

BYLAWS OF
 NANTUCKET PRESERVATION ASSOCIATION,
 INC. (A Texas Non-Profit Corporation)

ARTICLE I..... 3
 1.01 Definition..... 3
 ARTICLE II NAME..... 3
 2.01 Name..... 3
 ARTICLE III OFFICES..... 3
 3.01 Registered Office..... 3
 3.02 Other Offices..... 3
 ARTICLE IV PURPOSES AND PARTIES..... 3
 4.01 Purposes..... 3
 4.02 Parties..... 4
 ARTICLE V MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, VOTING,
 CUMULATIVE VOTING, QUORUM, PROXIES 4
 5.01 Membership..... 4
 5.02 Member in Good Standing 4
 5.03 Voting Rights in the Association..... 5
 5.04 Voting..... 6
 5.05 Cumulative Voting..... 6
 5.06 Majority..... 6
 5.07 Quorum..... 6
 5.08 Proxies..... 6
 ARTICLE IV ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS 6
 6.01 Association Responsibilities..... 6
 6.02 Place of meeting..... 7
 6.03 Annual meetings..... 7
 6.04 Special Meetings..... 7
 6.05 Notice of Meetings..... 7
 6.06 Order of Business..... 7
 ARTICLE VII BOARD OF DIRECTORS 7
 7.01 Number and Qualification..... 7
 7.02 Powers and Duties..... 7
 7.03 Other Powers and Duties..... 8
 7.04 No Waiver of Rights..... 9
 7.05 Election and Term of Office..... 9
 7.06 Vacancies..... 9
 7.07 Removal of Directors..... 10
 7.08 Organization Meeting..... 10
 7.09 Regular Meetings..... 10
 7.10 Special Meetings..... 10
 7.11 Waiver of Notice..... 10
 7.12 Board of Directors' Quorum..... 10
 7.13 Compensation..... 10
 ARTICLE VIII FISCAL MANAGEMENT..... 10
 8.01 Accounts..... 10
 8.02 Separate Accounts..... 11
 8.03 Fiscal Year..... 11
 ARTICLE IX OFFICERS..... 11

9.01 Designation.....	11
9.02 Election of Officers.	11
9.03 Resignation and Removal of Officers.....	11
9.04 Vacancies.	11
9.05 President.....	11
9.06 Vice President.....	11
9.07 Secretary.....	12
9.08 Assistant Secretary.	12
9.09 Treasurer.	12
ARTICLE X INDEMNIFICATION OF OFFICERS AND DIRECTORS	12
10.01 Indemnification.....	12
10.02 Other.....	13
ARTICLE XI AMENDMENTS TO BYLAWS	13
11.01 Amendments to Bylaws.....	13
ARTICLE XII EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE	13
12.01 Proof of Ownership.	13
12.02 Registration of Mailing Address.	14
ARTICLE XIII ASSESSMENTS AND LIENS	14
13.01 Purpose of Assessments.	14
13.02 Annual Budget and Regular Assessments.....	14
13.03 Special Group Assessments.	15
13.04 Special Member Assessments.....	15
13.05 Payment of Regular Assessments.	16
13.06 Payment of Special Assessments.	16
13.07 Enforcement and Personal Obligation of Owners For Payment Assessments.....	16
13.08 Lien and Foreclosure.	17
13.09 Lien Subordination.	18
13.10 Common Areas Exempt.	18
13.11 Notice of Lien or Suit.	18
13.12 Mechanic's Lien.	18
ARTICLE XIV ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS.....	18
14.01 Abatement and Enjoinment.	18
ARTICLE XV COMMITTEES.....	19
15.01 Design Review Committee.	19
15.02 Other Committees.	20
15.03 Term of Office.	20
15.04 Chairman.	20
15.05 Vacancies.	20
15.06 Quorum.	21
15.07 Rules.	21
ARTICLE XVI NON-PROFIT ASSOCIATION.....	21
16.01 Non-Profit Association	21
ARTICLE XVII EXECUTION OF DOCUMENTS	21
17.01 Execution of Documents.	21
ARTICLE XVIII PROXY TO TRUST.....	21
18.01 Proxy to Trust.....	21
ARTICLE XIX CONFLICTING OR INVALID PROVISIONS	21
19.01 Conflicting or Invalid Provisions.....	21
ARTICLE XX NOTICES	22

20.01 Notices.....	22
AMENDMENT.....	22
13.09 Lien Subordination.....	22
AMENDMENT.....	23
5.07 Quorum.....	23
5.09 Voting by Absentee Ballot.....	23
6.031 Nominations and Absentee Ballots.....	23
6.05 Notice of Meetings.....	23

ARTICLE I

1.01 Definition. The words defined in the Declaration of Protective Covenants for NANTUCKET PHASE I, recorded in Volume 572, Page 639 of the Deed Records of Brazos County, Texas as modified on October 12, 1983 at Volume 613, Page 707 of the Deed Records of Brazos County, Texas, and for NANTUCKET PHASE II, recorded in Volume 754, Page 397 of the Deed Records of Brazos County, Texas (the "Declaration"), shall have the same meaning in these Bylaws.

**ARTICLE
II NAME**

2.01 Name. The name of this Corporation shall be NANTUCKET PRESERVATION ASSOCIATION, INC. (hereinafter called the "Association").

**ARTICLE
III
OFFICES**

3.01 Registered Office. The registered office of the Association shall be as designated with the Secretary of State of the State of Texas, as it may be changed from time to time.

3.02 Other Offices. The Association may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Association may require.

**ARTICLE IV PURPOSES
AND PARTIES**

4.01 Purposes. The purpose or purposes for which the Association is organized are to act as agent for the Owners of NANTUCKET PRESERVATION ASSOCIATION, INC., and for any and all other property which is accepted by this Association for similar purposes, those purposes being as follows:

- (a) To exercise all of the power and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration;
- (b) To affix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; and, as agent, pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of this Association including all

licenses, taxes or governmental charges levied or imposed against the property of this Association and to make disbursements, expenditures and payments on behalf of the Owners as required by the Declaration and the Bylaws of the Association; and to hold as agent for the Owners reserves for periodic repairs and capital improvements to be made as directed by the Owners acting through the Board of Directors of the Association;

(c) To acquire by gift; purchase or otherwise, to own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or to otherwise dispose of real or personal property in connection with the affairs of this Association subject to the limitations, if any, set forth in the Declaration

(d) To borrow money, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the limitations, if any, set forth in the Declaration;

(e) To provide general sanitation and cleanliness of Common Areas and Landscape Areas;

(f) To provide upkeep and maintenance of Common Areas and of Building Sites as provided in the Declaration;

(g) To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of NANTUCKET PRESERVATION ASSOCIATION, INC. in accordance with the Declaration; and

(h) To have and to exercise any and all powers, rights and privileges a corporation organized under the Non-Profit Corporation Law of the State of Texas, may now or hereafter exercise.

4.02 Parties. All present or future Owners, tenants, future tenants of any Building Site, or any other person who might use in any manner the facilities of the Property are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of all or any portion of a Building Site or the mere act of occupancy of all or any portion of a Building Site will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

ARTICLE V MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, VOTING, CUMULATIVE VOTING, QUORUM, PROXIES

5.01 Membership. Each and every Owner of a Building Site, or a subdivided portion thereof, shall automatically become, and must remain, a Member in Good Standing of the Association during such Owner's period of ownership of such Building Site or portion thereof. Such membership shall be appurtenant to each Building Site, or portion thereof, and may not be severed from or held separately therefrom. The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

5.02 Member in Good Standing. A Member of the Association shall be considered to be a Member in Good Standing and eligible to vote if such Member:

(a) Has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for hereunder.

(b) Does not have a lien filed by the Association against its Building Site;

(c) Has discharged other obligations to the Association as may be required of Members hereunder;
and

(d) Has met the proof of ownership requirement, if any provided for in Section 12.01 of these Bylaws.

The Board shall have sole responsibility and authority for determining the Good Standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) days prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting any or all of the four requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of this Section shall be declared by the Board to be not a Member in Good Standing and unless the time requirement required hereunder is specifically waived by the Board in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board.

5.03 Voting Rights in the Association. The Association shall have two (2) classes of voting membership:

(a) CLASS A. The Class A Members shall be all Owners with exception of the Declarant. After the Conversion Date, Declarant shall also become a Class A Member to the extent Declarant is the Owner of a Building Site or Sites, Lot or Lots.

(b) CLASS B. The Class B Member shall be the Declarant. The Class B membership of Declarant shall cease and become converted to Class A membership upon occurrence of the earlier of the following (the "Conversion Date"):

(i) The conveyance by NANTUCKET of 801 of the Lots in Phase I and Phased II as well as any remaining property developed in Common Share of Plan, whether residential, commercial, multi-family, or otherwise] or

(ii) Such earlier date as may be established by Declarant in a Supplemental Declaration to be recorded by Declarant.

Until the Conversion Date, the Class A Members shall not be entitled to vote (except as provided for the levying of Special Group Assessments under Article IV, Section 4 of the Declaration and amendments to the Declaration under Article X therein). The Class B Member shall be entitled to one hundredth (1/100) of one (1) vote for each one-hundredth (1/100) of one (1) Net Acre, as well as one vote per platted lot in which it holds the interest required for membership.

From and after the Conversion Date (and at anytime with respect to votes pertaining to Special Group Assessments and amendments to the Declaration), each Class A Member shall be entitled to one vote per platted lot or, in the event the property is unplatted, one-hundredth (1/100) of one (1) vote for each one-hundredth of one (1) Net Acre in which it holds the interest in a Lot or Building Site required

for Corporation membership. Where more than one person or entity holds such interest in any Lot or Building Site, all such persons collectively shall be a single Member, and the vote for such Member shall be exercised as the several parties shall determine among themselves.

The membership of a person or entity in the Corporation shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Corporation or the Declaration during the periods of ownership, nor impair any rights or remedies which the Corporation or any other Owner has with regard to such former Owner.

The NANTUCKET PRESERVATION ASSOCIATION, INC. shall not be a voting member of the Association by virtue of its ownership of any Building Site, or subdivided portion thereof.

5.04 Voting. Only Members in Good Standing shall be entitled to vote, and voting membership shall be decreased by the number of Members who are not Members in Good Standing to determine the votes entitled to be cast for the purpose of establishing a quorum, such determination of the total number of Members in Good Standing to be as of the date of which a vote is taken. The vote of the majority of those votes entitled to be cast by the Members in Good Standing present or voting by legitimate proxy at a duly called meeting at which a quorum of Members are represented shall be sufficient for the transaction of any business, unless otherwise provided by law and except for an amendment to the Declaration by the Members as provided in Article X, Section 3 of the Declaration.

5.05 Cumulative Voting. At all meetings of the Association voting shall be cumulative.

5.06 Majority. As used in these Bylaws, the term "Majority of Owners" or "Majority of Members" shall mean those voting Members holding fifty-one percent (51%) of the votes of the Association.

5.07 Quorum. Members holding one-half (1/2) of the votes entitled to be cast, shall constitute a quorum for voting on matters brought before the Association at meetings of Members called by the Board. In the event a quorum is not present, then the meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail, at which meeting the number of Members in Good Standing represented in person or by proxy shall be sufficient to constitute a quorum. The Members in Good Standing present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members in Good Standing to leave less than a quorum.

5.08 Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary of the Association before the appointed time of each meeting.

ARTICLE IV ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS

6.01 Association Responsibilities. The Members will constitute the Association which will have the responsibility of administering and enforcing the covenants, conditions and restrictions contained in the Declaration, including the collection and disbursement of charges and assessments created therein, through a Board of Directors. In the event of any dispute or disagreement between any Members relating to the Property, or any questions of interpretation or application of the provisions of the Declaration, Articles of Incorporation or these Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be

binding on each and all Members, subject to the right of Members to seek other remedies provided by law after such determination by the Board.

6.02 Place of meeting. Meetings of the Association shall be held such suitable place, convenient to the Members, as the Board of Directors may determine.

6.03 Annual meetings. The first meeting of the Association shall held within thirty (30) days after the expiration of ninety (90) days from the Conversion Date, or sooner at the option of Declarant. Thereafter, the annual meetings of the Association shall be held on or before forty-five (45) days after the expiration of the prior fiscal year. At such meetings there shall be elected by ballot of the Members a Board of Directors in accordance with the requirements of Paragraph 5 of Articles VII of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

6.04 Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by a majority of Members and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

6.05 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote at such meeting, at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

6.06 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and certifying proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of unapproved minutes;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

ARTICLE VII BOARD OF DIRECTORS

7.01 Number and Qualification. Until the first meeting of the Association, the affairs of this Association shall be governed by a Board of Directors consisting of the three (3) persons delineated in the Articles of Incorporation of the Association. At such first meeting, there shall be elected any five (5) Members in Good Standing of the Association to the Board of Directors who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.

7.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property

in keeping with the character and quality of the area in which it is located. The Board of Directors may do all such acts and things except as by law or by these Bylaws or by the Declaration may not be delegated to the Board of Directors.

7.03 Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done solely for the benefit of the Property and for the mutual and reciprocal benefit of Members:

(a) To set, collect and disburse Regular Assessments in any fiscal year or portion thereof for the following purposes:

(i) The employment of personnel or independent contractors;

(ii) The employment of legal, accounting, engineering, architectural or other independent professional services, including any services required to provide architectural review for any building or other development plans proposed for a Building Site;

(iii) The purchase of a policy or policies of insurance insuring the Association against any liability to the public, Owners, or Occupants incidental to operation of the Association, as provided for in Article V of the Declaration;

(iv) The purchase of fidelity bonds as provided for in Article V of the Declaration; and

(v) Anything which the Board deems appropriate and proper in fulfilling its obligations and responsibilities under the terms of the Declaration or by law or which, in its reasonable opinion, shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declaration;

(b) To expend Special Group Assessments collected pursuant to Article IV, Section 4 of the Declaration;

(c) To expend Special Member Assessments collected pursuant to Article IV, Section 5 of the Declaration;

(d) To enter into agreements or contracts with insurance companies with respect to insurance coverage for Common Areas and improvements thereon and other property of the Association;

(e) To enter into contracts with utility companies with respect to utility installation, consumption and services matters;

(f) To borrow funds to pay any costs of operation, secured by assignment or pledge of rights against owners for current, delinquent or future assessments, as the Board may determine in its sole discretion to be necessary and appropriate;

(g) To enter into contracts for goods and services or other Association purposes, provide services it deems proper, maintain one or more bank accounts, and generally to have all the powers necessary or incidental as may be required for prudent operation and management of the Association;

(h) To sue or to defend in any court of law on behalf of the Association;

(i) To provide for and accumulate reserve funds to be used for repairs, replacement and/or maintenance, in such amounts and for such purposes as may reasonably be determined by the Board to be necessary and appropriate, subject to provisions of Article III, Section 7 of the Declaration;

(j) To make, or cause to be made, any tax returns, reports, or other filings required by Federal, State, or local governmental authorities;

(k) To make reasonable rules and regulations for the use of the Property, including, but not limited to, Common Areas, as the Board deems necessary and appropriate and create a high level of environmental and aesthetic quality within the Property;

(l) To make available to each Owner within ninety (90) days after the end of any Association fiscal year a written annual report on financial affairs of the Association for the year preceding, and, upon written request of at least one-third (1/3) of the Members in Good Standing, to have such report audited by an independent certified public accountant selected by the Board, which audited report, if required, shall be completed and made available to each Member no later than ninety (90) days after such request is received by the Board. The cost of preparing and distributing such audit shall be paid by the Association from Regular Annual Assessments;

(m) To adjust the amount, collect and use any insurance proceeds to repair or replace any damaged or lost property, or to reimburse persons or entities entitled to receive reimbursement for injury, damage or losses, and, if said insurance proceeds are insufficient to provide full reimbursement as may be required, the Board may act to obtain the funds required in such manner as prescribed in the Declaration;

(n) To enforce the provisions of the Declaration, and to seek damages and/or equitable relief or other remedial action from any Owner for violation of this Declaration or any of its individual provisions; and

(o) To contract with any Owner(s), including, without limitation, the Declarant, for performance of services which the Association is otherwise obligated or permitted to perform, such contracts to be at competitive rates then prevailing for such services and upon such terms and conditions, and for such considerations, as the Board may deem advisable and in the best interest of the Association. The Board also shall have full power and authority, but not an obligation, to contract with any Owner(s) to provide maintenance, repair or replacement service, or any combination thereof, through the Association for an individual Building Site.

7.04 No Waiver of Rights. The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provision of the Declaration, the Bylaws or the rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same thereafter.

7.05 Election and Term of Office. At the first meeting of the Association the term of office of three (3) Directors shall be fixed at two (2) years; and the term of office of two Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.

7.06 Vacancies. Vacancies in the Board of Directors caused by death resignation or disqualification, i.e., 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; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

7.07 Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of Members entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

7.08 Organization Meeting. The first meeting of a newly elected Board of Directors following the annual meeting of the Members shall be held within ten (10) days thereafter 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.

7.09 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 calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

7.10 Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Director.

7.11 Waiver of Notice. Before or after 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 Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

7.13 Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

ARTICLE VIII FISCAL MANAGEMENT

8.01 Accounts. The funds and expenditures of the Members by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(a) Normal operating expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.

(b) Reserve for maintenance, repair and/or replacement relating to Common Areas or Building Sites which shall include funds for maintenance, repair or replacement because of damage, wear or obsolescence.

8.02 Separate Accounts. Separate accounts may be established in order to better demonstrate that the amounts deposited therein are capital contributions and not income to the Association.

8.03 Fiscal Year. The fiscal year for the Association shall be the calendar year.

ARTICLE IX OFFICERS

9.01 Designation. The officers of the Association shall be a President, a Vice President, a Secretary, and Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, elect. Such officers need not be members of the Board of Directors. The office of President and Treasurer may be held by the same person, and the office of Vice President and Secretary or Assistant Secretary may be held by the same person.

9.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office subject to the continuing approval of the Board.

9.03 Resignation and Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.04 Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise of the officer previously filling such office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.05 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of 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 from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

9.06 Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the President.

9.07 Secretary. The Secretary shall keep all the minutes of the meeting of the Board, of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary and as is provided in the Declaration and the Bylaws.

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.

9.08 Assistant Secretary. The Assistant Secretary, if any, shall have all the powers and authority to perform all the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also to perform any duties he is directed to perform by the Secretary.

9.09 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE X INDEMNIFICATION OF OFFICERS AND DIRECTORS

10.01 Indemnification. The Association shall have the power to Indemnify an Officer or Director thereof and the Declarant, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was a Director or Officer of the Association, against all loss, expenses (including but not limited to attorneys fees and cost of the proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association; provided, that with respect to: (1) any criminal action or proceeding, such person had no reasonable cause to believe that his conduct was unlawful; or (2) any civil claim, issue or matter, such person shall not be guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his conduct was unlawful, that such person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, or that such person is guilty of gross negligence or willful misconduct in the performance of his duties to the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon the determination that indemnification of such person is proper in the circumstances because he has met the applicable standards of conduct as set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, by (a) independent legal counsel in a written opinion, or (b) the Members in Good

Standing of the Association and no Member shall be disqualified from voting because he is or was party to any such action, suit or proceeding. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he is not entitled thereto as provided in this Article.

To the extent that a Director or Officer of the Association has been successful on the merits or otherwise in the defense of any action, suit or proceeding, whether civil or criminal, such person shall be indemnified against such expenses (including costs and attorneys' fees) actually and reasonably incurred by him in connection therewith.

Indemnification provided herein shall be exclusive of any and all other rights and claims to which those indemnified may be entitled as against the Association, and every Director, Officer or employee thereof under any Bylaw, resolution, agreement or law and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provision of this Article.

The Association shall purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of- the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provision of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense subject to Special Group Assessment; provided, however, that nothing in this Article X contained shall be deemed to obligate the Association to indemnify any Member or Owner who is or has been a director or officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration and these Bylaws that were assumed incurred outside of his conduct specifically related to the fulfillment of his duties as an Officer or Director of the Association.

10.02 Other. The Members, Board of Directors, Officers or representatives of the Association shall enter contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners).

ARTICLE XI AMENDMENTS TO BYLAWS

11.01 Amendments to Bylaws. These Bylaws may be amended in writing by the majority of Members in Good Standing; provided, however, that such authority may be delegated by the majority of such Members to the Board as allowed by the Texas Non-Profit Corporation Act.

ARTICLE XII EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE

12.01 Proof of Ownership. Except for those Owners who purchase a Building Site from Declarant,

any person, on becoming an Owner of a Building Site, shall furnish to the Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in the Building Site, which copy shall remain in the files of the Association. A Member shall not be deemed to be in Good Standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

12.02 Registration of Mailing Address. The Owner or several Owners of a Building Site shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons to be used by the Association. Such registered address of an Owner or Owners shall be deemed to be the mailing address of the Building Site or subdivided part thereof owned by said Owner or Owners unless a different registered address is furnished by such Owner(s) to the Board of Directors within fifteen (15) days after transfer of title, or after a change of address; and such registration shall be in written form and signed by all of the Owners of the Building Site or the particular subdivided part thereof or by such persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

ARTICLE XIII ASSESSMENTS AND LIENS

13.01 Purpose of Assessments. The Assessments levied hereunder by the Association shall be used exclusively for the purpose of protecting and promoting the comfort, collective mutual enjoyment, health, safety and welfare of the Owners of the Property, including, but not limited to, the following:

- (a) The maintenance, repair or replacement of any and all Common Area improvements, including, but not limited to, Landscaped Areas and Easements, along with the cost of any associated management or supervisory services, fees, labor, equipment, and materials;
- (b) The special maintenance, repair or replacement of improvements located in Common Areas or on Building Sites as provided for under Article IV, Section 5 of the Declaration;
- (c) The design, purchase and installation of any Common Area improvements;
- (d) The purchase of insurance coverage relating to Common Areas and any improvements thereon, and other property of the Association;
- (e) The carrying out of duties of the Board as provided herein and in the Declaration and Articles of Incorporation of the Association; and
- (f) The carrying out of purposes of the Association as stated herein and in its Declaration and Articles of incorporation; and
- (g) The carrying out of all other matters set forth or contemplated in the Declaration.

13.02 Annual Budget and Regular Assessments. Each fiscal year while the Declaration is in force, the Board shall adopt an annual budget and set the amount of the Regular Annual Assessment to be levied for the next year, taking into consideration Association operating costs for the then current year, expected normal increases in such costs over the next year, and additional future needs of the Association, including the establishment and maintenance of an Association reserve fund as provided for herein. The annual budget shall be adopted by the Board not later than fifteen (15) days prior to

the commencement of each fiscal year. Notwithstanding the above, in the event the Board fails for any reason to adopt an annual budget covering the succeeding fiscal year, then and until such time as an annual budget shall have been adopted for such succeeding fiscal year, the annual budget currently in effect shall continue and the Regular Annual Assessment shall be deemed the same as for the current year.

The Regular Annual Assessment for each fiscal year shall be determined by the Board upon its adoption of the annual budget for such fiscal year in the following manner;

(a) The Regular Annual Assessment with respect to any fiscal year shall equal the total amount of the annual budget approved by the Board with respect to such fiscal year; and

(b) Each Building Site's pro rata share of the Regular Annual Assessment shall be determined by multiplying the Regular Annual Assessment by a fraction, the numerator of which is the Net Acreage of such Building Site and the denominator of which is the Total Net Acreage.

Should any surplus exist at the end of any year, the Board may, at its own discretion, reduce the amount required for the next Regular Annual Assessment by an amount not more than said surplus, provided, however, that reserve fund requirements are first met as stipulated in Section 8.01 of these Bylaws.

13.03 Special Group Assessments. In addition to the Regular Annual Assessments provided for herein, the Association by vote of its Members as provided for in Section 5.03 of these Bylaws may levy in and for any year, applicable to that year only, a Special Group Assessment for the purpose of:

(a) Defraying the cost of any new construction or reconstruction, unexpected repair or replacement of capital improvements for and within Common Areas, including the necessary fixtures and personal property related thereto;

(b) Defraying the cost of repairs or replacements resulting from an uninsured loss or damage or insured loss or damage where there are insufficient insurance proceeds as provided for in the Declaration; and

(c) Responding to unusual or emergency needs of the Association as may be expected to occur from time to time.

Special Group Assessments shall be allocated and prorated among the Owners at the date each such Special Group Assessment is levied in the same manner as Regular Annual Assessments are allocated and prorated among the Building Sites under Section 13.01 of these Bylaws.

13.04 Special Member Assessments. In addition to the Regular Annual Assessments and any Special Group Assessments, the Association, by vote of its Board, may levy a special assessment ("Special Member Assessment") on any Member for the purpose of:

(a) Defraying, the cost of any unexpected damage or loss requiring maintenance, repairs, or replacement of improvements associated either with a Common Area or with a Building Site not owned by the Member causing such damage or loss, which damage or loss has been determined by the Board to have been caused, either directly or indirectly, by the willful or negligent acts of such Member, or its agent, Occupant or visitor. In reaching a decision to levy such Special Assessment upon any Member, the Board shall first determine, in its sole discretion, that reasonable evidence exists to support a determination that said damage or loss was caused, directly or indirectly by a particular Member, or its agent, Occupant or visitor. Prior to making such determination, the Board shall inform such Member of its findings and afford the Member the reasonable opportunity (not less

than seven (7) days) to (i) introduce evidence regarding such damage or loss and the cause thereof, or (ii) remedy such loss or damage.

(b) Reimbursing the Association for any and all direct or indirect costs incurred by the Association with regard to the maintenance, repair or replacement of Landscaping or Site Improvements on any particular Building Site owned by such Member, when:

(i) It has been determined by the Board that the maintenance, repair or replacement of Site Improvements associated with such Member's Building Site has been neglected to the point where conditions existing on such Building Site are not in conformance with the maintenance obligations set forth in the Declaration;

(ii) The Member owning such Building Site shall have been informed in writing of deficiencies found to exist and shall have been afforded a specific and reasonable period of time (not less than seven (7) days) to respond to said notice and/or remedy such deficiencies, the determination of what constitutes a reasonable period of time for remedial action to be made by the Board in its sole discretion;

(iii) Those deficiencies determined by the Board and reported in writing to the Member owning such Building Site are not fully corrected within the time period established by the Board for such corrective action to be completed; and

(iv) Due to the failure of the Member owning such Building Site to take corrective action within the period of time established by the Board, it has been necessary or appropriate for the Association to contract for, initiate or complete such corrective action to meet the maintenance requirements of Article VII, Section 11 of the Declaration. In the event such Member shall start corrective action on a Building Site after the Association has either contracted for such work to be done or actually accomplished such work in whole or in part, such Member shall be obligated to the Association for the reimbursement of any costs actually incurred by the Association, including: release from contract settlements; design, legal or other professional fees; labor, equipment, materials or guarantees required to accomplish corrective work; management or supervisory services; and any other costs directly or indirectly attributable to the work.

13.05 Payment of Regular Assessments. The Regular Annual Assessments provided for herein shall commence on a date fixed by the Board and thereafter shall be due and payable in quarterly installments, in advance, on the first day of the first month in each quarter of the fiscal year; provided, however, that if the commencement date of the initial Regular Annual Assessment for the Association shall not be the same as the first day of the first month of a quarter in the fiscal year, then the initial quarterly assessment installment shall be from the date of commencement to the first day of the next quarter, and payment shall be prorated for the number of days remaining in the quarter.

13.06 Payment of Special Assessments. Special Group Assessments or Special Member Assessments shall be due and payable in full thirty (30) days following the date at which any such assessment is set by the Board in the resolution adopting such assessment, except that, if it is specifically determined by the Board that any such assessment is to be paid instead in deferred installments, then the payment dates and amounts of such installments shall be fixed in the resolution authorizing such assessment.

13.07 Enforcement and Personal Obligation of Owners For Payment Assessments. The Regular Annual Assessments, Special Group Assessments, and Special Member Assessments provided for herein shall be the personal and individual debt of the Owner of a Building Site, or

subdivided portion thereof, covered by such assessments. No Owner may, for any reason, exempt itself from liability for such assessments levied in accordance with the provisions of the Declaration and these Bylaws. In the event that any assessment or installment thereof is not paid when due, and remains unpaid for a period of thirty (30) days thereafter, then the unpaid amount of any such assessment or installment thereof shall become delinquent and shall, together with interest thereon as herein provided and costs of collection thereof, become a continuing personal obligation and debt of the non-paying

Owner secured by a self-executing lien on the Building Site or subdivided portion thereof, including all improvements thereof, to which such assessment or installment thereof pertains. The Association shall have the right to reject any partial payment of any assessment or installment thereof and demand full payment thereof, or the Association may, in its sole discretion, elect to accept any such partial payment on account only, without in so doing waiving any rights established hereunder with respect to any remaining balance due.

The obligation of any Owner to pay any assessment imposed on a Building Site during such Owner's period of ownership shall remain its personal obligation, and a sale or other transfer of title to such Building Site shall not release such former owner from said liability notwithstanding an assumption of liability by the purchaser or transferee. The lien for any unpaid assessments shall be unaffected by any sale or transfer of full or partial ownership interest in a Building Site, or subdivided portion thereof, and shall continue in full force and effect. In the event of full or partial sale or transfer of an ownership interest in a Building Site, it shall be the sole obligation of the Owner selling or transferring such interest (and not the Association) to disclose to any buyer or transferee that an unpaid assessment and associated lien against the ownership interest exist prior to that date at which such sale or transfer is to be consummated. A copy of such notice shall be sent to the Association at the same time. Upon written request, the Association shall provide an Owner with a statement reflecting the amount of any unpaid or delinquent assessments with respect to a Building Site owned by said Owner.

The unpaid amount of any assessment shall bear interest from its due date at twelve percent (12%) per annum or the maximum legal rate of interest then prevailing, whichever is lesser. In addition, the Board may elect to retain the services of an attorney of its choice for the purposes of collecting any unpaid assessment and interest charges thereon, and/or to foreclose the lien against the property subject thereto and/or to pursue any other legal or equitable remedy which the Association may have and there shall be added to the amount of unpaid assessment and interest charges thereon, any and all collection costs incurred by the Association, whether judicial or non-judicial, and including, but not limited to, reasonable attorney fees and costs of legal suit.

13.08 Lien and Foreclosure. Upon delinquency, all sums assessed in the manner provided in these Bylaws, together with all interest costs as herein provided, shall be secured by the lien provided for under Section 13.07 of these Bylaws. As further evidence and notice of such assessment lien, the Association may prepare a written notice of such lien setting forth the amount of delinquent indebtedness, the name of the Owner of property covered by such lien, and a description of the property. Such notice shall be signed by a duly authorized Officer of the Association and shall be recorded in the office of the County Clerk of Brazos County, Texas, or such other place as may be required by law for the recording of liens affecting real property at such time as such notice is recorded. Such lien for payment of assessments shall attach from the date such payment becomes delinquent and may be enforced after recording said notice through (i) foreclosure of such lien on the Building Site, or subdivided portion thereof, and any improvements thereon in like manner as a mortgage on real property, (ii) suit against the Owner personally obligated to pay the assessment and/or (iii) foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or non-judicial, the Owner shall be required to pay the costs, expenses and reasonable attorneys'

fees incurred by the Association. The Association shall have the power to bid' on the property being foreclosed.

13.09 Lien Subordination. Any lien established as provided for in these Bylaws, shall be subordinate and inferior to any mortgage or deed of trust in favor of any bank, savings and loan association, insurance company, pension fund, or other similar financial institution or other lender approved by the Board; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a foreclosure sale (whether public or private) of any such Building Site pursuant to the terms and conditions of any such mortgage or deed of trust. Such foreclosure sale shall not relieve any new Owner taking title at such sale from liability for the amount of any assessments thereafter becoming due or from a lien. arising from any such subsequent assessment.

At the time any mortgage financing or refinancing is obtained for any Building Site, which will as provided above be superior to any existing or future assessment lien of the Association, the Owner of such Building Site shall within thirty (30) days prior to the consummation of any such mortgage or financing deliver to the Association written notice identifying the lender making such mortgage loan in terms of its full legal name, its current address and telephone number, and the name of an officer or other person within the entity who is responsible for that particular loan account. Upon the written request of any such lender holding a superior lien on any Building Site as provided herein, the Association shall report to such lender any unpaid assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative, elect to report delinquent assessments to such mortgage lenders.

13.10 Common Areas Exempt. All Common Areas dedicated to the City on a recorded plat or otherwise, shall be exempted from any assessments and any lien created herein. Landscape Easements within Common Areas on Building Sites as provided for in Article VIII, Section 7 of the Declaration, shall specifically be excluded from this exemption.

13.11 Notice of Lien or Suit. An Owner shall give notice to the Association of every lien or encumbrance upon his Building Site or subdivided portion thereon, other than for taxes and Assessments, and notice of every suit or other proceeding which may affect the title to his Building Site or subdivided portion thereon, and such notice shall be given within five (5) days after the Owner has knowledge thereof.

13.12 Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's liens filed against other Site Improvements for labor, materials, services or other products incorporated in the Owner's Site Improvements.

ARTICLE XIV ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

14.01 Abatement and Enjoinment. The violation of any rule or regulation, or the breach of any Bylaw, or the breach of any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in the Declaration or herein (i) to enter the Building Site in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors shall not be deemed guilty in any manner of trespass; and to expel, remove and put out, using such force as may be necessary in so doing, without being liable to prosecution or any damages therefor; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XV
COMMITTEE
S

15.01 Design Review Committee. The Board shall establish and maintain a Design Review Committee consisting of not fewer than three (3) persons or more than five (5) persons appointed by the Board. Members of the Board may also be members of the Design Review Committee, and, if it so chooses the Board may sit as such committee. Until December 31, 1990 the appointment of the members of the Design Review Committee must be approved by Declarant, and any or all members of such committee may be removed by the Declarant without cause, except that at any time prior to December 31, 1990, Declarant may, at its sole option and discretion, act to terminate its right to approve or remove such committee members, in which event the Board shall have full and exclusive authority to appoint or remove such members. After December 31, 1990 the Board shall have the exclusive right and authority at any time to appoint, remove and fill vacancies on the Design Review Committee.

(a) Function of Committee. No Site Improvements shall be erected, constructed, placed, altered, removed, maintained, or permitted to remain on any portion of the Property until plans and specifications, in such form and detail as the Design Review Committee (subject to the requirements of the Declaration) may deem necessary, shall have been submitted to the Design Review Committee and approved by it in writing as to:

(i) Architectural character;

(ii) Compatibility with the Development Standards, as well as with other existing or proposed Building Site developments located within the Property;

(iii) Extent and quality of Landscaped Areas proposed for a particular Building Site;

(iv) Exterior signing and lighting; and

(v) Compliance with any other requirement for the Property or individual Building Sites pursuant to this Declaration.

The Design Review Committee shall have the authority to select and employ professional consultants to assist it in discharging its duties, the cost of such consultants to be paid by the Owner of any Building Site for which plans and specifications have been submitted for approval. The Owner of any such Building Site shall be responsible for paying the full costs of each and every review when due, whether or not submitted plans and specifications are approved by the Design Review Committee. Any decision of the Design Review Committee shall be final, conclusive and binding upon an applicant. The Design Review Committee shall establish administrative procedures including, but not limited to, designating a person and place to receive formal submissions.

(b) Interpretation. Approval of plans and specifications for any Site Improvements shall be based upon a determination by the Design Review Committee as to whether or not in its judgment such plans and specifications adequately meet objectives established for Nantucket Phase I & Nantucket Phase II with regard to environmental and aesthetic excellence, as well as meeting certain functional and other requirements created by the Declaration, these Bylaws and the Development Standards. Further, in reaching such decision, the Design Review Committee shall consider not only the appropriateness of specific Site Improvements proposed on a particular Building Site, but also how said Building Site, if developed in the manner intended, would likely relate to and affect those Site Improvements either existing on or intended for other Building Sites, and conformity to both the

specific and general intentions of the Protective Covenants. The Design Review Committee shall have full power and authority to make any such subjective judgments and to interpret the intent and provisions of the Declaration and these Bylaws and the Development Standards in such manner and with such results as such Design Review Committee may, in its sole discretion, deem appropriate. In dealing with matters and decisions which the Design Review Committee may determine, in its sole discretion, require special consideration, it may employ the services of a qualified consultant or consultants for the purpose of advising the Design Review Committee with regard to a particular decision, such consultant to be selected by the Design Review Committee. Any recommendations made by any such consultant shall be reasonably considered by the Design Review Committee in arriving at a decision or action to which such consultant recommendations directly relate, but shall not be binding on such committee.

(c) Development Standards. The Design Review Committee shall have full power to enforce the Development Standards governing project standards, including but not limited to, site development architecture, construction, lighting, signage, and landscaping. In this connection, the Design Review Committee shall have the power to enforce strict compliance with the Development Standards by any or all Owners.

(d) Failure of Committee to Act. Should the Design Review Committee fail to either approve or disapprove such plans and specifications, or to reject them as being incomplete or otherwise inadequate, within sixty (60) days after receipt thereof, it shall be conclusively presumed that such committee has approved such plans and specifications. If any plan and/or specifications are submitted in a form which is not sufficiently complete or are otherwise determined inadequate the Design Review Committee may reject such plans and/or specifications, or may approve or disapprove portions thereof either conditionally or unconditionally, and reject the balance.

(e) Limitation of Liability. The Declarant, the Association, the Board or any of its members, and the Design Review Committee or any of its members shall not, individually or in combination, be liable for damages or otherwise to anyone submitting plans or specifications for approval or to any Owner of a Building Site or any other person affected by an action taken with respect to such a submission by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications submitted.

15.02 Other Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more other committees. Except as otherwise provided in such resolution, members of such committee or committees shall be Members of the Association, and the President of the Association shall appoint the members thereof.

15.03 Term of Office. Each member of a committee shall continue as such until the next annual meeting of the Members of the Association or until his successor is appointed unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof, subject to the provisions of Section 15.01 of these Bylaws concerning the Design Review Committee.

15.04 Chairman. One member of each committee shall be appointed chairman by the President of the Association.

15.05 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments, subject to the provisions of Section 15.01 of these Bylaws concerning the Design Review Committee.

15.06 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

15.07 Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE XVI NON-PROFIT ASSOCIATION

16.01 Non-Profit Association. This Association is not organized for profit. No Member, member of the Board of Directors, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, officer or Member; provided, however, always (1) that reasonable compensation may be paid to any Member, director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any Member, director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XVII EXECUTION OF DOCUMENTS

17.01 Execution of Documents. The persons who shall be authorized to execute any and all contracts, documents, instruments or conveyance or encumbrances, including promissory notes, shall be two, one of each of the President or any Vice President, and the Secretary or any Assistant Secretary of the Association.

ARTICLE XVIII PROXY TO TRUST

18.01 Proxy to Trust. Owners shall have the right to irrevocably constitute and appoint their Mortgagees their true and lawful attorney to vote their Building Site membership in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominees any and all rights, privileges, and powers that they have as Owners under the Bylaws of this Association or by virtue of the Declaration. Such proxy shall become effective upon the filing of a notice by the beneficiary with the Secretary or Assistant Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of the failure, neglect, or refusal of the Association or the Owners to carry out their duties as set forth in the Declaration. Such proxy shall be valid until such time as a release of the beneficiary's deed of trust is executed and a copy thereof delivered to the Secretary or Assistant Secretary of the Association, which shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners or to impose upon the beneficiary of the Deed of Trust the duties and obligations of an Owner.

ARTICLE XIX CONFLICTING OR INVALID PROVISIONS

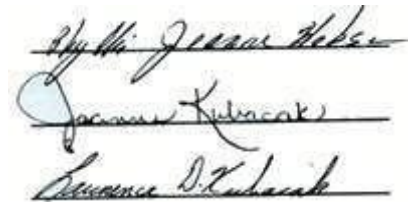
19.01 Conflicting or Invalid Provisions. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the provisions of the Texas Non-Profit Corporation Act or any other Texas law, such Act or law shall control; and should any part of

these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

ARTICLE
XX
NOTICES

20.01 Notices. All notices to Members of the Association shall be given by delivering the same to each Owner in person or by depositing the notices in the U.S. Mail, postage prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association. If an Owner shall fail to give an address to the Secretary for mailing of such notices, all such notices shall be sent to the Building Site of such Owner, and all Owners shall be deemed to have been given notice of the meetings upon the proper mailing of the notices to such addresses irrespective of the actual receipt of the notices by the Owners.

By our signatures hereto the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing Bylaws for the Association as of the 7 day of July, 1987.

Three handwritten signatures are written over three horizontal lines. The signatures are in cursive and appear to be: "By the Honorable Board", "James K. K...", and "Lawrence D. K...".

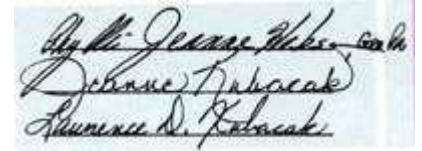
AMENDMENT

Amendment to ARTICLE XIII, Section 13.09, Page 16 of the BY-LAWS OF THE NANTUCKET PRESERVATION ASSOCIATION, INC. (A Texas Non-Profit Corporation) to include Federal Government Agencies. It shall now read:

13.09 Lien Subordination. Any lien established as provided for in these Bylaws, shall be subordinate and inferior to any mortgage or deed of trust in favor of any bank, savings and loan association, insurance company, pension fund, Federal Government Agencies (such as the Veterans Administration) or other similar financial institution or other lender approved by the Board; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a foreclosure sale (whether public or private) of any such Building Site pursuant to the terms and conditions of any such mortgage or deed of trust. Such foreclosure sale shall not relieve any new Owner taking title at such sale from liability for the amount of any assessments thereafter becoming due or from a lien arising from any such subsequent assessment.

At the time any mortgage financing or refinancing is obtained for any Building Site, which will as provided above be superior to any existing or future assessment lien of the Association, the Owner of such Building Site shall within thirty (30) days prior to the consummation of any such mortgage or financing deliver to the Association written notice identifying the lender making such mortgage loan in terms of its full legal name, its current address and telephone number, and the name of an officer or other address and telephone number, and the name of an officer or other person within the entity who is responsible for that particular loan account. Upon the written request of any such lender holding a superior lien on any Building Site as provided herein, the Association shall report to such lender any unpaid assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative, elect to report delinquent assessments to such mortgage lenders.

By our signatures hereto the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing Bylaw Amendment as of the 4th day of April, 1989.



AMENDMENT

Amendment to ARTICLE III, Section 5, Page 4 and ARTICLE IV, Section 6, Page 5 of the BY-LAWS OF THE NANTUCKET PRESERVATION ASSOCIATION, INC. (A Texas Non-Profit Corporation) to include Federal Government Agencies. It shall now read:

5.07 Quorum. Members holding one-half (1/2) of the votes entitled to be cast, either present at the meeting or having voted by absentee ballot according to section 5.09, shall constitute a quorum for voting on matters brought before the Association at meetings of Members called by the Board. In the event a quorum is not present, then the meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail, at which meeting the number of Members in Good Standing represented in person, by absentee ballot, or by proxy shall be sufficient to constitute a quorum. The members in Good Standing present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members in Good Standing to leave less than a quorum.

5.09 Voting by Absentee Ballot. The Board will mail absentee ballots for elections and other voting matters to the Members in Good Standing at least ten (10) days, but not more than thirty (30) days prior to such meetings. The absentee ballots must be returned via mail or email to the Secretary or Assistant Secretary at least three (3) calendar days before the meeting. All absentee ballots will be verified for authenticity by a phone call or email from the Secretary or Assistant Secretary to the voting Member.

6.031 Nominations and Absentee Ballots. Nominations for the Board of Directors will be solicited in the annual assessment mailing at the end of the fiscal year. All nominations must be returned to the Secretary or Assistant Secretary on or before December 31st. An absentee ballot will be prepared, which will be mailed to all Members along with the notice of the Annual Association Meeting. Members may vote by absentee ballot. Absentee ballots must be returned to the Secretary or Assistant Secretary according to section 5.09.

6.05 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote as such meeting, at least ten (10) days, but not more than thirty (30) days prior to such meetings. Absentee ballots will be included in the mailing. The mailing notice in the manner provided in this paragraph shall be considered notice served.

Approval recommended by unanimous vote of the home/lot owners at the 2003 Annual Meeting of the Nantucket Preservation Association, Inc., February 22, 2003. By our signatures hereto the undersigned, being all of the 2002-2003 Directors of the Association, hereby adopt the foregoing Bylaw Amendments as of the 22nd day of February, 2003.

Original Document Signed by: David
Wm. Reed Pam Rosynek
Bill Harris Penny
Holmes Gerald Atmar

BYLAWS OF
NANTUCKET PRESERVATION ASSOCIATION,
INC. (A Texas Non-Profit Corporation)

ARTICLE I.....	3
1.01 Definition.....	3
ARTICLE II NAME.....	3
2.01 Name.....	3
ARTICLE III OFFICES.....	3
3.01 Registered Office.....	3
3.02 Other Offices.....	3
ARTICLE IV PURPOSES AND PARTIES.....	3
4.01 Purposes.....	3
4.02 Parties.....	4
ARTICLE V MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, VOTING, CUMULATIVE VOTING, QUORUM, PROXIES.....	4
5.01 Membership.....	4
5.02 Member in Good Standing.....	5
5.03 Voting Rights in the Association.....	5
5.04 Voting.....	6
5.05 Cumulative Voting.....	6
5.06 Majority.....	6
5.07 Quorum.....	6
5.08 Proxies.....	6
ARTICLE IV ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS.....	6
6.01 Association Responsibilities.....	6
6.02 Place of meeting.....	7
6.03 Annual meetings.....	7
6.04 Special Meetings.....	7
6.05 Notice of Meetings.....	7
6.06 Order of Business.....	7
ARTICLE VII BOARD OF DIRECTORS.....	7
7.01 Number and Qualification.....	7
7.02 Powers and Duties.....	8
7.03 Other Powers and Duties.....	8
7.04 No Waiver of Rights.....	9
7.05 Election and Term of Office.....	9
7.06 Vacancies.....	9
7.07 Removal of Directors.....	10
7.08 Organization Meeting.....	10
7.09 Regular Meetings.....	10
7.10 Special Meetings.....	10
7.11 Waiver of Notice.....	10
7.12 Board of Directors' Quorum.....	10
7.13 Compensation.....	10
ARTICLE VIII FISCAL MANAGEMENT.....	10
8.01 Accounts.....	10

8.02 Separate Accounts.....	11
8.03 Fiscal Year.....	11
ARTICLE IX OFFICERS.....	11
9.01 Designation.....	11
9.02 Election of Officers.....	11
9.03 Resignation and Removal of Officers.....	11
9.04 Vacancies.....	11
9.05 President.....	11
9.06 Vice President.....	11
9.07 Secretary.....	12
9.08 Assistant Secretary.....	12
9.09 Treasurer.....	12
ARTICLE X INDEMNIFICATION OF OFFICERS AND DIRECTORS.....	12
10.01 Indemnification.....	12
10.02 Other.....	13
ARTICLE XI AMENDMENTS TO BYLAWS.....	13
11.01 Amendments to Bylaws.....	13
ARTICLE XII EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE.....	13
12.01 Proof of Ownership.....	13
12.02 Registration of Mailing Address.....	14
ARTICLE XIII ASSESSMENTS AND LIENS.....	14
13.01 Purpose of Assessments.....	14
13.02 Annual Budget and Regular Assessments.....	14
13.03 Special Group Assessments.....	15
13.04 Special Member Assessments.....	15
13.05 Payment of Regular Assessments.....	16
13.06 Payment of Special Assessments.....	16
13.07 Enforcement and Personal Obligation of Owners For Payment Assessments.....	16
13.08 Lien and Foreclosure.....	17
13.09 Lien Subordination.....	18
13.10 Common Areas Exempt.....	18
13.11 Notice of Lien or Suit.....	18
13.12 Mechanic's Lien.....	18
ARTICLE XIV ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS.....	18
14.01 Abatement and Enjoinment.....	18
ARTICLE XV COMMITTEES.....	19
15.01 Design Review Committee.....	19
15.02 Other Committees.....	20
15.03 Term of Office.....	20
15.04 Chairman.....	20
15.05 Vacancies.....	20
15.06 Quorum.....	21
15.07 Rules.....	21
ARTICLE XVI NON-PROFIT ASSOCIATION.....	21
16.01 Non-Profit Association.....	21
ARTICLE XVII EXECUTION OF DOCUMENTS.....	21
17.01 Execution of Documents.....	21
ARTICLE XVIII PROXY TO TRUST.....	21
18.01 Proxy to Trust.....	21

ARTICLE XIX CONFLICTING OR INVALID PROVISIONS	21
19.01 Conflicting or Invalid Provisions.	21
ARTICLE XX NOTICES	22
20.01 Notices.	22
AMENDMENT	22
13.09 Lien Subordination.	22
AMENDMENT	23
5.07 Quorum.	23
5.09 Voting by Absentee Ballot.	23
6.031 Nominations and Absentee Ballots.	23
6.05 Notice of Meetings.	23
ARTICLE XXI POLICY STATEMENTS AND INTERPRETATIONS	24
21.01 Commercial Policy.	24
21.02 Dues Dates and Delinquency.	28
21.03 Bid Policy.	29
21.04 Storage Buildings.	56
21.05 Fencing.	58

ARTICLE I

1.01 Definition. The words defined in the Declaration of Protective Covenants for NANTUCKET PHASE I, recorded in Volume 572, Page 639 of the Deed Records of Brazos County, Texas as modified on October 12, 1983 at Volume 613, Page 707 of the Deed Records of Brazos County, Texas, and for NANTUCKET PHASE II, recorded in Volume 754, Page 397 of the Deed Records of Brazos County, Texas (the "Declaration"), shall have the same meaning in these Bylaws.

**ARTICLE
II NAME**

2.01 Name. The name of this Corporation shall be NANTUCKET PRESERVATION ASSOCIATION, INC. (hereinafter called the "Association").

**ARTICLE
III
OFFICES**

3.01 Registered Office. The registered office of the Association shall be as designated with the Secretary of State of the State of Texas, as it may be changed from time to time.

3.02 Other Offices. The Association may also have offices at such other places both within and without the State of Texas as the Board of Directors may from time to time determine or the business of the Association may require.

**ARTICLE IV PURPOSES
AND PARTIES**

4.01 Purposes. The purpose or purposes for which the Association is organized are to act as agent for the Owners of NANTUCKET PRESERVATION ASSOCIATION, INC., and for any and all other property which is accepted by this Association for similar purposes, those purposes being as follows:

- (a) To exercise all of the power and privileges and perform all of the duties and obligations of the Association as set forth in the Declaration;
- (b) To affix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; and, as agent, pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of this Association including all licenses, taxes or governmental charges levied or imposed against the property of this Association and to make disbursements, expenditures and payments on behalf of the Owners as required by the Declaration and the Bylaws of the Association; and to hold as agent for the Owners reserves for periodic repairs and capital improvements to be made as directed by the Owners acting through the Board of Directors of the Association;
- (c) To acquire by gift; purchase or otherwise, to own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or to otherwise dispose of real or personal property in connection with the affairs of this Association subject to the limitations, if any, set forth in the Declaration
- (d) To borrow money, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred subject to the limitations, if any, set forth in the Declaration;
- (e) To provide general sanitation and cleanliness of Common Areas and Landscape Areas;
- (f) To provide upkeep and maintenance of Common Areas and of Building Sites as provided in the Declaration;
- (g) To enter into and perform any contract and to exercise all powers which may be necessary or convenient to the operation, management, maintenance and administration of the affairs of NANTUCKET PRESERVATION ASSOCIATION, INC. in accordance with the Declaration; and
- (h) To have and to exercise any and all powers, rights and privileges a corporation organized under the Non-Profit Corporation Law of the State of Texas, may now or hereafter exercise.

4.02 Parties. All present or future Owners, tenants, future tenants of any Building Site, or any other person who might use in any manner the facilities of the Property are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of all or any portion of a Building Site or the mere act of occupancy of all or any portion of a Building Site will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

ARTICLE V MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, VOTING, CUMULATIVE VOTING, QUORUM, PROXIES

5.01 Membership. Each and every Owner of a Building Site, or a subdivided portion thereof, shall automatically become, and must remain, a Member in Good Standing of the Association during such Owner's period of ownership of such Building Site or portion thereof. Such membership shall be appurtenant to each Building Site, or portion thereof, and may not be severed from or held separately therefrom. The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the Declaration during the period of ownership, nor impair any rights or remedies which the Association or any other Owner has with regard to such former Owner.

5.02 Member in Good Standing. A Member of the Association shall be considered to be a Member in Good Standing and eligible to vote if such Member:

- (a) Has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all assessments or other charges levied by the Association then due and payable, as such assessments or charges are provided for hereunder.
- (b) Does not have a lien filed by the Association against its Building Site;
- (c) Has discharged other obligations to the Association as may be required of Members hereunder; and
- (d) Has met the proof of ownership requirement, if any provided for in Section 12.01 of these Bylaws.

The Board shall have sole responsibility and authority for determining the Good Standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive the seven (7) days prior payment requirement established herein and require only that such payment be made at any time before such vote is taken if the Board shall determine, in its own judgment, that extenuating circumstances exist which have prevented a particular Member from meeting any or all of the four requirements stated herein at or before seven (7) days in advance of any vote. Any Member not conforming with the provisions of this Section shall be declared by the Board to be not a Member in Good Standing and unless the time requirement required hereunder is specifically waived by the Board in writing prior to any particular vote being taken, shall be disqualified from voting on matters before the Association until such time as Member in Good Standing status is attained and so declared by the Board.

5.03 Voting Rights in the Association. The Association shall have two (2) classes of voting membership:

- (a) CLASS A. The Class A Members shall be all Owners with exception of the Declarant. After the Conversion Date, Declarant shall also become a Class A Member to the extent Declarant is the Owner of a Building Site or Sites, Lot or Lots.
- (b) CLASS B. The Class B Member shall be the Declarant. The Class B membership of Declarant shall cease and become converted to Class A membership upon occurrence of the earlier of the following (the "Conversion Date"):
 - (i) The conveyance by NANTUCKET of 801 of the Lots in Phase I and Phased II as well as any remaining property developed in Common Share of Plan, whether residential, commercial, multi-family, or otherwise] or
 - (ii) Such earlier date as may be established by Declarant in a Supplemental Declaration to be recorded by Declarant.

Until the Conversion Date, the Class A Members shall not be entitled to vote (except as provided for the levying of Special Group Assessments under Article IV, Section 4 of the Declaration and amendments to the Declaration under Article X therein). The Class B Member shall be entitled to one hundredth (1/100) of one (1) vote for each one-hundredth (1/100) of one (1) Net Acre, as well as one vote per platted lot in which it holds the interest required for membership.

From and after the Conversion Date (and at anytime with respect to votes pertaining to Special Group Assessments and amendments to the Declaration), each Class A Member shall be entitled to one vote per platted lot or, in the event the property is unplatted, one-hundredth (1/100) of one (1) vote for each one-hundredth of one (1) Net Acre in which it holds the interest in a Lot or Building Site required for Corporation membership. Where more than one person or entity holds such interest in any Lot or Building Site, all such persons collectively shall be a single Member, and the vote for such Member shall be exercised as the several parties shall determine among themselves.

The membership of a person or entity in the Corporation shall terminate automatically whenever such person or entity ceases to be an Owner, except that such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Corporation or the Declaration during the periods of ownership, nor impair any rights or remedies which the Corporation or any other Owner has with regard to such former Owner.

The NANTUCKET PRESERVATION ASSOCIATION, INC. shall not be a voting member of the Association by virtue of its ownership of any Building Site, or subdivided portion thereof.

5.04 Voting. Only Members in Good Standing shall be entitled to vote, and voting membership shall be decreased by the number of Members who are not Members in Good Standing to determine the votes entitled to be cast for the purpose of establishing a quorum, such determination of the total number of Members in Good Standing to be as of the date of which a vote is taken. The vote of the majority of those votes entitled to be cast by the Members in Good Standing present or voting by legitimate proxy at a duly called meeting at which a quorum of Members are represented shall be sufficient for the transaction of any business, unless otherwise provided by law and except for an amendment to the Declaration by the Members as provided in Article X, Section 3 of the Declaration.

5.05 Cumulative Voting. At all meetings of the Association voting shall be cumulative.

5.06 Majority. As used in these Bylaws, the term "Majority of Owners" or "Majority of Members" shall mean those voting Members holding fifty-one percent (51%) of the votes of the Association.

5.07 Quorum. Members holding one-half (1/2) of the votes entitled to be cast, shall constitute a quorum for voting on matters brought before the Association at meetings of Members called by the Board. In the event a quorum is not present, then the meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail, at which meeting the number of Members in Good Standing represented in person or by proxy shall be sufficient to constitute a quorum. The Members in Good Standing present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members in Good Standing to leave less than a quorum.

5.08 Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary of the Association before the appointed time of each meeting.

ARTICLE IV ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS

6.01 Association Responsibilities. The Members will constitute the Association which will have the responsibility of administering and enforcing the covenants, conditions and restrictions contained in the Declaration, including the collection and disbursement of charges and assessments created therein, through a Board of Directors. In the event of any dispute or disagreement between any

Members relating to the Property, or any questions of interpretation or application of the provisions of the Declaration, Articles of Incorporation or these Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all Members, subject to the right of Members to seek other remedies provided by law after such determination by the Board.

6.02 Place of meeting. Meetings of the Association shall be held such suitable place, convenient to the Members, as the Board of Directors may determine.

6.03 Annual meetings. The first meeting of the Association shall held within thirty (30) days after the expiration of ninety (90) days from the Conversion Date, or sooner at the option of Declarant. Thereafter, the annual meetings of the Association shall be held on or before forty-five (45) days after the expiration of the prior fiscal year. At such meetings there shall be elected by ballot of the Members a Board of Directors in accordance with the requirements of Paragraph 5 of Articles VII of these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

6.04 Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board of Directors or upon a petition signed by a majority of Members and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

6.05 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote at such meeting, at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

6.06 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and certifying proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of unapproved minutes;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

ARTICLE VII BOARD OF DIRECTORS

7.01 Number and Qualification. Until the first meeting of the Association, the affairs of this Association shall be governed by a Board of Directors consisting of the three (3) persons delineated in the Articles of Incorporation of the Association. At such first meeting, there shall be elected any five (5) Members in Good Standing of the Association to the Board of Directors who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.

7.02 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property in keeping with the character and quality of the area in which it is located. The Board of Directors may do all such acts and things except as by law or by these Bylaws or by the Declaration may not be delegated to the Board of Directors.

7.03 Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done solely for the benefit of the Property and for the mutual and reciprocal benefit of Members:

(a) To set, collect and disburse Regular Assessments in any fiscal year or portion thereof for the following purposes:

(i) The employment of personnel or independent contractors;

(ii) The employment of legal, accounting, engineering, architectural or other independent professional services, including any services required to provide architectural review for any building or other development plans proposed for a Building Site;

(iii) The purchase of a policy or policies of insurance insuring the Association against any liability to the public, Owners, or Occupants incidental to operation of the Association, as provided for in Article V of the Declaration;

(iv) The purchase of fidelity bonds as provided for in Article V of the Declaration; and

(v) Anything which the Board deems appropriate and proper in fulfilling its obligations and responsibilities under the terms of the Declaration or by law or which, in its reasonable opinion, shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declaration;

(b) To expend Special Group Assessments collected pursuant to Article IV, Section 4 of the Declaration;

(c) To expend Special Member Assessments collected pursuant to Article IV, Section 5 of the Declaration;

(d) To enter into agreements or contracts with insurance companies with respect to insurance coverage for Common Areas and improvements thereon and other property of the Association;

(e) To enter into contracts with utility companies with respect to utility installation, consumption and services matters;

(f) To borrow funds to pay any costs of operation, secured by assignment or pledge of rights against owners for current, delinquent or future assessments, as the Board may determine in its sole discretion to be necessary and appropriate;

(g) To enter into contracts for goods and services or other Association purposes, provide services it deems proper, maintain one or more bank accounts, and generally to have all the powers necessary or incidental as may be required for prudent operation and management of the Association;

(h) To sue or to defend in any court of law on behalf of the Association;

(i) To provide for and accumulate reserve funds to be used for repairs, replacement and/or maintenance, in such amounts and for such purposes as may reasonably be determined by the Board to be necessary and appropriate, subject to provisions of Article III, Section 7 of the Declaration;

(j) To make, or cause to be made, any tax returns, reports, or other filings required by Federal, State, or local governmental authorities;

(k) To make reasonable rules and regulations for the use of the Property, including, but not limited to, Common Areas, as the Board deems necessary and appropriate and create a high level of environmental and aesthetic quality within the Property;

(l) To make available to each Owner within ninety (90) days after the end of any Association fiscal year a written annual report on financial affairs of the Association for the year preceding, and, upon written request of at least one-third (1/3) of the Members in Good Standing, to have such report audited by an independent certified public accountant selected by the Board, which audited report, if required, shall be completed and made available to each Member no later than ninety (90) days after such request is received by the Board. The cost of preparing and distributing such audit shall be paid by the Association from Regular Annual Assessments;

(m) To adjust the amount, collect and use any insurance proceeds to repair or replace any damaged or lost property, or to reimburse persons or entities entitled to receive reimbursement for injury, damage or losses, and, if said insurance proceeds are insufficient to provide full reimbursement as may be required, the Board may act to obtain the funds required in such manner as prescribed in the Declaration;

(n) To enforce the provisions of the Declaration, and to seek damages and/or equitable relief or other remedial action from any Owner for violation of this Declaration or any of its individual provisions; and

(o) To contract with any Owner(s), including, without limitation, the Declarant, for performance of services which the Association is otherwise obligated or permitted to perform, such contracts to be at competitive rates then prevailing for such services and upon such terms and conditions, and for such considerations, as the Board may deem advisable and in the best interest of the Association. The Board also shall have full power and authority, but not an obligation, to contract with any Owner(s) to provide maintenance, repair or replacement service, or any combination thereof, through the Association for an individual Building Site.

7.04 No Waiver of Rights. The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provision of the Declaration, the Bylaws or the rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors shall have the right to enforce the same thereafter.

7.05 Election and Term of Office. At the first meeting of the Association the term of office of three (3) Directors shall be fixed at two (2) years; and the term of office of two Directors shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.

7.06 Vacancies. Vacancies in the Board of Directors caused by death resignation or disqualification, i.e., 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; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

7.07 Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of Members entitled to vote, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

7.08 Organization Meeting. The first meeting of a newly elected Board of Directors following the annual meeting of the Members shall be held within ten (10) days thereafter 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.

7.09 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 calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

7.10 Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Director.

7.11 Waiver of Notice. Before or after 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 Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

7.13 Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

ARTICLE VIII FISCAL MANAGEMENT

8.01 Accounts. The funds and expenditures of the Members by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate:

(a) Normal operating expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.

(b) Reserve for maintenance, repair and/or replacement relating to Common Areas or Building Sites which shall include funds for maintenance, repair or replacement because of damage, wear or obsolescence.

8.02 Separate Accounts. Separate accounts may be established in order to better demonstrate that the amounts deposited therein are capital contributions and not income to the Association.

8.03 Fiscal Year. The fiscal year for the Association shall be the calendar year.

ARTICLE IX OFFICER

9.01 Designation. The officers of the Association shall be a President, a Vice President, a Secretary, and Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, elect. Such officers need not be members of the Board of Directors. The office of President and Treasurer may be held by the same person, and the office of Vice President and Secretary or Assistant Secretary may be held by the same person.

9.02 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office subject to the continuing approval of the Board.

9.03 Resignation and Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

9.04 Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise of the officer previously filling such office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

9.05 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of 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 from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

9.06 Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the President.

9.07 Secretary. The Secretary shall keep all the minutes of the meeting of the Board, of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary and as is provided in the Declaration and the Bylaws.

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.

9.08 Assistant Secretary. The Assistant Secretary, if any, shall have all the powers and authority to perform all the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also to perform any duties he is directed to perform by the Secretary.

9.09 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE X INDEMNIFICATION OF OFFICERS AND DIRECTORS

10.01 Indemnification. The Association shall have the power to Indemnify an Officer or Director thereof and the Declarant, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was a Director or Officer of the Association, against all loss, expenses (including but not limited to attorneys fees and cost of the proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association; provided, that with respect to: (1) any criminal action or proceeding, such person had no reasonable cause to believe that his conduct was unlawful; or (2) any civil claim, issue or matter, such person shall not be guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his conduct was unlawful, that such person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, or that such person is guilty of gross negligence or willful misconduct in the performance of his duties to the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon the determination that indemnification of such person is proper in the circumstances because he has met the applicable standards of conduct as set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable, by (a) independent legal counsel in a written opinion, or (b) the Members in Good Standing of the Association and no Member shall be disqualified from voting because he is or was

party to any such action, suit or proceeding. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he is not entitled thereto as provided in this Article.

To the extent that a Director or Officer of the Association has been successful on the merits or otherwise in the defense of any action, suit or proceeding, whether civil or criminal, such person shall be indemnified against such expenses (including costs and attorneys' fees) actually and reasonably incurred by him in connection therewith.

Indemnification provided herein shall be exclusive of any and all other rights and claims to which those indemnified may be entitled as against the Association, and every Director, Officer or employee thereof under any Bylaw, resolution, agreement or law and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provision of this Article.

The Association shall purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of- the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provision of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense subject to Special Group Assessment; provided, however, that nothing in this Article X contained shall be deemed to obligate the Association to indemnify any Member or Owner who is or has been a director or officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration and these Bylaws that were assumed incurred outside of his conduct specifically related to the fulfillment of his duties as an Officer or Director of the Association.

10.02 Other. The Members, Board of Directors, Officers or representatives of the Association shall enter contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners).

ARTICLE XI AMENDMENTS TO BYLAWS

11.01 Amendments to Bylaws. These Bylaws may be amended in writing by the majority of Members in Good Standing; provided, however, that such authority may be delegated by the majority of such Members to the Board as allowed by the Texas Non-Profit Corporation Act.

ARTICLE XII EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS AND DESIGNATION OF VOTING REPRESENTATIVE

12.01 Proof of Ownership. Except for those Owners who purchase a Building Site from Declarant, any person, on becoming an Owner of a Building Site, shall furnish to the Board of Directors a true

and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in the Building Site, which copy shall remain in the files of the Association. A Member shall not be deemed to be in Good Standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

12.02 Registration of Mailing Address. The Owner or several Owners of a Building Site shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons to be used by the Association. Such registered address of an Owner or Owners shall be deemed to be the mailing address of the Building Site or subdivided part thereof owned by said Owner or Owners unless a different registered address is furnished by such Owner(s) to the Board of Directors within fifteen (15) days after transfer of title, or after a change of address; and such registration shall be in written form and signed by all of the Owners of the Building Site or the particular subdivided part thereof or by such persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

ARTICLE XIII ASSESSMENTS AND LIENS

13.01 Purpose of Assessments. The Assessments levied hereunder by the Association shall be used exclusively for the purpose of protecting and promoting the comfort, collective mutual enjoyment, health, safety and welfare of the Owners of the Property, including, but not limited to, the following:

- (a) The maintenance, repair or replacement of any and all Common Area improvements, including, but not limited to, Landscaped Areas and Easements, along with the cost of any associated management or supervisory services, fees, labor, equipment, and materials;
- (b) The special maintenance, repair or replacement of improvements located in Common Areas or on Building Sites as provided for under Article IV, Section 5 of the Declaration;
- (c) The design, purchase and installation of any Common Area improvements;
- (d) The purchase of insurance coverage relating to Common Areas and any improvements thereon, and other property of the Association;
- (e) The carrying out of duties of the Board as provided herein and in the Declaration and Articles of Incorporation of the Association; and
- (f) The carrying out of purposes of the Association as stated herein and in its Declaration and Articles of incorporation; and
- (g) The carrying out of all other matters set forth or contemplated in the Declaration.

13.02 Annual Budget and Regular Assessments. Each fiscal year while the Declaration is in force, the Board shall adopt an annual budget and set the amount of the Regular Annual Assessment to be levied for the next year, taking into consideration Association operating costs for the then current year, expected normal increases in such costs over the next year, and additional future needs of the Association, including the establishment and maintenance of an Association reserve fund as provided for herein. The annual budget shall be adopted by the Board not later than fifteen (15) days prior to the commencement of each fiscal year. Notwithstanding the above, in the event the Board fails for

any reason to adopt an annual budget covering the succeeding fiscal year, then and until such time as an annual budget shall have been adopted for such succeeding fiscal year, the annual budget currently in effect shall continue and the Regular Annual Assessment shall be deemed the same as for the current year.

The Regular Annual Assessment for each fiscal year shall be determined by the Board upon its adoption of the annual budget for such fiscal year in the following manner;

(a) The Regular Annual Assessment with respect to any fiscal year shall equal the total amount of the annual budget approved by the Board with respect to such fiscal year; and

(b) Each Building Site's pro rata share of the Regular Annual Assessment shall be determined by multiplying the Regular Annual Assessment by a fraction, the numerator of which is the Net Acreage of such Building Site and the denominator of which is the Total Net Acreage.

Should any surplus exist at the end of any year, the Board may, at its own discretion, reduce the amount required for the next Regular Annual Assessment by an amount not more than said surplus, provided, however, that reserve fund requirements are first met as stipulated in Section 8.01 of these Bylaws.

13.03 Special Group Assessments. In addition to the Regular Annual Assessments provided for herein, the Association by vote of its Members as provided for in Section 5.03 of these Bylaws may levy in and for any year, applicable to that year only, a Special Group Assessment for the purpose of:

(a) Defraying the cost of any new construction or reconstruction, unexpected repair or replacement of capital improvements for and within Common Areas, including the necessary fixtures and personal property related thereto;

(b) Defraying the cost of repairs or replacements resulting from an uninsured loss or damage or insured loss or damage where there are insufficient insurance proceeds as provided for in the Declaration; and

(c) Responding to unusual or emergency needs of the Association as may be expected to occur from time to time.

Special Group Assessments shall be allocated and prorated among the Owners at the date each such Special Group Assessment is levied in the same manner as Regular Annual Assessments are allocated and prorated among the Building Sites under Section 13.01 of these Bylaws.

13.04 Special Member Assessments. In addition to the Regular Annual Assessments and any Special Group Assessments, the Association, by vote of its Board, may levy a special assessment ("Special Member Assessment") on any Member for the purpose of:

(a) Defraying, the cost of any unexpected damage or loss requiring maintenance, repairs, or replacement of improvements associated either with a Common Area or with a Building Site not owned by the Member causing such damage or loss, which damage or loss has been determined by the Board to have been caused, either directly or indirectly, by the willful or negligent acts of such Member, or its agent, Occupant or visitor. In reaching a decision to levy such Special Assessment upon any Member, the Board shall first determine, in its sole discretion, that reasonable evidence exists to support a determination that said damage or loss was caused, directly or indirectly by a particular Member, or its agent, Occupant or visitor. Prior to making such determination, the Board shall inform such Member of its findings and afford the Member the reasonable opportunity (not less

than seven (7) days) to (i) introduce evidence regarding such damage or loss and the cause thereof, or (ii) remedy such loss or damage.

(b) Reimbursing the Association for any and all direct or indirect costs incurred by the Association with regard to the maintenance, repair or replacement of Landscaping or Site Improvements on any particular Building Site owned by such Member, when:

(i) It has been determined by the Board that the maintenance, repair or replacement of Site Improvements associated with such Member's Building Site has been neglected to the point where conditions existing on such Building Site are not in conformance with the maintenance obligations set forth in the Declaration;

(ii) The Member owning such Building Site shall have been informed in writing of deficiencies found to exist and shall have been afforded a specific and reasonable period of time (not less than seven (7) days) to respond to said notice and/or remedy such deficiencies, the determination of what constitutes a reasonable period of time for remedial action to be made by the Board in its sole discretion;

(iii) Those deficiencies determined by the Board and reported in writing to the Member owning such Building Site are not fully corrected within the time period established by the Board for such corrective action to be completed; and

(iv) Due to the failure of the Member owning such Building Site to take corrective action within the period of time established by the Board, it has been necessary or appropriate for the Association to contract for, initiate or complete such corrective action to meet the maintenance requirements of Article VII, Section 11 of the Declaration. In the event such Member shall start corrective action on a Building Site after the Association has either contracted for such work to be done or actually accomplished such work in whole or in part, such Member shall be obligated to the Association for the reimbursement of any costs actually incurred by the Association, including: release from contract settlements; design, legal or other professional fees; labor, equipment, materials or guarantees required to accomplish corrective work; management or supervisory services; and any other costs directly or indirectly attributable to the work.

13.05 Payment of Regular Assessments. The Regular Annual Assessments provided for herein shall commence on a date fixed by the Board and thereafter shall be due and payable in quarterly installments, in advance, on the first day of the first month in each quarter of the fiscal year; provided, however, that if the commencement date of the initial Regular Annual Assessment for the Association shall not be the same as the first day of the first month of a quarter in the fiscal year, then the initial quarterly assessment installment shall be from the date of commencement to the first day of the next quarter, and payment shall be prorated for the number of days remaining in the quarter.

13.06 Payment of Special Assessments. Special Group Assessments or Special Member Assessments shall be due and payable in full thirty (30) days following the date at which any such assessment is set by the Board in the resolution adopting such assessment, except that, if it is specifically determined by the Board that any such assessment is to be paid instead in deferred installments, then the payment dates and amounts of such installments shall be fixed in the resolution authorizing such assessment.

13.07 Enforcement and Personal Obligation of Owners For Payment Assessments. The Regular Annual Assessments, Special Group Assessments, and Special Member Assessments provided for herein shall be the personal and individual debt of the Owner of a Building Site, or

subdivided portion thereof, covered by such assessments. No Owner may, for any reason, exempt itself from liability for such assessments levied in accordance with the provisions of the Declaration and these Bylaws. In the event that any assessment or installment thereof is not paid when due, and remains unpaid for a period of thirty (30) days thereafter, then the unpaid amount of any such assessment or installment thereof shall become delinquent and shall, together with interest thereon as herein provided and costs of collection thereof, become a continuing personal obligation and debt of the non-paying

Owner secured by a self-executing lien on the Building Site or subdivided portion thereof, including all improvements thereof, to which such assessment or installment thereof pertains. The Association shall have the right to reject any partial payment of any assessment or installment thereof and demand full payment thereof, or the Association may, in its sole discretion, elect to accept any such partial payment on account only, without in so doing waiving any rights established hereunder with respect to any remaining balance due.

The obligation of any Owner to pay any assessment imposed on a Building Site during such Owner's period of ownership shall remain its personal obligation, and a sale or other transfer of title to such Building Site shall not release such former owner from said liability notwithstanding an assumption of liability by the purchaser or transferee. The lien for any unpaid assessments shall be unaffected by any sale or transfer of full or partial ownership interest in a Building Site, or subdivided portion thereof, and shall continue in full force and effect. In the event of full or partial sale or transfer of an ownership interest in a Building Site, it shall be the sole obligation of the Owner selling or transferring such interest (and not the Association) to disclose to any buyer or transferee that an unpaid assessment and associated lien against the ownership interest exist prior to that date at which such sale or transfer is to be consummated. A copy of such notice shall be sent to the Association at the same time. Upon written request, the Association shall provide an Owner with a statement reflecting the amount of any unpaid or delinquent assessments with respect to a Building Site owned by said Owner.

The unpaid amount of any assessment shall bear interest from its due date at twelve percent (12%) per annum or the maximum legal rate of interest then prevailing, whichever is lesser. In addition, the Board may elect to retain the services of an attorney of its choice for the purposes of collecting any unpaid assessment and interest charges thereon, and/or to foreclose the lien against the property subject thereto and/or to pursue any other legal or equitable remedy which the Association may have and there shall be added to the amount of unpaid assessment and interest charges thereon, any and all collection costs incurred by the Association, whether judicial or non-judicial, and including, but not limited to, reasonable attorney fees and costs of legal suit.

13.08 Lien and Foreclosure. Upon delinquency, all sums assessed in the manner provided in these Bylaws, together with all interest costs as herein provided, shall be secured by the lien provided for under Section 13.07 of these Bylaws. As further evidence and notice of such assessment lien, the Association may prepare a written notice of such lien setting forth the amount of delinquent indebtedness, the name of the Owner of property covered by such lien, and a description of the property. Such notice shall be signed by a duly authorized Officer of the Association and shall be recorded in the office of the County Clerk of Brazos County, Texas, or such other place as may be required by law for the recording of liens affecting real property at such time as such notice is recorded. Such lien for payment of assessments shall attach from the date such payment becomes delinquent and may be enforced after recording said notice through (i) foreclosure of such lien on the Building Site, or subdivided portion thereof, and any improvements thereon in like manner as a mortgage on real property, (ii) suit against the Owner personally obligated to pay the assessment and/or (iii) foreclosure of the aforesaid lien judicially. In any foreclosure proceeding, whether judicial or non-judicial, the Owner shall be required to pay the costs, expenses and reasonable attorneys'

fees incurred by the Association. The Association shall have the power to bid' on the property being foreclosed.

13.09 Lien Subordination. Any lien established as provided for in these Bylaws, shall be subordinate and inferior to any mortgage or deed of trust in favor of any bank, savings and loan association, insurance company, pension fund, or other similar financial institution or other lender approved by the Board; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a foreclosure sale (whether public or private) of any such Building Site pursuant to the terms and conditions of any such mortgage or deed of trust. Such foreclosure sale shall not relieve any new Owner taking title at such sale from liability for the amount of any assessments thereafter becoming due or from a lien. arising from any such subsequent assessment.

At the time any mortgage financing or refinancing is obtained for any Building Site, which will as provided above be superior to any existing or future assessment lien of the Association, the Owner of such Building Site shall within thirty (30) days prior to the consummation of any such mortgage or financing deliver to the Association written notice identifying the lender making such mortgage loan in terms of its full legal name, its current address and telephone number, and the name of an officer or other person within the entity who is responsible for that particular loan account. Upon the written request of any such lender holding a superior lien on any Building Site as provided herein, the Association shall report to such lender any unpaid assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative, elect to report delinquent assessments to such mortgage lenders.

13.10 Common Areas Exempt. All Common Areas dedicated to the City on a recorded plat or otherwise, shall be exempted from any assessments and any lien created herein. Landscape Easements within Common Areas on Building Sites as provided for in Article VIII, Section 7 of the Declaration, shall specifically be excluded from this exemption.

13.11 Notice of Lien or Suit. An Owner shall give notice to the Association of every lien or encumbrance upon his Building Site or subdivided portion thereon, other than for taxes and Assessments, and notice of every suit or other proceeding which may affect the title to his Building Site or subdivided portion thereon, and such notice shall be given within five (5) days after the Owner has knowledge thereof.

13.12 Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's liens filed against other Site Improvements for labor, materials, services or other products incorporated in the Owner's Site Improvements.

ARTICLE XIV ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

14.01 Abatement and Enjoinment. The violation of any rule or regulation, or the breach of any Bylaw, or the breach of any provision of the Declaration, shall give the Board of Directors the right, in addition to any other rights set forth in the Declaration or herein (i) to enter the Building Site in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors shall not be deemed guilty in any manner of trespass; and to expel, remove and put out, using such force as may be necessary in so doing, without being liable to prosecution or any damages therefor; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XV
COMMITTEE
S

15.01 Design Review Committee. The Board shall establish and maintain a Design Review Committee consisting of not fewer than three (3) persons or more than five (5) persons appointed by the Board. Members of the Board may also be members of the Design Review Committee, and, if it so chooses the Board may sit as such committee. Until December 31, 1990 the appointment of the members of the Design Review Committee must be approved by Declarant, and any or all members of such committee may be removed by the Declarant without cause, except that at any time prior to December 31, 1990, Declarant may, at its sole option and discretion, act to terminate its right to approve or remove such committee members, in which event the Board shall have full and exclusive authority to appoint or remove such members. After December 31, 1990 the Board shall have the exclusive right and authority at any time to appoint, remove and fill vacancies on the Design Review Committee.

(a) Function of Committee. No Site Improvements shall be erected, constructed, placed, altered, removed, maintained, or permitted to remain on any portion of the Property until plans and specifications, in such form and detail as the Design Review Committee (subject to the requirements of the Declaration) may deem necessary, shall have been submitted to the Design Review Committee and approved by it in writing as to:

(i) Architectural character;

(ii) Compatibility with the Development Standards, as well as with other existing or proposed Building Site developments located within the Property;

(iii) Extent and quality of Landscaped Areas proposed for a particular Building Site;

(iv) Exterior signing and lighting; and

(v) Compliance with any other requirement for the Property or individual Building Sites pursuant to this Declaration.

The Design Review Committee shall have the authority to select and employ professional consultants to assist it in discharging its duties, the cost of such consultants to be paid by the Owner of any Building Site for which plans and specifications have been submitted for approval. The Owner of any such Building Site shall be responsible for paying the full costs of each and every review when due, whether or not submitted plans and specifications are approved by the Design Review Committee. Any decision of the Design Review Committee shall be final, conclusive and binding upon an applicant. The Design Review Committee shall establish administrative procedures including, but not limited to, designating a person and place to receive formal submissions.

(b) Interpretation. Approval of plans and specifications for any Site Improvements shall be based upon a determination by the Design Review Committee as to whether or not in its judgment such plans and specifications adequately meet objectives established for Nantucket Phase I & Nantucket Phase II with regard to environmental and aesthetic excellence, as well as meeting certain functional and other requirements created by the Declaration, these Bylaws and the Development Standards. Further, in reaching such decision, the Design Review Committee shall consider not only the appropriateness of specific Site Improvements proposed on a particular Building Site, but also how said Building Site, if developed in the manner intended, would likely relate to and affect those Site Improvements either existing on or intended for other Building Sites, and conformity to both the

specific and general intentions of the Protective Covenants. The Design Review Committee shall have full power and authority to make any such subjective judgments and to interpret the intent and provisions of the Declaration and these Bylaws and the Development Standards in such manner and with such results as such Design Review Committee may, in its sole discretion, deem appropriate. In dealing with matters and decisions which the Design Review Committee may determine, in its sole discretion, require special consideration, it may employ the services of a qualified consultant or consultants for the purpose of advising the Design Review Committee with regard to a particular decision, such consultant to be selected by the Design Review Committee. Any recommendations made by any such consultant shall be reasonably considered by the Design Review Committee in arriving at a decision or action to which such consultant recommendations directly relate, but shall not be binding on such committee.

(c) Development Standards. The Design Review Committee shall have full power to enforce the Development Standards governing project standards, including but not limited to, site development architecture, construction, lighting, signage, and landscaping. In this connection, the Design Review Committee shall have the power to enforce strict compliance with the Development Standards by any or all Owners.

(d) Failure of Committee to Act. Should the Design Review Committee fail to either approve or disapprove such plans and specifications, or to reject them as being incomplete or otherwise inadequate, within sixty (60) days after receipt thereof, it shall be conclusively presumed that such committee has approved such plans and specifications. If any plan and/or specifications are submitted in a form which is not sufficiently complete or are otherwise determined inadequate the Design Review Committee may reject such plans and/or specifications, or may approve or disapprove portions thereof either conditionally or unconditionally, and reject the balance.

(e) Limitation of Liability. The Declarant, the Association, the Board or any of its members, and the Design Review Committee or any of its members shall not, individually or in combination, be liable for damages or otherwise to anyone submitting plans or specifications for approval or to any Owner of a Building Site or any other person affected by an action taken with respect to such a submission by reason of mistake in judgment, negligence, or nonfeasance arising out of or in connection with the approval or disapproval or failure to approve or to disapprove any plans and specifications submitted.

15.02 Other Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more other committees. Except as otherwise provided in such resolution, members of such committee or committees shall be Members of the Association, and the President of the Association shall appoint the members thereof.

15.03 Term of Office. Each member of a committee shall continue as such until the next annual meeting of the Members of the Association or until his successor is appointed unless the committee shall be sooner terminated, or unless such member be removed from such committee, or unless such member shall cease to qualify as a member thereof, subject to the provisions of Section 15.01 of these Bylaws concerning the Design Review Committee.

15.04 Chairman. One member of each committee shall be appointed chairman by the President of the Association.

15.05 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments, subject to the provisions of Section 15.01 of these Bylaws concerning the Design Review Committee.

15.06 Quorum. Unless otherwise provided in the resolution of the Board of Directors designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members present at a meeting at which a quorum is present shall be the act of the committee.

15.07 Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE XVI NON-PROFIT ASSOCIATION

16.01 Non-Profit Association. This Association is not organized for profit. No Member, member of the Board of Directors, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, officer or Member; provided, however, always (1) that reasonable compensation may be paid to any Member, director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any Member, director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XVII EXECUTION OF DOCUMENTS

17.01 Execution of Documents. The persons who shall be authorized to execute any and all contracts, documents, instruments or conveyance or encumbrances, including promissory notes, shall be two, one of each of the President or any Vice President, and the Secretary or any Assistant Secretary of the Association.

ARTICLE XVIII PROXY TO TRUST

18.01 Proxy to Trust. Owners shall have the right to irrevocably constitute and appoint their Mortgagees their true and lawful attorney to vote their Building Site membership in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominees any and all rights, privileges, and powers that they have as Owners under the Bylaws of this Association or by virtue of the Declaration. Such proxy shall become effective upon the filing of a notice by the beneficiary with the Secretary or Assistant Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of the failure, neglect, or refusal of the Association or the Owners to carry out their duties as set forth in the Declaration. Such proxy shall be valid until such time as a release of the beneficiary's deed of trust is executed and a copy thereof delivered to the Secretary or Assistant Secretary of the Association, which shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners or to impose upon the beneficiary of the Deed of Trust the duties and obligations of an Owner.

ARTICLE XIX CONFLICTING OR INVALID PROVISIONS

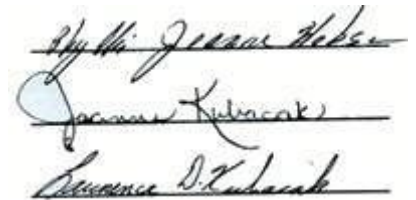
19.01 Conflicting or Invalid Provisions. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the provisions of the Texas Non-Profit Corporation Act or any other Texas law, such Act or law shall control; and should any part of

these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

ARTICLE
XX
NOTICES

20.01 Notices. All notices to Members of the Association shall be given by delivering the same to each Owner in person or by depositing the notices in the U.S. Mail, postage prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association. If an Owner shall fail to give an address to the Secretary for mailing of such notices, all such notices shall be sent to the Building Site of such Owner, and all Owners shall be deemed to have been given notice of the meetings upon the proper mailing of the notices to such addresses irrespective of the actual receipt of the notices by the Owners.

By our signatures hereto the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing Bylaws for the Association as of the 7 day of July, 1987.



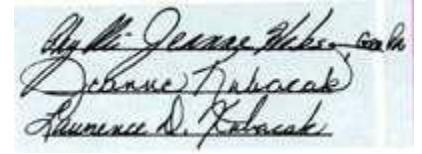
AMENDMENT

Amendment to ARTICLE XIII, Section 13.09, Page 16 of the BY-LAWS OF THE NANTUCKET PRESERVATION ASSOCIATION, INC. (A Texas Non-Profit Corporation) to include Federal Government Agencies. It shall now read:

13.09 Lien Subordination. Any lien established as provided for in these Bylaws, shall be subordinate and inferior to any mortgage or deed of trust in favor of any bank, savings and loan association, insurance company, pension fund, Federal Government Agencies (such as the Veterans Administration) or other similar financial institution or other lender approved by the Board; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to a foreclosure sale (whether public or private) of any such Building Site pursuant to the terms and conditions of any such mortgage or deed of trust. Such foreclosure sale shall not relieve any new Owner taking title at such sale from liability for the amount of any assessments thereafter becoming due or from a lien arising from any such subsequent assessment.

At the time any mortgage financing or refinancing is obtained for any Building Site, which will as provided above be superior to any existing or future assessment lien of the Association, the Owner of such Building Site shall within thirty (30) days prior to the consummation of any such mortgage or financing deliver to the Association written notice identifying the lender making such mortgage loan in terms of its full legal name, its current address and telephone number, and the name of an officer or other address and telephone number, and the name of an officer or other person within the entity who is responsible for that particular loan account. Upon the written request of any such lender holding a superior lien on any Building Site as provided herein, the Association shall report to such lender any unpaid assessments which are delinquent as herein defined. The Association may from time to time, at its own initiative, elect to report delinquent assessments to such mortgage lenders.

By our signatures hereto the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing Bylaw Ammendment as of the 4th day of April, 1989.



AMENDMENT

Amendment to ARTICLE III, Section 5, Page 4 and ARTICLE IV, Section 6, Page 5 of the BY-LAWS OF THE NANTUCKET PRESERVATION ASSOCIATION, INC. (A Texas Non-Profit Corporation) to include Federal Government Agencies. It shall now read:

5.07 Quorum. Members holding one-half (1/2) of the votes entitled to be cast, either present at the meeting or having voted by absentee ballot according to section 5.09, shall constitute a quorum for voting on matters brought before the Association at meetings of Members called by the Board. In the event a quorum is not present, then the meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail, at which meeting the number of Members in Good Standing represented in person, by absentee ballot, or by proxy shall be sufficient to constitute a quorum. The members in Good Standing present at a duly organized meeting may continue to transact business until adjournment, not withstanding the withdrawal of enough Members in Good Standing to leave less than a quorum.

5.09 Voting by Absentee Ballot. The Board will mail absentee ballots for elections and other voting matters to the Members in Good Standing at least ten (10) days, but not more that thirty (30) days prior to such meetings. The absentee ballots must be returned via mail or email to the Secretary or Assistant Secretary at least three (3) calendar days before the meeting. All absentee ballots will be verified for authenticity by a phone call or email from the Secretary or Assistant Secretary to the voting Member.

6.031 Nominations and Absentee Ballots. Nominations for the Board of Directors will be solicited in the annual assessment mailing at the end of the fiscal year. All nominations must be returned to the Secretary or Assistant Secretary on or before December 31st. An absentee ballot will be prepared, which will be mailed to all Members along with the notice of the Annual Association Meeting. Members may vote by absentee ballot. Absentee ballots must be returned to the Secretary or Assistant Secretary according to section 5.09.

6.05 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Member entitled to vote as such meeting, at least ten (10) days, but not more than thirty (30) days prior to such meetings. Absentee ballots will be included in the mailing. The mailing notice in the manner provided in this paragraph shall be considered notice served.

Approval recommended by unanimous vote of the home/lot owners at the 2003 Annual Meeting of the Nantucket Preservation Association, Inc., February 22, 2003. By our signatures hereto the undersigned, being all of the 2002-2003 Directors of the Association, hereby adopt the foregoing Bylaw Amendments as of the 22nd day of February, 2003.

**ARTICLE XXI
POLICY STATEMENTS AND INTERPRETATIONS**

**21.01 Commercial Policy
STATEMENT OF POLICY
NANTUCKET PRESERVATION ASSOCIATION, INC.**

This is a Statement of Policy prepared by the board of directors (the "Board") of Nantucket Preservation Association, Inc., effective on the 26th day of March, 2008.

Preamble

A. Nantucket Subdivision is a platted subdivision located in Brazos County, Texas, consisting of multiple phases recorded in the Deed Records and Official Records of Brazos County, Texas, to which plats reference is hereby made (and all the property described in the plats collectively called "Nantucket" in this statement).

B. Nantucket is subject to certain declarations of covenants, conditions, reservations and restrictions in all of its phases (the "Declarations"). The Declarations are the same or similar for all phases of Nantucket, and for purposes of this Statement, any differences between the declarations in the separate phases is not relevant.

C. For the purpose of assisting property owners of lots in Nantucket and advising prospective purchasers of property in Nantucket, this Statement of Policy is made for the purpose of clarifying the current interpretation of various terms and the policy of the Board regarding enforcement of the Declarations.

Statement of Policy

The foregoing premises considered, it is hereby declared by the Board that its current policy regarding the matters described below is as follows:

1. Commercial activity which is prohibited by Article III.B.2. of the Declarations is understood by the Board to define "sale" as any exchange of goods or services or products for money, exchange, barter or credit.
2. It is the policy of the Board that the commercial activities prohibited by the Declarations include activities conducted from the home or from an accessory structure which constitutes all or any portion of the financial livelihood of a person or person living in the dwelling or accessory structures.
3. It is further the policy and interpretation of the Board that the following specific activities are considered commercial and are prohibited by the Declarations:

- A. Bed and Breakfast operations
- B. Barber, beauty, and other personal service shops
- C. Animal hospitals, stables, or kennels
- D. Dance studios or other schools
- E. Mortuaries
- F. Private Clubs
- G. Repair Shops
- H. Restaurants
- I. Automobile paint and repair shops
- J. Doctor, dentist, veterinarian, or other medically related offices
- K. Rooming or boarding houses for a short term occupancy

The foregoing list of specific interpretations by the board is not an exclusive list, but serves as specific examples of commercial activities deemed to be prohibited by the Declarations.

4. For the guidance of owners of property in Nantucket, the following conditions or issues shall be viewed by the board as issues of concern, that will make application to the Architectural Committee necessary or will be factors in establishing violations of the Declarations:
- A. Modifications to the original approved dwelling on any lot that affects the outside appearance of the dwelling
 - B. Uses or modifications that are visible from the street
 - C. Uses which generate non-residential traffic, result in non-residential parking, create waste disposal issues, or water use in excess of what is common to a residential property
 - D. Uses which result in off-street or on-street parking of more than two (2) vehicles at any one time by drivers who are not members of the occupant family on any lot

- E. Uses which create a hazard to persons or property in Nantucket
- F. Uses which result in electrical interference or danger within Nantucket
- G. Uses which result in outside storage or display of goods, products, or services
- H. Uses which involve employment within the residential dwelling on any lot or on the lot itself of persons other than members of the occupant family on such lot

Nothing contained in the list set forth above shall be construed to limit any general or specific provisions of the Declarations, but are offered merely for the purpose of providing specific examples of uses or activities which the Board views as violative of the Declarations.

5. The Bylaws of Nantucket Preservation Association, Inc. assigns powers and duties to the Board which include enforcing the provisions of the Declarations and seeking damages or other remedial action from any owner for violation of the Declarations or any of its individual provisions. To support the financial cost of performing those duties and responsibilities, it is the policy of the Board that it will assess fines of \$50.00 per day against any lot owner for failure to cure a violation ("failure to cure"). A failure to cure shall be considered to exist after notice has been given once per month for three (3) consecutive months of the specific violation of the Declarations. If any owner receives notice, sent by certified mail, return receipt requested and fails to cease or cure the violation within thirty (30) days after mailing of the third monthly notice of such violation, the fine of \$50.00 per day shall commence thirty (30) days following the date of mailing of the third notice. Additionally, any legal expenses occurred by the Association in enforcing the Declarations shall be added to the total amount due. The amounts of any such fines and costs shall be added to the assessments due by the lot owner to the Association, and shall be and constitute a lien against such lot.
6. The Board reserves the right to amend, correct, supplement, or revoke any and all portions of this Statement of Policy. Until the Board files a document amending, correcting, supplementing, or revoking this Statement of Policy, any lot owner within Nantucket may rely upon this Statement of Policy for the purpose of determining what the Board interpretation and intent will be in enforcing the Declarations.

Signed to be effective on the date stated above.

NANTUCKET PRESERVATION ASSOCIATION, INC.

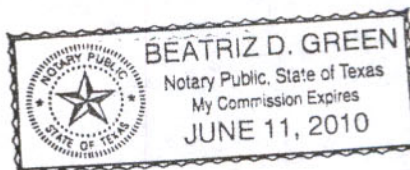
By: *Jim Maness*
Jim Maness, President

STATE OF TEXAS

COUNTY OF BRAZOS

This instrument was acknowledged before me on the 26th day of March, 2008, by JIM MANESS, President of NANTUCKET PRESERVATION ASSOCIATION, INC., a Texas corporation, on behalf of said corporation an in the capacity herein stated.

Beatriz D. Green
Notary Public, State of Texas



21.02 Dues Dates and Delinquency

STATEMENT OF POLICY NANTUCKET PRESERVATION ASSOCIATION, INC.

This is a Statement of Policy prepared by the Board of Directors (the 'Board') of Nantucket Preservation Association, Inc. effective on the 3rd day of November, 2008.

Preamble

WHEREAS, the Bylaws of Nantucket Preservation Association, Inc. (NPA) are governed by the Texas Non-Profit Corporation Act, and

WHEREAS, such act allows amendments to the Bylaws of NPA by the vote of a majority of the members of its governing Board, and

WHEREAS, Article 4.01(b) of NPA Bylaws allows the NPA Board to affix and collect fees, etc.

The NPA Board presents the following interpretation of policy as to the set date of assessment of those fees and the set date at which nonpayment of set fees become delinquent.

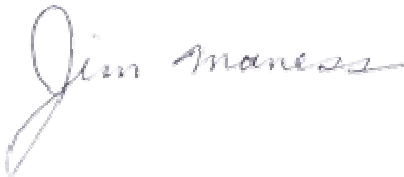
Policy Statement

It shall be the policy of NPA to have the effective date of all annual dues January 1st of each calendar year.

It shall be the policy of NPA that all dues and assessments unpaid by March 1st shall be deemed delinquent and subject to the penalties outlined in Article XIII of the NPA Bylaws and applicable penalties of the specific Covenants.

Article 8.03 of NPA Bylaws states the NPA fiscal year shall coincide with the calendar year. All of the applicable provisions of Article XIII shall remain unchanged.

This Policy Statement and Interpretation of The NPA Bylaws duly approved by a unanimous vote of the NPA Board of Directors and spread upon the minutes of a regular meeting this the 3rd day of November, 2008.

A handwritten signature in cursive script that reads "Jim Maness".

Jim Maness
President Nantucket Preservation Association, Inc.

21.03 Bid Policy

Statement of Policy NANTUCKET PRESERVATION ASSOCIATION, INC.

This is a Statement of Policy prepared by the Board of Directors (the "Board") of Nantucket Preservation Association, Inc. effective on the 17th day of Feb., 2009.

PREAMBLE

WHEREAS, The Bylaws of Nantucket Preservation Association, Inc. (NPA) are governed by the Texas Non-Profit Corporation Act, and

WHEREAS, such Act allows amendments to the Bylaws by the vote of a majority of the members of the governing Board, and

WHEREAS, the award of any contract for purchasing, services or construction for Nantucket Preservation Association is the exclusive responsibility of the elected Board of Directors, and

WHEREAS, Article IV Section 4.01, Article VII Section 7.03(g) and Article X Section 10.02 give the NPA Board wide latitude and authority in the expenditure of NPA funds.

The NPA Board presents the following Interpretation of Policy to insure compliance with the fiduciary responsibility of the expenditure of membership funds and to conform to accepted public policy on financial matters.

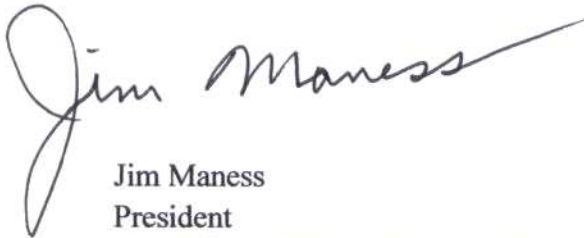
POLICY STATEMENT

It shall be the policy of NPA that any NPA expenditure of funds in excess of 25% of the annual budget and/or income shall be subject to the following conditions:

1. A specified plan or detailed contract that is suitable for a Public Bid must be presented by the contractor, or designated committee, that is suitable for placing out for Public Bid.

2. There shall be a minimum of two, separate and independent, bids for any contract to be considered by the Board.
3. If the project is from a "sole source" provider written explanations from the appropriate Committee Chairman or Board designee shall accompany any non-biddable project item for the item to be acceptable.
4. All bids that require Design, Procurement and Construction should be bid as a lump sum. If maintenance is, or could reasonably be required, maintenance costs for the first year must be included and priced within the bid contract.
5. Any deviation or exceptions to the proposed common specification, or plan, that is requested by a bidder, must be bid upon by all bidders.
6. All bids must first be approved by majority vote of the appropriate committee. Then submitted to the Secretary of the NPA Board who will then spread the winning bid upon the official minutes of the NPA Board.
7. The awarding of contract and attendant notification will be in writing by the Secretary of the NPA Board.
8. Any variations to these requirements must be approved by the NPA Board.

This Statement of Policy and Interpretation of The NPA Bylaws duly approved and spread upon the minutes of a regular meeting of the NPA Board this, the 17th day of Feb, 2009.



Jim Maness
President
Nantucket Preservation Association, Inc.

Original Document Signed by:
David Wm. Reed
Pam Rosynek
Bill Harris
Penny Holmes
Gerald Atmar

ARTICLE XXI
SECTION 21.04
NANTUCKET BYLAWS
STATEMENT OF POLICY
NANTUCKET PRESERVATION ASSOCIATION, INC

PREAMBLE

WHEREAS, The Bylaws of the Nantucket Preservation Association, Inc. (NPA) are governed by the Texas Non-Profit Corporation Act, and

WHEREAS, such Act allows amendments to the Bylaws of NPA by the vote of a majority of the members of its governing Board, and

WHEREAS, Article IV B of the Nantucket Covenants is in need of clarification of "outbuildings".

The NPA Board presents the following Interpretation of Policy to insure uniformity of compliance and understanding for the placement and context of "out buildings". This Statement is to be used by the Architectural Control Committee (ACC) as guidance in the approval process of new or replacement storage shed outbuildings.

POLICY STATEMENT

1. Existing storage outbuildings are not covered by this Statement and are grandfathered.
2. Color of the storage outbuilding should be compatible with the rest of the subdivision, as close to the color of the main building as is reasonably practicable, and consistent with published setbacks and deed restrictions.
3. There shall be no bright and unusual colors such as, but not limited to, bright purples, pinks, oranges or other colors that are not routinely utilized on the homes in Nantucket.
4. Storage buildings shall not exceed 200 square feet of floor area. Buildings with greater square footage are considered as structures, such as a garage, and will be subject to review as other than a storage building.

5. Storage building is expected to have screening material, such as vegetation, to provide a break in sight view(s) to neighbors, roads, and common areas.

This statement of Policy and Interpretation of the NPA Bylaws duly approved and spread upon the minutes of the NPA Annual Meeting this, 4th day of February, 2012

A handwritten signature in cursive script that reads "Jim Maness". The signature is written in black ink and is positioned above the printed name and title.

Jim Maness

President

Nantucket Preservation Association, Inc.

BYLAWS

ARTICLE XXI

POLICY STATEMENTS AND INTERPRETATIONS

21.05 FENCING

NANTUCKET PRESERVATION ASSOCIATION, INC

This is a Statement of Policy prepared by the Board of Directors (the "Board") of Nantucket Preservation Association, Inc. effective on the 29th day of October, 2013.

PREAMBLE

WHEREAS, The Bylaws of Nantucket preservation Association, Inc. (NPA) are governed by the Texas Non-Profit Corporation Act, and

WHEREAS, such Act allows amendments to the Bylaws by a vote of the majority of the members of the governing body, and

WHEREAS, NPA is subject to certain declarations of Covenants, conditions, reservations and restrictions in all of its phases (the "Declarations"). The Declarations are the same for all phases of Nantucket, and for purposes of the Statement, any differences between declarations in separate phases is not relevant, and

WHEREAS, For the purpose of assisting property owners of lots in Nantucket and advising prospective purchasers of property in Nantucket, this Statement of Policy is made for the purpose of clarifying the current interpretation of various terms and the policy of the Board regarding *placement of residential fencing*, and

WHEREAS, for the guidance of owners of property in Nantucket, the following conditions or issues shall be viewed by the Board as issues of concern, that will make application to the Architectural Control Committee (ACC) necessary or will be factors in establishing violations of the Declarations:

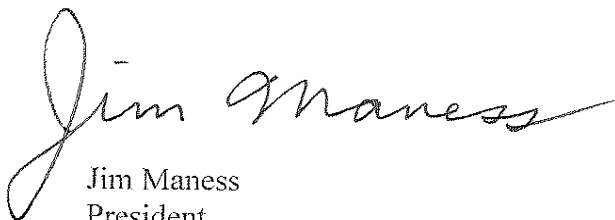
STATEMENT OF POLICY

It is hereby declared by the Board of Directors of Nantucket Preservation Association, Inc. (NPA) that its current policy regarding placement of residential fencing is as follows:

1. All fence types, locations, and materials must be approved by NPA's Architectural Control Committee (ACC). All exceptions to the following guidelines must be granted by the ACC.
2. A special variance and exception is granted to the property owners where the existing white wooden fence (WWF) is removed by the NPA. The owner so affected may replace fencing of ACC approved type and style in the same physical locations from which the WWF is removed. The replacement action must commence within 12 months from date of WWF removal. Replacement cost is the responsibility of the homeowner.
3. All fences must be maintained in terms of appearance and kept in good repair as approved by ACC.
4. No wire fencing (hog wire, chicken wire) may be visible from any road or common area.
5. Chain Link fencing may be used in areas not within normal view of any road or common area as long as the fence is coated in green, brown or black vinyl.
6. Fences shall be of masonry construction, wrought iron, vegetative hedge, approved chain link, or substantially constructed wood or wood like synthetics. Other material may be submitted to the ACC for consideration.
7. Fences shall be no more than 6 feet in height.
8. Missing board on wood fences must be replaced within 14 days of written notification from the ACC.
9. Any fence leaning more than 10 degrees from vertical must be repaired, replaced, or removed within 60 days of receiving written notification from the ACC. Leaning fences may be temporarily repaired with bracing which shall only be used on the inside of the fence (on the owners property). No braces may be used on the outside of a fence or on the public right of way. "Temporary" shall be interpreted to be not more than 6 months from the date of ACC notice.
10. The Bylaws of NPA assigns powers and duties to the NPA Board which includes enforcing the provisions of the Declarations and seeking damages or other remedial action from any owner for violation of the Declarations or any of its individual provisions. To support the financial cost of performing these duties and responsibilities, it is the policy of the Board that it will assess fines of \$50.00 per day against any lot owner for failure to cure a violation ("failure to cure"). A failure to cure shall be considered after notice has been given once a month for three consecutive months for a specific violation of the Declarations. If any owner receives

notice, sent via certified mail, return receipt requested and fails to cure the violation, the fine shall commence thirty (30) days following the date of the third notice. Additional legal fees shall be assessed against the property owner as accrued and shall constitute a lien against the lot.

This Statement of Policy and Interpretation of the NPA Bylaws duly approved and spread upon the minutes of a regular meeting of the NPA Board the 29th day of October, 2013.

A handwritten signature in cursive script that reads "Jim Maness". The signature is written in black ink and is positioned to the left of the typed name.

Jim Maness
President
Nantucket Preservation Association, Inc.