

BYLAWS OF
BROOK MEADOWS HOMEOWNERS ASSOCIATION

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BYLAWS OF
BROOK MEADOWS HOMEOWNERS ASSOCIATION

ARTICLE I

OFFICES

1.01 Registered Office and Agent. The registered office and registered agent of the association shall be as designated with the Secretary of State of the State of Texas, as they may be changed from time to time.

1.02 Other Offices. The association may also have offices at such other places both within and without the State of Texas as the board of directors may from time to time determine, or as the business of the association may require.

ARTICLE II

MEMBERS & MEETINGS

2.01 Class of Voting Membership. The association shall have one class of voting membership. Members shall be entitled to one vote for each lot owned within the real property area as further described in the Articles of Incorporation. When more than one person holds an interest in any lot, all those persons are eligible to become members and the vote for each lot shall be exercised as the owners among themselves shall determine, but in no event shall more than one vote be cast with respect to any lot.

2.02 Admission of Members and Renewal of Membership. The board of directors is authorized to admit those eligible persons as members of the association. The board of directors may adopt and amend application procedures and qualifications for membership. A member may renew membership by paying all required fees and dues.

2.03 Membership Fees and Dues. The board of directors may set and change the amount of annual dues payable to the association by members. Dues shall be payable by the first day of each fiscal year of the association. The dues for a new resident's first year shall be prorated from the first day of the month in which the member is admitted to membership through the end of the fiscal year.

2.04 Sanction or Termination of Members. The board of directors may impose a reasonable sanction on a member, or suspend or expel a member from the association for good cause after a hearing. Good cause includes the default of an obligation to the association to pay fees or dues for a period of sixty days following delivery of notice of default or for a material and serious violation of the association's Articles of Incorporation, Bylaws, or rules. The board of directors may not take any action against a member without giving the member adequate notice and an opportunity to be heard. Such notice shall be in writing and delivered at least thirty days prior to any hearing scheduled for this purpose. The board of directors may impose sanctions, suspend or expel a member by a vote of the majority of directors who are present and voting at a meeting called for such purpose.

2.05 Resignation. Any member may resign from the association by submitting a written resignation to the board of directors.

2.06 Annual Meeting. An annual meeting of the members, commencing with the year following the adoption of these Bylaws, shall be held on the third Monday during the month of April, if not a legal holiday, and if a legal holiday, then on the next secular day following at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which time the members shall elect a board of directors, and transact such other business as may properly be brought before the meeting.

2.07 Member List. At least ten days before each meeting of members a complete list of the members entitled to vote at the meeting, arranged in alphabetical order, with the residence of each shall be prepared by the officer having charge of membership. Such list, for a period of ten days prior to the meeting, shall be kept on file at the registered office or principal place of business of the association and shall be subject to inspection by any member at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting during the whole time thereof, and shall be subject to the inspection of any member who may be present.

2.08 Special Meetings. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute or by the Articles of Incorporation, or by these Bylaws, may be called (a) by the president or the board of directors, or (b) by at least ten percent of all the members. Business transacted at all special meetings shall be confined to the objects stated in the notice of the meeting.

2.09 Notice. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than sixty days before the date of the meeting either personally or by mail, by or at the direction of the president, the secretary or the officer or person calling the meeting, to each member entitled to vote at the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the association, with postage thereon prepaid.

2.10 Quorum. The members holding twenty-five percent of the votes that may be cast at a meeting, present in person or represented by proxy, shall be requisite and shall constitute a quorum at all meetings of the members for the transaction of business except as otherwise provided by statute, by the Articles of Incorporation or by these bylaws. If a quorum is not present or represented at a meeting of the members, the members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

2.11 Actions of Members. Members shall try to act by consensus. However, a vote of a majority of voting members in good standing, present and entitled to 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 required fees and dues and is not suspended as of the date of the meeting.

ARTICLE III

DIRECTORS

3.01 Management. The powers of the association shall be exercised by or under the authority of, and the business and affairs of the association shall be managed under the direction of, the board of directors, who may exercise all such powers of the association and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws directed or required to be exercised or done by the members.

3.02 Number; Qualification; Election; Term. The number of directors which shall constitute the whole board shall be not

less than three nor more than five. In order to qualify for election as a director, a person must be a resident of the Brook Meadows Addition and must be a member in good standing at the Association. The number of directors which shall constitute the initial board of directors shall be the number fixed by the Articles of Incorporation. Thereafter, within the limits above specified, the number of directors shall be determined by resolution of the board of directors.

3.03 Change in Number. The number of directors provided for in Section 3.02 may be increased or decreased from time to time by amendment to these Bylaws, but no decrease shall have the effect of shortening the term of any incumbent director. Any directorship to be filled by reason of an increase in the number of directors shall be filled (a) by election at an annual meeting or at a special meeting of members called for that purpose, or (b) by the board of directors for a term of office continuing only until the next election of one or more directors by the members; provided, however, that the board of directors may not fill more than two such directorships during the period between any two successive annual meetings of members.

3.04 Removal. Any director may be removed either for or without cause at any special or annual meeting of members, by the affirmative vote of a majority of members present in person or by proxy at such meeting and entitled to vote for the election of such director if notice of intention to act upon such matter shall have been given in the notice calling such meeting.

3.05 Vacancies. Any vacancy occurring in the board of directors (by death, resignation, retirement, removal, or otherwise) may be filled (a) by election at an annual or special meeting of members called for that purpose, or (b) by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

3.06 Election of Directors. Unless otherwise provided by the Articles of Incorporation, directors shall be elected by plurality of the votes cast by the members entitled to vote in the election of directors at a meeting of members at which a quorum is present. Cumulative voting shall not be permitted.

3.07 Place and Manner of Meetings. Meetings of the board of directors, regular or special, may be held either within or without the State of Texas. Members of the board of directors may participate in such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other and

participation in a meeting as provided herein shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

3.08 Annual Meetings. The annual meeting of the board of directors shall be held without further notice immediately following the annual meeting of members, and at the same place, unless by unanimous consent of the directors then elected and serving, such time or place shall be changed.

3.09 Regular Meetings. Regular meetings of the board of directors may be held without notice at such time and place as shall from time to time be determined by the board.

3.10 Special Meetings. Special meetings of the board of directors may be called by the president or any two directors on three days' notice to each director, either personally or by mail or by telegram. Special meetings shall be called by the president or secretary in like manner and on like notice on the written request of two directors. Except as otherwise expressly provided by statute, or by the Articles of Incorporation, or by these Bylaws, neither the business to be transacted at, nor the purpose of, any special meeting need be specified in a notice or waiver of notice.

3.11 Action Without Meeting. Any action required by statute to be taken at a meeting of the board of directors, or any action which may be taken at a meeting of the board of directors, may be taken without a meeting if a consent in writing, setting forth the action so taken shall be signed by all the members of the board of directors. Such consent shall have the same force and effect as a unanimous vote at a meeting.

3.12 Quorum; Majority Vote. At all meetings of the board of directors a majority of the number of directors fixed by these Bylaws shall constitute a quorum for the transaction of business unless a greater number is required by law or by the Articles of Incorporation. The act of a majority of the directors present at any meeting at which a quorum is present shall be the act of the board of directors unless the act of a greater number is required by statute, by the Articles of Incorporation or by these Bylaws. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.13 Procedure. The board of directors shall keep regular minutes of its proceedings. The minutes shall be placed in the permanent records of the association.

3.14 Interested Directors, Officers and Members.

(a) Validity. Any contract or other transaction between the association and any of its directors or officers (or any association or firm which any of them are directly or indirectly interested) shall be valid for all purposes notwithstanding the presence of such director or officer at the meeting authorizing such contract or transaction, or his participation in the meeting or authorization.

(b) Disclosure, Approval. The foregoing shall however, apply only if the interest of each such director or officer is known or disclosed:

(1) To the board of directors and it nevertheless authorizes or ratifies the contract or transaction by a majority of the directors present, each such director to be counted in determining whether a quorum is present but not in calculating the majority necessary to carry the vote; or

(2) To the members and they nevertheless authorize or ratify the contract or transaction by a majority present, each interested person to be counted for quorum and voting purposes.

(c) Non-Exclusive. This provision shall not be construed to invalidate any contract or transaction which would be valid in the absence of this provision.

ARTICLE IV

COMMITTEES OF THE BOARD OF DIRECTORS

4.01 Designation. The board of directors may, by resolution adopted by a majority of the whole board, designate from its members one or more committees, each of which shall be comprised of one or more of its members, and may designate one or more of its members as alternate members of any committee, who may, subject to any limitations imposed by the board of directors, replace absent or disqualified members at any meeting of that committee. In addition, committees designated under this Section may include persons who are not directors, but who are members.

4.02 Authority. Any such committee, to the extent provided in such resolution or the Articles of Incorporation, shall have and may exercise all of the authority of the board of directors in the management of the business and affairs of the association. Regardless of the above, 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 plan of consolidation with another association;
- (c) authorize the voluntary dissolution of the association;
- (d) revoke proceedings for the voluntary dissolution of the association;
- (e) amend, alter or repeal the bylaws;
- (f) elect, appoint or remove a member of a committee or a director or officer of the association;
- (g) take any action outside the scope of authority delegated to it by the board of directors.

4.03 Procedure. Each such committee shall keep regular minutes of its proceedings and report the same to the board of directors when required.

4.04 Removal. Any member of any such committee may be removed by the board of directors by the affirmative vote of a majority of the whole board, whenever in its judgment the best interests of the association will be served thereby.

4.05 Responsibility. The designation of one or more committees and the delegation of authority to any such committee shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed upon it or him by law.

ARTICLE V

OFFICERS

5.01 Number. The officers of the association shall consist of a president, vice president, secretary and treasurer, each of whom shall be elected by the board of directors.

5.02 Election. The board of directors, at its annual meeting shall elect the officers. It is not necessary for an officer to be a member of the board to be elected. However, each officer will be an ex officio member of the board of directors.

5.03 Other Officers. The board of directors may elect or appoint such other officers and agents as it shall deem necessary, who shall be appointed for such terms and shall exercise

such powers and perform such duties as shall be determined from time to time by the board.

5.04 Term. Each officer of the association shall hold office until his successor is chosen and qualified in his stead or until his death or until his resignation or removal from office.

5.05 Removal. Any officer or agent or member of a committee elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the association will be served thereby. Election or appointment of an officer or agent or member of a committee shall not of itself create contract rights.

5.06 Vacancies. Any vacancy in any office because of death, resignation, removal or otherwise, maybe filled by the board of directors for the unexpired portion of the term.

5.07 President. The president shall be the chief executive officer of the association, and subject to the control of the board of directors, shall in general supervise and control all of the business and affairs of the association and shall see that all orders and resolutions of the board are carried into effect. He shall, when present, preside at all meetings of the members and of the board of directors. The president may execute, with the secretary or any other proper officer of the association thereunto authorized by the board of directors, any deeds, mortgages, bonds, contracts or other instruments which the board of directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these Bylaws to some other officer or agent of the association, or shall be required by law to be otherwise signed or executed, and in general shall perform all duties incident to the office of president, and such other duties as may be prescribed by the board of directors from time to time.

5.08 Vice President. The vice-president, unless otherwise determined by the board of directors shall, in the absence or disability of the president, perform the duties and have the authority and exercise the powers of the president. They shall perform such other duties and have such other authority and powers as the board of directors may from time to time prescribe or as the president may from time to time delegate.

5.09 Secretary-Treasurer. The secretary shall attend all sessions of the board of directors and all meetings of the members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for any committee, if requested. He shall give, or cause

to be given, notice of the meetings of the board of directors and members where such notices are required by these Bylaws to be given. He shall keep in safe custody the seal of the association and, when authorized by the board of directors, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the treasurer. He shall be under the supervision of the president. He shall perform such other duties and have such other authority and powers as the board of directors may from time to time prescribe or as the president may from time to time delegate.

(a) The treasurer shall have the custody of the association funds and securities and shall keep full and accurate accounts of receipts and disbursements of the association, and shall deposit all moneys and other valuable effects in the name and to the credit of the association in such depositories as may be designated by the board of directors.

(b) He shall disburse funds of the association as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the president and directors, at the regular meetings of the board, or whenever they may require it, an account of all his transactions as treasurer and of the financial condition of the association.

(c) If required by the board of directors, he shall give the association a bond in such form, in such sum and with such surety or sureties as shall be satisfactory to the board for the faithful performance of the duties of his office and for the restoration to the association, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money, or other property of whatever kind in his possession or under his control belonging to the association.

(d) He shall perform such other duties and have such other authority and powers as the board of directors may from time to time prescribe, or as the president may from time to time delegate.

ARTICLE VI

INDEMNIFICATION

6.01 Definitions. For purposes of this Article VI:

(a) "Association" includes any domestic or foreign predecessor entity of the association in a merger, consolidation, or other transaction in which the liabilities of the predecessor are transferred to the association by operation of law and in any other transaction in which the association assumes the

liabilities of the predecessor but does not specifically exclude liabilities that are the subject matter of this Article VI.

(b) "Director" means any person who is or was a director of the association and any person who, while a director of the association, is or was serving at the request of the association as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic association, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(c) "Expenses" include court costs and attorneys' fees.

(d) "Official capacity" means:

(1) when used with respect to a director, the office of director in the association; and

(2) when used with respect to a person other than a director, the elective or appointive office in the association held by the officer or the employment or agency relationship undertaken by the employee or agent in behalf of the association; provided, however, that in each case described in paragraphs (1) and (2) of this Subsection (d), "official capacity" does not include service for any other foreign or domestic association or any partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(e) "Proceeding" means any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitratve, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

6.02 Standard for Indemnification. The association shall indemnify a person who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a director of the association only if it is determined in accordance with Section 6.06 that the person:

(a) conducted himself in good faith;

(b) reasonably believed:

(1) in the case of the conduct of his official capacity as a director of the association, that his conduct was in the association's best interests; and

(2) in all other cases, that his conduct was at least not opposed to the association's best interests; and

(c) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful.

6.03 Prohibited Indemnification. Except to the extent permitted by Section 6.05, a director may not be indemnified under Section 6.02 in respect of a proceeding:

(a) in which the person is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the person's official capacity; or

(b) in which the person is found liable to the association.

6.04 Effect of Termination of Proceeding. The termination of a proceeding by judgment, order, settlement, or conviction, or on a plea of nolo contendere or its equivalent is not of itself determinative that the person did not meet the requirements set forth in Section 6.02. A person shall be deemed to have been found liable in respect of any claim, issue or matter only after the person shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

6.05 Extent of Indemnification. A person shall be indemnified under Section 6.02 against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding; but if the person is found liable to the association or is found liable on the basis that personal benefit was improperly received by the person, the indemnification shall:

(a) be limited to reasonable expenses actually incurred, and

(b) not be made in respect of any proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of such person's duty to the association.

6.06 Determination of Indemnification. A determination of indemnification under Section 6.02 must be made:

(a) by a majority vote of a quorum consisting of directors who at the time of the vote are not named defendants or respondents in the proceeding;

(b) 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;

(c) by special legal counsel selected by the board of directors or a committee of the board of directors by vote as set forth in Subsection (a) or (b) of this Section 6.06, or, if such a quorum cannot be obtained and such a committee cannot be established, by a majority vote of all directors; or

(d) by the members in a vote that excludes the shares held by directors who are named defendants or respondents in the proceeding.

6.07 Authorization of Indemnification. Authorization of indemnification and determination as to reasonableness of expenses must be made in the same manner as the determination that indemnification is permissible, except that (i) if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification and determination as to reasonableness of expenses must be made in the manner specified by Subsection (c) of Section 6.06 for the selection of special legal counsel, and (ii) the provision of this Article VI making indemnification mandatory in certain cases specified herein shall be deemed to constitute authorization in the manner specified by this Section 6.07 of indemnification in such cases.

6.08 Successful Defense of Proceeding. Except as provided otherwise by law or by these Bylaws, the association shall indemnify a director against reasonable expenses incurred by him in connection with a proceeding in which he is a named defendant or respondent because he is or was a director if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding.

6.09 Court Order on Suit for Indemnification. If, in a suit for the indemnification required by Section 6.08, a court of competent jurisdiction determines that the director is entitled to indemnification under that section, the court shall order indemnification and shall award to the director the expenses incurred in securing the indemnification.

6.10 Court Determination of Indemnification. If, upon application of a director, a court of competent jurisdiction determines, after giving any notice the court considers necessary, that the director is fairly and reasonably entitled to indemnification in view of all the relevant circumstances, whether or not he has met the requirements set forth in Section 6.02 or has been found liable in the circumstances described by Section 6.03, the court may order the indemnification that the court determines is proper and equitable; but, if the person is found liable to the association or is found liable on the basis that personal benefit was improperly received by the person, the

indemnification shall be limited to reasonable expenses actually incurred by the person in connection with the proceeding.

6.11 Advancement of Expenses. Reasonable expenses incurred by a director who was, is, or is threatened to be made a named defendant or respondent in a proceeding shall be paid or reimbursed by the association in advance of the final disposition of the proceeding, without the determination specified in Section 6.06 or the authorization or determination specified in Section 6.07, after the association receives a written affirmation by the director of his good faith belief that he has met the standard of conduct necessary for indemnification under this Article VI and a written undertaking, which must be an unlimited general obligation of the director (and can be accepted without reference to financial ability to make repayment) but need not be secured, made by or on behalf of the director to repay the amount paid or reimbursed if it is ultimately determined that he has not met that standard or if it is ultimately determined that indemnification of the director against expenses incurred by him in connection with that proceeding is prohibited by Section 6.05. A provision contained in the Articles of Incorporation, these Bylaws, a resolution of members or directors, or an agreement that makes mandatory the payment or reimbursement permitted under this Section shall be deemed to constitute authorization of that payment or reimbursement.

6.12 Expenses of Witness. Notwithstanding any other provision of this Article VI, the association may pay or reimburse expenses incurred by a director in connection with his appearance as a witness or other participation in a proceeding at a time when he is not a named defendant or respondent in the proceeding, given that such appearance or participation occurs by reason of his being or having been a director of the association.

6.13 Indemnification of Officers. The association shall indemnify and advance or reimburse expenses to a person who is or was an officer of the association to the same extent that it shall indemnify and advance or reimburse expenses to directors under this Article VI.

6.14 Indemnification of Other Persons. The association may indemnify and advance expenses to any person who is not or was not an officer, employee, or agent of the association but who is or was serving at the request of the association as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic association, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise to the same extent that it shall indemnify and advance expenses to directors under this Article VI.

6.15 Advancement of Expenses to Officers and Others. The association shall indemnify and advance expenses to an officer, and may indemnify and advance expenses to an employee or agent of the association, or other person who is identified in Section 6.14 and who is not a director, to such further extent as such person may be entitled by law, agreement, vote of members or otherwise.

6.16 Continuation of Indemnification. The indemnification and advance payments provided by this Article VI shall continue as to a person who has ceased to hold his position as a director, officer, employee or agent, or other person described in Section 6.14, and shall inure to his heirs, executors and administrators.

6.17 Liability Insurance. The association may purchase and maintain insurance or another arrangement on behalf of any person who is or was a director, officer, employee, or agent of the association or who is or was serving at the request of the association as a director, officer, partners, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic association, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the association would have the power to indemnify him against that liability under this Article VI. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the association would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the members of the association. Without limiting the power of the association to procure or maintain any kind of insurance or other arrangement, the association may, for the benefit of persons indemnified by the association, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the assets of the association; or (4) establish a letter of credit, guaranty, or surety arrangement. The insurance or other arrangement may be procured, maintained, or established within the association or with any insurer or other person deemed appropriate by the board of directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or part by the association. In the absence of fraud, the judgment of the board of directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive and the insurance or arrangement shall not be voidable and shall not subject the directors

approving the insurance or arrangement to liability, on any ground, regardless of whether directors participating in the approval are beneficiaries of the insurance or arrangement.

6.18 Report to Members. Any indemnification of or advance of expenses to a director in accordance with this Article VI shall be reported in writing to the members with or before the notice or waiver of notice of the next members meeting or with or before the next submission to members of a consent to action without a meeting pursuant to Section A, Article 9.10, of the Texas Business Corporation Act and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

ARTICLE VII

NOTICE

7.01 Method. Whenever by statute or the Articles of Incorporation or these Bylaws, notice is required to be given to any member or director, and no provision is made as to how the notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, postage prepaid, addressed to the director or member at the address appearing on the books of the association, or in any other method permitted by law. Any notice required or permitted to be given by mail shall be deemed given at the time when the same is thus deposited in the United States mail. Notice to directors may also be given by telegram, with such notice being deemed to have been given when the telegram is delivered to the telegraph company.

7.02 Waiver. Whenever, by statute or the Articles of Incorporation or these Bylaws, notice is required to be given to any member or director, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be equivalent to the giving of such notice. Attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

ARTICLE VIII

GENERAL PROVISIONS

8.01 Books and Records. The association shall keep correct and complete books and records of account and shall keep minutes

of the proceedings of its members, its board of directors, and each committee of its board of directors. Such records shall contain the names and addresses of all past and current members.

8.02 Checks and Notes. All checks or demands for money and notes of the association shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

8.03 Fiscal Year. The fiscal year of the association shall be fixed by resolution of the board of directors.

8.04 Seal. The association seal shall have inscribed thereon the name of the association and shall be in such form as the board of directors may prescribe. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced otherwise.

8.05 Resignation. Any director, officer, or agent may resign by giving written notice to the president or the secretary. The resignation shall take effect at the time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.06 Amendment of Bylaws. The bylaws may be altered, amended, or repealed, and new bylaws may be adopted by 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. The following types of bylaw amendments may be adopted only by the members:

- (a) setting or changing the authorized number of directors;
- (b) increasing or extending the terms of directors;
- (c) increasing the quorum for membership meetings.

8.07 Table of Contents; Headings. The table of contents and headings used in these bylaws have been inserted for convenience only and do not constitute matter to be construed in interpretation.

8.08 Construction. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural, and conversely. If any portion of these Bylaws shall be invalid or inoperative, then, so far as is reasonable and possible:

(a) The remainder of these Bylaws shall be considered valid and operative; and

(b) Effect shall be given to the intent manifested by the portion held invalid or inoperative.

The undersigned, being the initial board, as specified in the Articles of Incorporation, hereby certify that the foregoing Bylaws were unanimously adopted by the board effective the 4 day of AUGUST, 1991, TO WITNESS WHICH we have hereunto affixed our signatures.

DLB/214

Del Wright PRESIDENT
Thomas A. Fice TREASURER
Clifford R. Hillman SECRETARY