

4. Proxies. Votes may be cast in person or by proxy. All proxies shall be in writing and filed with the Secretary at or before the appointed time of each meeting. All proxies shall be revocable, and no proxy shall be valid for a period of greater than eleven (11) months.

5. Motions. Any Owner present at a meeting representing two or more Lots may make a motion and have the same voted upon without the necessity of a "second".

#### ARTICLE IV ADMINISTRATION

1. Association Responsibilities. The Members will have the responsibility of administering the affairs of the Association through its Board of Trustees.

2. Place of Meetings. Meetings of the Association shall be held at the registered office of the Association or at such other place as the Board of Trustees may determine.

3. Annual Meetings. The first annual meeting of the Association shall be called by the initial Board of Trustees (as appointed in the Articles). After the first annual meeting, the annual meeting of the Association shall be held at the office of the Association at the hour of eight o'clock p.m. on the third Wednesday of November of each year, provided that if such third Wednesday is a legal holiday, then the annual meeting shall be held on the next succeeding day which is not a legal holiday. At such meetings there shall be elected by ballot of the Owners a Board of Trustees in accordance with the requirements of these Bylaws. The Owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Trustees or upon a petition signed by a majority of the Owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of the Owners entitled to cast at least two-thirds (2/3) of the votes held by the members present at the meeting, either in person or by proxy.

5. Notice of Meetings. No notice need be given of any annual meeting of the Association (except for the first annual meeting) held at the time and place set out in these Bylaws. In the case of the first annual meeting, any annual meeting held at another time or place, and any special meeting, it shall be the duty of the Secretary to mail or deliver in person a notice of such meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner of record, at least fifteen (15) but not more than fifty (50) days prior to such meeting. In the case of a meeting at which the Bylaws and/or Articles of Incorporation are to be amended, notice must be mailed at least thirty (30) but not more than fifty (50) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

6. Presiding Officer and Secretary. At every meeting of the Association, the President, or in his absence, the Vice President, or, in his absence, a chairman chosen by a majority in interest of the Members present in person or by proxy and entitled to vote, shall act as chairman. The Secretary of the Corporation shall act as Secretary of all meetings of the shareholders. In the absence at such meeting of the Secretary, the chairman may appoint another person to act as Secretary of the meeting.

7. Order of Business. The order of business at all annual meetings of the Owner's shall be as follows:

- (a) Certifying proxies
- (b) Reading minutes of preceding meeting
- (c) Reports of Officers
- (d) Reports of Committees
- (e) Election of Trustees
- (f) Unfinished business
- (g) New business.

ARTICLE V  
BOARD OF TRUSTEES

1. Number of Qualifications. The affairs of this Association shall be governed by a Board of Trustees composed of five (5) persons. Initially, the following persons shall act in such capacity and shall manage the affairs of the Association: Justine S. Williams, E. Paul Frels, C. Taylor King, Robert L. Shaw and Walter Reifslager III.

2. Powers and Duties. The Board of Trustees, acting on behalf of the Association, shall have and perform each of the powers and duties enumerated in the Restrictive Covenants, and may do all such acts and things as are not by these Bylaws, the Articles of Incorporation or by the Restrictive Covenants directed to be exercised and done by the Owners or the Architectural and Protective Committee. In addition to the expressed powers and duties of the Board of Trustees granted in these Bylaws, the Articles of Incorporation and the Restrictive Covenants, the Board of Trustees shall, unless expressly prohibited by these Bylaws, the Articles of Incorporation or the Restrictive Covenants, have all powers and authority granted to boards of trustees of nonprofit corporations organized as homeowners' associations under the laws of the State of Texas.

3. Other Powers. The Board of Trustees is, without limitation additionally empowered as follows:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions as set forth in the Restrictive Covenants, by lawsuit or otherwise.

(b) To establish, make and enforce compliance with such reasonable rules (the "Rules") as may be necessary for the operation and use of the Subdivision with the right to amend same from time to time, and to help enforce compliance with such rules as are properly adopted by the Architectural and Protective Committee.

(c) To keep in good order, condition and repair all of the Common Properties and all items, if any, of personal property used in the enjoyment of the Common Properties.

(d) To insure and keep insured improvements, if any, located in the Common Properties in an amount equal to as much as their maximum replacement value, and to obtain and maintain comprehensive liability insurance covering the entire premises. The limits and coverage shall be reviewed no less frequently than every three (3) years and adjusted to provide such coverage and protection as the Board of Trustees may deem prudent. Worker's

compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association.

(e) To estimate and fix monthly and special assessments to be paid by each of the Owners for the purposes enumerated in the Restricted Covenants and to levy and collect all annual assessments and/or special assessments in accordance with the Restrictive Covenants; provided that the monthly assessments shall not exceed each Owner's pro rata share of the one hundred twenty percent (120%) of amount necessary to meet the estimated annual budget including the creation of adequate reserves.

(f) To collect delinquent assessments by suit or otherwise and to enjoin to seek damages from any defaulting Owner as is provided in the Restrictive Covenants and these Bylaws.

(g) To suspend a Member's voting rights and right to use the Common Properties and facilities thereon (1) for any period during which any assessment owed by the Member remains unpaid more than thirty (30) days after it is due, or (2) for a period not to exceed thirty (30) days because of an infraction of the Rules by a Member, a member of his family or guests.

(h) To protect and defend the Association or any property owner thereby from loss and damage by suit or otherwise.

(i) To borrow funds in order to pay for any expenditure or outlay pursuant to the authority granted by the provisions of the Restrictive Covenants, the Articles and these Bylaws; to pledge or otherwise grant a security interest in the Association's assessments or funds to secure such indebtedness; and to execute all such instruments evidencing such indebtedness as this Board of Trustees may deem necessary or appropriate, including without limitation the power to borrow money for the purpose of improving the Common Properties and for constructing or improving facilities thereon and in connection therewith to mortgage the Common Properties or portions thereof.

(j) To purchase or lease real property for use by the Association and to execute on behalf of the Association any contracts, leases, mortgages or other appropriate instruments for the same.

(k) To enter into contracts within the scope of their duties and powers.

(l) To establish one or more bank accounts, savings accounts or other investment accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Trustees.

(m) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners.

(n) To prepare and deliver annually to each Owner upon request, a statement summarizing all receipts, expenses or disbursements since the last such statement.

(o) To meet at least once each year.

(p) To designate and employ the personnel necessary for the maintenance and operation of the Common Properties and of the business of the Association.

(q) To appoint and remove Members of the Architectural and Protective Committee in accordance with Article Six of the Restrictive Covenants and upon receipt of written delegation of this power from the Developer, Goldenwood Properties, Inc., a Texas Corporation.

(r) To approve the bringing of additional lands within the scheme of the Restrictive Covenants joining in the execution of one or more Supplemental Declarations of Covenants, Conditions and Restrictions in accordance with Article Three of the Restrictive Covenants.

(s) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable, in order to carry out the functions of the Association under the Restrictive Covenants and the Articles.

4. Delegation of Powers - Managing Agent. Notwithstanding any provision contained herein to the contrary, the Board of Trustees may delegate any of its powers, duties or functions to a Managing Agent provided that any such delegation shall be revocable upon notice by the Board of Trustees. The members of the Board of Trustees shall not be liable for any omission or improper exercise by the Managing Agent of any such duty, power or function so delegated by written instrument executed by a majority of the Board of Trustees. The Managing Agent, if any, shall be employed by the Association at a compensation to be established by the Board based upon the services, duties, and functions to be performed by the Managing Agent.

5. Election and Term of Office. At the first annual meeting of the Association in 1985 the Owners shall elect one (1) member of the Board of Trustees for a term of one (1) year, two (2) members of the Board of Trustees for a term of two (2) years and two (2) members of the Board of Trustees for a term of three (3) years. At each annual meeting except the 1985 meeting, the Association shall elect such members of the Board of Trustees for a term of two (2) years as vacancies occur by expiration of any Trustee's term of office. The five (5) persons acting as the original Trustees shall hold office until their successors have been elected and shall hold their first meeting pursuant to the terms and provisions of these Bylaws and the Restrictive Covenants. The terms of all the original Trustees and any others elected prior to the 1985 Annual Meeting shall expire at the 1985 Annual Meeting.

6. Vacancies. Vacancies on the Board of Trustees caused by any reason than the removal of a Trustee by vote of the Association shall be filled by the majority of the remaining Trustees, even though they may constitute less than a quorum; and each person so elected shall be appointed as if he were appointed until the next annual meeting of the Association at which meeting his appointment shall be ratified or a successor shall be elected to serve the remaining term of his or her predecessor.

7. Removal of Trustees. At any regular or special meeting of the Association duly called, any one or more of the Trustees may be removed without cause by a majority of the quorum present, and a successor may then and there be elected to fill the vacancy thus created. If the vacancy is not then there filled, it may be filled at any regular or special meeting called for any purpose, but in any event, such vacancy shall be filled at the next annual meeting of the Association. Any Trustee whose removal has been proposed by the Association shall be given an opportunity to be heard at the meeting.

8. Organizational Meeting. The organizational meeting of the Board of Trustees shall be held within ten (10) days of the annual meeting of the Association at such place as shall be fixed by the Trustees at the annual meeting of the Association and no notice shall be necessary to the Board of Trustees in order legally to constitute such meeting, provided a majority of the whole Board shall be present.

9. Regular Meeting. Regular meetings of the Board of Trustees may be held at such time and place as shall be determined, from time to time, by a majority of the Trustees, but at least one (1) such meeting shall be held during each fiscal year. The annual organizational meeting of the Board shall be considered a regular meeting. Notice of regular meetings of the Board of Trustees other than the organizational meeting shall be given to each Trustee, personally, or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

10. Special Meetings. Special meetings of the Board of Trustees may be called by the President or the Secretary on three (3) days notice to each Trustee, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Trustees shall be called by the President or Secretary in like manner and on like notice on the written request of any Trustee.

11. Waiver of Notice. Before or at any meeting of the Board of Trustees, any Trustee may, in writing, waive notice of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Trustee at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

12. Conduct of Meetings. At all meetings of the Board of Trustees, the President, or in his absence, the Vice President, or in his absence, a chairman chosen by a majority of the Trustees present, shall preside. The Secretary of the Corporation shall act as Secretary of the Board of Trustees. In case the Secretary shall be absent from any meeting, the chairman may appoint any person to act as Secretary of the meeting.

13. Board of Trustee's Quorum. At all meetings of the Board of Trustees, a majority of the Trustees shall constitute a quorum for the transaction of business, and the acts of the majority of the Trustees present at a meeting at which a quorum is present shall be the acts of the Board of Trustees. If, at any meeting of the Board of Trustees there be less than a

quorum present, the majority of those present may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum is obtained.

14. Fidelity Bonds. The Board of Trustees may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

15. Compensation. No member of the Board of Trustees shall receive any compensation for acting as such.

16. Actions Without a Meeting. Notwithstanding any other provision of these Bylaws, any action required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members of the Board of Trustees. Such consent shall have the same force and effect as a unanimous vote at a meeting.

## ARTICLE VI OFFICERS

1. Designation. The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Trustees. Any Trustee may hold a position as officer of the Association and any person may hold two or more offices, except that the President and any Vice President shall not also be Secretary or Assistant Secretary.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Trustees at the organizational meeting of each new Board and shall hold office at the pleasure of the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Trustees, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Trustees, or at any special meeting of the Board called for such purpose.

4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and have all of the general powers and duties which are usually vested in the office of president of an association, including without limitation the power to appoint committees from among the Owners to assist in the conduct of the affairs of the Association. The President shall sign, with the Secretary or an Assistant Secretary, certificates of membership, any deeds, mortgages, bonds, contracts, leases, or other instruments which the Board of Trustees has authorized him to execute, except in cases where the signing and execution thereof has been expressly delegated by the Board of Trustees to some other officer or agent of the Association, or is required by law to be otherwise signed or executed. The President shall not have the power to bind the Association to any employment agreement on behalf of the Association unless such employment agreement has been expressly approved and authorized in advance by resolution of the Board of Trustees. In the event that any such employment agreement provides for the Association employing any person who at the time of such employment or at any time during such employment is an officer of the Association, then no provision of such contract purporting to amplify the authority of such officer beyond the authority set forth in these Bylaws shall be valid or effective unless these Bylaws are amended in a manner consistent with such employment agreement. The mere signing of such an employment agreement on behalf of the Association and its approval at a meeting of the Board of Trustees or the Association shall not constitute an amendment of these Bylaws. In the event any such employment

agreement (whether or not these Bylaws be amended incident thereto) limits or qualifies the authority of any such officer in a manner inconsistent with these Bylaws or imposes on such officer duties not provided for under these Bylaws, then the provisions of such employment agreement limiting or qualifying such authority and imposing such duties shall be valid and effective notwithstanding any inconsistency between the provisions of the employment agreement and the provisions of these Bylaws.

5. Vice President. The Vice President shall have the power and authority to perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and shall also perform any duties he is directed to perform by the President or the Board of Trustees.

6. Secretary. The Secretary shall: (i) keep all the minutes of all meetings of the Board of Trustees and the minutes of all meetings of the Association in books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (iii) be custodian of the Board's and Association's records and books; (iv) keep a register of the post office address of each Owner; (v) keep records of and send notices to Mortgagees as required by these Bylaws and the Restrictive Covenants; (vi) sign with the President all certificates of membership which may be approved by the Board of Trustees; and (vii) in general, perform all the duties incident to the office of Secretary as may be assigned to him by the President or by the Board of Trustees. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their last known addresses as shown on the records of the Association. Such list shall also identify opposite each member's name the property interest in the subdivision owned by such member. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours. The address of each member shown in such list shall be the address to which all notices shall be sent.

7. Treasurer. The Treasurer shall have responsibility for Association funds and be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association; and be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Trustees. The Treasurer shall have the power to perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or Board of Trustees and shall have the power to make disbursements of Association funds in the ordinary course of business; provided, however, that a resolution of the Board of Trustees shall be required for any disbursements made for an amount in excess of one thousand dollars (\$1,000.00)

8. Additional Officers. Officers in addition to the President, Vice-President, Secretary and Treasurer may be appointed by the Board of Trustees and shall hold their office for such terms and have such authority as shall be determined from time to time by the Board by resolution not inconsistent with these Bylaws. The Assistant Secretaries as thereunto authorized by the Board of Trustees may sign, with the President, all certificates of membership the issue of which have been authorized by resolution of the Board of Trustees. The Assistant Treasurers shall respectively, if required by the President or Board of Trustees, give bonds for the faithful discharge of their duties in such sums and with such sureties as the President or Board of Trustees shall determine. The Assistant Treasurers and Assistant Secretaries,

in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary, respectively, or by the President or the Board of Trustees.

9. Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise of the officer previously filling such office, may be filled by the Board of Trustees for the unexpired portion of the term.

#### ARTICLE VII INDEMNIFICATION OF OFFICERS AND TRUSTEES

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, suit or proceeding, whether civil, criminal, administrative, or investigative by reason of the fact that he is or was a trustee, officer, committee member, employee, servant or agent 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 it is found and determined by the Board or a Court that he (i) acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the Association, or (ii) with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The above notwithstanding, in no event shall any such person be indemnified for exemplary damages assessed against him. The termination of any action, suit or proceeding by settlement, 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 or in a manner which he reasonably believed to be in, or not opposed to, the best interests of the Master Association, or, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses; provided, however, that nothing contained in this Article VII shall be deemed to obligate the Association to indemnify any member or Owner, who is or has been a Trustee, officer, committee member, or noncompensated agent of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Restrictive Covenants as a member of the Association or Owner of a Lot covered thereby.

The rights of indemnification herein provided may be insured against by policies maintained by the Association; shall be severable; shall not affect any other rights to which any Trustee, officer, committee member, employee, servant or agent may now or hereafter be entitled; shall continue as to a person who has ceased to be such Trustee, officer, committee member, or agent; and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect any rights to indemnification to which Association personnel other than members of the Board of Trustees, officers, committee members, or noncompensated agents may be entitled by contract or otherwise under law.

Expenses in connection with the preparation and presentation of a defense to any claim, action, suit or proceeding of the character described in this Article VII may be advanced by the Association prior to final disposition hereof upon receipt of an undertaking by or on behalf of the person who may be entitled to indemnification, secured by a surety bond or other suitable

insurance issued by a company authorized to conduct such business in the State of Texas, to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Article.

#### ARTICLE VIII OBLIGATIONS OF THE OWNERS

1. Assessments. All Owners shall be obligated to pay the assessments imposed by the Association to meet the expenses of the Association and all assessments, annual and special, shall be levied in accordance with the Restrictive Covenants. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these Bylaws, if and only if the Member has fully paid all assessments made or levied against him. No diminution or abatement of assessments shall be allowed or claimed for inconveniences or discomfort arising from the making of repairs or improvements to the Common Properties or from any action taken to comply with any law, ordinance or order of a governmental authority.

2. Maintenance and Repair. Each Owner, at his expense, shall comply strictly with the Restrictive Covenants in the construction of any building and other improvements on such Owner's property, including without limitation any provision therein requiring prior approval by the Architectural and Protective Committee established under the Restrictive Covenants. Each Owner shall also keep his property in good repair and in clean and sanitary condition and shall do all repair, painting and varnishing which may from time to time be necessary to maintain the good appearance and condition thereof; and shall maintain and care for all trees, plants or foliage on such Owner's property except for such items located on areas maintained by the Association, all in accordance with the Restrictive Covenants.

3. Damage to Common Property. Each Member and any lessee of any Member shall be liable to the Association for any damage to property of the Association which may be sustained by reason of the negligent or intentional misconduct of such person or of his family, guests or invitees. If the property, the ownership or leasing of which entitles the Owner or lessee thereof to use Association property, is owned or leased jointly or in common, the liability of all such joint or common Owners or lessees shall be joint and several. The amount of such damage may be assessed against such person's real and personal property on or within the Subdivision, including the leasehold estate of any lessee or the lessor of such lessee, and may be collected as provided in the Restrictive Covenants for the collection of assessments.

4. Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's lien filed against the Common Properties for labor, materials, services or other products incorporated in the Owner's property. In the event suit for foreclosure is commenced, then within ten (10) days thereafter such Owner shall be required to deposit with the Association cash or negotiable securities equal to double the amount of such claim plus interest at the rate of ten percent (10%) per annum for one year together with a sum equal ten percent (10) of the amount of such claim but not less than One Hundred Fifty Dollars (\$150.00), which latter sum may be used by the Association for any costs and expenses incurred, including attorney's fees. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the litigation. Disbursement of such funds or proceeds shall be made to insure payment of or on account of such final judgement or settlement. Any deficiency, including attorney's fees, shall be paid forthwith by the subject Owner, and his failure to so pay shall entitle the Association to make such

payment, and the amount thereof shall be a debt of the Owner to the Association. The Owner shall be liable to the Association for payment of interest at the highest rate permitted by applicable law on all such sums paid by the Association until the date of repayment by such Owner.

5. General. Each Owner shall comply strictly with the provisions of the Restrictive Covenants, the Articles, these Bylaws and the Rules and amendments and supplements thereto. Each Owner shall always endeavor to observe and promote the general welfare of and the purpose for which the Association was established.

6. Use of Property. Each Owner shall comply strictly with the obligations imposed on such Owner and the restrictions placed on such Owner's property or interest in the Subdivision under the Restrictive Covenants. If any Owner or the Association, acting through its Board of Trustees, believes an Owner is in violation of the Restrictive Covenants, complaints may be lodged and abatement of the violation may be obtained through any and all procedures allowed under the Restrictive Covenants.

7. Use of Common Properties. Each Owner may use the Common Properties and facilities in accordance with his membership in the Association and in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners, and may, in accordance with the Restrictive Covenants, delegate his rights to use such Common Properties and facilities to members of his immediate family, his tenants, contract purchasers and guests, subject to these Bylaws and the Rules.

#### ARTICLE IX AMENDMENTS TO BYLAWS AND ARTICLES

Subject to the notice requirements of Article IV, Paragraph 5 of these Bylaws, the Articles of Incorporation and these Bylaws may be altered, amended or repealed and Amended Articles and/or Bylaws may be adopted by two-thirds (2/3) of the votes entitled to be cast at any regular meeting of the Owners or at any special meeting called for the purpose of altering, amending, repealing or enacting the Articles and/or Bylaws.

#### ARTICLE X MORTGAGES

1. Notice to Association. An Owner who mortgages his property interest in the Subdivision shall notify the Association through the Managing Agent, if any, or the Board of Trustees, giving the name and address of his Mortgagee. The Association shall maintain such information in a book entitled "Mortgagees".

2. Notice of Unpaid Assessments. The Association shall at the request of a Mortgagee, report any unpaid assessments due from the Owner.

#### ARTICLE XI COMPLIANCE

These Bylaws are set forth to comply with requirements of the Texas Non-Profit Corporation Act. If any of these Bylaws conflict with the provisions of said Act, it is hereby agreed and accepted that the provisions of the Act will apply and govern. In the event of any conflict between the Bylaws and the Restrictive Covenants, the provisions of the Restrictive Covenants will govern. In the event of any conflict between the Bylaws and the Articles of Incorporation, the provisions of the Articles of Incorporation will govern.

ARTICLE XII  
NON-PROFIT ASSOCIATION

This Association is not organized for profit. No Member, member of the Board of Trustees or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Trustees; provided, however, (i) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (ii) that any member of the Board of Trustees may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XIII  
REGISTERED OFFICE

The registered office for the transaction of business of this Association shall be 2806 Nueces, Austin, Texas 78705, and the initial Registered Agent shall be Walter Reifslager III. The Registered Agent may resign upon delivery of written notice to the Association.

ARTICLE XIV  
TRANSACTIONS WITH MEMBERS, TRUSTEES AND OFFICERS

The Association may enter into contracts or transact business with one or more of its Trustees, Officers or Members, or with any firm of which one or more of its Trustees, Officers or Members are members, or with any corporation, association, company, organization or entity in which one or more of its Trustees, Officers or Members are officers, trustees, shareholders, beneficiaries or are otherwise interested, and in the absence of fraud, such contract or transaction shall not be invalidated or in anyway affected by the fact that such Trustees, Officers or Members having such adverse interest may have been necessary to obligate the Association upon such contract or transaction.

ARTICLE XV  
EXECUTION OF DOCUMENTS

The person who shall be authorized to execute any and all contracts, documents, instruments of conveyance or encumbrances, including promissory notes, shall be the President, Vice-President and the Secretary or any Assistant Secretary of the Association.

ARTICLE XVI  
ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

The violation of any rule or regulation promulgated by the Board of Trustees, or the breach of any Bylaw, or the breach of any provision of the Restrictive Covenants, shall give the Board of Trustees or the Managing Agent the right, in addition to any other rights set forth therein, (i) to enter the

property in which, or as to which, such violation or breach exists and to summarily abate and remove any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, without incurring criminal or civil liability including without being deemed guilty in any manner of trespass; to expel, remove and put out same, using such force as may be necessary in so doing, without being liable to prosecution or in damages therefor; and to charge all expenses thereof, if any, to the defaulting Owner; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach, and to recover from such Owner all its expenses and costs in connection therewith, including without limitation attorneys' fees and court costs.

ARTICLE XVII  
NOTICES

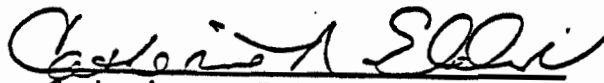
It shall be the responsibility of any person or entity who is an Owner to furnish to the Secretary of the Association such Owner's mailing address. Upon receipt of the Owner's mailing address, the Secretary of the Association to members of the Association shall be given by delivering the same to each Owner in person or by depositing the notices in the U.S. mail, postage prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association.

ARTICLE XVIII  
SEVERABILITY

The invalidity of any provision or provisions of these Bylaws shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of these Bylaws, and in such event, all of the other provisions of these Bylaws shall continue in full force and effect as if such invalid provision had never been included herein.

WE HEREBY CERTIFY that the above and foregoing Bylaws of the Association were adopted as the Amended Bylaws of the Association by unanimous consent of the Board of Trustees the 31st day of August, 1983, without a meeting pursuant to Article 9.10 of the Texas Non-Profit Corporation Act.

  
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Walter Reifslag III, President

  
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Catherine N. Elder, Secretary