

BYLAWS OF HORSE CREEK RANCH HOMEOWNERS ASSOCIATION

These Bylaws govern the affairs of Horse Creek Ranch Homeowners Association, a nonprofit organization.

ARTICLE I OFFICES

1.01 Principal and Registered Office; Registered Agent: The initial principal office of the corporation and place where all of the records of the corporation and place where all of the records of the corporation will be maintained shall be the registered office of the corporation which is 588 Austin Hines Drive, China Spring, Texas 76633. The address of the principal office and registered office need not be identical and the address of each may be changed from time to time by the Board of Directors. However, the corporation shall have and continuously maintain in the State of Texas a registered office and registered agent whose office is identical with such registered office, as required by the Texas Nonprofit Corporation Act.

ARTICLE II MEMBERSHIP

2.01 Membership in the Association shall be based on property ownership within Horse Creek Ranch in Coryell County, Texas. For the purpose of these Bylaws, a member is defined as follows:

- (1) Each tract Owner (whether one or more, a natural person or otherwise) owning fee simple title to one or more tracts in Horse Creek Ranch;
- (2) If more than one Owner has a fee simple interest in any one tract, it is specifically provided that such multiple owners (including husband and wife) are considered as a unit to be one member;
- (3) Each tract Owner shall pay annual dues as set by Declarant or the Association. The initial annual dues shall be \$50.00 per tract. Such dues may be increased or decreased upon written notice to members by the Declarant or the Association;
- (4) Each member as herein defined shall have the right to cast one vote per director for the election of directors and cumulative voting is herein expressly denied in the election of directors. Furthermore, each member as aforesaid shall have the right to cast one vote in determination of any other matter(s) properly presented to the membership of the Association;
- (5) Declarant and/or its appointee shall be a member of the Association and shall enjoy all rights and privileges associated therewith.

**ARTICLE III
BOARD OF DIRECTORS
NUMBER, TENURE, AND QUALIFICATIONS**

3.01 The governing body shall consist of twelve (12) Association members who shall be the Board of Directors, who among themselves shall elect a President, Vice-President, and Secretary-Treasurer. The duties and responsibilities and authority of the Board of Directors shall be as contained in and set forth in these Bylaws. All members of the Board shall serve in their capacity for a period of two (2) years and at the expiration of which new Directors shall be elected.

SUCCESSION

3.02 Each Director may succeed himself/herself in office.

NOMINATION AND ELECTION

3.03 The initial Board of Directors shall be appointed by Declarant. Thereafter, Directors shall be elected at an annual meeting of the property owners of the Horse Creek Ranch Homeowners Association at the place and time and in the manner that such membership meeting shall be called by the Board of Directors. Nominations may be from the floor, which nominations shall be seconded and majority vote of the membership shall be required for each nominee's election.

QUORUM

3.04 A majority of the Board of Directors shall constitute a Quorum for the transaction of business at any meeting of the Board.

VACANCIES

3.05 Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors shall be filled by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

COMPENSATION

3.06 No Director shall receive any compensation, but any actual out-of-pocket expenses incurred by the Director in pursuit of the business of the Association may be reimbursed to the Director.

INFORMAL ACTION BY DIRECTORS

3.07 Any action required by laws to be taken at a meeting of Directors or any action which may be taken at a meeting of Directors may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by all of the Directors.

ARTICLE IV MEETINGS BOARD OF DIRECTORS

4.01 The Board of Directors shall meet at least once every six (6) months after their organization at such time and place set out in writing and duly mailed or delivered to such Board Member not less than fifteen (15) days prior to such meeting. If, in the opinion of the President, an emergency meeting is necessary, one may be held upon immediate notice at the time and place so called by the President. In the event the meeting day falls on a Holiday, the meeting shall be postponed to the following Saturday. Any member of the Association may attend and speak without vote at all Board of Directors meetings in accordance with the Texas Open Meetings Act.

4.02 A general meeting of the general membership shall be had each year at Horse Creek Ranch or at such other time and place to be determined by the Board of Directors. A written notice of such meeting shall be mailed or delivered to each property owner at least thirty (30) days in advance to his last known address. The purpose of the meeting shall be the election of Directors for the ensuing term and the transaction of such other business as may come before the meeting.

ARTICLE V AUTHORITY TO ACT

5.01 All acts involving the Association and the Subdivision shall be by the Board of Directors alone and no member of the Association shall have authority to bind the Association in any manner without the written consent of the Board of Directors signed in writing by the President and attested by its Secretary.

INDEMNIFICATION

5.02 The Association members are members by virtue of their ownership of property in Horse Creek Ranch and their payment of dues to the Association and are governed by the Declaration of Covenants, Conditions, and Restrictions for Horse Creek Ranch, Coryell County, Texas, record number 124993 of the Real Property Records of Coryell County, Texas, as adopted by the Association, and therefore no member of the Association shall

in any manner be responsible for or held liable for any act, misconduct, tort, negligence or omission(s) of the Association or of any other individual member of the Association, which injures or harms a member of the general public while using any of the streets, roads, or other public areas to which the general public may have a right. Nor shall members be personally liable for any debts or obligations of the Association. The Association may indemnify any member who was, is, or is threatened to be made a named defendant or respondent in litigation or other proceedings merely because the person is or was a person acting in his/her capacity as a member of the Association.

ARTICLE VI AMENDMENTS TO BYLAWS

6.01 The Bylaws of the Association may be amended from time to time as the needs of the Association may require for the betterment of the Association in carrying out the provisions of the Declaration of Covenants, Conditions, and Restrictions for the Horse Creek Ranch. Amendments to the Bylaws of the Association may be made only by a called meeting of the membership at which majority shall be present, for such purposes so designated and upon notice mailed to each member at his last known address not later than thirty (30) days prior to the date designated for such meeting, informing each member the purpose therefore, the proposed amendment, and the place where such meeting is to be held. Any amendment shall be passed by Resolution presented to the membership present, and its adoption moved and seconded and then voted for by a vote of a majority of the members present. Any such meeting shall be conducted in accordance with Roberts Rules of Order.

ARTICLE VII OFFICERS

7.01 The officers of the Association shall be those designated in Article III of these Bylaws and elected in accordance with the provisions of said paragraph.

PRESIDENT

7.02 The President shall be the principal executive officer of the Association and shall in general supervise and control the business and affairs of the Association. He shall preside at all of the meetings of members and of the Board of Directors. He may sign, with the Secretary or any other officer of the Association authorized by the Board of Directors, all documents authorized by the Board of Directors and in general he shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

VICE-PRESIDENT

7.03 In the absence of the president or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting shall have all of the powers of and be subject to all restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

SECRETARY/TREASURER

7.04 The Secretary/Treasurer shall have charge and custody and be responsible for all funds and securities of the Association and shall keep the records of the Association, shall keep a register of the post-office address of each member of the association which shall be furnished by each member, and shall perform such other duties as may be designated by the Board of Directors. The Secretary/Treasurer may appoint one or more assistant Secretary/Treasurers to assist him/her.

ARTICLE VIII TRANSACTIONS OF THE ASSOCIATION CONTRACTS, CHECKS, DEPOSITS AND GIFTS

8.01 The Board of Directors may authorize any officer or officers to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. No act of the Association shall be valid until authorized or ratified by the Board of Directors.

8.02 The Board of Directors shall direct the Secretary/Treasurer to open a bank account at a bank so designated by the Board of Directors.

8.03 All funds of the Association shall be deposited from time to time to the credit of the Association in such banks or other depositories as provided by the Board of Directors. The Board of Directors is specifically authorized to open a savings account and to invest in certificates of deposit or governmental bonds or other obligations when any surplus funds are on hand.

8.04 The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes of the Association or for any special purpose of the Association.

ARTICLE IX PURPOSE

9.01 It is the intent and purpose of the corporation and Association to expend funds for the general benefit of all property owners within the Horse Creek Ranch, in compliance with the

Declaration of Covenants, Conditions, and Restrictions for the Horse Creek Ranch, Coryell County, Texas. Within the guidelines of these Bylaws, the Articles of Incorporation and the Covenants, Conditions, and Restrictions in the Horse Creek Ranch, the Board of Directors may receive funds for the benefit of the Association for use in the betterment of the property and its owners in the Horse Creek Ranch and may expend funds directly on such properties as shall be designated therefore.

ARTICLE X BOOKS AND RECORDS

10.01 The Association shall keep correct and complete books and records of account and all also shall keep minutes of the proceedings of its Board of Directors and membership meetings. All books and records of the Association may be inspected by any member for any proper purpose and at any reasonable time after reasonable notice has been given. The books and records of the Association shall be kept at the registered or principal office of the Association.

10.02 At each annual meeting, the Board of Directors shall make available to the members a statement of condition, listing the assets of the Association, the receipts during the preceding year and the expenditures during the preceding year, including the purpose for each said expenditure.

ARTICLE XI FISCAL YEAR

11.01 The fiscal year of the corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE XII ANNUAL DUES

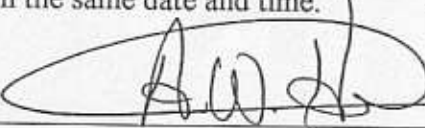
12.01 The annual dues of \$50.00 per tract shall be due and payable on or before January 1 of each year or when an Owner purchases a tract, prorated for partial year's ownership. In the event of non-payment of said dues, the non-paying members voting rights shall be suspended until the dues are paid. Dues will commence with calendar year 1999.

12.02 The annual dues may be increased for the use and benefit of the Association upon written notice to the members of the Association.


**ARTICLE XIII
WAIVER OF NOTICE**

13.01 Whenever any notice is required to be given under the provisions of the Texas Nonprofit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the Association, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

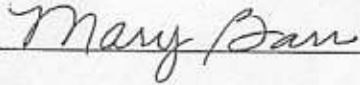
The foregoing Bylaws are adopted this _____ day of _____, 1999, by the Board of Directors of Horse Creek Ranch Homeowners Association by Resolution duly recorded in the minutes of said meeting held on the same date and time.



Director



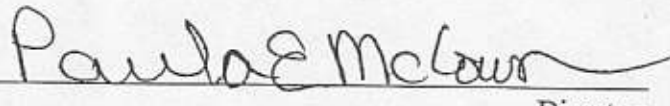
Director



Director



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