

PROPOSED BYLAWS AMENDMENT

Section 4.02 of the Bylaws of Sunstone Homeowner's Association, Inc. provides as follows:

"The number of directors shall be two initially, and shall increase to six upon termination of the Class B membership, unless otherwise amended. Directors need not be residents of Texas. Initial directors need not be members of the Corporation; however, all directors thereafter shall be members of the Corporation. Each director shall serve for a term of two years. The terms of the directors shall be staggered so that the terms of half of the directors shall begin even numbered years and the terms of half of the directors shall begin in odd numbered years."

So as to allow for the election of two additional members to the Board of Directors, one of the initial directors intends to resign and the Bylaws of Sunstone Homeowner's Association, Inc. needs to be amended. Accordingly, it is proposed that at the next meeting of the members of the Corporation, the following Bylaw amendment be considered and voted upon.

"The number of directors shall be three initially, and may increase to no more than six upon termination of the Class B membership if approved by a majority of the Members of the Corporation. The initial directors need not be members of the Corporation; however, all directors thereafter shall be members of the Corporation. Each director shall serve for a term of three years; provided, however, once three directors are elected, as may be agreed upon by such Directors, one such Director shall serve for one year, another for a term of two years and the third such Director shall serve for a full three year term."