

BYLAWS OF
BRODIE SPRINGS HOMEOWNERS ASSOCIATION, INC.

Article I: NAME AND LOCATION

1.01. *Name.* The name of the Association is "Brodie Springs Homeowners Association, Inc." (the "Association").

Article II: DEFINITIONS; PURPOSES

2.01. *Definitions.* All capitalized terms contained herein that are not otherwise defined shall have the same meanings as set forth in the Declaration of Covenants, Conditions and Restrictions for Brodie Springs (the "Declaration").

2.02. *Purposes.* Subject to the provisions of Article 1396-2.01 of the Texas Non-Profit Corporation Act (the "Act"), the Association is organized exclusively to act as an agent for each and every Member in exercising all of the powers and privileges, and performing all of the duties and obligations, of the Association under the Declaration, as set forth in the Declaration and the Articles. No part of its activities shall be carrying on propaganda, or otherwise attempting to influence legislation, and the Association shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of or in opposition to any candidate for public office. The Association shall not carry on any activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Section 501 of the Internal Revenue Code of 1986 (as amended from time to time, the "Code") or (b) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code.

Article III: MEETING OF MEMBERS

3.01. *In general.* The Association shall have Members. Each and every Owner of a Lot automatically and concurrently with acquiring the Lot, shall become a Member of the Association. Membership shall be appurtenant to and shall run with the ownership of the Lot that qualifies the Owner thereof for membership, and membership may not be severed from the ownership of the Lot, or in any way transferred, pledged, mortgaged, or alienated except together with the title to such Lot.

2.02. *Annual meetings.* The annual meeting of the Members shall be held each year on a date and at a place designated by the Board. At each annual meeting, the Members shall elect a Board and transact such other business as may be properly brought before the meeting.

3.02. *Special meetings.* Special meetings of the Members may be called at any time by the president, upon the written request of at least 2 members of the Board, or upon written request of 10 or more Members. The place of the meeting shall be as stated in the notice.

3.03. *Notice of meetings.* Written notice of each meeting of the Members shall be given by mailing a notice of the meeting, postage prepaid, at least 14 days before such meeting to each Member entitled to vote, addressed to the Member's address last appearing on the books of the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting. Such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at the address described above. Notice of a meeting shall be mailed to a First Mortgagee who requests such notice in writing and provides the address for notice.

3.04. *Quorum.* The presence at any meeting of Members entitled to cast, or of proxies entitled to be cast, one-fourth of the Members' votes shall constitute a quorum for any action except as otherwise provided by the Articles, Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members present shall have power to recess the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

3.05. *Proxies.* At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the secretary. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for more than eleven (11) months. After the Control Period, all proxies shall be revocable. All proxies, even those stated to be irrevocable, will be revoked automatically and concurrently with a Member's conveyance of the Lot to which membership is appurtenant.

3.06. *Voting.* The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present, shall be the act of the Member, unless the vote of a greater number is required by law, these Bylaws, the Articles or the Declaration. Secret ballots shall be used upon the request of any Member. Where Directors or officers are to be elected by Members, such elections may be conducted in person, by mail, by facsimile transmission, or any combination of the above. If any Lot is owned jointly or in common by more than one Owner, and if there is dispute over who may vote on behalf of that Lot, the Owners of that Lot must designate, in writing, a single Owner who shall be entitled to cast such vote and no other person shall be authorized to vote in behalf of such Lot. A copy of such written designation shall be filed with the Board before any such vote may be cast, and, upon the failure of the Owners thereof to file such designation, such vote shall neither be cast nor counted for any purpose whatsoever.

3.07. *Informal action of members.* Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by a sufficient number of Members as would be necessary to take that action at a meeting at which all of the Members were present

and voted. Any such written consent shall be executed, dated, and filed with the Association in the manner required by Article 1396-9.10 of the Act.

3.08. *Attendance by telephone or other remote communications technology.* Subject to the provisions of the Act and these Bylaws concerning notice of meetings and unless otherwise restricted by the Articles or these Bylaws, Members may participate in and hold a meeting of such Members by means of either (a) conference or speaker telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, or (b) another suitable electronic communications system, including video-conferencing technology or the Internet, but only if (i) each Member entitled to participate in the meeting consents to the meeting being held by means of that system, and (ii) the system provides access to the meeting in a manner or using a method by which each Member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this Paragraph 3.08 shall constitute presence in person at such meeting, except where 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.

Article IV: BOARD OF DIRECTORS

4.01. *Number.* The affairs of the Association shall be managed by a Board of 3 directors; provided, however, that at the first annual meeting following expiration of the Control Period, the Board shall be expanded to 5 directors. Directors need not be Members or residents of the State of Texas.

4.02. *Term of office.* At the first annual meeting of the Members, the Members shall elect one director for a term of 3 years, one director for a term of 2 years and one director for a term of 1 year. When the Board expands to 5 directors, the 4th director shall be elected for an initial term of 2 years and the 5th director shall be elected for an initial term of 3 years. At each annual meeting of the Members after the initial election of a director, upon the expiration of the initial term of office of each respective member of the Board, the Members shall elect a successor Director for a term of 3 years. Unless removed in accordance with the provisions of Paragraph 4.03 below, each director shall hold office for the term for which they are elected, and until his or her successor shall have been elected, approved, or designated and qualified. Notwithstanding the foregoing, (i) any vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board, and any director thus elected shall be elected for the unexpired term of his or her predecessor in office, and (ii) any directorship to be filled by reason of an increase in the number of directors or a removal of a director in accordance with Paragraph 4.03 shall be filled by election at an annual meeting or at a special meeting of Members called for that purpose.

4.03. *Removal; resignation.* Subject to Article 1396-2.15D of the Act, at any meeting of the Members called expressly for that purpose at which a quorum is present, any Director or the entire Board may be removed either for or without cause. In the event

of death, resignation or removal of a director, his successor shall be selected by the remaining directors and shall serve for the unexpired term of his predecessor.

4.04. *Compensation.* No director shall receive compensation for any service he may render to the Association in his capacity as a director. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

4.05. *Action taken without a meeting.* Any action required to be taken at a meeting of directors, or any action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall have been signed by a sufficient number of directors as would be necessary to take that action at a meeting at which all of the directors were present and voted. Any such written consent shall be executed, dated, and filed with the Association in the manner required by Article 1396-9.10 of the Act. After the Control Period, notice of the proposed action shall be delivered to the directors at least 48 hours in advance of the date the consent is executed.

4.06. *Voting.* Secret ballots shall be utilized upon request of any director. A director may vote in person or by proxy executed in writing by the director. No proxy shall be valid after 3 months after the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and unless otherwise made irrevocable by law. After the Control Period expires, each proxy shall be revocable.

4.07. *Power to indemnify and to purchase indemnity insurance.* To the maximum extent permitted by Article 1396-2.22A of the Act (without regard, however, to Section Q of such Article), the Association shall indemnify any person who is or was a director or officer of the Association against any and all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by such person in connection with a proceeding (as defined in Article 1396-2.22A) because of that person's service or status as a director or officer. Further, the Association shall pay or reimburse reasonable expenses incurred by a director or officer who was, is or is threatened to be made a party in a proceeding, in advance of the final disposition of the proceeding, to the maximum extent permitted by Article 1396-2.22A; provided, however, that payment or reimbursement of expenses pursuant to the procedures set out in Section K of Article 1396-2.22A may be conditioned upon a showing, satisfactory to the Board in its sole discretion, of the financial ability of the officer or director in question to make the repayment referred to in such Section. Further, the Association may indemnify, and may reimburse or advance expenses to or purchase and maintain insurance or any 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, director, employee, agent or similar functionary of another Association, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, in connection with any liability asserted against such person because of such service or status, to such further extent, consistent with Article 1396-2.22A and other applicable law, as the Board may from time to time determine. The provisions of this Paragraph shall not be deemed exclusive of any other

rights to which any such person may be entitled. No amendment, modification or repeal of this Paragraph shall in any manner terminate, reduce or impair the right of any person to be indemnified by the Association in accordance with this Paragraph as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Article V: ELECTION OF DIRECTORS

5.01. *Nomination.* Nominations may be made from the floor at an annual or special meeting of the Association.

5.02. *Election.* At each 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. Cumulative voting is not permitted.

Article VI: MEETINGS OF DIRECTORS

6.01. *Regular meetings.* The first meeting of each newly elected Board shall be held at such time and place as shall be fixed by the previous Board, and no notice of such meeting shall be necessary to the newly elected director(s) in order legally to constitute the meeting, provided a quorum shall be present. If the Board fails to fix the time and place of a first meeting, it shall be held without notice immediately following the annual meeting of Members, and at the same place, unless the time or place is changed by the unanimous consent of the directors then elected and serving. Regular meetings of the Board may be held upon such notice, or without notice, and at such time and at such place as shall from time to time be determined by the Board. Any Member desiring to attend Board meetings shall contact the President (or if the Association is professionally managed at the time, the management company) who shall in return notify such Member of the time and place of the next meeting.

6.02. *Special meetings.* Special meetings of the Board shall be held when called by the president of the Association, or by any two directors, after not less than three days notice to each director.

6.03. *Quorum.* At all meetings of the Board, the presence in person (but not by proxy) of a majority of the number of directors in the manner provided by these Bylaws shall constitute a quorum for the transaction of business. The act of the majority of the directors present in person or by proxy at any meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by the Articles or these Bylaws. If a quorum is not present at any meeting of directors, the directors present in person may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

6.04. *Attendance by telephone or other remote communications technology.* Subject to the provisions of the Act and these Bylaws concerning notice of meetings and unless otherwise restricted by the Articles or these Bylaws, members of the Board, or members of any committee designated by the Board, may participate in and hold a meeting of such Board or committee by means of either (a) conference or speaker telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, or (b) another suitable electronic communications system, including video-conferencing technology or the Internet, but only if (i) each person entitled to participate in the meeting consents to the meeting being held by means of that system, and (ii) the system provides access to the meeting in a manner or using a method by which each person participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this Paragraph 6.04 shall constitute presence in person at such meeting, except where 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.

6.05 *Waiver of notice.* Attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. Except as may be otherwise provided by law or by the Articles or by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting.

Article VII: POWERS AND DUTIES OF THE BOARD

7.01. *Powers.* The Board shall have power to exercise for the Association all powers, duties and authority vested in or delegated to the Association, and not reserved to the membership by other provisions of these Bylaws, the Articles of Incorporation, or the Declaration.

7.02. *Duties.* It shall be the duty of the Board:

(a) to cause to be kept a complete record of all its acts and corporate affairs and to present a report thereof to the Members at the annual meeting of the Members, or at any special meeting when such report is requested in writing by one-fourth of the Members;

(b) to supervise all officers, agents and employees of this Association, and to ensure that their duties are properly performed;

(c) to: (1) fix the amount of the Common Assessments pursuant to the Declaration; (2) notify each Owner of all Assessments; and (3) collect Assessments and enforce Assessments, all pursuant to procedures and limitations as set forth in the Declaration;

(d) to issue resale certificates, loan eligibility certificates, and verification certificates setting forth whether or not any Assessment has been paid. The Board may make a reasonable charge for the issuance of these certificates and other written documents provided by the Association. If a certificate states an Assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) to procure and maintain adequate insurance on Common Area Facilities and on property owned by the Association; cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate or necessary;

(f) to cause the Common Areas to be maintained as per the Declaration; and

(g) to carry out all other duties of the Association or Board under the Declaration.

Article VIII: OFFICERS AND THEIR DUTIES

8.01. *Officers.* The Officers of the Association shall be a president, a vice president, a secretary and a treasurer, all of whom shall at all times be members of the Board.

8.02. *Election.* The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members.

8.03. *Term.* Unless otherwise specified by the Board, the term of office for all officers shall be for one (1) year, commencing with the date of the annual Board meeting; provided that no such term of office shall exceed three (3) years and provided further that the officers shall hold office until their successors are elected or appointed and qualify, or until their death or until their resignation or removal from office.

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

8.05. *Resignation and removal.* The Board may remove any officer from office with or without cause. Any officer may resign at any time giving written notice to the Board, the president, or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.06. *Vacancies.* A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.07. *Multiple offices.* The same person may hold the offices of secretary and treasurer. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.04 of this Article.

8.08. *Duties.* The duties of the officers are as follows:

(a) *President:* The president shall preside at all meetings of the Board; shall ensure that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other legal instruments.

(b) *Vice-President:* The vice-president shall act in the place and stead of the president in the event of absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board.

(c) *Secretary:* The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board. These duties, with approval of the Board, may be delegated to the Association management company.

(d) *Treasurer:* The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit or review by a third-party accountant or bookkeeper of the Association books to be made at the completion of each fiscal year; and shall prepare an annual budget for the forthcoming year and a statement of income and expenditures for the previous year, to be presented to the membership at its regular annual meeting. The Treasurer shall also be responsible for supervising billings. These duties, with approval of the Board, may be delegated to the Association management company. All checks must be co-signed by: (1) at least two officers of the Association; or (2) one officer of the Association and an authorized representative of the Association management company.

(e) *Temporary chair:* In the absence of the president and vice-president, the Board members attending a Board meeting may elect, by majority vote, a temporary chair for that meeting.

Article IX: COMMITTEES

The Association shall appoint any committees required by the Declaration or these Bylaws. In addition, the Board may appoint other committees as deemed appropriate in carrying out the purposes of the Association.

Article X: BOOKS AND RECORDS

The books, records and papers of the Association shall at all times be subject to inspection by any Member during reasonable business hours. The Declaration, the Articles and the Bylaws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

Article XI: CORPORATE SEAL

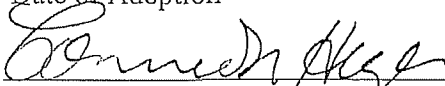
The issuance of a corporate seal shall be unnecessary and is not required under Texas law.

Article XII: AMENDMENTS

During the Control Period, these Bylaws may be amended by the unanimous vote of the Board. After the Control Period, these Bylaws may be amended, at a regular or special meeting of the Members, by a vote of at least 67% of the votes that Members present in person or by proxy are entitled to cast. At least 14 days advance written notice to Members is required for amendments to the Bylaws.

Article XIV: MISCELLANEOUS

The fiscal year of the Association shall be the calendar year.

October 14, 2003
Date of Adoption

Secretary, Brodie Springs Homeowners
Association, Inc.