

BY-LAWS OF
LAGUNA TRES OWNERS ASSOCIATION, INC.
A TEXAS NON-PROFIT CORPORATION

ARTICLE ONE

OFFICES

Principal Office. The principal office of the Corporation shall be located at Laguna Tres Estates, in the County of Hood, State of Texas. The Corporation may have such other offices as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

ARTICLE TWO

DEFINITIONS

The following words or phrases, when used in the By-Laws (unless the context shall prohibit), shall have the following meanings:

- (a) "Association" and "Corporation" shall mean and refer to this non-profit Corporation.
- (b) "The Property" shall mean and refer to Laguna Tres Estates, an Addition in Hood County, Texas, as delineated and depicted in the plats or maps of said subdivision placed of record by the developer, Laguna Tres Estates, Inc., a Texas Corporation, from time to time.
- (c) "Unplatted Parts of the Property" shall mean and refer to all parts of the property, as may exist from time to time, which have not been subdivided and upon which there has been no subdivision map or plat recorded, including such additional subdivision, subdivision units or recreational facilities as may be added by Developer from time to time as set forth in the restrictive covenants affecting the Property.
- (d) "Association Property" and "Common Facilities" shall mean and refer to the property owned by the Association, including the streets, roads and other public ways, parks, channels, marine facilities, and any other real and personal property used for the acquisition, ownership, construction, management, maintenance and care of "Association Property" and "Common Facilities."
- (e) "Lot" shall mean and refer to each lot shown on the recorded plats of the Property, and also to any plot of land shown upon any future recorded subdivision map or plat of the Property, or any part thereof, excluding the Association Property and Common Facilities as heretofore defined.
- (f) "Owner" shall mean and refer to the owner or purchaser of record under a Contract of Sale or Deed, whether one or more persons or entities, of the fee simple title to any lot situated upon the Property and also to the recorded owner of the fee simple title to any Unplatted Parts of the Property not platted of record and sold as tract acreage), but, shall not mean or refer to the mortgage of any lot unless or until such mortgagee has acquired title to such lot pursuant to foreclosure or any proceeding in lieu of foreclosure.
- (g) "Developer" shall mean and refer to Laguna Tres Estates, Inc., a Texas Corporation, and its successors and assigns.

ARTICLE THREE

RESPONSIBILITIES OF CORPORATION – IN GENERAL

Section 1. Declaration of Covenants and Restrictions Binding on Corporation. The Declaration of Restrictions and Covenants recorded by Developer with respect to Laguna Tres Estates Subdivision in Volume 159, Page 425, Deed Records, Hood County, Texas and the Amended Declaration of Restrictions and Covenants recorded in Volume 170, Page 142, Deed Records of Hood County, Texas, together with all additional and further Restrictions and Covenants which may be filed of record on any part of the Property or the Unplatted Parts of the Property are acknowledged to be valid and binding upon the Association and its members.

Section 2. Functions of Corporation – In General. This Corporation shall have, exercise and enjoy all of the rights, privileges and remedies, and shall perform all of the functions and duties assigned to, delegated to, granted to and required of it by the terms and provisions of said Declaration of Restrictions and Covenants and such further rights and powers as may be appropriate under its Articles of Incorporation, these By-Laws and applicable law.

ARTICLE FOUR

USE, ENJOYMENT, MANAGEMENT AND OWNERSHIP OF ASSOCIATION PROPERTY AND COMMON FACILITIES

Section 1. Use of Association Property and Common Facilities. The use and enjoyment of the Association Property and Common Facilities is limited to those persons or entities who are members of the Association (including tenants or lessees approved as members), as hereinafter set forth, and their respective families and guests, subject to Section 2 hereof. Use and enjoyment of Association Property and Common Facilities shall, pursuant to rules and regulations established by the Board of Directors, be limited to members who are current in payment of assessments as provided herein.

Section 2. Regulations for use of Association Property and Common Facilities. Such rules and regulations as may be necessary for the orderly use and management of Association Property and Common Facilities, including but not limited to, rules and regulations concerning the rights and privileges of tenants and guests of members, shall be made by the Board of Directors of this Association or by committees appointed by the Board of Directors for such purposes; subject, however, to the provisions contained in these By-Laws concerning appointment or designation of such committees.

Section 3. Management of Association Property and Common Facilities. The Association, by and through its Board of Directors, has the sole responsibility and liability for the ownership, maintenance, improvement, management, administration and regulation of the Association Property and Common Facilities, and funds for such purposes, including all taxes on said Association Property and Common Facilities, shall be secured by the Association from the assessments as hereinafter provided, or such other funds as may be available to the Corporation. The Association may provide for additional charges, other than assessments, for the use of the Association Property and Common Facilities and for services provided to members.

ARTICLE FIVE

MEMBERS AND VOTING RIGHTS

Section 1. Requirements for Membership.

(a) Except as hereinafter provided, no person or entity other than those who have been approved as members and who own a fee interest (under contract of sale or deed) in a Lot shall be members of the Association; provided however that a person or entity holding legal title to a Lot as security for the performance of an obligation shall not be a member.

(b) The Board of Directors may, consistent with the Restrictions and Covenants of Laguna Tres Estates, regulate or limit the number of memberships available to the owners of undivided interests in a Lot and may limit the memberships to one per Lot.

(c) Tenants (including lessees) of the Owners of lots shall be eligible for "tenant memberships" upon approval of their applications, such "tenant memberships" to be subject to such conditions and limitation as the Board of Directors may from time to time impose. The approval of a tenant as a "tenant member" shall automatically terminate the membership rights of the owner of such property, except for voting purposes, but the owner shall nonetheless remain liable for assessments levied by the Association if not timely paid by the tenant member. The assessments levied with respect to a tenant member shall not exceed those levied with respect to an owner member.

(d) The Board of Directors may, in its discretion and upon such terms and conditions as it deems proper, authorize special or honorary memberships; provided that any such membership shall be subject to limitation and revocation at any time by action of the Board of Directors.

(e) Membership or tenant membership shall automatically terminate when the applicable requirement as to ownership or tenancy ceases or when the member dies.

(f) Continued membership shall be conditioned upon the member's observance and compliance with these By-Laws, the restrictive covenants, other rules and regulations promulgated by the Board of Directors and payment, when due, of all dues and assessments levied by the Board of Directors and other charges incurred by the member.

Section 2. Suspension or Revocation of Membership Rights. The Board of Directors may suspend or revoke the membership rights (in whole or in part) of any member who fails to comply with applicable By-Laws, restrictive covenants, rules and regulations or who fails to pay dues or assessments or other charges due by such member. Such suspension or revocation shall not be ordered until after the member involved has been given an opportunity to appear before the Board to explain the delinquency or non-compliance with rules or regulations. Such suspension or revocation shall not have the effect of denying the member access to his lot. Such suspension or revocation shall not affect the continuing obligation of the owner to pay assessments or other charges previously accrued or thereafter accruing.

Section 3. Voting Rights of Members. Members (not including tenant members) in good standing of the Association shall have one vote for each lot owned. Where a Lot

is owned by a corporation, firm or other entity or by more than one individual, the individual designated by the owner as the person entitled to membership privileges shall be entitled to vote for such owner. A member who is sixty (60) days or more delinquent in payment of any assessment or other charge due to the Association shall be ineligible to vote until such assessments or charges have been paid in full. Developer shall have one vote for each lot owned by it at the time of the voting.

Section 4. Membership Cards. The Board of Directors may provide for the issuance of membership cards evidencing membership in the Corporation, which shall be in such form as may be determined by the Board. The name and address of each member and the date of issuance of the card shall be entered on the records of the Corporation. If any card shall become lost, mutilated or destroyed, a new card may be issued therefore upon such terms and conditions as the Board of directors may determine.

ARTICLE SIX

MEETINGS OF MEMBERS

Section 1. Annual Meeting. An Annual Meeting of the voting members shall be held on the ____ Saturday in the month of _____ in each year, for the purpose of electing Directors and for the transaction of such other business as may properly come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday in the State of Texas, such meeting shall be held on the next succeeding Saturday. If the election of Directors shall not be held on the day designated herein for the Annual Meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members.

Section 2. Special Meetings. Special meetings of the voting members may be called by the President, the Board of Directors or by the Members holding the voting rights to not less than one-tenth (1/10) of the total votes outstanding as defined in Article Five, Section 3.

Section 3. Place of Meeting. The Board of Directors shall designate the place of meeting for any Annual Meeting or for any special meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be at Laguna Tres Estates; but if all of the voting members shall meet at any time and place and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 4. Notice of Meetings. Written or printed notice setting the place, day and hour of any meeting of members shall be delivered, either personally or by mail, to each member entitled to vote at such meetings as of the time the notice is sent, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the Notice. If mailed the notice of a meeting 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 Corporation, with postage thereon prepaid.

Section 5. Proxies. At any meeting or members, a member entitled to vote 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 the execution, unless otherwise provided in the proxy.

Section 6. Quorum. The members holding ten (10) percent of the total voting rights of the Corporation shall constitute a quorum at a membership meeting. If a quorum is not present at any meeting of members, a majority of the voting members present in person or by proxy may adjourn the meeting from time to time without further notice.

Section 7. Procedures for Electing Directors at Annual Meeting. At the Annual Meeting of the voting members of the Association, nominations for Directors shall be accepted from the floor. After all nominations have been received, voting shall then be conducted by secret written ballot. Each member shall have the right to vote for as many persons as there are Directors to be elected and for whose election he has a right to vote. There shall be no cumulative voting by members. The nominees receiving the largest number of votes shall be deemed elected. The Board shall establish such other voting procedures as are necessary for a fair and orderly election. The Secretary of the Association shall count and/or supervise the counting of the ballots and shall certify in writing to the Association President the results of the election.

ARTICLE SEVEN

BOARD OF DIRECTORS

Section 1. General Powers. The affairs of the Corporation shall be managed by its Board of Directors.

Section 2. Number, Tenure and Qualifications. The number of Directors shall be nine. At the first election of Directors three of the Directors shall be elected for a term of one (1) year, three of the Directors shall be elected for a term of two (2) years, and three of the Directors shall be elected for a term three (3) years. After the first election and at the expiration of the term of any group of three Directors, the subsequent terms for such Directors' positions shall all be for three (3) years. No person shall serve as a Director for more than five (5) consecutive years; that is, a person who has served a full three-year term as a Director shall not be eligible for election to succeed himself. Each member of the Board of Directors of the Association must be a member in good standing of the Association.

Section 3. Regular Meetings. A regular annual meeting of the Board of Directors shall be held without other notice than this By-Law, immediately after the annual meeting of the members. The Board of Directors may provide by resolution the time and place for the holding of additional regular meetings of the Board without other notice than such resolution.

Section 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any three (3) Directors. The person or persons authorized to call a special meeting of the Board may fix any place within the State of Texas as the place for holding any special meeting of the Board called by them.

Section 5. Notice. Notice of any special meeting of the Board of Directors may be given by telephone or by written notice delivered in person, by mail or by telegram. Notice by telephone or personal delivery of notice shall be given at least three (3) days in advance of the meeting. Notice by mail or telegram shall be given at least five (5) days in advance of the meeting and such notice shall be deemed delivered when deposited in the U. S. first class mail, properly addressed and with postage prepaid or when delivered to the telegraph company for transmittal. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice to such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in notice or waiver of notice of such meeting, unless specifically required by law or by these By-Laws.

Section 6. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 7. Manner of Acting. The act of a majority of the Directors present at a 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 law or by these By-Laws.

Section 8. Vacancies. Any vacancy occurring in the Board of Directors shall be filled temporarily by the Board of Directors with such Director to serve until the next election of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 9. Compensation. Directors as such shall not receive any stated salaries for their services. Nothing herein contained shall be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore.

Section 10. Informal Action by Directors. Any action required by law to be taken at a meeting of Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

ARTICLE EIGHT

OFFICERS

Section 1. Officers. The officers of the Corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the board of Directors), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary. The President, Vice President(s), Secretary, and Treasurer must be members of the Board of Directors.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. New officers may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until he is relieved or until his successor shall have been duly elected.

Section 3. Removal. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interest of the Corporation would be served.

Section 4. Vacancies. A vacancy in any office, because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired term of office.

Section 5. President. The President shall be the principal executive officer of the Corporation and shall in general supervise and control all of the business and affairs of the Corporation. He shall preside at all meetings of the members and of the Board of Directors. He may sign, with the Secretary or any other proper officer of the Corporation 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 By-Laws or by statute to some other officer or agent of the corporation; and in general he 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.

Section 6. Vice President. In the absence of the President or in the event of his inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 7. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors shall determine. He shall have charge and custody of and be responsible for all funds and securities of the Corporation; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article Ten of these By-Laws; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these By-Laws; keep a register of the post office

address of each member which shall be furnished to the Secretary by such members; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 9. Assistant Treasurers and Assistant Secretaries. If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President of the Board of Directors.

ARTICLE NINE

COMMITTEES

Section 1. Architectural Committees.

(a) The Board of Directors shall appoint an Architectural Committee which shall have the authority as set out in the Declarations of Restrictions and Covenants recorded by the Developer with respect to review and approval of plans for construction of improvements on a Lot. The Architectural Committee shall consist of as many persons as designated by the board of Directors. The Board of Directors, by resolution adopted by a majority of the Directors in office, shall designate and appoint the members of the Architectural Committee, as herein provided, which persons may consist of members of the Board of Directors, persons who are members of the Corporation and qualified architects, planners and builders as designated by the Board of Directors.

(b) The Committee shall have the power to make variations, alterations and changes as long as said variations, alterations and changes are not in conflict with the protective covenants of record affecting the Property as to any one or more of the lots, and provided the same is accomplished for the mutual benefit of the particular owner and of the surrounding building site owners.

Section 2. Other Committees. The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate one or more other committees. Except as otherwise provided in such resolution, members of such committee or committees shall be members of the Corporation, and the Board of Directors shall appoint the members thereof; provided, however that any committee to which is delegated the authority of the Board of Directors in the management of the Corporation (Executive Committee) which is so authorized must consist of two (2) or more Directors; provided further that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the By-Laws; electing, appointing or removing any member of such committee or any Director or officer of the Corporation; amending the Articles of Incorporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the Corporation; authorizing the voluntary dissolution of the Corporation or revoking proceedings therefore; adopting a plan for the distribution of the assets of the Corporation; or amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repealed by such committee. The designation and

appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any individual Director of any responsibility imposed upon it or him by law.

Section 3. Term of Office. Each member of a committee shall continue as such until his successor is appointed, unless the committee shall be sooner terminated or unless such member is removed from such committee or unless such member shall cease to qualify as a member thereof.

Section 4. Chairman. One member of each committee shall be appointed chairman by the Board of Directors.

Section 5. Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

Section 6. Rules. Each committee may adopt rules for its own government not inconsistent with these By-Laws or with rules adopted by the Board of Directors, or the Declaration of Covenants and Restrictions, and subject to approval by the Board of Directors.

ARTICLE TEN

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

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

Section 2. Checks, Drafts, etc. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agents or agents of the Corporation 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. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select and designate by appropriate resolution.

Section 4. Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purpose or for any special purpose of the Corporation.

ARTICLE ELEVEN

BOOKS AND RECORDS

The Corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the members. All books and records of the Corporation may be inspected by any member eligible to vote, or his agent or attorney, for any proper purpose, during normal office hours.

ARTICLE TWELVE

FISCAL YEAR

The fiscal year for the Corporation shall begin on the first day of _____ and end on the last day of _____ of the following year.

ARTICLE THIRTEEN

ASSESSMENTS

Section 1. Corporation to make Assessments. By virtue of the authority delegated to it and subject to the provisions of the Declaration of Restrictions and Covenants, heretofore described in Article Three of these By-Laws, the Board of Directors of the Corporation may fix, levy and collect assessments or charges. The assessment shall be a charge against each lot located in Laguna Tres Estates, except as hereinafter provided, and each owner of property in Laguna Tres Estates shall pay an assessment for each lot owned by him in the Addition, the amount of such assessment to be determined in accordance with these By-Laws.

Section 2. Parts of Property Not Assessed. There shall be no assessment whatsoever against any Unplatted Parts of the property, nor against property owned by Laguna Tres Estates, Inc., (whether or not such property has ever been sold to a third party and later reacquired), or any corporation or other entity with substantially the same ownership and control as Laguna Tres Estates, Inc.

Section 3. Purpose of Assessments. The assessments levied by the Corporation shall be used for the purpose of the improvement, maintenance, management, and administration of the Association Property and Common Facilities, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement and additions thereto, and for the costs of labor, equipment, materials, management and supervision thereof, and for the expenses of administering and enforcing the Declarations of Restrictions and Covenants heretofore mentioned in Article Three hereof, and for carrying out the purposes of the Corporation as stated in its Articles of Incorporation.

Section 4. Basis and Maximum of Annual Assessments. The maximum annual assessment may be increased by a two-third (2/3) vote of a quorum present at a meeting of the members of the Association. The Board of Directors of the Association may, after considering the current maintenance costs of the Association Property and Common Facilities and future needs of the Association, fix the actual assessment for any year at a lesser amount, or the Board of Directors of the Association may fix no assessment whatsoever for any year, depending upon the needs of the Association. This section governs the maximum amount to be fixed as annual assessments, but in no way limits the authority of the Board of Directors of the Association to fix a lesser amount or no

assessment whatsoever for any year. No proposal to increase the maximum assessment may be considered at a membership meeting unless the notice of such meeting given to the members includes a notification that the matter of an increase of the maximum assessment will or may be considered at such meeting.

Section 5. Date of Commencement of Annual Assessments. Due Dates. The Assessment provided for herein shall commence on the date (which shall be the first day of a month) fixed by the Board of Directors of the Corporation to be the date of commencement. The assessments shall be payable annually in advance.

Section 6. Duties of Board of Directors. The Board of Directors of the Corporation shall fix the date of commencement and the amount of the assessment (within the allowable maximum) if any is so fixed, at least thirty (30) days in advance of such commencement date and shall, at the time prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Corporation and shall be open to inspection by any member. Written notice of any change in assessment shall be sent to every member or owner subject thereto. The Corporation shall upon demand at any time furnish to any member liable for said assessment or to any first mortgage holder of any properties liable for said assessment a certificate in writing signed by an officer or authorized agent of the Corporation setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 7. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner, The Lien, Remedies of the Corporation. If an assessment or other charge is not paid on the date when due, then such assessment or charge shall be delinquent and shall together with interest thereon and cost of collection thereof, constitute a continuing lien upon the property assessed which shall encumber and bind such property in the hands of the then owner, his heirs, devisees, personal representatives and assigns.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of ten percent (10%) per annum and the Corporation may bring an action at law against the owner personally obligated to pay the same and to foreclose the lien against the property and there shall be added to the amount of such assessment court costs and reasonable attorney fees incurred in prosecuting such action, and in the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and a reasonable attorney's fee to be fixed by the court together with the costs of the action.

Section 8. Subordination of the Lien to Mortgages. The lien resulting from any assessment provided for herein shall be subordinate to the lien of any first mortgage of first deed of trust placed upon the property subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale of any such property pursuant to the decree of foreclosure of any such mortgage or pursuant to the sale thereof under power of sale in any such deed of trust. Such sale shall not relieve the property from liability for any assessment thereafter becoming due nor from the lien resulting from any such subsequent assessment.

ARTICLE FOURTEEN

WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act or under the provisions of the Articles of Incorporation or the By-Laws of the Corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE FIFTEEN

AMENDMENTS TO BY-LAWS

Section 1. These By-Laws may be altered, amended or repealed and new By-Laws may be adopted by the vote of two-thirds (2/3) of the members of the Corporation present at any regular or special meeting of the members at which a quorum is present, in person or by proxy, provided that no such proposal to alter, amend, repeal or enact new By-Laws shall be entitled to be voted on at such meeting unless the written notice of such proposal hereinafter provided for shall have been given.

Section 2. Written notice of proposals to alter, amend, repeal or enact new By-Laws shall be given to the members at least thirty (30) days and not more than fifty (50) days prior to the membership meeting at which the proposed changes, alteration or amendment (or state same verbatim) and shall briefly state the proponent's reasons therefore.

Section 3. Any such proposal to be made by a member shall be submitted in writing to the Board at least sixty (60) days prior to the membership meeting at which the proposal is to be presented, whereupon it shall be the duty of the Board to include notice of such proposal in the notice of the meeting to be given to the members.

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