

**BYLAWS OF
HIDDEN GARDENS VILLAGE HOMEOWNERS ASSOCIATION, INC.**

ARTICLE I

Name and Location

Section 1. The name of this corporation shall be Hidden Gardens Village Homeowners Association, Inc.

Section 2. The principal office and place of business of this Association shall be maintained in the City and County of El Paso, Texas.

Section 3. Other offices for the transaction of the business of the Association shall be located at such other places either within or outside the State of Texas as may be determined by the Board of Directors from time to time.

Section 4. The following terms used in these bylaws are defined as follows:

“Annual Assessment” means an annual assessment levied by the Association to be used for the purposes of promoting the comfort, health, recreation, safety, convenience, welfare and quality of life of the Residents of the Properties and in supplementing some services and facilities normally provided by or associated with governmental or quasi-governmental entities, and otherwise for the improvement and maintenance of greenbelt easements, floodway easement areas, walkways, common green, hike and bike trails, ponds, lakes, recreational areas and other properties, services and facilities devoted and related to the use and enjoyment of the Common Properties and operation of the Association, including, but not limited to or for: the payment of taxes on the Common Properties and insurance in connection with the Common Properties; the payment for utilities and the repair, replacement and additions of various items within the Common Properties; paying the cost of labor, equipment (including the expense of leasing any equipment) and materials required for, and management and supervision of, the Common Properties; carrying out the duties of the Board of Directors of the Association; carrying out the other various matters set forth or envisioned herein or in any amended Declaration related thereto; and for any matter or thing designated by the City of El Paso in connection with any zoning, subdivision, platting, building, development or occupancy requirements. The items and areas described above are not intended to be exhaustive but merely illustrative.

“Assessable Property” means each and every Lot, parcel and tract within the entire Properties which: (i) the Declarant has subject to and imposed upon a set of restrictive covenants calling for, *inter alia*, the payment of an Annual Assessment to the Association; (ii) may have been or will be given a separately identifiable tax or parcel number by CAD or a similar governmental agency; and (iii) is not designated an “open space” or otherwise a portion of the Common Properties. Each residential Lot within the Properties constitutes an Assessable Property. However, Declarant has reserved the right and discretion to include or exclude any non-residential Lot from the concept of “Assessable Property” and/or to prescribe a different assessment and/or valuation scheme(s) for any non-residential Lot which is subjected to covenants which require the payment of assessments to the Association.

“Association” means Hidden Gardens Village Homeowners Association, Inc., a Texas nonprofit corporation, its successors and assigns.

“Board of Directors” means the Board of Directors of the Association.

“*CAD*” means the governmental and/or quasi-governmental agency(ies) (including without limitation the Central Appraisal District of El Paso County) established in accordance with Texas Property Tax Code Section 6.01 et seq. (and its successor and assigns as such law may be amended from time to time) or other similar statute which has, as one of its purposes and functions, the establishment of an assessed valuation and/or fair market value for various lots, parcels and tracts of land in El Paso County, Texas.

“*Certificate*” means the Certificate of Formation of the Association.

“*Common Properties*” means any and all areas of land within the Properties which are known, described or designated as Common Properties, parks, recreational easements, private roads, street lights, common area water meters, common area electric meters, detention basins, desilting ponds, stilling ponds, perimeter fences and columns, monuments and directional signs, landscape easements, greenbelts, open spaces, paths and trails, including without limitation those shown on any recorded subdivision plat of portions of the Properties, if any, as well as those not shown on a recorded subdivision plat but which are intended for or devoted to the common use and enjoyment of the Members of the Association, together with any and all improvements that are now or that may hereafter be constructed thereon. The Declarant reserves the right to use, during the Development Period, portions of the Common Properties (e.g. a sales information center) for business matters directly and indirectly related to the Subdivision. The concept of Common Properties will also include: (i) any and all public right-of-way lands for which the City of El Paso has required that the Declarant and/or the Association expend private, non-reimbursable time and monies to care for and maintain, such as but not limited to: street medians, streetscape, hike and bike trails, park areas and quasi-governmental service facilities; and (ii) any and all facilities provided by the Declarant and/or the Association to or for the benefit of the local police, fire and similar governmental departments for which no reimbursement via public funds is requested or anticipated. Declarant shall convey record title to some or all of the Common Properties to the Association if, as and when deemed appropriate by Declarant or as may be required by governmental officials, and Declarant shall at all times have and retain the right to effect minor redesigns or minor reconfigurations of the Common Properties (particularly along the edges).

“*Declarant*” means Cuatro Land Holdings, LLC, a Texas limited liability company, the declarant under the Declaration.

“*Declaration*” means the Declaration of Covenants, Conditions, Restrictions, Easements, Charges and Liens for the Subdivision (as amended, modified or supplemented) of record in the Real Property Records, El Paso County, Texas.

“*Development Period*” means a period commencing on the date of the recording of the Declaration in the Real Property Records of El Paso County, Texas, and continuing thereafter until and ending the earlier to occur of: (i) substantial completion of all development within the Properties, as determined by the Declarant, and sale of all Lots by the Declarant; or (ii) the tenth (10th) anniversary of the date of recordation of the Declaration in the Real Property Records of El Paso County, Texas or (iii) Declarant's recordation in the Real Property Records of El Paso County, Texas, of an instrument specifying the end of the Development Period at such earlier date than otherwise established by (ii), in Declarant's sole and absolute discretion.

“*Dwelling Unit*” means any building or portion of a building situated upon the Properties which is designed and intended for use and occupancy as a residence by a single person, a couple, a family or a permitted family size group of persons.

“**Eligible Mortgages**” means the owners and holders of mortgages which are required to satisfy the applicable requirements of FHA, VA, FNMA, FMLMC and other similar governmental, quasi-governmental and nationally recognized public and/or private sources of end financing (and their mortgages are herein referred to as “**Eligible Mortgages**”).

“**Eligible Insurers**” means the insurers, guarantors, participants and subsidizers of the Eligible Mortgages.

“**Fiscal Year**” means each twelve (12) month period commencing on January 1 and ending on the following December 31, unless the Board of Directors shall otherwise select an alternative twelve month period.

“**Lot**” means each separately identifiable portion of the Assessable Property which is platted, filed and recorded in the office of the County Clerk of El Paso County, Texas, and which is assessed by any one or more of the Taxing Authorities and which is not intended to be an “open space” or a portion of the Common Properties.

“**Member**” means each Resident who is in good standing with the Association and who has filed a proper statement of residency with the Association and who has complied with all directives and requirements of the Association. Each and every Owner shall and must take such affirmative steps as are necessary to become and remain a Member of, and in good standing in, the Association. Each and every Resident (who is not otherwise an Owner) may, but is not required to, be a Member of the Association..

“**Owner**” means the holders of record title to the fee simple interest of any Lot whether or not such holder(s) actually reside(s) on any part of the Lot.

“**Properties**” means: (i) the Lots; and (ii) the other land within the Subdivision, including but not limited to the Common Properties.

“**Resident**” means: (a) each Owner of the fee simple title to any Lot within the Properties; (b) each person residing on any part of the Assessable Property who is a bona fide lessee pursuant to a legally cognizable lease agreement with an Owner; and (c) each individual lawfully domiciled in a Dwelling Unit other than an Owner or bona fide lessee.

“**Subdivision**” means Hidden Gardens Village, a subdivision of certain land in El Paso, El Paso County, Texas, according to the plat or map thereof recorded in the Plat Records of El Paso County, Texas, as well as any and all amendments, revisions, modifications, corrections or clarifications thereto.

“**Taxing Authorities**” means El Paso County, the El Paso Independent School District, the City of El Paso and the State of Texas, and any and all other governmental entities or agencies which have, or may in the future have, the power and authority to impose and collect ad valorem taxes on real property estates, in accordance with the Texas Constitution and applicable statutes and codes.

ARTICLE II

Membership and Assessments

Section 1. Each Owner shall be a Member of the Association. Membership shall be appurtenant to and may not be separated from the ownership of a Lot. Ownership of a Lot shall be the sole qualification for membership. The membership held by an Owner shall not be transferred, pledged or alienated in any way, except upon the sale of such Lot, and then only to the purchaser of such Lot. Any attempt to make a

prohibited transfer is void and will not be reflected upon the books and records of the Association. Evidence of transfer of membership shall be furnished to the Association in the form of a certified copy of the recorded conveyance of a Lot signed by the current Owner thereof as reflected upon the books and records of the Association.

Section 2. The Association shall have two classes of voting membership with the voting rights hereinafter indicated:

Class A Members. Class A Members include: (a) all Owners (other than the Declarant during the Development Period); and (b) all Residents (not otherwise Owners) who have properly and timely fulfilled all registration and related requirements prescribed by the Association.

Class B Members. The Class B Member shall be the Declarant. Upon conclusion of the Development Period, the Class B membership shall terminate and the Declarant shall become a Class A Member.

Section 3. Class A Members and the Class B Member shall each be entitled to one (1) vote for each Lot that such Member owns.

Section 4. The voting rights of any Member shall be automatically suspended during any period during which such Member is not in good standing. Any Member shall not be in good standing if such person or entity is (i) in violation of any portion of the Declaration or any rule or regulation promulgated by the Board of Directors; (b) delinquent in the full, complete and timely payment of any Annual Assessment, special assessment, or any other fee, charge or fine that is levied, payable or collectible pursuant to the Declaration, these Bylaws or any rule or regulation promulgated by the Board of Directors.

ARTICLE III

Membership Meetings

Section 1. An annual meeting of the Members shall be held during the month of December. Special meetings may be called by the Board of Directors of the Association upon the giving of thirty days' written notice to the Members. At the annual meeting, the Members shall elect the members of the Board of Directors for the ensuing year and transact such other business as may come before the meeting. The Board of Directors, no later than 10 days prior to the annual meeting of the Members, shall file with the Declarant and distribute to the Members (by whatever means the Board may deem reasonable and economical) a certification of the directors to be elected by Class A Members, and the directors to be elected by the Class B Member.

Section 2. Members holding 20% of the votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of the Members, a majority of the Members present may adjourn the meeting from time to time without further notice.

Section 3. At any meeting of the Members, a Member may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven (11) months from the date of its execution, unless other-wise provided in the proxy.

ARTICLE IV

Board of Directors

Section 1. The Board of Directors shall be at least three in number and may consist of any number greater than three. The affairs of the Association shall be managed initially by a Board of Directors consisting of three (3) individuals elected by the Class B Member. On or before the 120th day after the date that seventy-five percent (75%) of the Lots are conveyed to Owners (other than the Declarant or a builder in the business of constructing homes who purchased any Lot(s) from the Declarant for the purpose of selling completed Dwelling Units on the Lots) at least one-third (1/3) of the members of the Board of Directors will be elected by the Owners (other than the Declarant). Members of the Board of Directors need not be Members of the Association.

Section 2. The members of the Board of Directors shall be elected by the Members and shall hold office for a term of two years or until their successors are duly elected and are qualified.

Section 3. If the office of any Director becomes vacant for any reason, the Board of Directors shall choose a successor at any meeting of the Board of Directors by the affirmative vote of a majority of the remaining Directors representing the same class of Members who elected the Director whose position has become vacant. Any Director elected to fill a vacancy shall serve as such for the unexpired term of the Director who was replaced.

Section 4. The Board of Directors shall meet at least once each year. The annual meeting of the Board of Directors shall be held immediately following the annual meeting of the Members, and at such meeting, the Board of Directors shall elect the officers of the Association for the ensuing year. The Board of Directors shall also meet when called by any two members of the Board of Directors, and unless waived, notice of such meeting shall be at least ten days in advance of the called date. A quorum for the transaction of business shall be two-thirds of the Board of Directors.

Section 5. Regular and special Board of Directors meetings shall be open to the Owners, subject to the right of the Board of Directors to adjourn a board meeting and reconvene in closed executive session to consider actions involving personal, pending or threatened litigation, contract negotiations, enforcement actions, confidential communications with the Association's attorneys, matters involving the invasion or privacy of Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board of Directors. Following an executive session, any decision made in the executive session must be summarized orally and placed in the minutes, in general terms, without breaching the privacy of individual Owners, violating any privilege, or disclosing information that is to remain confidential at the request of the affected parties. The oral summary must include a general explanation of expenditures approved in executive session.

Section 6. The Board of Directors shall have control and management of the affairs of the funds of the Association and all its functions. The Board of Directors shall have the authority to appoint and confirm special committees of the Board of Directors to exercise within the area of their appointment all the powers of the Board of Directors. The Board of Directors shall have the authority, from time to time, to make reasonable rules and regulations regarding the use and enjoyment of the Common Properties which are not inconsistent with the Declaration or the Certificate, which rules and regulations shall be binding upon all Members.

Section 7. The affairs of the Association shall be conducted by the Board of Directors. The Board of Directors, for the benefit of the Association, the Properties, the Owners, the Members and the Residents, may provide and may pay for, out of the assessment funds, one or more of the following:

(a) care, preservation and maintenance of the Common Properties and the furnishing and upkeep of any desired personal property for use in or on the Common Properties;

(b) recreational and social programs and activities for the general benefit of the Residents and programs which are designed only for separately identifiable sub-groups of Residents, such as (but not limited to) infants, adolescents, teenagers, students, mothers and senior citizens;

(c) supplementing (to the extent, if any, deemed necessary, appropriate and affordable by the Board of Directors) the police, fire, ambulance, garbage and trash collection and similar services within the Properties traditionally provided by local governmental agencies;

(d) taxes, insurance and utilities (including, without limitation, electricity, gas, water, sewer and telephone charges) which pertain to the Common Properties;

(e) the services of any person or firm (including the Declarant and any affiliates of the Declarant) 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 of Directors or by the manager of the Association. The Board is specifically authorized to hire and employ one or more managers, secretarial, clerical, staff and support employees. The Board of Directors is specifically authorized to engage personnel (such as ad valorem tax consultants and computer operators) and equipment (such as computers, software and electronic communication and transmission devices), and to purchase and/or rent magnetic tapes and the like for the administration of the collection of assessments;

(f) legal and accounting services and all costs and expenses reasonably incurred by the architectural review committee established under the Declaration; and

(g) any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, taxes or assessments which the Board of Directors 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.

Section 8. The Board of Directors shall have the following additional rights, powers and duties:

(a) to execute all declarations of ownership for tax assessment purposes with regard to any of the Common Properties owned by the Association;

(b) to enter into agreements or contracts with insurance companies, Taxing Authorities, the holders of first mortgage liens on the Lots and utility companies with respect to: (i) any taxes on the Common Properties; (ii) monthly escrow and impound payments by a mortgagee regarding the assessment, collection and disbursement process; (iii) utility installation, consumption and service matters; and (iv) the escrow or impounding of monies sufficient to timely pay the Annual Assessment applicable to any Lot;

(c) to borrow funds (including, without limitation, the borrowing of funds from the Declarant and/or its affiliates) to pay costs of operations secured by such assets of the Association as deemed appropriate by the lender and the Association;

(d) to enter into contracts, maintain one or more bank accounts and, generally, to have all powers necessary or incidental to the operation and management of the Association;

(e) to protect and defend the Common Properties from loss or damage by suit or otherwise, to sue or defend in any court on behalf of the Association and to provide adequate reserves for repairs and replacements;

(f) to make reasonable rules and regulations for the operation of the Common Properties and to amend them from time to time and to enter into concession agreements regarding food, beverage, vending and other products and services within the Common Properties;

(g) to prepare an annual operating budget and to make an annual report available for review by each Owner at the Association offices within ninety (90) days after the end of each Fiscal Year;

(h) to adjust the amount, collect and use any insurance proceeds to repair damaged or replace lost property; and if proceeds are insufficient to repair damages or replace lost property, to assess the Owners in proportionate amounts to cover the deficiency; and

(i) to enforce the provisions of the Declaration and any rules made thereunder and to enjoin and seek damages from any Owner, Resident or Member for violation of such provisions or rules in accordance with applicable law. To the extent permitted by applicable law, the Board of Directors is specifically authorized and empowered to establish (and to revise and amend from time to time) a monetary fines system which may include component steps such as warning citations, ticketing, due process hearings and appeals and a flat rate or discretionary range or geometric progression of fine amounts, which when pronounced, shall constitute a permitted individual Owner assessment secured by a continuing payment and performance lien established by the Declaration.

Section 9. The Board of Directors, on behalf of the Association, shall have full power and authority to contract with any Owner, Member or Resident (including, without limitation, the Declarant) for performance, on behalf of the Association, of services which the Association is otherwise required to perform pursuant to the terms of the Declaration, such contracts to be upon such terms and conditions and for such consideration as the Board of Directors may deem proper, advisable and in the best interests of the Association.

Section 10. The Board of Directors may employ a professional management agent to perform such duties and services as the Board of Directors shall direct, including, but not limited to, the collection of and accounting for Annual Assessments made by the Association. Any such management agreement shall provide for a rate of compensation to be established and approved by the Board of Directors, and shall further provide for the right of the Association to terminate the agreement with cause upon not more than thirty (30) days written notice and without cause upon not more than sixty (60) days written notice.

ARTICLE V

Officers

Section 1. Officers of the Association shall be:

President
One or more Vice Presidents
Secretary and one or more Assistant Secretaries
Treasurer and one or more Assistant Treasurers

Any two or more offices may be held by the same person, except the offices of President and Secretary. These officers shall be elected by a majority vote of the Board of Directors at the annual meeting of the Board of Directors.

Section 2. Each officer shall hold office during the ensuing year or until his successor shall have been duly elected and qualified.

Section 3. After the Development Period, no person shall be eligible to hold office in the Association unless such person is a Member.

Section 4. Any officer 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 would be served thereby.

Section 5. A vacancy in any office because of death, resignation, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

ARTICLE VI

Duties of Officers

Section 1. President. The President shall preside over the meetings of the Board of Directors. The President shall have general direction and control of the affairs of the Association. He shall preside at all meetings of the Association. He shall perform such other duties as are usual to his office, including the execution of documents, contracts or instruments authorized by the Board of Directors.

Section 2. Vice Presidents. The First Vice President shall perform the duties of the President in the absence or inability of the President. The Second Vice President shall perform these duties in case of the absence or inability of the First Vice President, et cetera.

Section 3. Secretary. The Secretary shall keep the records of the Association. He shall perform such other duties as may be required of him for the proper conduct of his office.

Section 4. Treasurer. The Treasurer shall supervise the receipt and care of all funds of the Association and shall approve the disbursement of the same upon checks and vouchers. He shall keep an accurate account of the funds and may be required by the Board of Directors to give a bond in such amount as the Board of Directors may determine. He shall report regarding the funds in his possession whenever required to do so by the Board of Directors or the President.

ARTICLE VII

Annual Assessments

Section 1. The Board of Directors shall have the responsibility and authority to assess each Lot for Annual Assessments, and the Owners of such Lots shall be personally liable for the payment of such Annual Assessments levied during the time any such Owner owns a Lot, and the Annual Assessment applicable to each Lot shall be a charge and continuing lien upon each such Lot.

Section 2. Not less than thirty (30) days prior to the beginning of each Fiscal Year, the Board of Directors shall, after taking into consideration all anticipated items of common expenses for such Fiscal Year, together with a reasonable reserve for contingencies, fix and establish the amount of the Annual Assessment for the ensuing Fiscal Year. Each Owner shall be required to pay each Owner's proportionate

part thereof which shall be a fraction, the numerator of which is the number of Lots owned by each such Owner and the denominator of which is the total number of Lots.

Following the establishment of the Annual Assessment, each Owner shall be given sixty (60) days notice of the Annual Assessment and each Owner's proportionate part thereof, but the failure of an Owner to receive such notice shall not affect such Owner's liability for the payment of each Owner's proportionate part thereof. Each Owner's proportionate part of the Annual Assessment shall be due and payable by each Owner (excluding Declarant) in equal installments as determined by the Board of Directors, but such installments shall be payable no more frequently than monthly during the Fiscal Year. The Board of Directors shall prepare a roster of the Lots and the Annual Assessments applicable thereto which shall be kept in the office of the Association.

During the course of a Fiscal Year, should the Board of Directors determine that the Annual Assessments theretofore assessed will be inadequate, the Board of Directors from time to time may increase the Annual Assessment for such Fiscal Year and each Owner's proportionate part. Conversely, should the Board of Directors during the course of a Fiscal Year determine that the Annual Assessments theretofore assessed will create a surplus in excess of that necessary as a reserve for contingencies, the Board of Directors from time to time may decrease the Annual Assessment and each Owner's proportionate part. In either such event, the Board of Directors shall notify each Owner of the adjustment and the revised amount of each quarterly installment thereafter due by each Owner.

Section 3. If the Board of Directors shall fail to fix and establish the Annual Assessment and the proportionate part due by each Owner of a Lot as herein provided, the Annual Assessment and the proportionate part due by each Owner of a Lot for the previous Fiscal Year shall be automatically established immediately prior to the commencement of the Fiscal Year so that there will be no interruption in the payment by an Owner of the quarterly installments due paying such Owner's proportionate part of the Annual Assessment.

Section 4. Each Owner of a Lot purchased from Declarant, on the date of the purchase, shall become liable to the Association for a pro rata part of the Annual Assessment attributable to such Lot then established by the Board of Directors; such pro rata part being a fraction, the numerator of which is the number of calendar days until the next ensuing January 1, and the denominator of which is 365. The prorated monthly payment for the month in which a Lot is purchased shall be due and payable by each such Lot Owner within ten (10) days after receipt from the Association of a statement therefor.

Section 5. Declarant, during the Development Period, shall have no obligation to pay to the Association the proportionate part of the Annual Assessment applicable to Lots owned by Declarant. Declarant shall, however, during the Development Period, pay to the Association from time to time, as required, any amounts necessary (over and above payments to the Association by other Lot Owners) to satisfy the Association's current operating expenses on a cash basis. During the Development Period, Declarant shall have no obligation to contribute any sums to the Association on account of reserves. At the termination of the Development Period, the Lots then owned by Declarant, if any, shall bear their full proportionate share of Annual Assessments and special assessments.

Section 6. No Owner shall be exempt from liability for Annual Assessments duly established by the Association. Further, no diminution or abatement of Annual Assessments shall be allowed or claimed for inconvenience or discomfort arising from the making of repairs or improvements to the Common Properties or Lots or from any action taken to comply with any law, ordinance or order of a governmental authority.

Section 7. The payment of an Annual Assessment shall be considered delinquent if not paid upon the due date thereof, and the Association shall be entitled to collect a late charge in such amounts and upon such conditions as the Board of Directors may from time to time determine. Each Owner (whether one or more) shall be and remain personally liable for the payment of all Annual Assessments which may be levied against such Owner's Lot by the Association in accordance with the terms and provisions of the Declaration until the same shall be paid in full, both principal and interest. In the event of sale or conveyance of a Lot, the purchaser of same shall be required and entitled to cause such delinquent assessments to be paid out of the sales price and, failing this, such purchaser shall become personally liable for payment of such delinquent assessments by such purchaser's acceptance of a deed to such Lot from an Owner in default.

Section 8. The Association may enforce collection of delinquent assessments as set forth in the Declaration.

Section 9. The Annual Assessments against all Owners shall be set forth upon a roll of the Lots which shall be available in the office of the Association for inspection at all reasonable times by Owners and Eligible Mortgagees or their duly authorized representatives. Such Assessment Roll shall indicate for each Lot the name and address of the Owner or Owners, the assessments for all purposes and the amounts of all assessments paid and unpaid. A certificate signed by an officer of the Association as the status of an Owner's assessment account shall limit the liability of any person for whom made other than the Owner. The Association shall issue such certificates to such persons as an Owner may request in writing and shall be entitled to charge a reasonable fee therefor in such amount as shall be determined by the Board of Directors from time to time.

Section 10. Until and unless otherwise determined by the Board of Directors of the Association, the maximum initial regular base assessment shall be _____ and ___/100 Dollars (\$_____.00) per Lot per year. The Board of Directors may fix the actual regular base assessment at an amount equal to or less than the maximum regular base assessment. The Board of Directors may establish a time-price differential schedule for the payment of the regular assessment in which the lowest amount is the actual regular base assessment.

Section 11. The Board of Directors may be permitted to increase the maximum Annual Assessment without a vote of the Members, but such an adjustment should not exceed five percent (5%) of the previous year's maximum Annual Assessment, or the change in the Consumer Price Index, whichever is greater. Notwithstanding the provisions of Article III, Section 1 hereof, the annual maximum assessment may not be otherwise increased without the assent of at least two-thirds of each class of Members at a meeting called for that purpose with at least 60 percent of the Lot Owners (or their proxies) present after adequate notice. If 60 percent do not attend, a second meeting may be called with the same notice and the quorum may be reduced to 30 percent.

Section 12. The Board of Directors shall not increase the Annual Assessment except pursuant to this Section and shall not take formal action on or impose a cost-of-living increase in the Annual Assessment more than once in any Fiscal Year. Any such cost of living increase in the Annual Assessment shall thereafter remain in effect indefinitely; and any increase shall not be deemed to limit the Board of Director's authority to increase the Annual Assessment in succeeding Fiscal Years provided, however, that any further increases are made in accordance with this Section. Each and every meeting of the Board of Directors in which final action on an Annual Assessment or special group assessment is taken shall be open to the Owners.

Section 13. Notwithstanding any provision herein to the contrary, any and all Lots owned by the Declarant during the Development Period shall be exempt from the payment of any and all assessments of any kind or character.

ARTICLE VIII

Contracts, Checks, Deposits and Funds

Section 1. The Board of Directors may authorize any officer or officers, agent or agents of the Association, in addition to the officers so authorized by these bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. Such authority may be general or confined to specific instances.

Section 2. Checks and Drafts. All checks, drafts or orders for the payment of money, notes, or other evidence issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or a Vice President of the Association.

Section 3. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

Section 4. The Board of Directors may establish reserve funds which may be maintained and/or accounted for separately from other funds maintained for annual operating expenses and may establish separate, irrevocable trust accounts for any other recognized bookkeeping or tax procedures in order to better demonstrate that the amounts deposited therein are capital contributions and not net or taxable income to the Association.

ARTICLE IX

Amendments to Bylaws

Section 1. These Bylaws may be amended from time to time as required.

Section 2. In any case in which it is desired to amend these Bylaws, the Board of Directors, by a majority vote of a quorum thereof, shall first approve the proposed amendment for submission to the Members at an Annual or Special Meeting thereof. Notice of the time, place and purposes of any such meeting shall be as set forth in Article III hereof, except that notice of an Annual Meeting to amend the Bylaws shall state said purposes.

Section 3. The proposed amendment shall be put to a vote of the Members present at said meeting, and if said amendment shall receive the affirmative votes of at least two thirds of the Members present (provided such Members shall constitute a quorum), the amendment shall be declared adopted.

ARTICLE X

Seal

Section 1. The official seal of the Association shall consist of a design consistent with the approval of the Board of Directors.

ARTICLE XI

Indemnification of Directors and Officers

Section 1. To the extent permitted by law, each director and officer or former director and officer of the Association may be indemnified, defended and held harmless by the Association against liabilities imposed upon him or her and against him or her (including attorney's fees), or any action, of his or her service as a director or officer, and against such sums as independent counsel selected by the Board of Directors shall deem reasonable payment made in settlement of any such claim, action, suit or proceeding; provided, however, that no director or officer shall be indemnified with respect to matters which shall be settled by the payment of the sums which counsel for the Association may deem unreasonable or with respect to matters for which such indemnification would be against public policy or in contravention of Tex.Rev.Civ.Stat. Ann. art. 1396-2.22A, as amended.

Section 2. The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association against any liability asserted against him or her and incurred by them in any such capacity or arising out of their status as such, whether or not the Association would have the power to indemnify them against such liability.

ARTICLE XII

Eligible Mortgages

Section 1. Any Owner who shall give an Eligible Mortgage upon such Owner's Lot shall furnish the Association the name and address of such Eligible Mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Lots". Upon written request from any Eligible Mortgagee, the Association shall report to such Mortgagee: (a) any unpaid Annual Assessments due from the Owner of such Lot at the same time as the Association makes demand of the Owner for the payment of any Annual Assessment; and (b) any other default by the Owner in the performance of such Owner's obligations under the terms and provisions of the Declaration which shall not have been cured within 30 days after written notice to such Owner by the Association specifying such default. Likewise, upon written request from any Eligible Mortgagee, any such Eligible Mortgagee shall also be entitled to prompt written notification from the Association of: (a) the calling of all meetings of the Members (and each such Eligible Mortgagee shall be entitled to designate a representative to attend such meetings); (b) the occurrence of substantial damage to the Common Properties; and (c) the taking of any portion of the Common Properties by a condemning authority.

Section 2. An Eligible Mortgagee or Eligible Insurer who provides written request to the Association (such request to state the name and address of such holder, insurer or guarantor and a reasonable description of the Dwelling Unit covered by the Eligible Mortgage) will be entitled to receive timely written notice of:

- (a) any proposed termination of the Association;
- (b) any condemnation loss or any casualty loss which affects a material portion of the Subdivision or which materially affects any Dwelling Unit on which there is an Eligible Mortgage held, insured or guaranteed by such Eligible Mortgagee or Eligible Insurer, as applicable;

(c) any delinquency in the payment of assessments or charges owed by an Owner of a Dwelling Unit subject to the Eligible Mortgage of such Eligible Mortgagee or Eligible Insurer, where such delinquency has continued for a period of sixty (60) days;

(d) any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association; or

(e) any proposed action which would require the consent of the Eligible Mortgagees as required hereinbelow.

Section 3. Eligible Mortgagees who have requested the Association to notify them concerning any proposed action that requires the consent of a specified percentage of Eligible Mortgagees also have the right to join in the decision making about certain amendments to the Declaration. Amendments of a material nature (as defined below) must be agreed to by: (i) at least sixty-seven percent (67%) of the Dwelling Unit Owners; and (ii) the Declarant (during the Development Period) or the Board of Directors (after conclusion of the Development Period); and (iii) Eligible Mortgagees representing at least fifty-one percent (51%) of the Dwelling Units that are subject to Eligible Mortgages. A substantive change to any of the following are defined as material for purposes of this provision: voting rights; assessments, assessment liens, or subordination of assessment liens; reserves for maintenance, repair, and replacement of Common Properties; responsibility for maintenance and repairs; boundaries of any Lot covered by an Eligible Mortgage; convertibility of Dwelling Units into Common Properties or vice versa; imposition of any restrictions on a Dwelling Unit Owner's right to sell or transfer his or her Dwelling Unit; restoration or repair (after a hazard damage or partial condemnation) in a manner other than that specified herein; any action to terminate the legal status of the Subdivision after substantial destruction or condemnation occurs; or any provisions that expressly benefit Eligible Mortgagees or Eligible Insurers.

Additions or amendments such as the correction of a technical error or the clarification of a statement shall not be considered or construed as being "material."

If and when the Dwelling Unit Owners are considering termination of the coverage of the Declaration over the Subdivision for reasons other than substantial destruction or condemnation, the Eligible Mortgagees representing at least sixty-seven percent (67%) of the mortgaged Dwelling Units in the Subdivision must agree.

Section 4. So long as required by The Federal Home Loan Mortgage Corporation, the following provisions apply in addition to and not in lieu of the other Sections of this Article. Unless two-thirds (2/3) of the Eligible Mortgagees or Owners give their consent, and subject to the condition that any proposed action of the Association purportedly covered by the following requirements must be material and adverse, the Association shall not:

(a) by act or omission seek to abandon, partition, subdivide, encumber, sell or transfer the Common Properties which the Association owns, directly or indirectly (but the granting of easements for public utilities or for other public purposes consistent with the intended use of the Development shall not be deemed a transfer);

(b) change the method of determining the obligations, assessments, dues or other charges which may be levied against an Owner;

(c) by act or omission charge, waive or abandon any scheme of regulations or enforcement thereof pertaining to the architectural design or the exterior appearance and maintenance of Dwelling Units and of the Common Properties;

- (d) assign any future income of the Association, including its right to receive assessments;
- (e) fail to maintain fire and extended coverage insurance on assets owned by the Association, as required by the Declaration; or
- (f) use hazard insurance proceeds for any Common Properties losses for other than the repair, replacement or reconstruction of such properties.

The provisions of this Section shall not be construed to reduce the percentage vote that must be obtained from Eligible Mortgagees or Owners when a larger percentage vote is otherwise required for any of the actions described in this Section.

Eligible Mortgagees may, jointly or singly, pay taxes or other charges which are in default and which may or have become a charge against the Common Properties and may pay overdue premiums on casualty insurance policies, or secure new casualty insurance coverage upon the lapse of a policy, for the Common Properties, and Eligible Mortgagees making such payments shall be entitled to immediate reimbursement from the Association.

Section 5. The failure of an Eligible Mortgagee or Eligible Insurer to respond within thirty (30) days to any written request of the Association for approval of an addition or amendment shall constitute an implied written approval of the addition or amendment.

Section 6. The Association shall have current copies of the Declaration, Certificate of Formation, Bylaws, rules and regulations, books, records and financial statements available for inspection by Dwelling Unit Owners and by Eligible Mortgagees and Eligible Insurers during normal business hours or under other reasonable circumstances.

Section 7. The Association shall provide any Eligible Mortgagee or Eligible Insurer which submits a written request with a copy of an annual financial statement within ninety (90) days following the end of each Fiscal Year of the Association.

Section 8. The provisions of this Article are for the benefit of Eligible Mortgagees and Eligible Insurers and their successors and may be enforced by any of them by any available means, at law, or in equity.

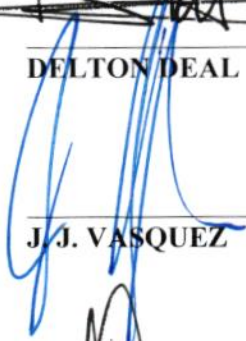
Section 9. Any authorized representative(s) of an Eligible Mortgagee or Eligible Insurer may attend and address any meeting of the Association which an Owner may attend.

[Signatures on Next Page]

EXECUTED by all of the members of the Board of Directors as of December 13, 2022.



DELTON DEAL



J. J. VASQUEZ



JORGE QUIÑONES



VICTOR ROBLES