

**AMENDED AND RESTATED
BYLAWS
OF
GRASSLAND ESTATES HOMEOWNERS' ASSOCIATION
(As Amended Through September 18, 2012)**

ARTICLE I

Name and Offices

The name of the Corporation shall be Grassland Estates Homeowners' Association. The principal office of the Corporation shall be at 5800 Crowley Boulevard, Midland, Texas 79707, which may be amended from time to time by the Board of Directors to any such location within the City of Midland as may be determined by the Board of Directors.

ARTICLE II

Statement of Purpose

The purposes for which this Corporation is formed are to provide for the lease or other acquisition of property for the benefit of the homeowners in the Grassland Estates subdivision in Midland, Texas and the construction, management, maintenance and care of corporation property for the benefit of such homeowners as set out in the Corporation's Articles of Incorporation and as those Articles may from time to time be amended, so long as all purposes of the Corporation fall within the list of acceptable purposes for a Section 528 corporation as those purposes are set forth in the Internal Revenue Code of 1986, as amended, and the regulations adopted pursuant thereto.

ARTICLE III

Members

Section 1. Classes of Members and Voting. The Corporation shall have one class of members. Each member (other than SBC Corporation) shall be entitled to cast one vote for each residential lot owned by that member, in person or by proxy as provided herein, on any matter required to be submitted to the members for voting under these Bylaws or under statute and on any other matter submitted to a vote of the members. In all cases, SBC Corporation shall be given three votes for each residential lot it owns at the time of the taking of such vote. The act of a majority of the votes present at a meeting at which a quorum is present shall be the act of the Corporation.

All references in these Bylaws to any vote or action to be taken by a "majority" of Directors or members, unless specified otherwise, shall mean a majority of one (1).

Section 2. Eligibility. The initial members of the Corporation shall consist of SBC Corporation and those other persons or entities owning a numbered tract or parcel of land embraced

by any present or future plat of Grassland Estates, subdivision (exclusive of those portions of the Grassland Estates subdivision as may be specifically excluded by SBC Corporation) upon which residential buildings and appurtenances approved by the Corporation may be built (other than a licensed builder who does not own an occupied residence on such lot or tract) unless such owner purchased the lot prior to December 17, 1990 and has subsequent to that date executed an election to be excluded as a member of the Corporation. Any owner of more than one lot with one residence thereon (other than SBC Corporation) shall be considered to be the owner of one lot for the purposes of membership in the Corporation and for assessment. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. A membership in the Corporation shall not be transferred, pledged, or alienated in any way except on the sale of a member's property in the Grassland Estates subdivision (and then only to the purchaser thereof), by intestate succession, testamentary disposition, foreclosure of mortgage of record or other legal process or by the relinquishment of membership upon the execution of an election to be excluded from the Corporation. Each record owner of property in the Grassland Estates subdivision (other than SBC Corporation) shall be entitled to one membership in the Corporation and one vote. If a Lot is owned by more than one person ("joint owners"), all such joint owners shall designate to the Corporation in writing the name of the person entitled to vote said membership. Such person may be changed from time to time in a writing signed by all joint owners. The initial written designation or any subsequent written designation shall become effective upon actual receipt by the Corporation. Only the designee shall be entitled to vote a matter and count towards a quorum, majority or other count of members of the Corporation. If no such designation is made, the person listed on the tax rolls, if a joint owner, shall be deemed the owner entitled to vote the membership interest. If no joint owner is listed on the tax roll or if more than one owner is listed thereon, the first joint owner listed in the earliest conveyance of the current ownership of the Lot shall be deemed the voter of the membership interest. At the discretion of the Board of Directors no certificates of membership need be issued, and if certificates are not issued, membership shall be evidenced by an official list of members kept by the Secretary of the Corporation.

Section 3. Termination of Membership. Any member who ceases to qualify for membership under the provisions of Section 2 of this Article shall automatically cease to be a member.

Section 4. Number of Members. The maximum number of members of the Corporation shall be unlimited.

Section 5. Voting. The voting rights of a member may be cast or given in person or by proxy at a meeting of the Corporation, by absentee ballot, or by electronic ballot. An absentee or electronic ballot may be counted as an owner present and voting for the purpose of establishing a quorum only for items appearing on the ballot and may not be counted, even if properly delivered, if the owner attends any meeting to vote in person, so that any vote cast at a meeting by an owner supersedes any vote submitted by absentee or electronic ballot previously submitted for that proposal, and may not be counted on the final vote of a proposal if (i) the motion was amended at the meeting to be different from the exact language on the absentee or electronic ballot or (ii) it is determined by the Board of Directors that at the time the vote was to be counted, the owner was not the person properly designated to vote the membership under Section 2 of this article above. Each absentee and electronic ballot shall provide each proposed action and an opportunity to vote for or against each

proposed action and instructions for delivery of the completed ballot, including the delivery location, and the following language: “By casting your vote via absentee [or electronic] ballot you will forgo the opportunity to consider and vote on any action from the floor on these proposals, if a meeting is held. This means that if there are amendments to these proposals your votes will not be counted on the final vote on these measures. If you desire to retain this ability, please attend any meeting in person. You may submit an absentee ballot and later choose to attend any meeting in person, in which case any in-person vote will prevail.” For the purposes of this section, “electronic ballot” means a ballot given by: e-mail; facsimile; or posting on an Internet website, as each may be offered and/or directed by the Corporation for which the identity of the property owner submitting the ballot can be confirmed and for which the property owner may receive a receipt of the electronic transmission and receipt of the owner's ballot. If an electronic ballot is offered via an Internet website, a notice of the ability to vote by such means will be sent to each owner that contains instructions on obtaining access to the posting on the website.

ARTICLE IV

Meetings of the Corporation

Section 1. Annual Meeting. An annual meeting of the members of the Corporation, at which the members shall elect persons to serve on the Board of Directors, as hereinafter provided, and to transact such other business as may be placed before it, shall be held each year on such date as may be specified by the Board of Directors. Unless otherwise specified, the annual meeting shall be held on the fourth (4th) Tuesday of April each year at 6:30 p.m. at the principal office.

Section 2. Special Meetings. Special meetings of the Corporation may be called by the President, and special meetings of the Corporation shall be held upon the affirmative vote of two-thirds (2/3) of the Directors then in office or upon the written request of no fewer than ten percent (10%) of the members of the Corporation.

Section 3. Time and Place. The Board of Directors shall designate the time and place of all meetings, annual and special, of the Corporation; provided, however, that all such meetings shall be held within the City of Midland or at such other place designated by the Board of Directors.

Section 4. Notices of Meetings. Written notice of each meeting of members of the Corporation shall be given to each member by posting same on the Corporation’s website and by emailing same to all members maintaining an email address on file with the Corporation at least seventy-two (72) hours before the meeting is held. Each notice shall indicate the date, time and place of the meeting and the order of business to be considered. In addition to the foregoing notice, for any meeting in which an election or vote of the members is anticipated to occur, not later than the 10th day or earlier than the 60th day before the date of the meeting, the Corporation shall give written notice of the election or vote to each member in accordance with Texas Property Code Sec. 209.0056, as same may be amended from time to time.

Section 5. Quorum. At any annual meeting of the members of the Corporation, the presence of fifteen or more members eligible to vote at such annual meeting in person or by proxy shall

constitute a quorum. At any special meeting of the members of the Corporation, the presence in person or by proxy of members holding ten percent (10%) of the votes eligible to vote at such meeting shall constitute a quorum.

ARTICLE V

Board of Directors

Section 1. General Powers. The activities, affairs and property of the Corporation shall be managed and controlled by a Board of Directors who shall have and may exercise all the powers of the Corporation (including the power to enforce the Restrictions and Covenants applicable to Grassland Estates subdivision and to adopt rules and regulations setting forth the procedures to be followed in connection with such enforcement) except as otherwise reserved to the member by law, by the Articles of Incorporation or by these Bylaws. (As amended on April 20, 1998)

If an owner of any home, Lot or building site fails to abide by the restrictions, covenants, stipulations, obligations or provisions applicable to Grassland Estates subdivision, and if such failure or default continues uncured for ten (10) days after written notice thereof mailed to an owner of the home, Lot or building site at the owner's last known address, the Corporation may impose monthly fines upon the property in amounts determined by the Board of Directors or the Corporation or its agent(s), may go upon such home, Lot or building site and correct the default, and the Corporation shall not be guilty of any manner of trespass or liability to the owner(s) in any respect as a result thereof. The owner(s) shall be jointly and severally obligated to reimburse the Corporation for all expenses incurred by it in performing such work, and the amount to be reimbursed shall bear interest at the rate of one and one half percent (1½%) per month (but not in excess of the highest lawful rate) from the date such work is performed or caused to be performed by the Corporation until the Corporation is reimbursed by the owner(s) therefore. Monthly fines imposed by the Board of Directors shall be defined and promulgated annually by the Board of Directors. A separate schedule of offenses and fines shall be published at least annually by the Board of Directors and can be revised from time to time at any annual meeting. Any default on the payment of the reimbursement or fines imposed by the Board of Directors shall be secured by a lien against the Lot or building site in the same manner as the Assessments (dues) or Special Assessments.

The ten (10) day notice of violation referenced in the preceding paragraph shall be given to the owner(s) by certified mail, return receipt requested and must describe the violation or property damage that is the basis for the fine and state the amount due the association from the owner. Furthermore, such notice shall (i) inform the owner that the owner has ten (10) days to cure the violation and avoid the fine or suspension unless the owner was given notice and a reasonable opportunity to cure a similar violation within the preceding six months; (ii) that the owner may request a hearing in front of the Board of Directors on or before the 30th day after the date the owner receives the notice; (iii) the owner may have special rights or relief related to the enforcement action under federal law, including the Service members Civil Relief Act (50 U.S.C. app. Section 501 et seq.), if the owner is serving on active military duty, and (iv) that reasonable attorney's fees and other reasonable costs incurred by the Corporation will be charged to the owner if the delinquency or

violation continues after a date certain.

Alternative Payment Schedule Guidelines. An owner may make partial payments to the Corporation for delinquent regular or special assessments or any other amount owed to the association without accruing additional monetary penalties. (Monetary penalties do not include reasonable costs associated with administering the payment plan or interest.) Such a payment plan shall be as agreed between the Board of Directors and the owner but must comply with the following:

For amounts less than \$500.00	between three (3) – five (5) months
For amounts between \$500 and \$5,000	between five (5) – twelve (12) months
For amounts more than \$5,000.00	between three (3) – eighteen (18) months

The Corporation may not allow a payment plan for any amount that extends more than 18 months from the date of the owner's request for a payment plan. The Corporation is not required to enter into a payment plan with an owner who failed to honor the terms of a previous payment plan during the two years following the owner's default under the previous payment plan.

Priority of Payments. A payment received by the Corporation from an owner shall be applied to the owner's account in the following order of priority:

- (1) any delinquent assessment;
- (2) any current assessment;
- (3) any attorney's fees or third party collection costs incurred by the association associated solely with assessments or any other charge that could provide the basis for foreclosure;
- (4) any attorney's fees incurred by the association that are not subject to (3);
- (5) any fines assessed by the association; and
- (6) any other amount owed to the association.

Section 2. Number, Eligibility, Election and Term of Office. The Board of Directors shall consist of at least three (3), but not more than seven (7), Directors with the number of Directors making up the Board of Directors to be determined from time to time by resolution of the Board of Directors.

Members of the Board of Directors shall be elected, as terms expire, at the annual meeting and (except as provided below) shall serve for three (3) year terms and thereafter until their successors have been elected and qualified. Directors need not be members or owners of a Lot.

Of those Directors identified in the Articles of Incorporation one (1) shall serve for three (3) years, one (1) shall serve for four (4) years and one (1) shall serve for five (5) years; this distinction to be made by agreement of such initial Directors and noted in the organizational minutes. Thereafter Directors shall be elected for three (3) year terms.

Section 3. Nominating Committee. Not less than sixty (60) days prior to the date of the annual meeting of the members at which a director or directors are to be elected, the President of the Corporation, with the approval of the Board of Directors, shall appoint a nominating committee consisting of at least three (3), but not more than five (5), members of the Corporation. The

nominating committee shall select a candidate or candidates for election to membership on the Board of Directors, such candidate or candidates to be elected at the ensuing annual meeting.

The nominating committee shall obtain the consent of all candidates to having their names submitted for election at the annual meeting. The nominating committee shall, by a majority vote, submit to the Secretary of the Corporation, a written list of their nominees for Directors, which list shall be signed by the chairperson of the committee. Not less than thirty (30) days prior to the annual meeting, the Secretary shall announce the slate to all members of the Corporation, together with the notice of the annual meeting and notice of the nominating procedure as set forth in this Section 3. Any other member may nominate a candidate for Director by filing a petition containing the signatures of ten (10) members of the Corporation with the nominating committee at least fourteen (14) days prior to the annual meeting. All members will be notified in writing of all nominees at least five (5) days prior to the annual meeting. The list of candidates shall be presented by the Secretary to the annual meeting and shall, without motion or further proceedings, constitute a valid nomination of each of the persons listed therein as a nominee for Director. Except as submitted by the nominating committee or as submitted through petition in accordance with this Section 3, no nominations for Directors shall be entitled to be voted upon or otherwise considered at any annual meeting of members. Members of the Board of Directors shall be elected by majority vote of the members in attendance in person or by proxy at the annual meeting.

Section 4. Resignation and Removal. Any Director may resign at any time by giving written notice to the Board of Directors of his or her resignation. Unless indicated in such notice to the contrary, any such resignation shall be effective immediately upon its submission or transmission to the Secretary of the Board of Directors. Any Director may be removed as a Director by the affirmative vote of two-thirds (2/3) of the Directors then in office, at any regular or special meeting called and convened for such purpose, when he or she no longer meets the criteria for such position, for conduct detrimental to the interests of the Corporation, for lack of sympathy with its objectives, or refusal to render reasonable assistance in carrying out those objectives. In addition, any Director who fails to attend three (3) consecutive meetings of the Board of Directors without sufficient excuse may be removed from the Board of Directors by a majority vote of those Directors present at any meeting at which such removal is to be voted upon. Any Director may be removed from the Board, with or without cause, by a majority vote of two-thirds (2/3) of the members of the Corporation. Any Director proposed to be removed, however, shall be entitled to at least ten (10) days notice, in writing and by mail, of the meeting of the Board of Directors at which time such removal is to be voted upon and shall be entitled to appear before and be heard by the Board of Directors at such meeting.

Section 5. Vacancies. Vacancies in the Board of Directors, howsoever existing or arising (except for the failure to hold an election), shall be filled by the affirmative vote of the majority of all remaining Directors then in office. The Board shall act in order to assure that no vacancy exists for more than sixty (60) calendar days. A person elected to fill a vacancy shall be elected to serve the unexpired portion of the term of the person who preceded him or her in that position.

Section 6. Regular Meetings. The Board of Directors shall hold a regular meeting for the purpose of organization, election of officers and the transaction of other business immediately

following the annual meeting of members. Regular meetings of the Board of Directors will be held at such times as may be fixed from time to time by resolution of the Board of Directors. All regular meetings shall be held within the City of Midland or at such other location designated by the Board of Directors and shall be open to all members of the Corporation.

Section 7. Special Meetings. The President or the Secretary may call a special meeting. Upon a written request by any three (3) Directors, the Secretary shall call a special meeting of the Board of Directors. Special meetings of the Board of Directors shall be held at the principal office of the Corporation or at such other places as may be designated in the notice of such meeting with the City of Midland, Texas. All special meetings shall be open to all members of the Corporation. Notwithstanding the foregoing, the Board of Directors may call Executive Session within any meeting properly called during such time when the meeting may be closed to members as provided by Texas Property Code §209.0051(c).

Section 8. Notice of Meetings. Notice of all meetings of the Board of Directors shall be given by mailing or telephoning the Directors at least five (5) days prior to the meeting, such notice to be directed to the usual business or residence address of the Director (Director's Notice) and by posting such notice as required by law. Any business may be transacted at any meeting of the Board of Directors unless otherwise prohibited in these Bylaws. The attendance of a Director at a meeting shall constitute a waiver by him of Director's Notice of the meeting unless he attends only to object to the transaction of business because the meeting is not lawfully called or convened. Any Director may waive Director's Notice of any meeting by executing a written document before or after such meeting. The purpose of the meeting shall be specified in the notice of the meeting and in any waiver thereof.

Section 9. Chairperson. The President shall preside at all meetings of the Board of Directors, unless the President is absent, in which event, the Vice President shall preside. If both the President and the Vice President are absent, a majority of the Directors then present shall elect a person to preside at the meeting.

Section 10. Quorum and Voting. The majority of the Board of Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board. A vote of the Directors shall be valid only if taken at a meeting of the Directors at which a quorum is present. No Director may vote by proxy. The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors. If less than a majority of the Directors are present at a meeting, a majority of those present may adjourn the meeting to another date and time without the necessity of fulfilling the Director's Notice requirement set out in Section 8 of this Article.

Section 11. Informal Action of Directors. Any action required by law or by these Bylaws to be taken at a meeting of the Board of Directors may be taken without a meeting if a written document of consent setting forth the action taken is signed by all the Directors then in office.

Section 12. Compensation. The officers and Directors shall serve without compensation, but reasonable expenses incurred may be reimbursed when expended for and in the interest of the

Corporation and approved by the Board of Directors by a majority vote of the remaining Directors, excluding the Director seeking reimbursement and any joint owner of such Director otherwise entitled to vote.

Section 13. Repealed.

Section 14. Committees. The Board of Directors may, by resolution adopted by the affirmative vote of a majority of the Directors then in office, establish and later modify, at any time, such committees as the needs of the Board of Directors or the Corporation may require. Committee members shall be appointed by the President, subject to the approval of a majority of the Board of Directors. Each such committee shall consist of two (2) or more persons and, in the case of those committees having and exercising the authority of the Board of Directors, the majority of such members shall also be Directors of the Corporation. The Board may delegate to any such committee some or all of its powers except those which by law, by the Articles of Incorporation or these Bylaws may not be delegated.

The business of each committee shall be conducted, as far as is possible, in the same manner as is provided in these Bylaws for the Board of Directors. All members of such committees may be removed by the affirmative vote of two-thirds (2/3) of the Directors then in office. Removal shall be governed by the notice and hearing requirements of Section 4 of this Article. The Board of Directors may abolish any such committee at any time. Every committee shall keep a record of business consistent with the office of the committee and the responsibilities as may be assigned to it from time to time by the Board of Directors.

ARTICLE VI

Officers

Section 1. Officers. The officers of the Corporation shall be the President, Vice President, Secretary, and Treasurer, and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers as it shall deem desirable, such officers to possess the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. Election, Term of Office and Qualification. The officers of the Corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of the officers shall not be held at such meeting, the election shall be held as soon thereafter as may be conveniently accomplished. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified. Officers of the Corporation may also serve the Corporation as Directors concurrently with their service as officers.

Section 3. Vacancies. A vacancy in any office because of death, resignation, disqualification or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 4. President. The President shall be the chief executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He or she shall preside at all meetings of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Corporation authorized by the Board of Directors, any contracts or other instrument which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Corporation; and in general, he or she shall perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice President. At the request of the President, or in the event of the President's absence or disability, the Vice President shall perform the duties and possess and exercise the powers of the President and shall have such other duties as may be assigned by the Board of Directors.

Section 6. Secretary. The Secretary shall have charge of such books, documents and papers as the Board of Directors may determine. The Secretary or a designee shall attend and keep the minutes of all meetings of the Corporation and the Board of Directors, and shall keep an up-to-date record containing the names, alphabetically arranged, of all persons who are members of the Corporation, showing their places of residence. Such books shall be open for inspection at all reasonable times as may be prescribed by law. The Secretary may sign with the President or Vice President, in the name of and on behalf of the Corporation, any documents authorized by the Board of Directors; shall in general, perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors; and shall do and perform such other duties as may be assigned to him or her from time to time by the Board of Directors.

Section 7. Treasurer. The Treasurer shall receive, hold and disburse, or cause to be so handled, all funds of the Corporation as provided herein. The Treasurer shall cause the funds of the Corporation to be deposited in such banks, savings and loan associations, trust companies, or other depositories as designated by the Board of Directors and permitted by law; shall keep or cause to be kept, a full account of all monies received and paid out; and shall make a report of the same and of all funds and securities in his or her custody at the annual meeting and at such other times as the President or Board of Directors may require. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine.

Section 8. Removal. Any officer may be removed from office by the affirmative vote of two-thirds (2/3) of all of the Directors then in office at any regular or special meeting called for that purpose or for nonfeasance, malfeasance or misfeasance, for conduct detrimental to the interests of the Corporation, for lack of sympathy with its objectives or for refusal to render reasonable assistance in carrying out its purposes. Any officer proposed to be removed shall be entitled to at least ten (10) days notice in writing by mail of the meeting of the Board of Directors at which time such removal is to be voted upon, and such officer shall be entitled to appear before and be heard by the Board of Directors at such meeting. Notwithstanding the foregoing, in the event of an accusation of malfeasance, misappropriation of funds or actual fraud, an officer may be suspended by three (3)

directors pending the meeting for removal, which shall be called within fifteen (15) days of suspension.

ARTICLE VII

Corporate Employees

Section 1. Executive Director. The Board of Directors of the Corporation may, at the Board's sole discretion, appoint an Executive Director whose appointment and removal shall require a two-thirds (2/3) vote of the Board. Removal shall be governed by the notice and hearing requirements of Section 8 of Article VI. The Executive Director shall attend to and be responsible for the day to day administration of the Corporation subject only to the general supervision and control of the President, Executive Committee and the Board of Directors, and shall have such supervisory and managerial powers in the conduct of the business of the Corporation as shall be conferred upon him or her by the Board of Directors from time to time or as shall be delegated to the Executive Director with the consent of the Board. The Executive Director shall attend all meetings of the Board of Directors but shall not be deemed a member of the Board of Directors or of the Executive Committee or an officer of the Corporation. The Executive Director need not be a Member.

Section 2. Other Employees. The Board of Directors may authorize the employment of such additional full or part-time employees as are needed to carry out the programs and business of the Corporation. The Board of Directors shall enter into contracts of employment and set the compensation and other conditions of employment of such employees on behalf of the Corporation. Such employees need not be members of the Corporation.

ARTICLE VIII

Corporate Seal

The Corporation may, if it so chooses, have a corporate seal.

ARTICLE IX

Amendments

Section 1. The Bylaws. These bylaws may be amended at a regular or special meeting of the members called for such purpose by a vote of a quorum of the members present in person or by proxy.

Section 2. The Articles of Incorporation. The Articles of Incorporation may be amended at a regular or special meeting of the members called for such purpose by a vote of a quorum of the members present in person or by proxy.

ARTICLE X

Fiscal Year

Unless otherwise determined by the Board of Directors, the fiscal year of the Corporation shall begin on January 1 of each year and end on December 31 of that same year.

ARTICLE XI

Funding

Section 1. Raising of Funds. The Board of Directors shall be primarily responsible for the raising of funds to finance the operations of the Corporation. The Board may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation. Additionally, the Board of Directors shall be responsible for determining the time and amount of all assessments and dues to be charged to and paid by the members of the Corporation.

Section 2. Distribution of Funds. The Board of Directors shall determine the use, applicability and manner in which all Corporation funds shall be expended.

Section 3. Accounting. The Board of Directors shall be responsible for the preparation of a written operating budget for each fiscal year and an account of the expenditure of funds for the prior fiscal year. The Board of Directors may, in its discretion, have the books and records of the Corporation audited periodically by a qualified independent auditor.

Section 4. Investment. The Corporation shall have the right to retain all or part of any securities or property acquired by it in whatever manner, and to invest and reinvest any funds held by it according to the judgment and discretion of the Directors so long as all investment and reinvestment of funds complies with Section 501 through Section 528 of the Internal Revenue Code of 1986, as amended.

Section 5. Checks, Drafts and Corporation Indebtedness. All checks, drafts or orders for payment of money, notes or other evidence of indebtedness issued in the name of the Corporation shall be signed by such officers or other persons, as shall from time to time be determined by the Board of Directors.

ARTICLE XII

Prohibited Activities

No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf

of any candidate for public office. Notwithstanding any other provision of these Bylaws or of the Corporation's Articles of Incorporation, the Corporation shall not carry on any other activities not permitted to be carried on by a Corporation exempt from federal income tax under Section 501 through Section 528 of the Internal Revenue Code of 1986 (or the corresponding provision of any future United States Internal Revenue law).

ARTICLE XIII

Contracts

Except as otherwise provided in these Bylaws, the Board of Directors may authorize any Director, officer, member, employee or other agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to a specific instance. Unless so authorized in these Bylaws or by the Board of Directors, no Director, officer, agent, committee or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or render it liable for any purpose or for any amount.

ARTICLE XIV

Prohibition Against Sharing in Corporate Funds

No Director, officer, member, agent, employee or any other private individual shall receive, at any time, any of the net earnings from the operations of the Corporation, provided that this shall not prevent payment to any such person of such reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as are authorized by these Bylaws and as approved by the Board of Directors. Further, no such person shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation.

ARTICLE XV

Dissolution

This Corporation shall be perpetual but may be dissolved at any time by the action of the Board of Directors and by the members of the Corporation as set forth in the Texas Property Code and Texas Business Organizations Code and as that such codes may from time to time be amended. All members of the Corporation shall be deemed to have expressly consented and agreed that, upon dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Directors, shall be distributed, transferred, conveyed, delivered and paid over exclusively for the purposes of the Corporation in such amounts as the Directors may determine, or as may be determined by a court of competent jurisdiction upon application of the Directors.

ARTICLE XVI

Conflict of Interest

All loans and other transactions shall be conducted at arm's length and shall not violate the proscriptions in the Corporation's Articles of Incorporation, these Bylaws or any other applicable prohibition against the Corporation's use or application of its funds for private benefit. No such loan or transaction shall be entered into if it would result in denial of or loss of tax exempt or partial tax exempt status under Section 503 or 504 of the Internal Revenue Code and its regulations as they now exist or as they may be hereafter amended.

The service of individuals as Officers and/or Directors of this Corporation while also serving as Officers and/or Directors of SBC Corporation shall not be deemed a conflict of interest.

ARTICLE XVII

Books and Records

The Corporation shall keep correct and complete books and records of accounts and shall keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and shall keep a record giving the names and addresses of the members entitled to vote. All books and records of the Corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time, other than these such records deemed confidential by law.

For access, inspection or copying of the Corporation's records hereunder, an owner or the owner's authorized representative must submit a written request for access or information under by certified mail, with sufficient detail describing the Corporation's books and records requested, to the mailing address of the association or authorized representative as reflected on the most current management certificate filed under Texas Property Code Section 209.004. The request must contain an election either to inspect the books and records before obtaining copies or to have the property owners' association forward copies of the requested books and records. If an inspection is requested, the Corporation, on or before the 10th business day after the date the association receives the request, shall send written notice of dates during normal business hours that the owner may inspect the requested books and records to the extent those books and records are in the possession, custody, or control of the association. If copies of identified books and records are requested, the Corporation shall, to the extent those books and records are in the possession, custody, or control of the association, produce the requested books and records for the requesting party on or before the 10th business day after the date the association receives the request. If the Corporation is unable to produce the books or records requested on or before the 10th business day after the date the association receives the request, the association must provide to the requestor written notice that informs the requestor that the association is unable to produce the information on or before the 10th business day after the date the association received the request and states a date by which the

information will be sent or made available for inspection to the requesting party that is not later than the 15th business day after the date notice is given. The Corporation may produce the books and records requested hereunder in hard copy, electronic, or other format reasonably available to the association.

Records production and copying policy. The Corporation shall charge the lesser of the (i) maximum amount permitted by applicable law or (ii) \$0.10 per page per copy regardless of the number of pages or copies requested and an additional \$15 per hour labor charge for any complication comprising more than fifty pages (for the actual time incurred to locate, compile, manipulate data, and reproduce the requested information for the compilation, production, and reproduction of information requested under this section). The Corporation shall require advance payment of the estimated costs of compilation, production, and reproduction of the requested information. If the estimated costs are lesser or greater than the actual costs, the Corporation shall submit a final invoice to the owner on or before the 30th business day after the date the information is delivered. If the final invoice includes additional amounts due from the owner, the additional amounts, if not reimbursed to the association before the 30th business day after the date the invoice is sent to the owner, may be added to the owner's account as an assessment. If the estimated costs exceeded the final invoice amount, the owner is entitled to a refund, and the refund shall be issued to the owner not later than the 30th business day after the date the invoice is sent to the owner.

The foregoing notwithstanding, the Corporation is not required to release or allow inspection of any books or records that identify the dedicatory instrument violation history of an individual owner of an association, an owner's personal financial information, including records of payment or nonpayment of amounts due the association, an owner's contact information, other than the owner's address, or information related to an employee of the association, including personnel files, unless upon express written approval of the affected owner or a court orders the release of the books and records or orders that the books and records be made available for inspection. Information may be released in an aggregate or summary manner that would not identify an individual property owner.

The Corporation shall retain records as follows:

- certificates of formation, bylaws, restrictive covenants, and all amendments to the certificates of formation, bylaws, and covenants shall be retained permanently;
- financial books and records shall be retained for seven years;
- account records of current owners shall be retained for five years;
- contracts with a term of one year or more shall be retained for four years after the expiration of the contract term;
- minutes of meetings of the owners and the board shall be retained for seven years;
- and
- tax returns and audit records shall be retained for seven years.

ARTICLE XVIII

Restrictions and Covenants

In the case of any conflict between these by-laws and the Restrictions and Covenants, the Restrictions and Covenants, as may have been or may be amended, shall control.

ARTICLE XIX

Indemnification

The Corporation shall indemnify every Director, officer, agent and employee of the Corporation and his or her heirs, executors and administrators against all expenses reasonably incurred by such person in connection with any action, suit or proceeding to which he or she may be a party by reason of his or her having been a Director, officer, agent or employee of the Corporation to the full extent permitted by law, provided such person shall not have been guilty of gross negligence or misconduct in respect of the matter in which indemnity is sought.

We, the undersigned, certify that:

We are the duly elected directors of the Corporation;

We each have been duly elected to serve as officers in the capacity stated opposite of our name, if any;

That the foregoing by-laws constitute the complete by-laws of the Corporation and were duly adopted on the ___ day of ____, 2012, at a special meeting properly called for such purpose and by a majority vote of the members present in person or by proxy, at which such meeting a quorum was present.

Directors:

Tom Knittle, President

Barbi Jones, _____

Tracye Gearhart, _____

DJ Holster

Gary Hires, Vice President

Lisa Holderness, Treasurer

Joni Hires, Secretary

SEAL:

SCHEDULE 1

Fine Rate Schedule – Deed Restrictions Violations vs. fines – Effective August 15, 2004

Reference: Bylaws Article 5, Section 1 (General Powers).

The Deed Restrictions violations vs. fines schedule must be promulgated to the community per Bylaws Article 5, Section 1, Paragraph 2 (Effective Date August 15, 2004 as revised September 18, 2012). Per this requirement the Deed Restriction Violation vs. Fines schedule is set by the Board at **\$100.00 per month for all Deed Restriction Violations.**