

BY-LAWS OF
CEDRON CREEK RANCH ASSN.

PREAMBLE

The purpose of the Cedron Creek Ranch Association is to oversee and maintain the covenants and restrictions as listed in the Declarations of Covenants, conditions, easements and restrictions.

In addition, the Association shall at all times seek to maintain the continuity of the community within the developement. This includes receiving complaints and suggestions directed through the duly elected officers, toward any improvements.

The Association has been empowered by the by-laws to collect fees for maintenance and continued operation of the area water system and the roads within the ranch.

The service includes furnishing water service, including but not limited to water alone. It includes the water system and all the plumbing upon the land containing the well, storage tanks, pumps, gauges, fences and any other objects, structures and appertinances associated with the water system. This also includes the water system within the roads of the Cedron Creek Ranch Developement.

The power of the by-laws is subject to the Articles of the Corporation in the event of discrepancy. In order for these by-laws to become effective, they must be accepted by the vote of the general membership.

BY-LAWS

Article I. Offices

The principle office of the corporation shall be located in the State of Texas, city of Morgan, county of Bosque. The corporation may have other offices within the state of Texas, as the Board of Directors may determine or as the affairs of the corporation may require from time to time.

The corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent whose office is identical with the registered office, as required by the Texas non-profit corporation act. The registered office may be but need not be identical with the principle office of the state of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

Article II

Members

Section 1. Classes of members. The corporation shall have only one class of members. The designation of such class and the qualification and rights of members of such class shall be as follows: as outlined in Article IV of the Declaration of Covenants, Conditions, Easements and Restrictions.

Section 2. Membership is terminated upon the sale or foreclosure of the property.

Article III

Meetings of members

Section 1. Annual meetings. An annual meeting of the members shall be held on the second Saturday of the month of September of each year, beginning with the year of 1996 at the hour of 10: A.M. for the purpose of electing directors and for the transaction of such other business as may 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 hereon for any 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 as soon thereafter as convenient may be.

Section 2. Special meetings of the members may be called by the President, the Board of Directors, or not less than one tenth of the members having a voting right.

Section 3. Place of meetings. The Board of Directors may designate any place within the State of Texas as the place for any annual meeting or for any special meeting called for by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of the meeting shall be the registered office of the corporation in the state of Texas, and

consent to the holding of the meeting, such meeting shall be valid without call or notice, and at such meeting any corporation action may be taken.

Section 4. Notice of meetings. Written notice stating 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 meeting, not less than ten nor more than fifty days before the date of such meeting, by or at the direction of the President, or the Secretary or the officers or the person calling the meeting. In the 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 the 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. Informal action by members. Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of the members, may be taken without a meeting if the consent in writing, setting forth the action so taken, is signed by all the members entitled to vote with respect to the subject matter thereof, by proxy executed in writing by the member or by his duly authorized attorney in fact. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided for in the proxy.

Section 6. Quorum. The members holding one tenth of the votes which may be cast at any meeting shall constitute a quorum at any such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without notice.

Section 7. Proxies. At any meeting of members, a member entitled to vote may vote by proxy executed in writing by the member or his duly authorized attorney-in-fact. No proxy shall be valid after eleven months of its date of execution, unless otherwise provided for in the proxy.

Section 8. Manner of acting. A majority of the votes entitled to be cast on a matter to be voted upon by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by law or by these by-laws.

Section 9. Voting by mail. Where directors or officers are to be elected by members, such election may be conducted by mail in such manner as the Board of Directors shall determine.

Article IV

Board of directors

Section 1. General powers. The affairs of the corporation shall be managed by its Board of Directors. Directors need not be residents of the state of Texas

Section 2. Number, Tenure and qualifications. The number of directors shall be five. The year of 1996 shall start the tenure of directors and shall be two year for two members and three

years for the odd year members. The tenure of odd numbered directors shall expire on odd numbered years and even numbered directors shall expire on even numbered years. No board member may serve more than two years without a full one year absence from the board. Directors shall be elected by and from the membership of the association. New board members shall begin their tenure on the first day of January following the vote at the annual meeting .

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 and at the same place, as the annual meeting of the members. The Board of Directors may provide by resolution the time and place within the State of Texas for the holding of additional meetings of the board without other notice than the 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 two directors. The person or persons authorized to call special meetings 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 shall be given at least two days previous thereto by written notice delivered personally or sent by mail or telegram to each director at his home as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of any director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because 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 the notice or waiver of notice of such meeting, unless specifically required by law or by these by-laws.

Section 6. Quorum. A majority of Board of Directors shall constitute a quorum for the transaction of any business at any meeting of the board; but if less than a majority of the directors are present at any 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 the majority of the directors 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 and any directorship to be filled by reason of an increase in number of directors may be filled by the affirmative vote of the 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.

Section 9. Compensation. Directors as such shall not receive any stated salary for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any may be allowed for attendance at each regular or special meeting of the board; but nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

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

Article V Officers

Section 1. Officers. The officers of the corporation shall be the President, Vice President, and Secretary, Treasurer and such other officers as may be elected in accordance with the provisions of this article. The Board of Directors may appoint such other officers as it may deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the offices of president and secretary.

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 offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

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 thereby, but such removal will be without prejudice to the contract rights, if any, of the officer so removed.

Section 4. President. The President shall be the principal executive officer of the corporation and shall in general supervise and control all 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 to the corporation; and in general he shall perform all

duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 5. Vice President. In the absence of the President or in of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers 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 6. 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 all funds payable to the corporation from any source whatsoever, and deposit all such funds in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VII of these by-laws and in general perform all duties incident to the office of the 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 7. 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 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 member; and generally 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 the board of directors

Article VI. Committees

Section 1. Committees of directors. The Board of Directors, by resolution adopted by a majority of the directors in office, may designate and appoint one or more committees, each of which shall consist of two or more directors, which committees, to the extent provided by said resolution, shall have and exercise the authority of the Board of Directors in the management of the corporation, except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the by-laws; electing or, appointing or removing any member of any such member or director or officer of the corporation; amending the articles of the corporation; re-stating articles of the corporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange or mortgage of all of the property or assets of the corporation; authorizing the voluntary desolution of the corporation or revoking proceedings thereof; adopting a plan for 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 any such authority shall not operate to relieve the board of directors or ,or any individual director,of any responsibility imposed upon him by law.

Section 2. Other committees. Other committees not having and exercising the authority of the Board of Directors in the management of the corporation may be appointed in such manner as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be members of the corporation, and the president of the corporation shall appoint thereof. Any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgement the best interest of the corporation shall be served by such removal.

Section 3. Term of office. Each member of a committee shall continue as such until the next annual meeting of the members of the corporation and until his successor is appointed, unless the committee shall be sooner terminated, or unless such member be 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 person or persons authorized to appoint the members thereof.

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

Section 6. Quorum. Unless otherwise provided in the resolution of the board of directors designating a committee, a majority of the whole committee shall constitute a quorum and an act of the majority of the members present at the meeting at which a quorum is present shall be an act of the committee.

Section 7. Rules. Each committee may adopt rules for it's own government not inconsistent with these by-laws or with rules adopted by the Board of Directors.

Section 8. It is specifically noted that the Board nor any committee nor officer nor officers has the authority to sell ,convey, lease, mortgage nor in any manner diminish the assets or property of Cedron Creek Ranch Association. Any of these transactions would require the majority vote of the general members of the Association.

Article VII. Contracts, Checks, Deposits & 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 a specific instance.

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, agent or agents of the corporation and 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 and countersigned by the president or vice president of the corporation.

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

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 VIII. Books & Records

The corporation shall keep correct books and records of accounts and shall also keep minutes of the proceedings of its members, boards of directors and committees having any authority of the board of directors, and shall keep at its registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected by any member or his agent or attorney, for any proper purpose at any reasonable time.

Article IX. Fiscal Year

The fiscal year of the corporation shall begin the first day of January and end on the last day of December each year.

Article X. 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 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 XI. Amendments to By-Laws

These by-law may not be altered, amended nor repealed nor new by-laws adopted without the vote of the majority of its members at a meeting or a special meeting and at least a ten day written notice is given of intention to alter, amend or repeal or to adopt new by-laws at such meeting.

Article XII. Stocks or Options

This association does not own stocks, therefore will not issue any stocks nor options.