

BY - LAWS
OF
TAYLORCREST COMMUNITY ASSOCIATION, INC.

The By-Laws of Taylorcrest Community Association, Inc. as adopted by the Board of Directors on the 13th day of December, 1991.

ARTICLE I

NAME AND ADDRESS

The name of the corporation is Taylorcrest Community Association, Inc., hereinafter referred to as the "Association". The mailing address of the corporation is P. O. Box 2, El Lago, Texas 77586. Meetings of members and directors may be held at such places within the State of Texas, Harris County, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to the Taylorcrest Community Association, Inc., a Texas Non-Profit Corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to Taylorcrest, Section One, Two, and Three, a subdivision of the City of El Lago in Harris County, Texas, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

Section 3. "Common Area" shall mean all real property owned by the Association, including for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the Properties with the exception of the Common Area.

Section 5. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 6. "Declaration" shall mean and refer to the instruments entitled "Amended Restrictions, Covenants and Conditions of Taylorcrest, Section One", Restrictions, Covenants and Conditions of Taylorcrest, Section Two", and Restrictions, Covenants and Conditions of Taylorcrest, Section Three" applicable to the Properties and filed for record under Harris County Clerk's File No. F672268, F871608, G011023, J012602 and J030190, respectively recorded under Film Code No. 113-91-0694, 123-84-0745 and 050-95-0545, of the Official Public Records of Real Property of Harris County, Texas, and any amendments thereto and/or such other Declarations created by dedication of additional properties, if any, to the subdivision.

Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Articles of Incorporation.

Section 8. "Other Residents" shall mean those who reside in the subdivision but who do not qualify as "Members" of the Association.

ARTICLE III

MEETING OF MEMBERS

Section 1. Annual Meetings. An annual meeting of the Association shall be held between September 1 and December 1 at a date and time selected by the Board.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by any three members of the Board of Directors, or upon written request of the members who are entitled to vote one-third (1/3) of all the votes.

Section 3. Notice of Meetings. Written notice of each meeting of the members shall be given by, or at the direction of, the secretary or person authorized to call the meeting at least fifteen (15) days before such meeting to each member entitled to vote thereat, either personally or by prepaid mail addressed to the member at the member's address last appearing on the books of the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. **Quorum.** The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-quarter of the votes of the membership shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. **Proxies.** At all meetings of Members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. **Powers.** The annual budget shall be presented to the membership by the Board. Budget approval shall be by majority vote of the Board of Directors provided no increase in Maintenance charges is required (See Article VII, Section 2 i).

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. **Number.** The affairs of this Association shall be managed by a Board of Directors which will be comprised of all of the officers of the Association, but in no case will the number be less than three directors.

Section 2. **Term of Office.** At each annual meeting the members shall elect all directors, each for a term of one year.

Section 3. **Removal.** Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. In the event of death, resignation or removal of a director, his successor shall serve for the unexpired term of his predecessor.

Section 4. **Compensation.** No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his/her duties.

Section 5. **Action Taken Without a Meeting.** The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining approval of a majority of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. **Nomination.** Nomination for election to the Board of Directors shall be made by Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors and such appointment shall be announced a minimum of 30 days prior to the annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations are to be made from among Members of the Association.

Section 2. **Election.** The Board of Directors shall be elected annually by voice vote or by written ballot, as designated by the Board. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. Each Board vacancy shall indicate the office for which the candidate is also running. A quorum described in Article III, Section 4 is required for election. The persons receiving the largest number of votes shall be elected to both the office and to the Board. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. **Regular Meetings.** Regular meetings of the Board of Directors shall be held **at least** quarterly at such place and hour as may be fixed from time to time by resolution of the Board.

Section 2. **Special Meetings.** Special meetings of the Board of Directors shall be held

when called by any three directors, after not less than three (3) days notice to each Director.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to:

(a) adopt and publish rules and regulations governing the use of the Common Area facilities, and the personal conduct of the Members, Other Residents, and their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the recreational facilities of a Member, Other Residents and their guests during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;

(c) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;

(d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties; and

(f) appoint (and terminate) such committees as it deems appropriate.

Section 2. Duties. It shall be the duty of the Board of Directors to:

(a) cause to be kept a complete record of all its acts and corporate affairs.

(b) supervise all officers, agents and employees of this Association, and to see that their

duties are properly performed;

(c) as more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto on or before February 1 of each year; and

(3) foreclose the lien against any property for which assessments are not paid within forty-five (45) days after due date or to bring an action at law against the owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive of such payment:

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) procure and maintain adequate liability insurance for the Board of Directors, Officers and Agents;

(h) cause the Common Area to be maintained.

(i) submit an annual budget, for the period 1 January to 31 December, which may be approved by the Board of Directors if no increase in maintenance charges is required. If the budget does require an increase in maintenance charges, the increase must be submitted to membership for approval.

(j) control all expenditures of Association funds in accordance with the approved annual budget. Unbudgeted expenditures from the Fund Balance must be approved by a majority of the

Board of Directors.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president, vice-president, secretary, treasurer, groundskeeper, communication chairperson, activities chairperson, architectural committee chairperson, and such officers as the Board from time to time by resolution create. All officers of this Association shall also be members of the Board of Directors.

Section 2. Election of Officers. The election of officers shall take place at the annual meeting at which the Board is elected and shall in fact constitute the candidates for election to the Board. A quorum described in Article III, Section 4 is required for election of officers.

Section 3. Term. The officers of this Association shall be elected annually by a majority of the membership present and entitled to vote and shall hold office for one year, concurrent with the term of the Board members, unless they shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces. In the event of a vacancy during the term of office, the following succession will apply:

1. President: Succeeded by Vice President.

2. Vice-President and all other offices shall be filled by appointment by the President and confirmed by two-thirds vote of the Board of Directors.

Section 7. Multiple Offices. Any person may hold two or more offices within the Association.

Section 8. Duties. The duties of the officers are as follows:

President

- (a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

- (b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board. He shall be responsible for advising the Board on alleged violations of the deed restrictions and recommending action.

Secretary

- (c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the members; keep appropriate current records showing the members of the Association together with their addresses; be registered to co-sign checks on Association bank account; and shall perform such other duties as required by the Board.

Treasurer

- (d) The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures.

Groundskeeper

(e) The Groundskeeper shall ensure all common areas and/or all empty lots are maintained and present an acceptable appearance. Outside vendors/contractors may be utilized for improvements. Volunteer "Member Work Days" may also be used where deemed appropriate. The Groundskeeper is responsible for accomplishing budgeted park maintenance/improvements as approved by the Board. He/she is responsible for preparing an annual budget request, for submission to the Board, covering park maintenance/improvements.

Activities

(f) The Activities Chairperson shall be responsible for planning and organizing all social activities sanctioned by the Board of Directors. Within the confines of the annual budget, the social activities will normally include an Easter Egg Hunt, the Spring and Fall family picnics in the Park and any other activities deemed appropriate. A proposed annual budget must be prepared and submitted to the Board for approval.

Communication

(g) The Communication Chairperson shall be responsible for visiting each new family that moves into Taylorcrest and presenting them with a packet consisting of Articles of Incorporation; By-laws; the Restrictions, Covenants & Conditions applicable; current Taylorcrest telephone book; park key; and re-cycle information. A card file of residents and a Taylorcrest map must be maintained and kept current. He/she is responsible to see that the Newsletter is published and distributed monthly (except during specific summer months). The phone directory is published annually. A committee for phone directory and newsletter shall be appointed, if desired.

Architectural

(h) The Chairperson of the Architectural Committee shall ensure the duties for the Taylorcrest Architectural Committee define in the applicable Taylorcrest Deed Restrictions,

Covenants, and Conditions are carried out; keep current records of all related correspondence; coordinate the activities of the Architectural committee; keep the Board regularly informed of these activities and obtain Board approval for any variances to the Restrictions.

ARTICLE IX

COMMITTEES

The Association shall appoint an Architectural Control Committee, as provided in the Declaration, and a nominating Committee, as provided in these By-Laws. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall, during reasonable business hours, be subject to reasonable inspection by any Member by contacting the Secretary of the Association. Copies may be purchased at reasonable cost, however, each member may receive a copy of each of the aforementioned documents free of charge upon purchasing a home in the Taylorcrest subdivision.

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Assessments are due with 30 days of the billing date. Any assessments which are not paid when due shall be delinquent. If the assessment is not received within forty-five (45) days after the billing date (which includes a 15 day grace period), the assessment shall bear interest from the date of delinquency at the rate of 1 1/2% per month, and the Association may bring an action at law against the property, and interest, costs, and reasonable attorneys' fees, of any such action, shall be added to the amount of such assessment. No owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his lot.

ARTICLE XII
CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words:
TAYLORCREST COMMUNITY ASSOCIATION, INC.

ARTICLE XIII
AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the Board of Directors, by a vote of a majority of the Board.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

Section 3. All of the holders of the recorded mortgages or deeds of trust must give prior written approval before any material amendment may be made to the By-Laws. Material amendment is hereby defined as an amendment that could adversely affect the holder of the mortgaged or deed of trust.

ARTICLE XIV
MISCELLANEOUS

The Fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

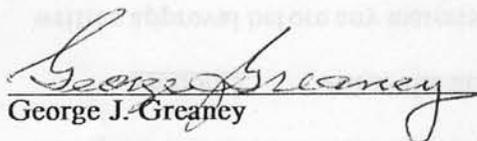
ARTICLE XV
CONDEMNATION

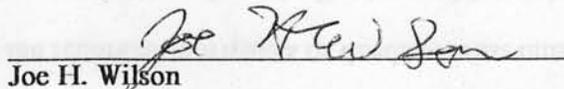
Whenever all or any part of the Common Area shall be taken (or conveyed in lieu of and under threat of condemnation by the Board, acting on its behalf or on the written direction of all Owners of Residential Units subject to the taking, if any) by any authority having the power of condemnation or eminent domain, each Owner shall be entitled to notice thereof and to participate

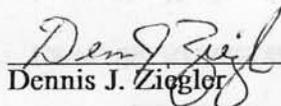
in the proceedings incident thereto, unless otherwise prohibited by law. The award made for such taking shall be payable to the Association, as trustee for all Owners, to be disbursed as follows:

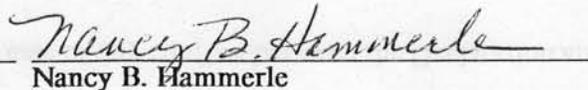
If the taking involves a portion of the Common Area on which improvements have been constructed, the, the Association shall restore or replace such improvements so taken on the remaining land included in the Common Area, to the extent lands are available therefore in accordance with plans approved by the Board of Directors of the Association. If such improvements are to repaired or restored, the above provisions in Article XV hereof regarding the disbursement of funds in respect to casualty damage or destruction which is to be repaired shall apply. If the taking does not involve any improvements on the Common Area, or if there is a decision made not to repair or restore, or if there are net funds remaining after any such restoration or replacement is completed, then such award or net funds shall be disbursed to the Association and used for such purposes as the Board of Directors of the Association shall determine.

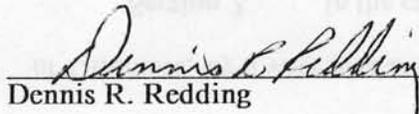
IN WITNESS WHEREOF, we, being all of the directors of the TAYLORCREST COMMUNITY ASSOCIATION, INC., have hereunto set our hands on this the 16th day of December, 1991.

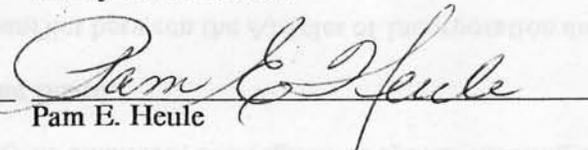

George J. Greaney

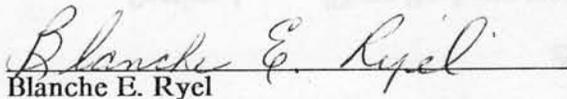

Joe H. Wilson


Dennis J. Ziegler


Nancy B. Hammerle


Dennis R. Redding


Pam E. Heule


Blanche E. Rycl

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