

BYLAWS
OF
HULEN HEIGHTS
HOMEOWNERS ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

ARTICLE I
NAME

1.1 NAME. The name of the organization shall be Hulen Heights Homeowners Association, Inc., hereinafter called the "Association."

ARTICLE I
NAME
ORGANIZATION AND PURPOSES

2.1 ORGANIZATION. The Association is organized and shall be operated exclusively as a homeowners association within the meaning of Section 528 of the Internal Revenue Code of 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue Code of 1986, as amended, or the corresponding provision or provisions of any subsequent United States Internal Revenue law or laws. The Association is formed in connection with the development of and sale of Residences constructed on the real property in Fort Worth, Texas described in Exhibit A hereto (the "Hulen Heights Property").

2.2 PURPOSES. The primary purposes for which the Association is formed are (a) to construct and maintain in a good and neat condition, and replace as necessary, the Common Areas (as defined in the Declaration) of the Association, (b) to maintain other common areas of the Association, and (c) to the extent permitted by applicable law, to have the power to provide architectural control and compliance with the covenants, conditions and restrictions of the Declaration of Covenants, Conditions and Restrictions for Hulen Heights, dated as of January 19, 1999, executed by Hillwood RLD, L.P., a Texas limited partnership ("Hillwood") as the "Declarant" thereunder, recorded in the Real Property Records of Tarrant County, Texas, covering the portion of the Hulen Heights Property (the "Declaration").

2.3 ASSOCIATION OBLIGATIONS. The Association and its Board of Directors shall never be under any obligation to provide architectural control or enforce the covenants, conditions or restrictions of the Declaration, and any failure to so provide or enforce shall never give rise to any liability on the part of the Association or its Board of Directors.

2.4 MEMBER/USER OBLIGATIONS. All present or future Members of the Association and all tenants of any such Members, shall be subject to the regulations set forth in these Bylaws, and the policies and regulations established by the Board of Directors.

ARTICLE III
DEFINITIONS AND TERMS

3.1 DEFINITIONS. Capitalized terms used in these Bylaws and not defined elsewhere herein shall have the meaning assigned to them below:

(a) “Articles” shall mean the Articles of Incorporation of the Association as the same may from time to time be duly amended.

(b) “Assessments” shall mean Regular Assessments and Special Assessment as defined below:

(i) “Regular Assessment” shall mean the amount assessed to and required to be paid by each Owner to the Association for that Owner’s portion of the Common Expenses in accordance with these Bylaws.

(ii) “Special Assessment” shall have the meaning assigned to it in Section 5.4 below.

(c) “Association Budget” shall mean the Homeowners Association Cash Flow Projection to be prepared and approved by the Board of Directors.

(d) “Board of Directors” shall mean the Board of Directors of the Association.

(e) “Common Areas” shall mean and refer to the sum of (a) the Common Areas as may be described in the Final Plat and (b) (i) the Swim Club Facilities and the Swim Club Property, unless and until the Swim Club Property shall be deemed a “Lot” pursuant to Section 1.14 below, (ii) the Screening Wall and Entry Improvements, (iii) the Landscaping Improvements, (iv) the Playground Facilities and the Playground Property, unless and until the Playground Property shall be deemed a “Lot” pursuant to Section 1.14 below, (v) any other areas designated as “Common Areas” by the Board, (vi) unpaved portions of any right of way or median along a street or road adjacent to all or a portion of the Property, and (vii) any other real property and any other easements, licenses, leaseholds, rights, rights-of-way and other interests in real property, and the improvements thereon, within the Property which have not been separately platted as a Lot on which a Residence will be constructed or dedicated to the City or another governmental authority; provided, however, additional property constituting a portion of the Future Phases of Hulen Heights may be annexed into the Common Areas by Declarant as provided in Section 7.13 of the Declaration.

(f) “Common Expenses” shall mean any and all expenses incurred or to be incurred by the Association in connection with the ownership, construction, maintenance, preservation and operation of the Common Areas, including the Association’s administrative costs incurred in connection therewith, and any other expenses incurred by the Association in the furtherance of its purposes or as prescribed by the Articles and these Bylaws.

(g) “Developer Directors” shall mean the three members of the Board of Directors whom Hillwood shall be entitled to appoint under Section 4.2 below.

(h) “Future Phases of Hulen Heights” shall mean and refer to any tracts of land adjacent to the Hulen Heights Property and hereafter owned by Declarant or an affiliate of Declarant.

(i) “Hulen Heights Property” shall mean and refer to, collectively, the property situated in Tarrant County, Texas described on the attached Exhibit “A”, and, subsequent to the annexation thereof as provided in Section 7.13 of the Declaration, each annexed portion of the Future Phases of Hulen Heights.

(j) “Initiation Fee” shall mean the initiation fee payable by Members pursuant to Section 5.1 below.

(k) “Landscaping Improvements” shall mean and refer to such landscaping as Declarant may install in portions of the Property and convey to the Association or as the Association may install in portions of the Property.

(l) “Lot” shall mean each residential lot on the Hulen Heights Property which is shown on a final plat duly approved by all applicable governmental authorities and filed for record with the Clerk of Tarrant County, Texas.

(m) “Member” shall mean each person and entity who is a member of the Association as provided for in Article IV hereof.

(n) “Owner” shall mean each record owner, whether one or more persons or entities of the fee simple title to a Lot who has acquired title to the Lot to use the Residence constructed thereon as a home and who is a Member pursuant to these Bylaws.

(o) “Playground Facilities” shall mean and refer to the improvements, furniture, equipment, and landscaping that Declarant or the Association may construct or install on the Playground Property, and “Playground Property” shall mean and refer to that certain tract of land situated in Tarrant County, Texas described in the attached Exhibit “C”.

(p) “Property” shall initially mean and refer to the Hulen Heights Property, and, subsequent to the annexation thereof as provided in Section 7.13 of the Declaration, each annexed portion of the Future Phases of Hulen Heights.

(q) “Residence” shall mean any detached single-family residence constructed upon a Lot.

(r) "Screening Wall and Entry Improvements" shall mean and refer to the screening wall and/or entry way that Declarant may install in portions of the Property and convey to the Association, and which may or may not be located on Lots.

(s) "Swim Club Facilities" shall mean and refer to the improvements, furniture, equipment and landscaping that Declarant or the Association may install or construct on the Swim Club Property, and "Swim Club Property" shall mean and refer to that certain tract of land situated in Tarrant County, Texas, described in the attached Exhibit "B".

ARTICLE IV MEMBERSHIP AND VOTING

4.1 MEMBERSHIP. Membership in the Association shall vest as follows:

(a) Any person on becoming a record owner after the date of these Bylaws of all or any part of a Lot in the Hulen Heights Property to use the Residence constructed thereon as a home shall automatically become a Member of the Association and be subject to these Bylaws.

(b) An Owner's membership in the Association shall terminate without any formal Association action whenever the Owner ceases to own all or any part of a Lot. Such termination shall not relieve or release the Owner from any liability or obligation incurred in connection with the Association or the Owner's Lot during the period of such ownership and membership in the Association, or impair any rights or remedies which the Board of Directors or others may have against such Owner in connection with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors, if it so elects, may issue one membership card per Lot to the Owner(s) of a Lot. Such membership card shall be surrendered to the Secretary whenever ownership of the Lot designated thereon is terminated.

(c) Hillwood shall be a Member of the Association without regard to whether Hillwood owns one or more specific Lots until the earlier to occur of (i) April 15, 2007, or (ii) the date Hillwood and any assignee of Hillwood's membership interest under this subsection (c) no longer own any portion of the Hulen Heights Property (the "Hillwood Termination Date"). On such earlier date, Hillwood shall cease to be a Member of the Association. Hillwood may assign its membership interest in the Association under this subsection (c) to any purchaser of any portion of the Hillwood Property by written instrument of assignment duly recorded in the Real Property Records of Tarrant County, Texas. Conveyance of a property interest by Hillwood alone shall not constitute an assignment of Hillwood's membership interest under this subsection (c).

4.2 VOTING. The Association shall have two classes of voting membership as follows:

NON-DEVELOPER MEMBERSHIP: Members other than Hillwood shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for

such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any such Lot.

DEVELOPER MEMBERSHIP: Hillwood shall be entitled to one (1) vote for each Lot which it owns. So long as Hillwood is a Member of the Association, it shall be entitled to designate three Developer Directors as part of the election of the Board of Directors pursuant to Section 7.4 below. The Developer Directors shall have full authority to vote in all matters which are presented to the Board of Directors for a vote (regardless of whether such matters are separately voted on by the Members). On the Hillwood Termination Date, Hillwood's Developer Membership in the Association and right to designate any Developer Director shall cease and Hillwood shall, if otherwise eligible, be a Non-Developer Member. Following the occurrence of the Hillwood Termination Date, only Non-Developer Membership will exist in the Association. If Hillwood assigns its membership interest in the Association under Section 4.1 above to an assignee permitted thereunder, such assignee shall succeed to the membership rights of Hillwood hereunder.

4.3 INCREASE IN ASSESSMENTS OR INITIATION FEE. Subject to the provisions hereof, any action pertaining to increasing the maximum Regular Assessment or the Initiation Fee by more than ten percent (10%) or to Special Assessments for capital improvements shall require the assent of the majority of the vote of Members who are voting in person or by proxy at a meeting duly called for that purpose at which a quorum is present, written notice of which shall be given to all Members not less than twenty (20) days nor more than fifty (50) days in advance, either personally, by facsimile transmission or by mail (postage prepaid), and shall set forth the purpose of such meeting.

4.4 MAJORITY. As used in these Bylaws, a "majority" of the Members shall mean the vote of at least fifty-one percent (51%) of the votes entitled to be cast by the Members present in person or by proxy at a duly called meeting at which a quorum is present.

4.5 QUORUM.

(a) The quorum required for any action referred to in Section 4.3 or Section 9.1 hereof shall be as follows:

At the first meeting called, the presence at the meeting of Members, or of the proxies, entitled to cast fifty percent (50.0%) of all of the votes of the Members shall constitute a quorum. If the required quorum is not present at the first meeting, one additional meeting may be called, subject to the notice requirement hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

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

At the first meeting called, the presence at the meeting of Members, or of proxies, entitled to cast forty percent (40.0%) of all of the votes of the Members shall constitute a quorum. If the required quorum is not present at the first meeting, one additional meeting may be called, subject to the notice requirement hereinabove set forth, and the required quorum at such second meeting shall be one-half (1/2) of the required quorum at the preceding meeting; provided, however, that no such second meeting shall be held more than sixty (60) days following the first meeting.

4.6 PROXIES. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association before the appointed time of each meeting.

4.7 ASSIGNMENT TO TENANT. Any Owner may assign any or all of his or her rights as a Member, except for voting rights in the Association and any rights held as a Director or officer of the Association, to a tenant who leases the Residence owned by the Owner by executing a written assignment in favor of the tenant and delivering a copy of the executed assignment to the Association. An Owner may not assign his or her voting rights in the Association; additionally, if the Owner is a Director and/or officer of the Association, he or she may not assign any rights or authority held as such Director and/or officer. So long as a tenant holds assigned rights, the tenant may exercise the assigned rights and the Owner may not. Any Owner assigning rights to a tenant hereunder shall be responsible for the consequences of the tenant's exercise of such rights as fully as if exercised by the Owner himself. Each Owner shall remain responsible for paying Assessments levied by the Association regardless of whether any of the Owner's rights have been assigned to a tenant.

ARTICLE V FEES AND ASSESSMENTS

5.1 INITIATION FEE. The Board of Directors, at any time it deems necessary or appropriate, may institute and charge an Association Initiation Fee (the "Initiation Fee"). At any time an Initiation Fee is required, each Owner, upon becoming a Member of the Association at any time after the Initiation Fee shall have been implemented by the Board of Directors, shall pay to the Association, at the address and in the manner designated by the Board of Directors, Initiation Fee as may then be effective by vote of the Board of Directors pursuant to Section 5.8 below. Each Initiation Fee shall be used by the Association for the construction of capital improvements or operating expenses of the Association. Until adjusted pursuant to the terms of Section 5.8 below, the Initiation Fee shall be \$100.00

5.2 PAYMENT OF ASSESSMENTS. Each Owner shall pay to the Association, at the address and in the manner designated by the Board of Directors, Regular Assessments and Special Assessments, such Assessments to be established and collected as hereinafter provided. Each such Assessment, together with any interest, costs and reasonable attorneys' fees provided for under these Bylaws, shall be the personal obligation of the person who is the Owner of a Lot at the time the Assessment falls due. The personal obligation for delinquent Assessments shall not pass to a successor in title to such Owner unless expressly assumed by such successor.

5.3 REGULAR ASSESSMENTS. Until adjusted pursuant to the terms of Section 5.8, the Regular Assessments payable by an Owner shall be \$75.00 per Lot semi-annually, all Regular Assessments to be payable in advance on March 31 and September 30 of each year. If the date of commencement of Regular Assessments for an Owner pursuant to Section 5.5 below is other than one of the four dates set forth in the preceding sentence, the first Regular Assessment owing by such Owner shall be prorated and paid to the Association on such date of commencement. Each Owner shall have the right to prepay, on any regular due date for a Regular Assessment, the Regular Assessments which will come due from such Member during the remainder of the annual period then fixed by the Board of Directors for Regular Assessments under Section 5.8 below.

5.4 SPECIAL ASSESSMENTS. In addition to the Initiation Fee and the Regular Assessments authorized above, the Association may levy at any time, in accordance with the Articles and these Bylaws, a Special Assessment (herein so called) for the purpose of defraying, in whole or in part, (a) as to Owners generally, the costs of any construction, reconstruction, repair or replacement of a capital improvement on the Common Areas, including fixtures and personal property related thereto, (b) as to Owners generally, any increased operating or maintenance expenses or costs to the Association, (c) as to a particular Lot Owner, the costs incurred by the Association due to the Lot Owner's failure to comply with these Bylaws or the Association's rules and regulations, (d) as to a particular Lot Owner, to the extent authorized by any of the Declarations, the costs incurred by the Association with respect to a particular Lot due to the Lot Owner's lack of maintenance of the Lot or other compliance with the applicable Declaration, and (e) as to a particular Lot Owner, Common Expenses incurred by the Association, in the judgment of the Board of Directors, as the result of the willful or negligent act of the Owner or the Owner's family, guests or invitees; provided, however, the Association may not levy a Special Assessment under clause (a) or clause (b) of this sentence more than one (1) time per calendar year. Each Owner's share of any Special Assessment levied under clause (a) or (b) above shall equal the product of the total Special Assessment levied times a fraction, the numerator of which is the Owner's Regular Assessment then payable to the Association and the denominator of which is the aggregate of all Owners' Regular Assessments then payable.

5.5 COMMENCEMENT OF ASSESSMENTS. With respect to each Owner who owns a Lot on the date of these Bylaws, the Regular Assessments provided for herein shall commence effective as of January 21, 1999, which is the date of incorporation of the Association. With respect to each person who becomes an Owner after the date of these Bylaws, the Regular Assessments provided for herein shall commence on the date the person becomes an Owner.

5.6 EXEMPT PROPERTY. All Common Areas, all property owned by Hillwood, and all property dedicated to and accepted by the City of Fort Worth or another governmental authority shall be exempt from the Assessments created herein.

5.7 REMEDIES OF ASSOCIATION. Any Initiation Fee or Assessment not paid within thirty (30) days after the due date shall be delinquent and shall bear interest from the due date at the rate of ten percent (10%) per annum (notwithstanding Section 3.7 of the Declaration). The delinquent Owner shall be liable to the Association for the delinquent Assessment and all interest accrued thereon and, in any suit or proceeding against the Owner or the Owner's Lot, the Owner shall be required to

pay and shall be liable for all costs, expenses and reasonable attorneys' fees incurred by the Association to collect the delinquent Assessment and interest thereon. No Owner may waive or otherwise escape liability for the Assessments provided for herein by non-use of the Common Areas or abandonment of the assessed Lot by the Owner. Without limitation of any of the other remedies provided in this Section 5.7, the Association shall have all remedies as provided in Section 3.7 of the Declaration.

5.8 DUTIES OF THE BOARD. Subject to the terms of these Bylaws, the Board of Directors shall fix the amount of the Initiation Fee and the Regular Assessments from time to time, but no more frequently than once per calendar year. The Board of Directors may amend the due dates for the Regular Assessments at any time the amount of the Regular Assessments is fixed. The Board of Directors may levy a Special Assessment authorized by these Bylaws at any time. The Board of Directors shall establish the due date for such Special Assessment at the time of levy. The Board of Directors shall prepare a roster of the Lots and Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the Assessment shall thereupon be sent, either personally, by facsimile transmission or by mail (postage prepaid), to every Owner subject thereto. The Association shall, upon demand at any time, furnish to any Owner liable for an Assessment a certificate in writing signed by an officer of the Association setting forth whether such Assessment has been paid.

5.9 SUSPENSION OF RIGHTS. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members, within the meaning of these Bylaws, only if he or she is not delinquent in the Assessment made or levied against him or her. Additionally, the Association shall have the right to suspend the voting rights of an Owner for a reasonable period in response to any infraction of the Association's rules and regulations.

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5.10 DEVELOPER CONTRIBUTIONS. Provided Hillwood has reviewed and approved in writing the Association Budget, Hillwood shall make contributions to the Association to assist in the construction of capital improvements and payment of operating expenses during 1998 and 1999. By its acceptance of Developer Membership in the Association as set forth in Section 4.3 above, Hillwood confirms its agreement to make the contributions to the Association in the amounts and at the times set forth in the approved Association Budget. Neither the Members nor the Board of Directors nor any officer of the Association shall have any authority through any means (whether by resolution, regulation, amendment or repeal of these Bylaws, adoption of new bylaws or otherwise) to require Hillwood to make contributions or payments to the Association in any amount or at any time other than as set forth in the Association Budget.

ARTICLE VI ADMINISTRATION

6.1 ASSOCIATION RESPONSIBILITIES. The Members will constitute the Association. The responsibilities and affairs of the Association will be administered through a Board of Directors.

6.2 PLACE OF MEETINGS. All annual and special meetings of the Association shall be held at the principal office of the Association or at such other suitable and convenient place as may be permitted by law and from time to time fixed by the Board of Directors and designated in the notices of such meetings.

6.3 ANNUAL MEETINGS. Annual meetings shall be held the first Wednesday of May of each year or on any other day not more than thirty (30) days thereafter which is stipulated by resolution of the Board of Directors.

6.4 SPECIAL MEETINGS. It shall be the duty of the President of the Association to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by Members having not less than one tenth (1/10) of the votes entitled to be cast at such meeting and presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof.

6.5 NOTICE OF MEETINGS. The Secretary shall send notices of annual and special meetings to each Member of the Association, either personally, by facsimile transmission or by mail (postage prepaid), directed to the last known post office address or facsimile number of the Member, as shown on the records of the Association. Such notice shall be delivered not less than twenty (20) days nor more than fifty (50) days before the date of such meeting and shall state the date, time and place of the meeting and the purpose or purposes thereof. If delivered personally, such notice may be left at the Member's residence in his or her absence. If requested, any mortgage of record or its designee may be entitled to receive similar notice.

6.6 ADJOURNED MEETING. If any meeting of Members cannot be organized because a quorum has not attended, the Members who are present, either in person or by proxy, may adjourn the meeting until a quorum is attained, as provided in Section 4.5 hereof.

6.7 DELIVERY OF NOTICES TO MEMBERS. Any notice required to be delivered to a Member under these Bylaws shall be deemed delivered at the time of personal delivery or, if delivered by facsimile transmission, at the time the communication is successfully transmitted or, if delivered by mail, at the time the notice is deposited in the United States mail addressed to the Member at his or her address as it appears on the records of the Association, with postage thereon paid.

6.8 ORDER OF BUSINESS. The order of business at all meetings of the Members shall be as follows:

- a. Roll call.
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting.
- d. Reports of officers.
- e. Reports of committees.
- f. Election of Directors and officers, if applicable.
- g. Unfinished business.

- h. New business.

ARTICLE VII
BOARD OF DIRECTORS; ELECTION OF OFFICERS

7.1 NUMBER AND QUALIFICATION. The affairs of the Association shall be governed by a Board of Directors. Until the first annual meeting of the Members under these Bylaws, the Board of Directors shall be composed of the following three (3) persons:

<u>NAME</u>	<u>ADDRESS</u>
Fred J. Balda	Two Stonebriar Drive Frisco, Texas 75034
Angela T. Waddle	Two Stonebriar Drive Frisco, Texas 75034
Janet Hebert	Two Stonebriar Drive Frisco, Texas 75034

Prior to the first annual meeting of the Members, the three-member Board of Directors shall have authority to perform the following acts, regardless of whether these Bylaws contemplate that such acts will normally be performed by the Board of Directors or an officer of the Association:

- (a) File the Articles with the Secretary of State of Texas and adopt these Bylaws by the Association.
- (b) Procure and maintain all necessary books and records of the Association.
- (c) Pay all fees, expenses and costs incident to or necessary for the incorporation and organization of the Association.
- (d) Approve and adopt the fiscal year of the Association.
- (e) Establish and maintain such bank accounts with such banks and authorized signatories and in such cities and states as the three-member Board of Directors shall deem necessary or desirable.
- (f) Approve and adopt the budget for the Association's affairs for fiscal year 1998 and as a cash flow projection for the Association's affairs for fiscal years 1998 and 1999 (collectively, the "Association Budget").
- (g) Take such other action as the three-member Board of Directors shall consider necessary or desirable for the prudent and efficient organization of the Association.

(h) Provided for all owners of Lots choosing or required to be Members under Section 4.1 above to become Members.

(i) Collect and enforce the Initiation Fee and the initial Regular Assessment owing under these Bylaws by all owners of Lots becoming Members.

(j) Schedule and conduct the first annual meeting of the Members in accordance with these Bylaws.

(k) Accept for the Association, as a contribution to the Association by Hillwood without payment by the Association, the conveyance from Hillwood of fee simple title to the Common Areas, and procure for the Association an owner's policy of title insurance insuring such title, all on such terms and conditions as the three-member Board of Directors shall determine to be in the best interest of the Association.

(l) Take or cause to be taken all such further action and cause to be signed, executed, acknowledged, certified, delivered, accepted, recorded, and filed all such further instruments in the name and on behalf of the Association as in the judgment of the three-member Board of Directors shall be necessary, desirable or advisable in order to carry out the intent of and to accomplish the purpose of the foregoing authorized acts.

Such three-member Board of Directors shall not otherwise conduct business of the Association. From and after the date of the first annual meeting of the Members, the Board of Directors shall be composed of five (5) persons. Until the Hillwood Termination Date has occurred, three of the five directors shall be Developer Directors whom Hillwood alone shall be entitled to appoint under Section 4.3 above. The members of the Board of Directors, except for the Developer Directors, must be Members. Not more than one Owner of a Lot may serve on the Board of Directors at the same time. Fred J. Balda, Angela T. Waddle, and Janet Hebert appointed by Hillwood, shall be the three Developer Directors on the initial five-member Board of Directors.

7.2 POWERS AND DUTIES. The Board of Directors shall have the powers and duties necessary for the operation and maintenance of the Common Areas and the administration of the other responsibilities and affairs of the Association. Subject to the provisions of the preceding sentence, the Board of Directors may do all such acts and things that are not by these Bylaws or the Articles directed to be exercised and done by the Members. Decisions of the Board of Directors shall be made by the vote of a majority of the Directors present at a meeting at which a quorum is present pursuant to Section 7.12 below.

7.3 OTHER POWERS AND DUTIES. The Board of Directors shall have the following additional duties:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations and all other provisions set forth in the Declarations, to the extent permitted by applicable law and to the extent the Board of Directors elects to do so.

(b) To establish, make and enforce compliance with rules, conditions, restrictions, limitations and all other provisions necessary for the orderly operation, use and maintenance of the Common Areas. (A copy of such rules shall be delivered or mailed to each Member promptly upon the adoption thereof.)

(c) To keep in good order, condition and repair the Common Areas and all items of personal property used in the enjoyment of the Common Areas, and to provide maintenance and replacement of improvements and landscaping on the Common Areas as needed.

(d) To insure and keep insured the Common Areas in an amount equal to the maximum replacement value of the improvements thereon, if any; to obtain and maintain commercial general liability insurance covering the Common Areas in amounts not less than One Hundred Thousand Dollars (\$100,000.00) per person, Three Hundred Thousand Dollars (\$300,000.00) per accident and Fifty Thousand Dollars (\$50,000.00) for property damages, with an annual aggregate of not less than One Million Dollars (\$1,000,000.00); to insure and keep insured all the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Members and their mortgagees; and to purchase and maintain insurance or a similar arrangement (including, but not limited to, a trust fund, self-insurance, a letter of credit, or a guaranty or surety arrangement) on behalf of any person who is serving the Association (or another entity at the request of the Association) against any liability asserted against such person and incurred by such person in such a capacity or arising out of status as such a person, whether or not the Association would have the power to indemnify such person against that liability under the Articles or by statute. Notwithstanding the other provisions of this subsection, the Association may not indemnify or maintain insurance or a similar arrangement on behalf of any person if such indemnification or maintenance of insurance or similar arrangement would subject the Association to income or excise tax under the Internal Revenue Code of 1986, as amended.

(e) To fix, determine, levy and collect the Initiation Fees and the Assessments to be paid by each of the Owners; and by majority vote of the Board to adjust, decrease or increase the amount of the Initiation Fees and the Regular Assessments, subject to the provisions of these Bylaws; to levy and collect Special Assessments in order to meet increased operating or maintenance expenses or costs, additional capital expenses and other expenses and costs for which a Special Assessment is authorized under these Bylaws. All Regular, Special or other assessments shall be in itemized statement form and shall set forth in detail the various expenses for which the Assessments are being made.

(f) To collect delinquent Initiation Fees and/or Assessments by suit or by any other process available under any of the Declarations or at law or in equity; and to enjoin or seek damages from an Owner, as provided by these Bylaws.

(g) To protect and defend the Common Areas from loss and damage by suit or otherwise.

(h) To enter into contracts within the scope of the duties and powers of the directors set forth herein.

(i) To establish a bank account for the common treasury for all separate funds which are required or may be deemed advisable by the Board of Directors.

(j) To use excess monies which may accrue in the account of the Association to pay costs and expenses of the Association incurred in accordance with these Bylaws.

(k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Members and any mortgagee of a Member's property within the Hulen Heights Property. The Association shall cause to be prepared and delivered annually to each Member a statement showing all receipts, expenses or disbursements since the last such statement. Such financial statements shall be available to any mortgagee of a Member's property within Hulen Heights Property, on request, within ninety (90) days following the fiscal year end of the Association. Any Member may require that the Association cause to be prepared and delivered, at such Member's expense, an audited financial statement of the Association. In addition, each Member shall have the right to inspect the books and records of the Association during normal business hours.

(l) To meet at least once each calendar year.

(m) To designate and employ the personnel necessary for the maintenance and operation of the Common Areas.

(n) From and after the Hillwood Termination Date, to appoint the members of the Committee.

(o) In general, to carry on the administration of the Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of the use and enjoyment of the Common Areas.

Notwithstanding any provision to the apparent contrary contained in these Bylaws, neither the Board of Directors nor any officer of the Association, without the affirmative vote of a majority of the Members present in person or by proxy at any regular or special meeting of the Members duly called, shall have authority to borrow funds in order to pay for any required expenditure or outlay or to mortgage, pledge or hypothecate any or all of the real or personal property of the Association as security for money borrowed or debts incurred in connection with the affairs of the Association.

7.4 ELECTION AND TERM OF OFFICE. At each annual meeting of the Members, the Members shall elect persons to serve as Directors and as President, Vice President and Secretary of the Association to hold office until the next succeeding annual meeting. At each election, the persons receiving the greatest number of votes shall be the Directors, subject to the rights of Hillwood to alone select the Developer Directors as provided in these Bylaws. Following the election of the Directors, the Directors shall select three Directors to simultaneously serve as the President, Vice President and Secretary, respectively, of the Association. Each Director elected shall hold office as a Director and, if

applicable, as the President, Vice President or Secretary of the Association for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier death, resignation, retirement, disqualification or removal. Hillwood shall designate the Developer Directors as provided in these Bylaws by written notice delivered to the Secretary of the Association, either personally, by facsimile transmission or by mail (postage prepaid) at or within 30 days prior to the annual meeting of the Members. Upon completion of each annual meeting of the Members, the Secretary of the Association shall deliver notice of the newly elected Directors and officers to each Member of the Association, either personally, by facsimile transmission or by mail (postage prepaid), directed to the last known post office address or facsimile number of the Member, as shown on the records of the Association. If delivered personally, such notice may be left at the Member's residence in his or her absence.

7.5 VACANCIES. Vacancies on the Board of Directors (and any corresponding vacancy, if applicable, in the officer position held by the vacating Director) caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum. Each Director so elected shall serve out the remaining directorship term of his predecessor and, if applicable, shall serve out the remaining term of the officer position held by his predecessor. Notwithstanding the foregoing, so long as the Hillwood Termination Date has not occurred, any vacancy of a Developer Director shall be filled only by written designation of the replacement by Hillwood. Upon filling any vacancy on the Board of Directors and any corresponding officer position, the Secretary of the Association shall deliver notice of the newly elected Director and, if applicable, officer, to each Member of the Association, either personally, by facsimile transmission or by mail (postage prepaid), directed to the last known post office address or facsimile number of the Member, as shown on the records of the Association. If delivered personally, such notice may be left at the Member's residence in his or her absence.

7.6 REMOVAL OF DIRECTORS AND OFFICERS. At any time, any Developer Director may be removed by Hillwood by written notice thereof delivered either personally, by facsimile transmission or by mail (postage prepaid) to the Secretary of the Association and designating a replacement Developer Director. At any regular or special meeting of the Members duly called, any Director who is not a Developer Director may be removed from his directorship position and any corresponding officer position held by him with or without cause by a majority vote of the Members, and a successor may then and there be elected to fill the vacancy in the directorship position and any corresponding officer position thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

7.7 ORGANIZATION MEETING. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

7.8 REGULAR MEETINGS. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at

least one such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, either personally, by telephone, by facsimile transmission or by mail (postage prepaid), at least ten (10) days prior to the day named for such meeting.

7.9 SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or Secretary, or upon the written request of at least three Directors. The President or Secretary will give ten (10) days to each Director either personally, by telephone, by facsimile transmission or by mail (postage prepaid), which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

7.10 TELEPHONIC MEETING. The Board of Directors may participate in and hold a meeting by means of conference telephone or similar communication equipment by which all persons participating in the meeting can hear each other. Participation in such a meeting shall constitute presence in person at the 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.

7.11 DELIVERY, WAIVER OF NOTICES. Any notice required to be delivered to a Director under these Bylaws shall be deemed delivered at the time of personal delivery or, if delivered by telephone or by facsimile transmission, at the time the communication is successfully transmitted or, if delivered by mail, at the time the notice is deposited in the United States mail addressed to the Director at his or her address as it appears on the records of the Association, with postage thereon paid. Before or at any meeting of the Board of Directors, any Director may in writing waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

7.12 BOARD OF DIRECTOR QUORUM. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and 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, at any meeting of the Board of Directors, there is less than a quorum present, the majority of those present may adjourn the meeting from time to time.

ARTICLE VIII POWERS AND DUTIES

8.1 DESIGNATION. The officers of the Association shall be a President, Vice President, Secretary and Treasurer, each of whom must be a Member. Not more than one Owner of a Lot may serve as an officer of the Association at any one time.

8.2 ELECTION OF OFFICERS. Prior to the Hillwood Termination Date, the officers of the Association shall be elected by an affirmative vote of a majority of the members of the Board of Directors. Following the Hillwood Termination Date, the President, Vice President and Secretary shall

be Directors duly elected by the Members as provided in Section 7.4 above. Following the Hillwood Termination Date, the Treasurer shall be elected annually by the Board of Directors at the organizational meeting of each new Board of Directors and shall hold office at the pleasure of the Board of Directors.

8.3 REMOVAL OF TREASURER. Upon an affirmative vote of a majority of the members of the Board of Directors, the Treasurer may be removed, either with or without cause, and his or her successor may be elected at any regular meeting of the Board of Directors or at any special meeting of the Board called for such purpose.

8.4 PRESIDENT. The President shall be the chief executive officer of the Association. The President shall preside at all meetings of both the Association and the Board of Directors, and shall have all the general powers and duties which are usually vested in the office of President of an association, including, but not limited to, the power to appoint committees from among the Members to assist in the administration of the affairs of the Association. The President, or his or her designated alternate, shall represent the Association at all meetings of the Association, as well as outside business meetings.

8.5 VICE PRESIDENT. The Vice President shall perform all of the duties of the President in his or her absence and such other duties as may be required of the Vice President from time to time by the President or the Board of Directors.

8.6 SECRETARY.

(a) The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association. The Secretary shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of the Secretary.

(b) The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

8.7 TREASURER. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such money as directed by resolution of the Board of Directors. The Treasurer shall also have the authority to: keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income expenditures to be presented to the Members at their regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to the Treasurer by the Board of Directors.

ARTICLE IX
AMENDMENTS TO BYLAWS

9.1 AMENDMENTS GENERALLY. Except as provided in Section 9.2 below, these Bylaws may be amended or repealed, or new bylaws may be adopted, at any annual or special meeting of the Members at which a quorum is present by the affirmative vote of two-thirds (2/3) of the total votes of the Members present at the meeting, provided notice of the proposed amendment, repeal or adoption be contained in the notice of such meeting; and provided further, that the foregoing notice requirement shall not prohibit the Members from adopting the proposed amendment, effecting the proposed repeal or adopting the proposed new bylaws, as the case may be, in a modified form which is not identical to that described or set forth in the notice of such meeting.

9.2 RESTRICTIONS ON AMENDMENTS. Prior to the Hillwood Termination Date, the Members may not amend or repeal these Bylaws, or adopt new bylaws, unless Hillwood consents in writing.

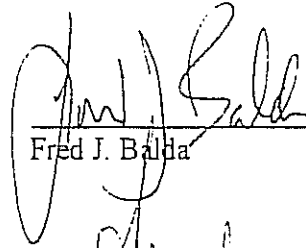
ARTICLE X
ACTIONS WITHOUT MEETINGS

10.1 CONSENT TO ACTION. Any action required or permitted to be taken at any meeting of Members, Directors or committee members may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by a sufficient number of Members, Directors or committee members, as the case may be, as would be necessary to take that action at a meeting at which all persons entitled to vote on the action were present and voted.

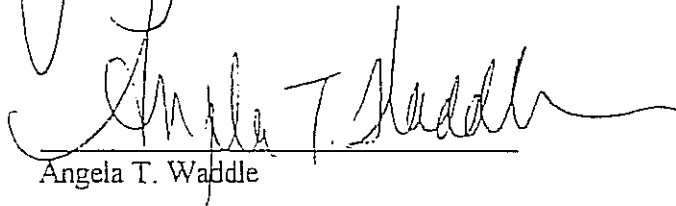
10.2 NOTICE OF ACTION. Prompt notice of the taking of any action by Members, Directors or committee members without a meeting by less than unanimous written consent shall be given to those Members, Directors or committee members who did not consent in writing to the action. Every written consent signed by less than all the Members, Directors or committee members entitled to vote with respect to the action that is the subject of the consent shall bear the date of signature of each person who signs the consent. No written consent signed by less than all the Members, Directors or committee members entitled to vote with respect to the action that is the subject of the consent shall be effective to take such action unless, within sixty (60) days after the date of the earliest dated consent delivered to the Association in the manner required by law, a consent or consents signed by not less than the minimum number of Members, Directors or committee members that would be necessary to take the action that is the subject of the consent are delivered to the Association by delivery to its registered office, registered agent, or principal place of business, or by delivery to an officer or agent of the Association having custody of the books in which proceedings of meetings of Members are recorded. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Association's principal place of business shall be addressed to the President or principal executive officer of the Association. A telegram, telex, cablegram or similar transmission by a Member, Director or committee member, or a photographic, photostatic, facsimile or

The undersigned, being the three initial members of the Board of Directors under these Bylaws, hereby certify that the foregoing is a true, complete and correct copy of the Bylaws of HULEN HEIGHTS HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation, as adopted by the Board of Directors by unanimous consent in lieu of organizational meeting dated effective as of January __, 1999.

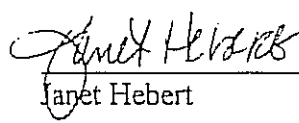
IN WITNESS WHEREOF, we hereunto set our hands effective for all purposes effective as of January 21, 1999.



Fred J. Balda



Angela T. Waddle



Janet Hebert

Certificate of Amendment of Bylaws

The undersigned, as the Secretary and keeper of the minutes and records of Hulen Heights Homeowners Association, Inc. certified that the following is a true and accurate copy of an amendment to the Bylaws of this corporation adopted at the annual meeting of the Members by the affirmative vote of at least two-thirds, in the aggregate, of a quorum of members present in person or by proxy on June 30, 2005:

RESOLVED, that in Article VII, Paragraph 7.4 be amended to read in its entirety as follows:

7.4. ELECTION AND TERM OF OFFICE. At the annual meeting of the Members at which this Amendment is adopted, the Members shall elect two Directors for a term of one (1) year; and three Directors for a term of two (2) years. At each annual meeting thereafter, the Members shall elect Directors for a term of two (2) years to fill each expiring term. At each election, the persons receiving the highest number of votes shall be the Directors. Immediately after the adjournment of the annual meeting, the Directors shall convene and select three Directors to serve as the President, Vice President and Secretary, respectively, of the Association. Each Director elected shall hold office as a Director for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier death, resignation, retirement, disqualification or removal. The President, Vice President and Secretary of the Association shall hold office for a term of one year and until his successor shall have been elected and qualified or until his earlier death, resignation, retirement, disqualification or removal.

I have subscribed my name and affixed the seal of the association this 10th day of October, 2005.

Hulen Heights Homeowners Association, Inc.

By: Chuck Mooney III
Name: Chuck Mooney III
Secretary

Certificate of Amendment of Bylaws

The undersigned, as the Secretary and keeper of the minutes and records of Hulen Heights Homeowners Association, Inc. certified that the following is a true and accurate copy of an amendment to the Bylaws of this corporation adopted at the annual meeting of the Members by the affirmative vote of at least two-thirds, in the aggregate, of a quorum of members present in person or by proxy on June 30, 2005:

RESOLVED, that in Article IV, Paragraph 4.5 be amended to read in its entirety as follows:

7.4. QUORUM.

(a) The quorum required for any action referred to in Section 4.3 or Section 9.1 hereof shall be as follows:

Fifty percent of members, either in person or by proxy, shall constitute a quorum. If the number of members necessary to constitute a quorum is not present in person or by proxy, the Members may adjourn such meeting from time to time without notice, other than by announcement at the meeting, until the number requisite to constitute a quorum shall be present in person or by proxy. At each adjourned meeting the quorum shall be half of the percentage of Members, either in person or by proxy, required for the previous meeting, for example: at the first adjourned meeting, the quorum shall be twenty-five percent. At any such adjourned meeting at which a quorum may be present, in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally noticed or called.

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

Forty percent of members, either in person or by proxy, shall constitute a quorum. If the number of members necessary to constitute a quorum is not present in person or by proxy, the Members may adjourn such meeting from time to time without notice, other than by announcement at the meeting, until the number requisite to constitute a quorum shall be present in person or by proxy. At each adjourned meeting the quorum shall be half of the percentage of Members, either in person or by proxy, required for the previous meeting, for example: at the first adjourned meeting, the quorum shall be twenty percent. At any such adjourned meeting at which a quorum may be present, in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally noticed or called.

I have subscribed my name and affixed the seal of the association this _____ day of _____, 2005.

Hulen Heights Homeowners Association, Inc.

By: Chuck Mooney
Name: Chuck Mooney
Secretary