

BYLAWS
OF
ESTATES OF OAK RUN H.O.A., INC.
A TEXAS NON-PROFIT CORPORATION

The name of this non-profit corporation shall be Estates of Oak Run H.O.A., Inc. (the "Association").

ARTICLE I

Purpose and Parties

Section 1. Purpose. The purpose for which the Association is formed is to govern that certain residential subdivision known as Estates of Oak Run, situated in Tarrant County, Texas, which property is described in that certain Declaration of Covenants, Conditions and Restrictions for Estates of Oak Run (as amended from time to time, the "Declaration") of record in the Real Property Records of Tarrant County, Texas. All definitions and terms contained in the Declaration shall apply hereto and are incorporated herein by reference, and all terms capitalized herein and not defined herein shall have the same meaning as set forth in the Declaration. References herein to "these Bylaws" shall have the same meaning as the "Bylaws" in the Declaration.

Section 2. Parties. All present and future Owners, tenants, occupants 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 any Lot or the mere act of occupancy of any Lot will signify that these Bylaws are accepted, approved, ratified and will be complied with by such person or persons.

ARTICLE II

Membership and Voting

Section 1. Membership and Voting. The qualifications for membership in the Association along with the appurtenant voting rights and other privileges due Owners shall be as set forth in the Declaration. Each Owner (whether one or more persons or entities) of a Lot shall, upon and by virtue of becoming an Owner, automatically become a member of the Association (hereinafter referred to individually as a "Member" and collectively as the "Members"). The Association shall have two (2) classes of membership; Class "A" and Class "B", as follows:

(a) Class "A". Class "A" Members shall be all Owners with the exception of the Class "B" Members. Class "A" Members shall be entitled on all issues to one (1) vote for each Lot in which they hold the interest required for membership by Section 2.01 of the Declaration. When more than one Person holds such interest in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as those Persons themselves determine, but in no event shall more than one (1) vote be cast with respect to any such Lot.

(b) Class "B". The Class "B" Member shall be Declarant. The Class "B" Member shall be entitled to four (4) votes for each Lot owned. The Class "B" membership shall terminate and become converted to Class "A" membership upon the happening of the earlier of the following:

(i) when the total number of votes outstanding in the Class A membership is equal to or greater than the total number of votes outstanding in the Class B membership; or

(ii) January 1, 2000; or

(iii) when the Declarant, by written instrument signed by Declarant, elects to convert the Class B membership to Class A membership.

Notwithstanding the voting rights within the Association, until the Declarant no longer owns record title to any Lot or until January 1, 2000, whichever occurs first in time, the Association shall take no action or inaction with respect to any matter whatsoever without the consent and approval of the Declarant.

Section 2. Majority of Members. Except as otherwise provided in the Declaration, any action to be taken by the Association shall require the assent of a majority of Members. As used in these Bylaws, the term "majority of Members" shall mean those Members holding greater than fifty percent (50%) of the votes

entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present.

Section 3. Quorum. The number of votes present, in person or by proxy, necessary to constitute a quorum shall be as provided in the Declaration. Except as otherwise provided in the Declaration, an affirmative vote of a majority of Members shall be required to transact the business of the meeting.

Section 4. Proxies. Votes may be cast in person or by proxy. No proxy shall be valid after eleven months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary of the Association before the appointed time of each meeting.

Section 5. Cumulative Voting. No cumulative voting shall be permitted at any meeting of the Members.

Section 6. Order of Business. The order of business at all meetings of the Association shall be determined by the presiding officer at such meeting unless the Members present by majority vote at such meeting determine otherwise, in which case the Members shall fix the order of business.

ARTICLE III

Administration

Section 1. Association Responsibilities. The members will constitute the Association, which will have the responsibility of administering the Property through the Board of Directors.

Section 2. Place of Meeting. Meetings of the Association shall be held at a suitable place, convenient to the Members, as the Board of Directors may determine.

Section 3. Annual Meetings. The annual meetings of the Association shall be held on or before forty-five (45) days prior to the expiration of each fiscal year.

Section 4. Special Meetings. Special meetings of the Association may be called by the President, by the Board of Directors, or upon written request of the Members representing twenty-five percent (25%) of the votes in 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.

Section 5. Notice of Meetings. It shall be the duty of the 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 at the latest address shown for such Member on the records of the Association, at least thirty (30) days, but not more than sixty (60) days, prior to such meeting. The mailing of such a notice shall be considered notice served.

ARTICLE IV

Board of Directors

Section 1. Number. The Board of Directors of the Association (the "Board") shall initially be comprised of T.W. Reilly, III and David L. Moritz. At the first annual meeting of the Association, or any annual meeting thereafter, or special meeting of the Association called for that purpose, there shall, except as otherwise provided in the Declaration, be elected up to five (5) Members of the Association to the Board, which shall hereafter govern the affairs of the Association until their successors have been duly elected and qualified.

Section 2. Term of Office. The term of office of the Board of Directors shall be fixed at one (1) year.

Section 3. Removal of Directors. Except as otherwise provided in the Declaration, at any regular or special meeting of the Association duly called, any one or more of the directors may be removed with or without cause by a majority of Members, and a successor may 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.

Section 4. Vacancies. Except as otherwise provided in the Declaration, vacancies on the Board caused by any reason other than the removal of a director by a vote of the Association shall be filled by a vote of the remaining directors, and each person so elected shall be a director until a successor is elected at the next annual meeting of the Association.

Section 5. 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 duties.

Section 6. 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 the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board shall be held without notice, at such place and hour and as often as may be fixed from time to time by a majority of the directors, but at least one (1) such meeting shall be held each calendar year.

Section 2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any other director, after not less than three (3) days notice to each of the directors.

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 present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Waiver of Notice. Before or at any meeting of the Board, 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.

ARTICLE VI

Powers and Duties of the Board of Directors

Section 1. Powers and Duties of the Board of Directors. The Board will have the following powers and duties:

- (a) To care for and preserve the Common Areas and to furnish and upkeep any desired personal property for use in the Common Areas;
- (b) To engage the services of a person or firm to manage the Association or any separate portion thereof, to the extent deemed advisable by the Board, and the services of such other personnel as the Board shall determine to be necessary or proper for the operation of the Association, whether such personnel are employed directly by the Board or by the manager;
- (c) To obtain and pay for legal and accounting services;
- (d) To obtain and pay for any materials, supplies, furniture, labor, services, maintenance, repairs, structural alteration, taxes or assessments which the Board is required to obtain or pay for pursuant to the terms of the Declaration or which in its opinion shall be necessary or proper for the operation or protection of the Association or for the enforcement of the Declaration;
- (e) To execute all declarations of ownership for tax assessment purposes with regard to any of the Common Areas owned by it;

- (f) To enter into agreements or contracts with insurance companies, taxing authorities and the holders of first mortgage liens on the individual Lots with respect to (i) taxes (if any) on the Common Areas, and (ii) insurance coverage (if any) on Common Areas;
- (g) To borrow funds to pay costs of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit;
- (h) To enter into contracts, maintain one or more bank accounts, and, generally, to have all the powers necessary or incidental to the operation and management of the Association;
- (i) To protect or defend the Common Areas from loss or damage by suit or otherwise, to sue or defend in any court of law on behalf of the Association and to provide adequate reserves for repairs and replacements;
- (j) To make reasonable rules and regulations for the operation of the Common Areas and to amend them from time to time;
- (k) To make available to each Owner within ninety (90) days after the end of each year an annual report;
- (l) To adjust the amount, collect, and use any insurance proceeds to repair damage or replace lost property; and if proceeds are insufficient to repair damage or replace lost property, to assess the Members in proportionate amounts to cover the deficiency;
- (m) To enforce the provisions of the Declaration and any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules;

Section 2. Board Powers, Exclusive. The Board shall have the exclusive right to contract for all goods, services, and insurance, and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

Section 3. Maintenance Contracts. The Board, on behalf of the Association, shall have full power and authority to contract with any Owner (including, without limitation, the Declarant) for the performance by the Association of services which the Board is not otherwise required to perform pursuant to the terms hereof, such contracts to be upon such terms and conditions and for such consideration as the Board may deem proper, advisable and in the best interest of the Association.

ARTICLE VII

Officers and Their Duties

Section 1. Enumeration of Officers. The officers of the Association, who shall be elected by and who shall be members of the Board, shall be a President, a Vice President, a Secretary and a Treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place within thirty (30) days following each annual meeting of the Members at a meeting of the Board.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless they shall sooner resign, or shall be removed, or otherwise disqualify 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 without cause by a majority vote of 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. Multiple Offices. A person may simultaneously hold more than one office except that no person may simultaneously hold the offices of President and Treasurer.

Section 7. Duties. The duties of the officers are as follows:

President

(a) The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Board and of the Association. He shall have all the general powers and duties which are usually vested in the office of president of a non-profit corporation.

Vice President

(b) The Vice President shall have such powers and duties as may be assigned to him by the Board and shall exercise the powers of the President during that officer's absence or inability to act. Any action taken by a Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

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, 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; keep proper books of account; and shall prepare an annual budget and a statement of income and expenditures to be registered to the membership at its regular annual meeting, and deliver a copy of each to the Members.

ARTICLE VIII

Indemnification of Officers and Directors

To the fullest extent permitted by law, the Association shall indemnify every director or officer, and his or her heirs, executors and administrators, against any and all loss, cost and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a director or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such director or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such director or officer may be entitled. All liability, loss, damage, costs 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 expenses payable from assessments; provided, however, that nothing contained in this Article shall be deemed to obligate the Association to indemnify any Member, who is or has been a director or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as an Owner covered thereby.

ARTICLE IX

Fiscal Year and Books and Records

Section 1. Fiscal Year. The fiscal year of the Association shall be the calendar year, unless otherwise fixed by resolution of the Board.

Section 2. Books and Records. The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Declaration, the Articles of

Incorporation and the Bylaws of the Association shall be available for inspection by any Member at the principle office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X

Amendments and Conflicts

Section 1. Amendments. Notwithstanding Article VI of these Bylaws, the Declaration may be amended and or changed in part as follows:

(a) during the three (3) year period commencing on the effective date hereof, Declarant may amend or change the Declaration in any manner without the consent or joinder of any other party;

(b) During the eight (8) year period commencing on the second anniversary of the effective date hereof, Declarant may amend or change the Declaration with the consent of persons owning at least fifty-one percent (51%) of the Lots; and

(c) in all other situations, the Declaration may be amended or changed upon the express written consent of at least seventy percent (70%) of the Owners.

Any and all amendment, if any, shall be recorded in the office of the County Clerk of Tarrant County, Texas.

Section 2. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration, the Articles of Incorporation or these Bylaws, the Declaration shall control.