

BY-LAWS
OF
SYCAMORE FALLS ESTATES PROPERTY OWNERS ASSOCIATION

ARTICLE I.
NAME AND LOCATION

The name of the association is SYCAMORE FALLS ESTATES PROPERTY OWNERS ASSOCIATION, hereafter referred to as the "ASSOCIATION". The principal office of the association shall be located at One Waterford Estate, Athens, Texas 75751. Meetings of the Officers and Members may be held in Burnet or Henderson County, as may be designated by the Officers.

ARTICLE II
MEMBERSHIP

SECTION 1 - The owner(s) of each Tract in SYCAMORE FALLS ESTATES PHASE I, a subdivision in Burnet County, Texas, and the owners of each tract in any future development of property owned by developer adjacent to Sycamore Falls Estates Phase I, shall be members of the association. Until the developer, Frank Tindle, or the successor to the developer who purchases all of developer's lots, owns less than 25% of the lots in the subdivision, (for the purpose of this paragraph "subdivision" means Sycamore Falls Estates Phase I and any future development of adjacent property by developer) Frank Tindle, or his successor shall have two votes for each lot owned (including lots in any future development as referenced above), and each other member shall have one vote for each lot owned. Thereafter, each member shall have one vote for each lot owned.

ARTICLE III
MEETING OF MEMBERS

SECTION 1 - Annual Meeting. The annual meeting to be held in September of each year. Time and place to be at the discretion of the Officers and each member shall be notified. New Officers to take office at the first meeting in January.

SECTION 2 - Special Meetings. Special meetings of the Members may be called at any time by the President or by written request of three-quarters (3/4) of the Members who are entitled to vote.

SECTION 3 - Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Each proxy shall be revocable and shall automatically cease upon conveyance of the Member of his lot. All proxies must be notarized.

ARTICLE IV.
OFFICERS: SELECTION: TERM OF OFFICE

SECTION 1 - Number. The affairs of the Association shall be managed by three (3) Officers. The officers need not be members of the Association provided such officers are duly elected by the Membership. The number of Officers may be changed by amendment or the By-Laws of the

Association. Until the election of Officers at the first annual meeting of the Members, the initial Officers shall so serve.

SECTION 2 - Term of Office. At the first annual meeting, the Members shall elect three (3) Officers for a term of one year, and at each annual meeting thereafter, the Members shall elect three (3) Officers for a term of one year.

SECTION 3 - Removal. Any Officer may be removed with or without cause, by a vote of three-fourths (3/4) of the Members of the Association. In the event of death, resignation or removal of an Officer, his successor shall be selected by the remaining Officers and shall serve for the unexpired term of his predecessor.

SECTION 4 - Compensation. No Officer shall receive compensation for any service he may render to the Association. However, any Officer may be reimbursed for his actual expenses incurred in the performance of his duties.

SECTION 5 - Action Taken Without a Meeting. The Officers shall have the right to take any action in the absence of a meeting which they can take at a meeting by obtaining the written approval of all the Officers. Any action so approved shall have the same effect as though taken at a meeting of the Officers.

ARTICLE V. MEETINGS OF THE OFFICERS

SECTION 1 - Regular Meetings. Meeting of the Officers shall be held annually at such place and hour as may be fixed from time to time by resolution of the Officers. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

SECTION 2 - Special Meetings. Special meetings of the Officers shall be held when called by the President of the Association or by any two Officers, after not less than three (3) days notice to each Officer.

SECTION 3 - Quorum. Two of the Officers shall constitute a quorum for the transaction of business. Each act or decision done or made by the majority of the Officers present at a duly held meeting at which a quorum is present shall be regarded as the act of the Officers.

ARTICLE VI. POWERS AND DUTIES OF THE OFFICERS

SECTION 1 - Powers. The Officers shall have the power to:

- (a) levy assessments for the maintenance of the subdivision roadway.
- (b) set as the Architectural Committee to consider and approve any requests for variances in the subdivision restrictions concerning new construction.
- (c) collect annual membership dues in the amount of \$300.00 per member, due July 1, 1999 for the year in advance. Members joining the property owners association will have their dues prorated rounded to the nearest month. The date the property is purchased buyers will be required to join the property owners association and pay their fees due.
- (d) suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing for a period not to exceed sixty (60) days for infraction of

published rules and regulations;

(e) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership or by other provisions of these By-laws, Articles of Incorporation, or the Declarations;

(f) declare the office of a member to be vacant in the event such member shall be absent three (3) consecutive regular meetings of the Officers; and

(g) employ a manager, independent contractors or such other employees as they deem necessary, and to prescribe their duties.

SECTION 2 - Duties. It shall be the duty of the Officers to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by three-fourths (3/4) of the Members who are entitled to vote;

(b) As more fully provided in the Declaration, to:

(1) fix the amount of the roadway assessment against each Tract as least thirty (30) days in advance of each annual assessment period;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid within thirty (30) days after due date, or to bring an action at law against the Owner personally obligated to pay the same. The Owner of the Lot shall pay all expenses incurred by the Association in filing and releasing such lien(s), including all attorney fees.

(c) issue upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Officers for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(d) institute collection efforts for delinquent association dues within 60 days of delinquency. Unpaid assessments shall constitute a lien, which shall be subordinate to any previously filed purchase money or mortgage lien, or the delinquent members tract(s). Delinquent dues shall bear interest at the rate of 12% per annum until paid.

ARTICLE VII. BOOKS AND RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by and Member. The Declaration and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE VIII. AMENDMENTS

SECTION 1 - These By-laws may be amended at a regular or special meeting of the Members, by a vote of three-fourths (3/4) of the Members present or by proxy.

SECTION 2 - In the case of any conflict between these By-Laws and the Declaration, the Declaration shall control.

ARTICLE IX.
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the Officers of SYCAMORE FALLS ESTATES PROPERTY OWNERS ASSOCIATION, have hereunto set out hands to the foregoing documents this the _____ day of _____, 1999.

PRESIDENT

SECRETARY-TREASURER

This instrument was acknowledged before me on this _____ day of _____, 1999 by _____ and _____ of SYCAMORE FALLS ESTATES PROPERTY OWNERS ASSOCIATION, on behalf of the Association.

Notary Public, State of Texas