

BYLAWS

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BYLAWS OF
THE ENCLAVE AT ASHCREEK
HOMEOWNER'S ASSOCIATION, INC.

These bylaws (hereinafter referred to as the "Bylaws") govern the affairs of The Enclave at Ashcreek Homeowner's Association, Inc., a Texas non-profit corporation (referred to as the "Association") which has been organized pursuant to the Texas Non-Profit Association Act (defined herein).

In addition to the provisions of the Bylaws, the Association shall also be governed by any and all provisions contained in the Declaration of Covenants and Restrictions for The Enclave at Ashcreek dated January 5, 2000, recorded at the Official Records, Dallas County, Texas on January 18, 2000, and any future amendments thereto, a true and correct copy of which is attached hereto and incorporated herein for all purposes.

ARTICLE ONE
DEFINITIONS

1.01 Association. The term "Association" shall mean and refer to the vehicle and agency which will have the power, duty and responsibility of maintaining and administering the Common Properties, collecting the disbursements and charges hereinafter prescribed, and having the right of to administer and enforce the Declaration of Covenants and Restrictions for The Enclave at Ashcreek ("Covenants").

1.02 Properties. The term "Properties" shall mean and refer to all such existing properties, and additions thereto, as are subject to the Covenants or any Supplement Covenants prepared and filed of record pursuant to the provisions of Article Two hereof.

1.03 Common Properties. The term "Common Properties" shall mean and refer to (i) those certain platted areas, depicted on the recorded subdivision plat(s) which are intended to be devoted to common use for purposes such as main entrances, lakes, jogging and bicycle paths, sidewalks, gardens and planting areas; and (ii) any other areas of land within the properties which are known, described or designated as Common recreational easements, green belts or open spaces, intended for or devoted to the common use and enjoyment of the Members of the Association, together with any and all improvements that are now or may hereafter be constructed thereon.

1.04 Lot. The term "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 therein and which is or will be improved with a residential dwelling; while some portions of the Common Properties may be platted as a "lot" on the subdivision plat, these lots shall be excluded from the concept and definition of "Lot" as used herein.

1.05 Owner. The term "Owner" shall mean and refer to each and every person or business entity who is a record owner of a fee or undivided fee interest in any Lot subject to the Declaration of Covenants and Restrictions for The Enclave at Ashcreek. However, the word

"Owner" shall not include person(s) or entity(ies) holding a bona fide lien or interest in a Lot as security for the performance of an obligation.

1.06 Member. The term "Member" shall mean and refer to each owner of a Lot.

1.07 Declarant. The term "Declarant" shall mean and refer to The Enclave at Ashcreek, L.P., its successors and assigns, if any, of The Enclave at Ashcreek, L.P. with respect to the voluntary disposition of all, or substantially all, of the assets of The Enclave at Ashcreek and/or the voluntary disposition of all, or substantially all, of the right, title and interest of The Enclave at Ashcreek in and to the Properties prior to the completion of development thereon. No person or entity purchasing one or more Lots from in the ordinary course of business shall be considered as "Declarant".

1.08 The Enclave at Ashcreek. The term "The Enclave at Ashcreek" shall mean and refer to that certain real property located in Dallas County, Texas and more particularly described in Exhibit "A", attached hereto and incorporated herein by reference as if fully set forth.

1.09 Declaration of Covenants and Restrictions for The Enclave at Ashcreek. The term "Declaration of Covenants and Restrictions for The Enclave at Ashcreek" shall mean and refer to that certain document dated January 5, 2000, filed in the Real Property Records of Dallas County, Texas by The Enclave at Ashcreek, L.P. , as amended, modified or superseded.

1.10 The Act. The term "Act" shall mean and refer to the Texas Non-Profit Corporation Act, Vernon's Ann. Civ. St. Article 1396-1.01, *et seq.*

ARTICLE TWO OFFICES

2.01 Principal Office. The principal office of the Association in the State of Texas shall be located at 3300 Oak Lawn Avenue, Suite 500, Dallas, Texas 75219. The Association may have such other offices, either in Texas or elsewhere, as the Board of Directors may determine. The Board of Directors may change the location of any office of the Association.

2.02 Registered Office and Registered Agent. The Association shall comply with the requirements of the Act and maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board of Directors may change the registered office and the registered agent as provided in the Act. The Association's registered office shall be 3300 Oak Lawn Avenue, Suite 500, Dallas, TX 75219 and the registered agent at such address is William D. White, III

ARTICLE THREE MEMBERS

3.01 Classes of Member. The Association shall have two (2) classes of Members being respectively designated as Class A and Class B membership.

(a) Class A Membership. Class A Members shall be all Members and Lot

Owners of The Enclave at Ashcreek other than Class B Members.

(b) Class B Membership. Class B Members shall be the Declarant and bona fide Lot Owners who are engaged in the process of constructing a residential dwelling on Lots in The Enclave at Ashcreek for sale to the general public.

3.02 Admission of Members and Renewal of Membership.

(a) Initial Member Designation. The initial Member shall be:

William D. White, III
3300 Oak Lawn Avenue, Suite 500
Dallas, TX 75219

(b) Subsequent Member Designation. Subsequent Membership in the Association shall occur when title ownership to a Lot is transferred from Declarant or any other Member to a third party. Every owner of a Lot shall automatically be a Member of the Association and shall have such membership and voting rights as that set out in Article II of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek.

3.03 Certificates of Membership. The Board of Directors may, at its sole discretion, provide for the issuance of certificates evidencing Membership in the Association. Upon such exercise of discretion by the Board, when a person or entity has been admitted as a Member, the Association shall issue a certificate of Membership to the person or entity. Membership certificates shall be signed by the President or a Vice President and by the Secretary or an Assistant Secretary. Membership certificates shall be numbered consecutively with different sequences of numbers for each class of Members. If a certificate is lost, mutilated, or destroyed, a new certificate may be issued.

3.04 Voting Rights. Each Member shall be entitled to vote on, each matter submitted to a vote of the Members in accordance with Article II of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek.

3.05 Resolution of Disputes. In any dispute between Members relating to the activities of the Association, all parties involved shall cooperate in good faith to resolve the dispute. If the parties cannot resolve the dispute between themselves, they shall cooperate to select one or more mediators, no earlier than within sixty (60) days of written notice of dispute, to help resolve the dispute. If no timely resolution of the dispute occurs through mediation, any party may demand binding arbitration as described in the Texas Revised Civil Statutes, Articles 224 *et seq.*, regardless of whether the parties have met together with a mediator, but not sooner than sixty (60) days after written notice of the dispute, with copy of such notice to the President of the Association or the Chairman of the Board of Directors. This paragraph shall not apply to a dispute involving the Association as a party relating to the sanctioning, suspension, or expulsion of a Member from the Association. The Board of Directors shall have the discretion to authorize the use of the Association's funds for mediation or arbitration of a dispute described in this paragraph.

3.06 Sanction, Suspension, or Termination of Members. The Board of Directors may

impose reasonable sanctions on a Member, or suspend or expel a Member from the Association for good cause after a hearing. Good cause includes a material and serious violation of the Association's Articles of Incorporation, Bylaws, rules, or of law. The Board of Directors may delegate powers to a regular or *ad hoc* committee to conduct a hearing, make recommendations to the Board of Directors, or take action on behalf of the Board of Directors. The Board of Directors, or a committee designated by the Board of Directors to handle a matter involving sanctioning, suspension, or expulsion, may not take any action against a Member without giving the Member adequate notice and an opportunity to be heard. To be deemed adequate, notice shall be in writing and delivered at least fourteen (14) days prior to the hearing. However, shorter notice may be deemed adequate if the Board of Directors, or a committee designated by the Board of Directors to handle a matter involving sanctioning, suspension, or expulsion, determines that the need for a timely hearing outweighs the prejudice caused to the Member and if a statement of the need for a timely hearing is included in the notice. If mailed, the notice shall be sent by registered or certified mail, return receipt requested. A Member shall have the right to be represented by counsel at and before the hearing. The Board of Directors, or a committee designated by the Board of Directors to handle a matter involving sanctioning, suspension, or expulsion, may impose sanctions, suspend a Member, or expel a Member by vote of a majority of Directors, or a committee designated by the Board of Directors to handle a matter involving sanctioning, suspension, or expulsion, who are present and voting.

3.07 Resignation. Any Member may resign from the Association by submitting a written resignation to the secretary. The resignation need not be accepted by the Association to be effective.

3.08 Reinstatement. A former Member may submit a written request for reinstatement of Membership. The existing Members may reinstate Membership on any reasonable terms that the existing Members deem appropriate.

3.09 Transfer of Membership. Membership in the Association is not transferable or assignable except upon the sale of the Lot owned by that Member. Membership terminates on the dissolution of the Association, the death of a Member, or the transfer of ownership of the Lot owned by that Member. Membership in the Association is not a property right that may be transferred after a Member's death.

3.10 Waiver of Interest in Association Property. All real and personal property, including all improvements located on the property, acquired by the Association shall be owned by the Association. A Member shall have no interest in specific property of the Association. Each Member hereby expressly waives the right to require partition of all or part of the Association's property.

ARTICLE FOUR MEETING OF MEMBERS

4.01 Annual Meeting. The Board of Directors shall hold an annual meeting of the Members at 6:00 o'clock p.m. on the first day of each year or at another time that the Board of Directors designates. If the day fixed for the annual meeting is a Saturday, Sunday, or legal holiday in the State of Texas, the meeting shall be held on the next business day. At the annual meeting, the Members shall elect directors and transact any other business that may come before

the meeting. If, in any year, the election of directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting, the Board of Directors shall call a special meeting of the Members as soon thereafter as possible to conduct the election of directors.

4.02 Special Meetings. Special meetings of the Members may be called by the President, the Board of Directors, or not less than sixty percent (60%) of the Members.

4.03 Place of Meeting. The Board of Directors may designate any place within the county and State of Texas, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If the Board of Directors does not designate the place of meeting, the meeting shall be held at the registered office of the Association in Texas.

4.04 Notice of Meetings. Written or printed notice of any meeting of Members, including the annual meeting, shall be delivered to each Member not less than thirty (30) nor more than sixty (60) days before the date of the meeting. If the Association has more than 1,000 Members at the time the meeting is scheduled or called, notice may be given by publication in any newspaper of general circulation in Dallas County, Texas. The notice shall state the place, day, and time of the meeting, who called the meeting, and the general purpose or purposes for which the meeting is called. Notice shall be given by or at the direction of the President or Secretary of the Association, or the Officers or persons calling the meeting. If all of the Members meet and consent to the holding of a meeting, any corporate action may be taken at the meeting regardless of a lack of proper notice.

4.05 Quorum. The Members who attend the meeting in person or by proxy holding sixty percent (60%) of the votes of each voting class of Members that may be cast at a meeting shall constitute a quorum at that meeting. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business they are entitled to vote upon, even if enough Members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Members required to constitute a quorum. If a quorum is present at no time during a meeting, a majority of the Members present may adjourn and reconvene the meeting at a future date without further notice.

4.06 Actions of Membership. The Membership shall try to act by consensus. However, the vote of a majority of the number of voting Members in good standing required to constitute a quorum, present and entitled to vote at a meeting at which a quorum is present, shall be sufficient to constitute the act of the Membership unless the vote of a greater number is required by law, these Bylaws or the Declaration of Covenants and Restrictions for The Enclave at Ashcreek.

A Member in good standing is one who is not suspended as of the date of the notice of the meeting. Voting shall be by ballot or voice, except that any election of directors shall be by ballot if demanded by any voting Member at the meeting before the voting begins.

4.07 Proxies. A Member entitled to vote may vote by proxy executed in writing by the Member. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Every proxy shall be revocable and the validity and enforceability of which shall automatically be revoked upon conveyance by the Member of record title ownership of the Lot representing such vote.

4.08 Voting by Mail. The Board of Directors may authorize Members to vote by mail on the election of Directors and Officers or on any other matter that may be voted on by the Members.

4.09 Consent of Declarant. Notwithstanding the provisions of this Article IV, until the Declarant no longer owns record title to any Lot or the tenth (10th) anniversary of the recording date of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek, whichever occurs first in time, the Association shall take no action or inaction with respect to any matter whatsoever without the consent and approval of Declarant.

ARTICLE FIVE DIRECTORS

5.01 Directors Defined. "Directors", when used in relation to any power or duty requiring collective action, means "Board of Directors".

5.02 Number of Directors.

(a) Initial Board. The initial Board elected by Declarant shall consist of not less than three (3) nor more than five (5) seats and shall be such Directors identified in the minutes of the first meeting of the Board.

(b) Subsequent Board. After the appointment of the initial Board, the number of Directors in the Association shall be not less than three (3) nor more than nine (9), as the Board of Directors may from time to time determine by resolution. The number of Directors may be increased or decreased from time to time by amendment to these Bylaws, but no decrease shall have the effect of shortening the term of any incumbent Director.

5.03 Election and Term of Office.

(a) Directors During Declarant Control. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant so long as the Declarant owns record title to a Lot, unless the Declarant shall earlier surrender this right to select Directors.

(b) Election Procedure After Declarant Control. At the first annual meeting of the membership after the termination of Declarant control and at each annual meeting of the membership thereafter, Directors shall be elected as follows:

(i) Nomination of Directors. Except with respect to Directors selected by the Declarant, nominations for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors not less than thirty (30) days prior to each annual meeting of the Members to serve from the close of such annual meeting until the close of the next annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event be less than the number of vacancies or terms to be filled. Nominations shall be permitted from the floor. All candidates shall have a reasonable opportunity to communicate their qualifications to the Members

and to solicit votes.

(ii) Voting Procedure for Director. The first election of the Board shall be conducted at the first meeting of the Association. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected.

(iii) Terms. The initial terms of the Directors shall be fixed at the time of their election as they among themselves shall determine. So long as there are three (3) Directors, the term of one (1) director shall be fixed at two (2) years, and the terms of two (2) Directors shall be fixed at three (3) years. So long as there are four (4) or more Directors, there shall be concurrent terms for no less than two (2) Members. At the expiration of the initial term of office of each respective Member of the Board of Directors, a successor shall be elected to serve for a term of three (3) years. The Members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association and shall be entitled to serve no more than two consecutive terms.

5.04 Vacancies.

(a) Declarant Control. During the term in which the Declarant is a record title owner of a Lot or until the tenth (10th) anniversary of the recording date of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek, whichever occurs first, the Declarant shall have the sole authority to fill a vacancy on the Board.

(b) After Declarant Control.

(i) Occurrence of Vacancy. Vacancies on the Board of Directors shall exist in the case of the occurrence of any of the following events: (a) the death, resignation, or removal of any Director; (b) the authorized number of Directors is increased; or (c) at any annual, regular, or special meeting of the Members at which any Director is elected, the Members fail to elect the full authorized number of Directors to be voted for at that meeting.

(ii) Declaration of Vacancy. The Board of Directors may declare vacant the office of a Director in either of the following cases: (a) if the Director is adjudged incompetent by an order of court, or convicted of a felony; or (b) if within sixty (60) days after notice of election, the Director does not accept the office either in writing or by attending a meeting of the Board of Directors.

(iii) Filling Vacancies by Directors. Vacancies other than those caused by an increase in the number of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole remaining Director. Each Director so elected shall hold office until his successor is elected at an annual, regular, or special meeting of the Members.

(iv) Filling Vacancies by Members. Any vacancy caused by an increase in the number of Directors shall be filled by the Members at an annual meeting or at a special meeting called for that purpose. The Members may also elect a Director at any time to fill any vacancy not filled by the Directors. If the Board of Directors accepts 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.

(v) Reduction of Authorized Number of Directors. A reduction of the authorized number of Directors shall not remove any Director prior to the expiration of that Director's term of office.

5.05 Removal of Directors.

(a) Declarant Control. During the term in which the Declarant is a record title owner of a Lot or until the tenth (10th) anniversary of the recording date of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek, whichever occurs first, the Declarant shall have the sole authority to remove a Director.

(b) After Declarant Control. The entire Board of Directors or any individual Director may be removed, either with or without cause, from office by a vote of the Members. However, if less than the entire Board is to be removed, no one of the Directors may be removed if the votes cast against his removal would be sufficient to elect him if then cumulatively voted at an election of the entire Board of Directors. If any or all Directors are so removed, new Directors may be elected at the same meeting.

5.06 Place of Meetings. Regular meetings of the Board of Directors shall be held at any place within the State of Texas that may be designated from time to time by resolution of the Board or by written consent of all Members of the Board. In the absence of such designation, regular meetings shall be held at the registered office of the Association. Special meetings of the Board may be held either at a place so designated or at the registered office. Any regular or special meeting is valid, wherever held, if held on written consent of all Members of the Board given either before or after the meeting and filed with the Secretary of the Association.

5.07 Regular Meetings.

(a) Time and Place. Regular meetings of the Board of Directors shall be held at such times and places as shall from time to time be determined by the Board.

(b) Call of Regular Meeting. All regular meetings of the Board of Directors of this Association shall be called by the President, or, if he is absent or is unable or refuses to act, by any Vice President or by any two Directors.

(c) Notice of Regular Meetings. Written notice of the time and place of the regular meetings of the Board of Directors shall be delivered personally to each Director, or sent to each Director by mail or by other form of written communication at least seven (7) days, but not more than thirty (30) days, before the meeting. If the address of a Director is not shown on the records and is not readily ascertainable, notice shall be addressed to that Director at the city or place in which the meetings of the Directors are regularly held. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place are fixed at the meeting adjourned.

(d) Validation of Meeting Defectively Called or Noticed. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, are as valid as

though made at a meeting duly held after regular call and notice, if a quorum is present and if, either before or after the meeting, each of the Directors not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All waivers, consents, or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Attendance by a Director at a meeting shall constitute a waiver of notice of the meeting, unless the express purpose for the attendance is to present the objection that the meeting is not lawfully called or convened.

5.08 Special Meetings.

(a) Call of Special Meeting. Special meetings of the Board of Directors of this Association shall be called by the President, or, if he is absent or is unable or refuses to act, by any two Directors.

(b) Notice of Special Meeting. Written notice of the time, place, and purpose of special meetings of the Board of Directors shall be delivered personally to each Director, or sent to each Director by mail, or by other form of written communication at least seven (7) days, but not more than thirty (30) days, before the meeting. If the address of a Director is not shown on the records and is not readily ascertainable, notice shall be addressed to him at the city or place in which the meetings of the Directors are regularly held. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place are fixed at the meeting adjourned.

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

5.10 Quorum. A majority of the authorized number of Directors shall constitute a quorum of the Board for the transaction of business at any meeting of the Board of Directors. The Directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough Directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Directors required to constitute a quorum. If a quorum is present at no time during a meeting, a majority of the Directors present may adjourn and reconvene the meeting one time without further notice.

5.11 Duties of Directors. Directors shall exercise ordinary business judgment in managing the affairs of the Association. Directors shall act as fiduciaries with respect to the interests of the Members. In acting in their official capacity as Directors of this Association, Directors shall act in good faith and take actions they reasonably believe to be in the best interests of the Association and that are not unlawful. In all other instances, the Board of Directors shall not take any action that they should reasonably believe would be opposed to the Association's best interests or would be unlawful. A Director shall not be liable if, in the exercise of ordinary care, the

Director acts in good faith relying on written financial and legal statements provided by an accountant or attorney retained by the Association.

5.12 Majority Action. Every act or decision done or made by a majority of the Directors present at any duly held meeting at which a quorum is present is an act of the Board of Directors. Each Director who is present at a meeting will be deemed to have assented to any action taken at such meeting unless the Director's dissent to the action is entered in the minutes of the meeting, or unless the Director files a written dissent thereto with the Secretary of the meeting or shall forward that dissent by registered mail to the Secretary of the Association immediately after the meeting.

5.13 Action by Consent of Board Without Meeting. Any action required or permitted to be taken by the Board of Directors under any provision of the Act may be taken without a meeting, if all Members of the Board shall individually or collectively consent in writing to the action. The written consent or consents shall be filed with the minutes of the proceedings of the Board. Any action by written consent shall have the same force and effect as a unanimous vote of those consenting Directors. Any certificate or other document filed under any provision of the Act that relates to action so taken shall state that the action was taken by unanimous written consent of the Board of Directors without a meeting and that these Bylaws authorize the Directors to so act, and that statement shall be *prima facie* evidence of such authority.

5.14 Adjournment.

(a) Adjournment of Meeting. In the absence of a quorum a majority of the Directors present may adjourn from time to time until the time fixed for the next regular meeting of the Board.

(b) Notice of Adjourned Meeting. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place are fixed at the meeting adjourned.

5.15 Conduct of Meeting. At every meeting of the Board of Directors, the Chairman of the Board of Directors, or in the Chairman's absence, a Vice Chairman designated by the Chairman, shall preside. The Secretary of the Association shall act as Secretary of the Board of Directors. In case the Secretary shall be absent from any meeting, the Chairman may appoint any person to act as Secretary of the meeting.

5.16 Telephone Meetings. Subject to the provisions for notice required by these Bylaws and the Act for notice of meetings, Directors may participate in and hold a meeting by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Participation in the meeting shall constitute presence in person at the meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

5.17 Compensation. Directors shall receive such reasonable compensation for their services as Directors as shall be determined from time to time by resolution of the Board. Any Director may serve the Association in any other capacity as an officer, agent, employee, or

otherwise and receive reasonable compensation therefor.

5.18 Indemnification of Directors and Officers, Employees, or Agents. The Association shall indemnify any person who was, is, or is threatened to be made a named defendant or respondent in a proceeding, whether civil, criminal, administrative, arbitrative, or investigative, including all appeals, because that person is or was a director, officer, employee, or agent of the Association. Indemnification shall be against all expenses, including, without limitation, attorney's fees, court costs, expert witness fees, judgments, decrees, fines, penalties, and reasonable expenses actually incurred by the person in connection with the proceeding, except that if the person is found liable to the Association or is found liable on the basis that he or she improperly received personal benefit, indemnification shall be limited to reasonable expenses actually incurred by the person in connection with the proceeding, and indemnification shall not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his or her duty to the Association. The indemnification provided in these Bylaws shall also extend to good-faith expenditures incurred in anticipation of, or preparation for, threatened or proposed litigation. The Board of Directors may, in proper cases, extend the indemnification to cover the good-faith settlement of any such action, suit, or proceeding, whether formally instituted or not.

5.19 Insurance or Other Arrangement on Directors, Officers, Employees, or Agents. The Association may purchase and maintain insurance or other arrangement on behalf of any person who is or was a director, officer, employee, or agent of the Association or who is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, against any liability asserted against him or her and incurred by him or her in such a capacity or arising out of his or her status as such a person, whether or not the Association would have the power to indemnify him or her against that liability under the Act. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Association would not have the power to indemnify the person except if including coverage for the additional liability has been approved by the Members. Without limiting the corporation's power to procure or maintain any kind of insurance or other arrangement, the Association may, for the benefit of persons it has indemnified, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the corporation's assets; or (4) establish a letter of credit, guaranty, or surety arrangement. The insurance or other arrangement may be procured, maintained, or established within the Association or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or in part by the Association. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive, and the insurance or arrangement shall not be voidable and shall not subject the Directors approving the insurance or arrangement to liability, on any ground, regardless or whether Directors participating in the approval are beneficiaries of the insurance or arrangement.

5.20 Interested Directors. Any contract or other transaction between the Association and any of its Directors (or any Association or firm in which any of its Directors is directly or indirectly

interested) shall be valid for all purposes notwithstanding the presence of that Director at the meeting during which the contract or transaction was authorized, and notwithstanding the Director's participation in that meeting. The foregoing shall apply only if the interest of each Director is known or disclosed to the Board of Directors and the Board nevertheless authorizes or ratifies the contract or transaction by a majority of the Directors present. Each interested Director is to be counted in determining whether a quorum is present, but not in calculating the majority necessary to carry the vote. The foregoing shall also apply only if the contract or transaction is just and reasonable to the Association at the time it is authorized and ratified. This section shall not be construed to invalidate any contract or transaction that would be valid in the absence of this paragraph.

5.21 Powers and Duties.

(a) General Authority. The affairs of the Association shall be conducted by the Board of Directors subject to any limitations on such authority imposed by Texas Statutes, the Articles of Incorporation, these Bylaws or the Declaration of Covenants and Restrictions for The Enclave at Ashcreek.

(b) Specific Authority. The Board of Directors shall also have the power to and be responsible for the following:

(i) preparation and adoption of an annual budget in which there shall be established the contribution of each owner to the common expenses;

(ii) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of the installment payments of the annual assessment (unless otherwise determined by the Board of Directors, the annual assessment against the proportionate share of the common expenses shall be payable annually, each such payment to be due and payable in advance on the first day of each fiscal year);

(iii) providing for the operation, care, upkeep, and maintenance of all of the Common Properties;

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

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

(vi) making and amending rules and regulations;

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

(viii) making or contracting for the making of repairs, additions, and

improvements to or alterations of the Common Properties in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(ix) enforcing by legal means the provisions of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against any Members concerning the Association;

(x) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration of Covenants and Restrictions for The Enclave at Ashcreek, and paying the premium cost thereof;

(xi) paying the cost of all services rendered to the Association or its Members and not chargeable to Members; and

(xii) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration specifying the maintenance and repair expenses and any other expenses incurred. All books and records shall be kept in accordance with generally accepted accounting practices.

(xiii) all other rights, duties and powers granted to the Board pursuant to Article V of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek to the extent not already set forth herein.

5.22 Board Committees.

(a) Authority to Appoint. The Board of Directors may, by resolution adopted by a majority of the authorized number of Directors, designate an executive committee and one or more other committees to conduct the business and affairs of the Association, to the extent authorized by the resolution. A committee shall include one or more Directors and may include one or more Members who are not Directors, provided, however, that a committee may include only Members who are not Directors, if approved by resolution adopted by the entire Board of Directors. The Board of Directors may establish qualifications for membership on a committee. The Board of Directors, by a majority vote, shall have the power at any time to change the powers and Members of any committees to fill vacancies, and to dispose of any committee. Members of any committee shall receive such compensation as the Board of Directors may from time to time provide. The designation of any committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any Member thereof, of any responsibility imposed by law.

(b) Authority of Executive and Other Committees. Any committee referred to in this Section, to the extent provided in these Bylaws, shall have all the authority of the Board, except with respect to the following:

- (i) Amending the Articles of Incorporation;
- (ii) Approving a plan of merger or consolidation;
- (iii) Recommending to the Members the sale, lease, or exchange of all

or substantially all of the property and assets of the Association otherwise than in the usual course of its business;

(iv) Recommending to the Members a voluntary dissolution of the Association or a revocation thereof;

(v) Amending, altering, or repealing these Bylaws or adopting new Bylaws;

(vi) Filling vacancies in the Board of Directors or any committee of the Board;

(vii) Filling any directorship to be filled by reason of an increase in the number of Directors;

(viii) Electing or removing officers or Members of any Board committee;

(ix) Fixing the compensation of any Member of any Board committee;

and

(x) Altering or repealing any resolution of the Board of Directors that by its terms provides that it shall not be so amended or repealed.

5.23 Declarant Veto.

(a) General Veto Authority. The Declarant shall retain veto power over all actions of the Board, as is more fully provided in this Section. This power shall expire when the Declarant no longer owns record title to any Lot or the tenth (10th) anniversary of the recording date of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek, whichever occurs first. This veto power shall be exercisable only by Declarant, its successors, and assigns who specifically take this power in a recorded instrument.

(b) Specific Veto Powers. No action authorized by the Board of Directors shall become effective, nor shall any action, policy, or program be implemented until and unless:

(i) Declarant shall have been given written notice of all meetings and proposed actions approved at meetings of the Board by certified mail, return receipt requested, or by personal delivery at the address it has registered with the Secretary of the Association, as it may change from time to time, which notice complies to the Board of Directors meetings with these Bylaws as to regular and special meetings of the directors and which notice shall, except in the case of the regular meetings held pursuant to the Bylaws, set forth in reasonable particularity the agenda to be followed at said meeting; and

(ii) Declarant shall be given the opportunity at any such meeting to join in or to have its representatives or agents join in discussion from the floor of any prospective action, policy, or program to be implemented by the Board or the Association. Declarant and its representatives or agents shall have the right to participate in such meetings. At such meeting, Declarant shall have and is hereby granted a veto power over any such action, policy, or program authorized by the Board of Directors and to be taken by any committee or Board or the Association

or any individual Member of the Association if such Board, committee, or Association approval is necessary for such action. Such veto may be exercised by Declarant, its representatives, or agents at the meeting held pursuant to the terms and provisions hereof.

ARTICLE SIX OFFICERS

6.01 Number and Titles. The officers of the Association shall be a president, a vice president, a secretary, and a treasurer. The Association may also have, at the discretion of the Board of Directors, a Chairman of the Board, one or more additional vice presidents, one or more assistant secretaries, one or more assistant treasurers, and such other officers as may be appointed in accordance with the provisions of Section 6.03 of this Article. One person may hold two or more offices.

6.02 Election. The officers of the Association, except such officers as may be appointed in accordance with the provisions of Section 6.03 or Section 6.05 of this Article, shall be chosen annually by the Board of Directors, and each shall hold office until he or she shall resign or shall be removed or otherwise disqualified to serve, or a successor shall be elected and qualified.

6.03 Subordinate Officers. The Board of Directors may appoint such other officers or agents as the business of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine. The Board of Directors may delegate to any officer or committee the power to appoint any subordinate officers, committees, or agents, to specify their duties, and to determine their compensation.

6.04 Removal and Resignation. Any officer may be removed, either with or without cause, by a majority of the Directors, at any regular or special 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 of Directors, provided, however, that the 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 Association. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified therein, and, unless otherwise specified therein, the acceptance of that resignation shall not be necessary to make it effective.

6.05 Vacancies. If the office of the President, Vice President, Secretary, Treasurer, Assistant Secretary, if any, or Assistant Treasurer, if any, becomes vacant by reason of death, resignation, removal, or otherwise, the Board of Directors shall elect a successor who shall hold office for the unexpired term, and until a successor is elected.

6.06 Chairman of the Board. The Chairman of the Board, if there shall be such an officer, shall, if present, preside at all meetings of the Board of Directors and exercise and perform such other powers and duties as may be from time to time assigned to the Chairman by the Board of Directors or prescribed by the Bylaws.

6.07 President. Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board, if there be such an officer, the President shall be the

chief executive officer of the Association and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and officers of the Association, and shall have the general powers and duties of management usually vested in the office of President of a Association, and shall have such other powers and duties as may be prescribed by the Board of Directors or the Bylaws. Within this authority and in the course of his duties the President shall:

(a) Conduct Meetings. Preside at all meetings of the Members and in the absence of the Chairman of the Board, or, if there is none, at all meetings of the Board of Directors, and shall be ex officio a Member of all the standing committees, including the executive committee, if any.

(b) Sign Membership Certificates. Sign all certificates of Membership of the Association, if any, in conjunction with the Secretary or Assistant Secretary, unless otherwise ordered by the Board of Directors. The President's signature on the certificates may be facsimile if the certificates are countersigned by a transfer agent or registered by a registrar, neither of which is the Association itself or any employee of the Association.

(c) Execute Instruments. When authorized by the Board of Directors or required by law, execute, in the name of the Association deeds, conveyances, mortgages, notices, leases, management contracts, checks, drafts, bills of exchange, warrants, promissory notes, bonds, debentures, contracts, and other papers and instruments in writing, and, unless the Board of Directors shall order otherwise, by resolution make such contracts as the ordinary conduct of the Corporation's business may require.

(d) Personnel Management. Appoint and remove, employ and discharge, and prescribe the duties and fix the compensation of all agents, employees, and clerks of the Association other than the duly appointed officers, subject to the approval of the Board of Directors, and control, subject to the direction of the Board of Directors, all of the officers, agents, and employees of the Association.

(e) Meetings of Other Associations. Unless otherwise directed by the Board of Directors, attend all meetings of the Members, of any Association in which this Association holds stock, or is a Member, and act and vote on behalf of the Association at those meetings. The President may attend in person or by substitute appointed by the President or Vice President and the Secretary or Assistant Secretary.

6.08 Vice President. In the absence or disability of the President, the Vice Presidents, in order of their rank as fixed by the Board of Directors or, if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President, and when so acting shall have all the powers of, and be subject to all the restrictions on, the President. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the Bylaws.

6.09 Secretary. The Secretary shall:

(a) Sign Membership Certificates. Sign with the President or a Vice President, certificates of Membership in the Association, if any. An Assistant Secretary may sign the certificates instead of the Secretary. The Secretary's signature on the certificates may be facsimile

if the certificates are countersigned by a transfer agent or registered by a registrar, neither of which is the Association itself or any employee of the Association.

(b) Bylaws. Attest and keep at the principal office of the Association the original or a copy of these Bylaws as amended or otherwise altered to date.

(c) Articles of Incorporation. Keep the original or a copy of the Articles of Incorporation, certified by the Secretary of State, with all amendments thereof to date in the minute books.

(d) Minutes of Meetings. Keep at the principal office of the Association or such other place as the Board of Directors may order, a book of minutes of all meetings of its Directors and Members, executive committee, and other committees. The minutes shall show the time and place of the meeting, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Directors' meetings, the Members present or represented at Members' meetings, and the proceedings thereof.

(e) Notices. See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. 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 or Vice President or by the Board of Directors.

(f) Custodian of Records and Seal. Be custodian of the records and of the seal of the Association and see that it is engraved, lithographed, printed, stamped, impressed upon, or affixed to all certificates of Membership prior to their issuance and to all documents, the execution of which on behalf of the Association under its seal is required in accordance with the provisions of these Bylaws.

(g) Sign or Attest Documents. Sign or attest any documents as required by law or the business of the Association and affix the corporate seal to instruments when necessary or proper.

(h) Membership Register. Keep at the principal office of the Association a membership register or duplicate membership register showing the names of the Members and their addresses; the number, date of issue, and class of membership represented by each outstanding Membership certificate; and the number and date of cancellation of each certificate surrendered for cancellation.

(i) Reports and Statements. See that the books, reports, statements, certificates, and all other documents and records required by law are properly kept and filed.

(j) Other Duties. In general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to him or her by the Board of Directors.

(k) Absence of Secretary. In case of the absence or disability of the Secretary or the Secretary's refusal or neglect to act, the Assistant Secretary, or if there be none, the Treasurer, acting as Assistant Secretary, may perform all of the functions of the Secretary. In the

absence or inability to act, or refusal or neglect to act of the Secretary, Assistant Secretary, and Treasurer, any person authorized by the President or Vice President or by the Board of Directors may perform the functions of the Secretary.

6.10 Assistant Secretary. At the request of the Secretary, or in the Secretary's absence or disability, the Assistant Secretary, designated as set forth in preceding Section 6.9(k) of these Bylaws shall perform all the duties of the Secretary, and when so acting, the Assistant Secretary shall have all powers of, and be subject to all the restrictions on, the Secretary. The Assistant Secretary shall perform such other duties as from time to time may be assigned to him or her by the Board of Directors or the Secretary.

6.11 Treasurer. The Treasurer shall:

(a) Custody and Deposit of Funds. Have charge and custody of, and be responsible for, all funds and securities of the Association and deposit all funds in the name of the Association in those banks, trust companies, or other depositories that shall be selected by the Board of Directors.

(b) Receipt of Funds. Receive, and give receipt for, moneys due and payable to the Association from any source whatever.

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

(d) Keep and maintain adequate and correct accounts of the corporation's properties and business transactions including account of its assets, liabilities, receipts, disbursements, gains, losses, and fund balance.

(e) Reports to President and Directors. Render to the President and Directors, whenever they request it, an account of all his or her transactions as Treasurer and of the financial condition of the Association.

(f) Financial Report to Members. Prepare, or cause to be prepared, and certify the financial statements to be included in the annual report to Members and statements of the affairs of the Association when requested by at least ten percent (10%) of the Members of the Association.

(g) Bond. If required by the Board of Directors or the President, give to the Association a bond to assure the faithful performance of duties of the Treasurer's office and the restoration to the Association 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. Such a bond must be in a sum satisfactory to the Board of Directors, with one or more sureties or a surety company satisfactory to the Board of Directors.

(h) Other Duties. In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the

Board of Directors.

(i) Absence of Treasurer. In case of the absence or disability of the Treasurer or the Treasurer's refusal or neglect to act, the Assistant Treasurer or the Secretary acting as Assistant Treasurer may perform all of the functions of the Treasurer. In the absence or inability to act, or refusal or neglect to act, of the Treasurer, the Assistant Treasurer, the Secretary, or any person authorized by the President or Vice President or by the Board of Directors may perform the functions of the Treasurer.

6.12 Assistant Treasurer. The Assistant Treasurer, if required to do so by the Board of Directors, shall give bond for the faithful discharge of the duties of the Assistant Treasurer, in such sum and with such sureties as the Board of Directors shall require. At the request of the Treasurer, or in the Treasurer's absence or disability, the Assistant Treasurer designated as set forth, in preceding Section 6.11(i) of these Bylaws shall perform all the duties of the Treasurer, and when so acting, shall have all the power of, and be subject to all the restrictions on, the Treasurer. The Assistant Treasurer shall perform such other duties as from time to time may be assigned to him or her by the Board of Directors or the Treasurer.

6.13 Compensation. The compensation of the officers shall be reasonable in relation to the services performed and shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such compensation by reason of the fact that the officer is also a Director of the Association.

ARTICLE SEVEN EXECUTION OF INSTRUMENTS AND DEPOSIT OF FUNDS

7.01 Authority for Execution of Instruments. The Board of Directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and that authority may be general or confined to specific instances, and, unless so authorized, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or in any amount.

7.02 Execution of Instruments. Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts of the Association, promissory notes, deeds of trust, mortgages, and other evidences of indebtedness of the Association, other corporate instruments or documents, and certificates of shares of stock owned by the Association shall be executed, signed, or endorsed by the President or any Vice President and by the Secretary or the Treasurer, or any Assistant Secretary or Assistant Treasurer, and may, but is not required to, have the corporate seal affixed thereto.

7.03 Banking.

(a) Bank Accounts and Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association with such banks, trust companies, or other depositories as the Board of Directors may select or as may be selected by any officer or officers,

agent or agents of the Association to whom that power may be delegated from time to time by the Board of Directors.

(b) Endorsement Without Countersignature. Endorsements for deposit to the credit of the Association in any of its duly authorized depositories may be made without countersignature by the President or any Vice President, or the Treasurer or any Assistant Treasurer, or by any other officer or agent of the Association to whom the Board of Directors, by resolution, shall have delegated that power, or by hand stamped impression in the name of the Association.

(c) Signing of Instruments. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors. For all disbursements exceeding \$200.00, the Board of Directors shall require the signatures of two such persons as shall be determined from time to time by resolution of the Board of Directors.

(d) The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purpose or for any special purpose of the Association. The Board of Directors may make gifts and give charitable contributions that are not prohibited by the Bylaws, the Articles of Incorporation, or state law.

(e) Potential Conflicts of Interest. The Association shall not make any loan to a Director or officer of the Association. A Member, Director, officer, or committee member of the Association may lend money to and otherwise transact business with the Association except as otherwise provided by these Bylaws, Articles of Incorporation, and all applicable laws. Such a person transacting business with the Association has the same rights and obligations relating to those matters as other persons transacting business with the Association. The Association shall not borrow money from or otherwise transact business with a Member, Director, officer, or committee member of the Association unless the transaction is described fully in a legally binding instrument and is in the best interests of the Association. The Association shall not borrow money from or otherwise transact business with a Member, Director, officer, or committee member of the Association without full disclosure of all relevant facts and without the approval of the Board of Directors or the Members, not including the vote of any person having a personal interest in the transaction.

(f) Prohibited Acts. As long as the Association is in existence, and except with the prior approval of the Board of Directors or the Members, no Member, Director, officer, or committee member of the Association shall:

(i) Do any act in violation of the Bylaws or a binding obligation of the Association;

(ii) Do any act with the intention of harming the Association or any of its operations;

(iii) Do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary operations of the Association;

(iv) Receive an improper personal benefit from the operation of the Association;

(v) Use the assets of this Association, directly or indirectly, for any purpose other than furthering the purposes of this Association;

(vi) Wrongfully transfer or dispose of Association property, including intangible property such as good will;

(vii) Use the name of the Association (or any substantially similar name) or any trademark or trade name adopted by the Association, except on behalf of the Association in the ordinary course of the Association's business; and

(viii) Disclose any of the Association's business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

ARTICLE EIGHT CORPORATE RECORDS, REPORTS, AND SEAL

8.01 Minutes of Corporate Meetings. The Association shall keep at the principal office, or such other place as the Board of Directors may order, a book of minutes of all meetings of its Directors and of its Members, with the time and place of holding, whether regular or special, and, if special, how authorized, the notice thereof given, the names of those present at Director's meetings, the Members present or represented at Members' meetings, and the proceedings thereof.

8.02 Books of Account. The Association shall keep and maintain adequate and correct accounts of its properties and business transactions, including accounts of its assets, liabilities, receipts, disbursement, gains, losses, and fund balance.

8.03 Inspection.

(a) Inspection of Records by Members. Any person who shall have been a Member for at least six months immediately preceding that person's demand to inspect the corporate records, on written demand stating the purpose thereof, has the right to examine, in person, or by agent, accountants or attorney, during the normal course of business hours for any proper purpose, its books and records of account, and minutes, and is entitled to make extracts therefrom.

(b) Inspection of Records by Directors. Every Director shall have the absolute right during normal business hours inspect all books, records, documents of every kind, and the physical properties of the Association, and its subsidiary corporations, domestic or foreign. Such inspection by a Director maybe made in person or by agent or attorney, at a mutually convenient time during normal business hours, and the right of inspection includes the right to make extracts.

8.04 Audits. Any Member shall have the right to have an audit conducted of the Association's books. The Member requesting the audit shall bear the expense of the audit unless the Members vote to authorize payment of audit expenses. The Member requesting the audit may

select the accounting firm to conduct the audit. A Member may not exercise these rights to compel audits so as to subject the Association to an audit more than once in any fiscal year.

8.05 Fiscal Year. The fiscal year of the Association shall be as determined by the Board of Directors.

8.06 Corporate Seal. The Board of Directors may adopt, use, and thereafter alter the corporate seal.

ARTICLE NINE AMENDMENT OF BYLAWS

9.01 Amendment.

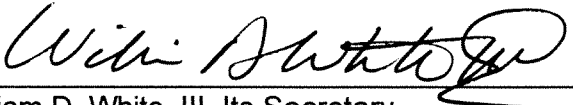
(a) Declarant Ownership. These Bylaws may not be amended without the express written consent of the Declarant until the Declarant no longer owns record title to any Lot or the tenth (10th) anniversary of the recording date of the Declaration of Covenants and Restrictions for The Enclave at Ashcreek, whichever occurs first in time.

(b) Post-Declarant Ownership. Upon the expiration of the Declarant amendment rights set forth in Section 9.01(a), these Bylaws may be amended or repealed, and new bylaws may be adopted, by the vote of two-thirds (2/3) of the number of voting Members in good standing required to constitute a quorum, present and entitled to vote at a meeting at which a quorum is present.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting secretary of The Enclave at Ashcreek Homeowner's Association, Inc., a Texas non-profit corporation, and that the foregoing Bylaws constitute the Bylaws of this Association. These Bylaws were duly adopted by unanimous written consent of the Board of Directors effective as of June 30, 1999.

DATED: June 30, 2000.


William D. White, III, Its Secretary

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