

BYLAWS OF SPRING CREEK GROVE OWNERS ASSOCIATION, INC.

These Bylaws (referred to as the "Bylaws") govern the affairs of Spring Creek Grove Owners Association, Inc., a nonprofit corporation (referred to as the "Association") organized under the Texas Non-Profit Corporation Act (referred to as the "Act").

ARTICLE 1

OFFICES

Principal Office

1.01. The principal office of the Association in the State of Texas shall be located at P.O. Box 525 Waxahachie, Texas 75168. The Association may have such other offices as the Board of Directors may determine. The Board of Directors may change the location of any office of the Association.

This is no longer our box. This is Gnome Partnership. Box - This has been changed to P.O. Box 353 Tebular

Registered Office and Registered Agent

1.02. The Association shall comply with the requirements of the Act and maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Association's principal office in Texas. The Board of Directors may change the registered office and the registered agent as provided in the Act.

ARTICLE 2

MEMBERS

Class of Members

2.01. The Association shall have one class of members.

Membership

2.02. Each owner of a lot located in Spring Creek Grove, Phase 1, and any future Phases of Spring Creek Grove, an Addition in Ellis County, Texas, including the developer, shall automatically be a member of the Association. Association membership shall be appurtenant to ownership of a lot. Ownership of a lot is the sole criterion for membership in the association.

2.03. Membership shall be for the purposes of maintaining and servicing the Common Area, that part of the Addition intended and dedicated for the common use of all members, including but not limited to green areas, street lights and other utilities required to service same.

Membership Assessments

2.04. The Board of Directors may set and change the amount of the annual assessments payable to the Association by owners of each lot. Assessments shall be determined by the member's pro rata share, which shall be based upon the total number of platted lots in the Addition, of the annual Common Area Maintenance Charges, which shall be the reasonable cost of ownership, operation, and maintenance of the common areas of the Addition and taxes and insurance thereon. The Board of Directors may adjust the annual assessment from time to time by notice to the members. If the actual amount of member's pro rata share of actual costs for any period exceeds the amount paid by the member, the member shall pay the deficiency within fifteen days following notice from the Association; if the amount paid by the member exceeds the member's pro rata share of the actual cost, then the surplus shall be credited to the next assessment due by member, or the Association may refund the net surplus. Assessments shall be payable in advance within fifteen days from the annual meeting. The assessment for a new member's first year shall be prorated from the day which the member is admitted to membership through the end of the year.

Nonpayment of Assessments

2.05. In the event of nonpayment of assessments by a member to the Association for a period of fifteen days, the Board of Directors shall notify the member in writing of such nonpayment, with such notice sent by registered or certified mail, return receipt requested. In the event of nonpayment by said member for a period of sixty days following delivery of notice of nonpayment, the Board of Directors shall file a lien against the member because of nonpayment of assessments duly levied and foreclose on those liens.

Voting Rights

2.06. All owners of each lot, as members of the Association, shall be entitled to one vote for each lot owned on each matter submitted to a vote of the members.

Resolution of Disputes

2.07. In any dispute between members relating to the activities of the Association, all parties involved shall cooperate in good faith to resolve the dispute. If the parties cannot resolve the dispute between themselves, the dispute shall be resolved by the Board of Directors.

Transfer of Membership

2.08. Association membership shall be transferred to the

grantee of a conveyance of a lot in fee or by inheritance upon the death of a member. Membership shall not be assigned, pledged, or transferred in any other way. Any attempt to make a prohibited transfer shall be void. Membership terminates on the dissolution of the Association.

Waiver of Interest in Association Property

2.09. All real and personal property, including all improvements located on the property, acquired by the Association shall be owned by the Association. A member shall have no interest in specific property of the Association. Each member hereby expressly waives the right to require partition of all or part of the Association's property.

ARTICLE 3

MEETINGS OF MEMBERS

Annual Meeting

3.01. Beginning in 1998, the Board of Directors shall hold an annual meeting of the members in January of each year or at another time that the Board of Directors designates. At the annual meeting, the members shall elect directors and transact any other business that may come before the meeting. If, in any year, the election of directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting, the Board of Directors shall call a special meeting of the members as soon thereafter as possible to conduct the election of directors.

Special Meetings

3.02. Special meetings of the members may be called by the president, the Board of Directors, or not less than one-tenth of the voting members.

Place of Meeting

3.03. The Board of Directors may designate any place as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors.

Notice of Meetings

3.04. Written or printed notice of any meeting of members shall be delivered to each member entitled to vote at the meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall state the place, day, and time of the meeting, who called the meeting, and the general purpose or purposes for which the meeting is called. Notice shall be given by or at the direction of the president or secretary of

the Association, or the officers or persons calling the meeting. If all of the members meet and consent to the holding of a meeting, any corporate action may be taken at the meeting regardless of a lack of proper notice.

The record date for determining the members entitled to vote at a meeting shall be established in accordance with the provisions of Article 1396-2.11A of the Revised Civil Statutes. After a record date is fixed for the notice of a meeting, an alphabetical list of members entitled to receive notice, including their addresses and number of votes each is entitled to cast, will be prepared. The list must contain a listing of members who are entitled to vote at the meeting. The list must be available for inspection at the principal office, or other reasonable place in the city in which the meeting will be held, as specified in the meeting notice, during the period from two business days after notice is given until the meeting is held. Any member entitled to vote at the meeting is entitled to access to the list for the purpose of communicating with other members. The member or the member's agent or attorney is entitled to make the inspection on written demand, and to copy the list at a reasonable time and at the member's expense.

Quorum

3.05. The members holding one tenth of the votes that may be cast at a meeting who attend the meeting in person or by proxy shall constitute a quorum at that meeting. The members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of members required to constitute a quorum. If a quorum is present at no time during a meeting, a majority of the members present may adjourn and reconvene the meeting one time without further notice.

Actions of Membership

3.06. The membership shall try to act by consensus. However, the vote of a majority of voting members in good standing, present and entitled vote at a meeting at which a quorum is present, shall be sufficient to constitute the act of the membership unless the vote of a greater number is required by law or the bylaws. A member in good standing is one who has paid all assessments as of the date of the meeting. Voting shall be by ballot or voice, except that any election of directors shall be by ballot if demanded by any voting member at the meeting before the voting begins.

Proxies

3.07. A member entitled to vote may vote by proxy executed in writing by the member. No proxy shall be valid after eleven (11)

months from the date of its execution, unless otherwise provided in the proxy.

Voting by Mail

3.08. The Board of Directors may authorize members to vote by mail on the election of directors and officers or on any other matter that may be voted on by the members.

ARTICLE 4

BOARD OF DIRECTORS

Management of the Association

4.01. The affairs of the Association shall be managed by the Board of Directors.

Number, Qualifications, and Tenure of Directors

4.02. The number of Directors shall be five. Directors shall be members of the Association or any agents of the Developers of Spring Creek Grove, so long as any lot or lots are owned by the Developers. Each director shall serve for a term of two years. The terms of the directors shall be staggered so that the terms of approximately half of the directors shall begin in even-numbered years and the terms of half of the directors shall begin in odd-numbered years.

Nomination of Directors

4.03. At any meeting at which the election of a director occurs, a voting member in good standing or director may nominate a person with the second of any other voting member in good standing or director. In addition to nominations made at meetings, a nominating committee shall consider possible nominees and make nominations for each election of directors. The secretary shall include the names nominated by the nomination committee, and any report of the committee, with the notice of the meeting at which the election occurs.

Election of Directors

4.04. A person who meets any qualification requirements to be a director and who has been duly nominated may be elected as a director. Directors shall be elected by the vote of the membership of the Association. Directors shall be elected at the annual meeting of the members. In electing directors, members shall not be permitted to cumulate their votes by giving one candidate as many votes as the number of directors to be elected or by distributing the same number of votes among any number of candidates. Each director shall hold office until a successor is elected and

qualified. A director may be elected to succeed himself or herself as director.

Vacancies

4.05. Any vacancy occurring in the Board of Directors, and any director position to be filled due to an increase in the number of directors, shall be filled by the Board of Directors. A vacancy is filled by the affirmative vote of a majority of the remaining directors, even if it is less than a quorum of the Board of Directors, or if it is a sole remaining director. A director elected to fill a vacancy shall be elected for the unexpired term of the predecessor in office.

Annual Meeting

4.06. The annual meeting of the Board of Directors may be held without notice other than these Bylaws. The annual meeting of the Board of Directors shall be held immediately after, and at the same place as, the annual meeting of members.

Regular Meetings

4.07. The Board of Directors may provide for regular meetings by resolution stating the time and place of such meetings. No notice of regular meetings of the Board is required other than a resolution of the Board of Directors stating the time and place of the meetings.

Special Meetings

4.08. Special meetings of the Board of Directors may be called by or at the request of the president or any two directors. A person or persons authorized to call special meetings of the Board of Directors may fix any place within Texas as the place for holding a special meeting. The person or persons calling a special meeting shall notify the secretary of the information required to be included in the notice of the meeting. The secretary shall give notice to the directors as required in the Bylaws.

Notice

4.09. Written or printed notice of any special meeting of the Board of Directors shall be delivered to each director not less than seven nor more than 30 days before the date of the meeting. The notice shall state the place, day, and time of the meeting, who called the meeting, and the purpose or purposes for which the meeting is called.

Quorum

4.10. Three directors or a majority of the number of directors

then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required to constitute a quorum. If a quorum is present at no time during a meeting, a majority of the directors present may adjourn and reconvene the meeting one time without further notice.

Duties of Directors

4.11. Directors shall discharge their duties, including any duties as committee members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the best interest of the Association. Ordinary care is care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In the discharge of any duty imposed or power conferred on directors, they may in good faith rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Association or another person that were prepared or presented by a variety of persons, including officers and employees of the Association, professional advisors or experts such as accountants or legal counsel. A director is not relying in good faith if the director has knowledge concerning a matter in question that renders reliance unwarranted.

Directors are not deemed to have the duties of trustees of a trust with respect to the Association or with respect to any property held or administered by the Association, including property that may be subject to restrictions imposed by the donor or transferor of the property.

Duty to Avoid Improper Distributions

4.12. Directors who vote for or assent to improper distributions are jointly and severally liable to the Association for the value of improperly distributed assets, to the extent that debts, obligations, and liabilities of the Association are not thereafter paid and discharged. Any distribution made when the Association is insolvent, other than in payment of corporate debts, or any distribution that would render the Association insolvent is an improper distribution. A distribution made during liquidation without payment and discharge of or provision for all known debts, obligations, and liabilities is also improper. Directors present at a board meeting at which the improper action is taken are presumed to have assented, unless they dissent in writing. The written dissent must be filed with the secretary before adjournment or mailed to the secretary by registered mail immediately after adjournment.

A director is not liable if, in voting for or assenting to a distribution, the director (1) relies in good faith and with ordinary care on information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by one or more officers or employees of the Association; legal counsel, public accountants, or other persons as to matters the director reasonably believes are within the person's professional or expert competence; or a committee of the Board of Directors of which the director is not a member; (2) while acting in good faith and with ordinary care, considers the assets of the Association to be at least that of their book value; or (3) in determining whether the Association made adequate provision for payment, satisfaction, or discharge of all of its liabilities and obligations, relied in good faith and with ordinary care on financial statements or other information concerning a person who was or became contractually obligated to satisfy or discharge some or all of these liabilities or obligations. Furthermore, directors are protected from liability if, in the exercise of ordinary care, they acted in good faith and in reliance on the written opinion of an attorney for the Association.

Directors who are held liable for an improper distribution are entitled to contribution from persons who accepted or received the improper distributions knowing they were improper. Contribution is in proportion to the amount received by each such person.

Delegation of Duties

4.13. Directors are entitled to select advisors and delegate duties and responsibilities to them. The directors have no liability for actions taken or omitted by the advisor if the Board of Directors acts in good faith and with ordinary care in selecting the advisor. The Board of Directors may remove or replace the advisor, with or without cause.

Interested Directors

4.14. Contracts or transactions between directors, officers, or members who have a financial interest in the matter are not void or voidable solely for that reason. Nor are they void or voidable solely because the director, officer, or member is present at or participates in the meeting that authorizes the contract or transaction, or solely because the interested party's votes are counted for the purpose. However, the material facts must be disclosed to or known by the board or other group authorizing the transaction, and adequate approval from disinterested parties must be obtained.

Actions of Board of Directors

4.15. The Board of Directors shall try to act by consensus. However, the vote of a majority of directors present and voting at

a meeting at which a quorum is present shall be sufficient to constitute the act of the Board of Directors unless the act of a greater number is required by law or the bylaws. A director who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining the decision of the Board of Directors. For the purpose of determining the decision of the Board of Directors, a director who is represented by proxy in a vote is considered present.

Proxies

4.16. A director may vote by proxy executed in writing by the director. No proxy shall be valid after three (3) months from the date of its execution.

Compensation

4.17. Directors shall not receive salaries for their services. The Board of Directors may adopt a resolution providing for payment to directors of a fixed sum and expenses of attendance, if any, for attendance at each meeting of the Board of Directors. A director may serve the Association in any other capacity and receive compensation for those services. Any compensation that the Association pays to a director shall be commensurate with the services performed and reasonable in amount.

Removal of Directors

4.18. The Board of Directors may vote to remove a director at any time, only for good cause. Good cause for removal of a director shall include the unexcused failure to attend three consecutive meetings of the Board of Directors. A meeting to consider the removal of a director may be called and noticed following the procedures provided in the bylaws. The notice of the meeting shall state that the issue of possible removal of the director will be on the agenda and the notice shall state the possible cause for removal. The director shall have the right to present evidence at the meeting as to why he or she should not be removed, and the director shall have the right to be represented by an attorney at and before the meeting. At the meeting, the Association shall consider possible arrangements for resolving the problems that are in the mutual interest of the Association and the director. A director may be removed by the affirmative vote of fifty (50) percent of the Board of Directors or members.

ARTICLE 5

OFFICERS

Officer Positions

5.01. The officers of the Association shall be a president, a

secretary, and a treasurer. The Board of Directors may create additional officer positions, define the authority and duties of each such position, and elect or appoint persons to fill the positions. Any two or more offices may be held by the same person, except the offices of president and secretary.

Election and Term of Office

5.02. The officers of the Association shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers is not held at this meeting, the election shall be held as soon thereafter as conveniently possible. Each officer shall hold office until a successor is duly selected and qualified. An officer may be elected to succeed himself or herself in the same office.

Removal

5.03. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors or membership only with good cause. The removal of an officer shall be without prejudice to the contract rights, if any, of the officer.

Vacancies

5.04. A vacancy in any office may be filled by the Board of Directors for the unexpired portion of the officer's term.

President

5.05. The president shall be the chief executive officer of the Association. The president shall supervise and control all of the business and affairs of the Association. The president shall preside at all meetings of the members and of the Board of Directors. The president may execute any deeds, mortgages, bonds, contracts, or other instruments that the Board of Directors have authorized to be executed. However, the president may not execute instruments on behalf of the Association if this power is expressly delegated to another officer or agent of the Association by the Board of Directors, the bylaws, or statute. The president shall perform other duties prescribed by the Board of Directors and all duties incident to the office of president.

Treasurer

5.06. The treasurer shall:

(a) Have charge and custody of and be responsible for all funds and securities of the Association.

(b) Receive and give receipts for moneys due and payable to the Association from any source.

(c) Deposit all moneys in the name of the Association in banks, trust companies, or other depositories as provided in the bylaws or as directed by the Board of Directors or president.

(d) Write checks and disburse funds to discharge obligations of the Association.

(e) Maintain the financial books and records of the Association.

(f) Prepare financial reports at least annually.

(g) Perform other duties as assigned by the president or by the Board of Directors.

(h) If required by the Board of Directors, give a bond for the faithful discharge of his or her duties in a sum and with a surety as determined by the Board of Directors.

(i) Perform all of the duties incident to the office of treasurer.

Secretary

5.07. The Secretary shall:

(a) Give all notices as provided in the bylaws or as required by law.

(b) Take minutes of the meetings of the members and of the Board of Directors and keep the minutes as part of the corporate records.

(c) Maintain custody of the corporate records and of the seal of the Association.

(d) Affix the seal of the Association to all documents as authorized.

(e) Keep a register of the mailing address of each member, director, officer, and employee of the Association.

(f) Perform duties as assigned by the president or by the Board of Directors.

(g) Perform all duties incident to the office of secretary.

ARTICLE 6

COMMITTEES

Establishment of Committees

6.01. The Board of Directors may adopt a resolution establishing one or more committees delegating specified authority to a committee, and appointing or removing members of a committee. A committee shall include one or more directors and may include persons who are not directors. The Board of Directors may establish qualifications for membership on a committee. The Board of Directors may delegate to the president its power to appoint and remove members of a committee that has not been delegated any authority of the Board of Directors. The establishment of a committee or the delegation of authority to it shall not relieve the Board of Directors, or any individual director, of any responsibility imposed by the Bylaws or otherwise imposed by law. No committee shall have the authority of the Board of Directors to:

- (a) Amend the articles of incorporation.
- (b) Adopt a plan of merger or a plan of consolidation with another Association.
- (c) Authorize the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the Association.
- (d) Authorize the voluntary dissolution of the Association.
- (e) Revoke proceedings for the voluntary dissolution of the Association.
- (f) Adopt a plan for the distribution of the assets of the Association.
- (g) Amend, alter, or repeal the bylaws.
- (h) Elect, appoint, or remove a member of a committee or a director or officer of the Association.
- (i) Approve any transaction to which the Association is a party and that involves a potential conflict of interest as defined in paragraph 7.04, below.
- (j) Take any action outside the scope of authority delegated to it by the Board of Directors.

Authorization of Specific Committees

6.02. There shall be the following committees: Architectural Control Committee, Landscape and Maintenance Committee and

Nominating Committee. The Board of Directors shall define the activities and scope of authority of each committee by resolution.

Term of Office

6.03. Each member of a committee shall continue to serve on the committee until the next annual meeting of the members of the Association and until a successor is appointed. However, the term of a committee member may terminate earlier if the committee is terminated, or if the member dies, ceases to qualify, resigns, or is removed as a member. A vacancy on a committee may be filled by an appointment made in the same manner as an original appointment. A person appointed to fill a vacancy on a committee shall serve for the unexpired portion of the terminated committee member's term.

Chair

6.04. One member of each committee shall be designated as the chair of the committee. The chair shall be elected by the members of the committee or appointed by the president of the Association. The chair shall call and preside at all meetings of the committee.

Notice of Meetings

6.05. Written, oral or printed notice of a committee meeting shall be delivered to each member of a committee not less than one nor more than 30 days before the date of the meeting. The notice shall state the place, day, and time of the meeting, and the purpose or purposes for which the meeting is called.

Quorum

6.06. One half of the number of members of a committee shall constitute a quorum for the transaction of business at any meeting of the committee. The committee members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough committee members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of committee members required to constitute a quorum. If a quorum is present at no time during a meeting, the chair may adjourn and reconvene the meeting one time without further notice.

Actions of Committees

6.07. Committees shall try to take action by consensus. However, the vote of a majority of committee members present and voting at a meeting at which a quorum is present shall be sufficient to constitute the act of the committee unless the act of a greater number is required by law or the bylaws. A committee member who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining

the act of the committee.

Compensation

6.08. Committee members shall not receive salaries for their services. The Board of Directors may adopt a resolution providing for payment to committee members of a fixed sum and expenses of attendance, if any, for attendance at each meeting of the committee. A committee member may serve the Association in any other capacity and receive compensation for those services. Any compensation that the Association pays to a committee member shall be commensurate with the services performed and shall be reasonable in amount.

Rules

6.09. Each committee may adopt rules for its own operation not inconsistent with the bylaws or with rules adopted by the Board of Directors.

ARTICLE 7

TRANSACTIONS OF THE Association

Contracts

7.01. The Board of Directors may authorize any officer or agent of the Association to enter into a contract or execute and deliver any instrument in the name of and on behalf of the Association. This authority may be limited to a specific contract or instrument or it may extend to any number and type of possible contracts and instruments.

Deposits

7.02. All funds of the Association shall be deposited to the credit of the Association in banks, trust companies, or other depositories that the Board of Directors selects.

Gifts

7.03. The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes or for any special purpose of the Association. The Board of Directors may make gifts and give charitable contributions that are not prohibited by the bylaws, the articles of incorporation, state law, and any requirements for maintaining the Association's federal and state tax status.

Potential Conflicts of Interest

7.04. The Association shall not make any loan to a director or

officer of the Association. A member, director, officer, or committee member of the Association may lend money to and otherwise transact business with the Association except as otherwise provided by the bylaws, articles of incorporation, and all applicable laws. Such a person transacting business with the Association has the same rights and obligations relating to those matters as other persons transacting business with the Association. The Association shall not borrow money from or otherwise transact business with a member, director, officer, or committee member of the Association unless the transaction is described fully in a legally binding instrument and is in the best interests of the Association. The Association shall not borrow money from or otherwise transact business with a member, director, officer, or committee member of the Association without full disclosure of all relevant facts and without the approval of the Board of Directors, not including the vote of any person having a personal interest in the transaction.

Prohibited Acts

7.05. As long as the Association is in existence, and except with the prior approval of the Board of Directors no member, director, officer, or committee member of the Association shall:

(a) Do any act in violation of the bylaws or a binding obligation of the Association.

(b) Do any act with the intention of harming the Association or any of its operations.

(c) Do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Association.

(d) Receive an improper personal benefit from the operation of the Association.

(e) Use the assets of this Association, directly or indirectly, for any purpose other than carrying on the business of this Association.

(f) Wrongfully transfer or dispose of Association property, including intangible property such as good will.

(g) Use the name of the Association (or any substantially similar name) or any trademark or trade name adopted by the Association, except on behalf of the Association in the ordinary course of the Association's business.

(h) Disclose any of the Association business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.

ARTICLE 8

BOOKS AND RECORDS

Required Books and Records

8.01. The Association shall keep correct and complete books and records of account. The Association's books and records shall include:

(a) A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Association, including, but not limited to, the articles of incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or registered agent.

(b) A copy of the bylaws, and any amended versions or amendments to the bylaws.

(c) Minutes of the proceedings of the members, Board of Directors, and committees having any of the authority of the Board of Directors.

(d) A list of the names and addresses of the members, directors, officers, and any committee members of the Association.

(e) A financial statement showing the assets, liabilities, and net worth of the Association at the end of the three most recent fiscal years.

(f) A financial statement showing the income and expenses of the Association for the three most recent fiscal years.

(g) All rulings, letters, and other documents relating to the Association's federal, state, and local tax status.

(h) The Association's federal, state, and local information or income tax returns for each of the Association's three most recent tax years.

Inspection and Copying

8.02. Any member, director, officer, or committee member of the Association may inspect and receive copies of all books and records of the Association required to be kept by the bylaws. Such a person may inspect or receive copies if the person has a proper purpose related to the person's interest in the Association and if the person submits a request in writing. Any person entitled to inspect and copy the Association's books and records may do so through his or her attorney or other duly authorized representative. A person entitled to inspect the Association's

books and records may do so at a reasonable time no later than five working days after the Association's receipt of a proper written request. The Board of Directors may establish reasonable fees for copying the Association's books and records by members. The fees may cover the cost of materials and labor, but may not exceed \$1.00 per page. The Association shall provide requested copies of books or records no later than five working days after the Association's receipt of a proper written request.

Audits

8.03. Any member shall have the right to have an audit conducted of the Association's books. The member requesting the audit shall bear the expense of the audit unless the members vote to authorize payment of audit expenses. The member requesting the audit may select the accounting firm to conduct the audit. A member may not exercise these rights to compel audits so as to subject the Association to an audit more than once in any fiscal year.

ARTICLE 9

FISCAL YEAR

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

ARTICLE 10

INDEMNIFICATION

When Indemnification is Required, Permitted, and Prohibited

10.01. (a) The Association shall indemnify a director, officer, committee member, employee, or agent of the Association who was, is, or may be named defendant or respondent in any proceeding as a result of his or her actions or omissions within the scope of his or her official capacity in the Association. For the purposes of this article, an agent includes one who is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Association shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Association's best interests. In a case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Association shall not indemnify a person who is found liable to the Association or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been

exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the Association.

(c) The Association shall pay or reimburse expenses incurred by a director, officer, member, committee member, employee, or agent of the Association in connection with the person's appearance as a witness or other participation in a proceeding involving or affecting the Association when the person is not a named defendant or respondent in the proceeding.

(d) In addition to the situations otherwise described in this paragraph, the Association may indemnify a director, officer, member, committee member, employee, or agent of the Association to the extent permitted by law. However, the Association shall not indemnify any person in any situation in which indemnification is prohibited by the terms of paragraph 10.01(a), above.

(e) Before the final disposition of a proceeding, the Association may pay indemnification expenses permitted by the bylaws and authorized by the Association. However, the Association shall not pay indemnification expenses to a person before the final disposition of a proceeding if: the person is a named defendant or respondent in an proceeding brought by the Association; or the person is alleged to have improperly received a personal benefit or committed other wilful or intentional misconduct.

(f) If the Association may indemnify a person under the bylaws, the person may be indemnified against judgments, penalties, including excise and similar taxes, fines, settlements, and reasonable expenses (including attorney's fees) actually incurred in connection with the proceeding. However, if the proceeding was brought by or on behalf of the Association, the indemnification is limited to reasonable expenses actually incurred by the person in connection with the proceeding.

Procedures Relating to Indemnification Payments

10.02. (a) Before the Association may pay any indemnification expenses (including attorney's fees), the Association shall specifically determine that indemnification is permissible, authorize indemnification, and determine that expenses to be reimbursed are reasonable, except as provided in paragraph 10.02(c), below. The Association may make these determinations and decisions by any one of the following procedures:

(i) Majority vote of a quorum consisting of directors who, at the time of the vote, are not named defendants or respondents in the proceeding.

(ii) If such a quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding.

(iii) Determination by special legal counsel selected by the Board of Directors by vote as provided in paragraph 10.02(a)(i) or 10.02(a)(ii), or if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors.

(iv) Majority vote of members, excluding directors who are named defendants or respondents in the proceeding.

(b) The Association shall authorize indemnification and determine that expenses to be reimbursed are reasonable in the same manner that it determines whether indemnification is permissible. If the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination of reasonableness of expenses shall be made in the manner specified by paragraph 10.02(a)(iii), above, governing the selection of special legal counsel. A provision contained in the articles of incorporation, the bylaws, or a resolution of members or the Board of Directors that requires the indemnification permitted by paragraph 10.01, above, constitutes sufficient authorization of indemnification even though the provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

(c) The Association shall pay indemnification expenses before final disposition of a proceeding only after the Association determines that the facts then known would not preclude indemnification and the Association receives a written affirmation and undertaking from the person to be indemnified. The determination that the facts then known to those making the determination would not preclude indemnification and authorization of payment shall be made in the same manner as a determination that indemnification is permissible under paragraph 10.02(a), above. The person's written affirmation shall state that he or she has met the standard of conduct necessary for indemnification under the bylaws. The written undertaking shall provide for repayment of the amount paid or reimbursed by the Association if it is ultimately determined that the person has not met the requirements for indemnification. The undertaking shall be an unlimited general obligation of the person, but it need not be secured and it may be accepted without reference to financial ability to make repayment.

(d) Any indemnification or advance of expenses shall be reported in writing to the members of the Association. The report shall be made with or before the notice or waiver of notice of the next membership meeting, or with or before the next submission to

members of a consent to action without a meeting. In any case, the report shall be sent within the 12-month period immediately following the date of the indemnification or advance.

ARTICLE 11

NOTICES

Notice by Mail or Telegram

11.01. Any notice required or permitted by the bylaws to be given to a member, director, officer, or member of a committee of the Association may be given by mail or telegram. If mailed, a notice shall be deemed to be delivered when deposited in the United States mail addressed to the person at his or her address as it appears on the records of the Association, with postage prepaid. If given by telegram, a notice shall be deemed to be delivered when accepted by the telegraph company and addressed to the person at his or her address as it appears on the records of the Association. A person may change his or her address by giving written notice to the secretary of the Association.

Signed Waiver of Notice

11.02. Whenever any notice is required to be given under the provisions of the Act or under the provisions of the articles of incorporation or the bylaws, a waiver in writing signed by a person entitled to receive a notice shall be deemed equivalent to the giving of the notice. A waiver of notice shall be effective whether signed before or after the time stated in the notice being waived.

Waiver of Notice by Attendance

11.03. The attendance of a person at a meeting shall constitute a waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE 12

SPECIAL PROCEDURES CONCERNING MEETINGS

Meeting by Telephone

12.01. The members, Board of Directors, and any committee of the Association may hold a meeting by telephone conference-call procedures in which all persons participating in the meeting can hear each other. The notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice. Participation of a person in a conference-call meeting constitutes

presence of that person at the meeting.

Decision Without Meeting

12.02. Any decision required or permitted to be made at a meeting of the members, Board of Directors, or any committee of the Association may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by all of the persons entitled to vote on the matter. The original signed consents shall be placed in the Association minute book and kept with the Association's records.

Voting by Proxy

12.03. A person who is authorized to exercise a proxy may not exercise the proxy unless the proxy is delivered to the officer presiding at the meeting before the business of the meeting begins. The secretary or other person taking the minutes of the meeting shall record in the minutes the name of the person who executed the proxy and the name of the person authorized to exercise the proxy. If a person who has duly executed a proxy personally attends a meeting, the proxy shall not be effective for that meeting. A proxy filed with the secretary or other designated officer shall remain in force and effect until the first of the following occurs:

(a) An instrument revoking the proxy is delivered to the secretary or other designated officer.

(b) The proxy authority expires under the terms of the proxy.

(c) The proxy authority expires under the terms of the Bylaws.

ARTICLE 13

AMENDMENTS TO BYLAWS

The bylaws may be altered, amended, or repealed, and new bylaws may be adopted either by the membership or the Board of Directors. The notice of any meeting at which the bylaws are altered, amended, or repealed, or at which new bylaws are adopted shall include the text of the proposed bylaw provisions as well as the text of any existing provisions proposed to be altered, amended, or repealed. Alternatively, the notice may include a fair summary of those provisions. The following types of bylaw amendments may be adopted only by the members:

(a) Setting or changing the authorized number of directors.

(b) Changing from a fixed number to a variable number of directors or vice versa.

(c) Increasing or extending the terms of directors.

- (d) Increasing the quorum for membership meetings.
- (e) Repealing, restricting, creating, expanding, or otherwise changing the proxy rights of members.
- (f) Authorizing or prohibiting cumulative voting.

ARTICLE 14

MISCELLANEOUS PROVISIONS

Legal Authorities Governing Construction of Bylaws

14.01. The bylaws shall be construed in accordance with the laws of the State of Texas. All references in the bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

Legal Construction

14.02. If any bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision and the bylaws shall be construed as if the invalid, illegal, or unenforceable provision had not been included in the bylaws.

Headings

14.03. The headings used in the bylaws are used for convenience and shall not be considered in construing the terms of the bylaws.

Gender

14.04. Wherever the context requires, all words in the bylaws in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

Seal

14.05. The Board of Directors may provide for a corporate seal. Such a seal would consist of two concentric circles containing the words "Spring Creek Grove Owners Association, Inc.", "Texas," in one circle and the word "Incorporated" together with the date of incorporation of the Association in the other circle.

Power of Attorney

14.06. A person may execute any instrument related to the Association by means of a power of attorney if an original executed

copy of the power of attorney is provided to the secretary of the Association to be kept with the Association records.

Parties Bound

14.07. The bylaws shall be binding upon and inure to the benefit of the members, directors, officers, committee members, employees, and agents of the Association and their respective heirs, executors, administrators, legal representatives, successors, and assigns except as otherwise provided in the bylaws.

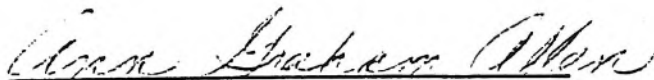
CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting secretary of Spring Creek Grove Owners Association, Inc., and that the foregoing Bylaws constitute the Bylaws of the Association. These Bylaws were duly adopted at a meeting of the Board of Directors held on March 10, 1997.

DATED: March 10, 1997.


Rebecca A. Lowrey
Secretary of the Association

APPROVED:



Ann Graham Allen,
President of the Association