



**BYLAWS
OF
FOSSIL TRAILS PROPERTY OWNERS ASSOCIATION, INC.
(a Texas nonprofit corporation)**

**ARTICLE I
NAME AND LOCATION**

The name of the corporation is Fossil Trails Property Owners Association, Inc (the "Association") The principal office of the corporation shall be located at 6030 Country South Ln., Midlothian, TX 76065, or at such other place as designated by the Board of Directors Meetings of members and directors may be held at such places within the State of Texas as may be designated by the Board of Directors

**ARTICLE II
DEFINITIONS**

2 01 "Association" means and refers to Fossil Trails Property Owners Association, Inc , and its successors and assigns

2 02 "Common Areas" means and refers to all real property owned or to be owned by the Association for the common use and enjoyment of the Owners and their guests, together with all improvements now or hereafter constructed thereon

2 03 "Declaration" means and refers to the following documents

DECLARATION OF COVENANTS AND RESTRICTIONS FOR FOSSIL TRAILS SUBDIVISION, dated Jan 28, 2008, recorded in Volume Instrument # 20080864, Page , of the Official Public Records, Somervell County, Texas, as it may be amended from time-to-time, applicable to the Lots in the Fossil Trails Subdivision

2 04 "Developer" means and refers to Fossil Trails, L L C , a Texas limited liability company, and its successors and assigns who receive rights or title by operation of law, but does not include a party who acquires title by sale unless such party acquires more than one undeveloped Lot from Developer for the purpose of development and the rights of Developer as to such Lots are expressly transferred by Developer to the acquiring party The term "Developer" also includes a party that acquires fee title to multiple Lots in the Subject Properties by way of foreclosure or deed in lieu of foreclosure on a lien executed by Developer

2 05 "Development Period" means the period commencing with the formation of the Association and continuing until and ending 14 days after the first of the following events to occur (i) the expiration of twenty (20) years after the formation of the Association, (ii) the date upon which at least eighty percent (80%) of the Lots have been conveyed to Owners other than a person or persons affiliated with Developer, or (iii) the surrender by Developer of the authority to appoint and remove Directors and officers by an express document executed and recorded by Developer

2 06 "Lot" means and refers to each plot of land shown upon any recorded and still effective plat of property in the Subject Properties and which is designated as a lot on such plat, which is privately owned, and which is now or is intended to be improved with a residential dwelling or is part of a residential site

2 07 "Member" means and refers to those persons entitled to membership in the Association as provided in Section 3 01 below

2 08 "Owner" means and refers to every person and entity who is a record owner of a fee or undivided interest in any Lot or other property that is subject to the terms of the Declaration, but does not include persons or entities (such as lenders) who hold an interest merely as security for the performance of an obligation

2 09 "Subject Properties" or "Subdivision" means and refers to that certain real property described as follows

Lots 1 through 28, FOSSIL TRAILS SUBDIVISION, a subdivision in Somervell County, Texas, according to the plat thereof recorded at Plat Cabinet 1, Slide No 153, Plat Records, Somervell County, Texas, and any additional lots that may be added to such subdivision

ARTICLE III MEMBERS; MEETINGS OF MEMBERS; VOTING RIGHTS

3 01 Membership Each Owner of a Lot (but not an owner of the Common Areas) shall automatically be a Member of the Association Membership in the Association is appurtenant to ownership of the Lot and may not be separated from ownership of the Lot

3 02 Voting Rights There shall be two (2) classes of voting Members during the Development Period

Class A The Owner of each Lot, with the exception of the Developer, shall be a Class A Member and shall be entitled to one (1) vote for each Lot owned When more than one person holds an interest in any Lot, all such persons shall be Members of the Association, but no more than one (1) vote may be cast with respect to any Lot, the votes for any Lot may be exercised as the Owners of the Lot among themselves determine

Class B The Developer shall be the sole Class B Member and shall be entitled to ten (10) votes for each Lot owned, provided, however, in no event shall the Class B Member have less than the total number of Class A votes plus one (1) The Class B Membership shall cease and be converted to Class A Membership at the end of the Development Period

3 03 Annual Meetings Annual meetings of the Members will be set by the Board of Directors so as to occur within sixty (60) days after the close of the Association's fiscal year, with the first annual meeting of Members to be held before the end of February 2009 The day, time, and place of each annual meeting of the Members shall be set by the Board of Directors The Annual Meetings will include any action needed to approve and amend Bylaws and membership rules and to set dues, assessments, or other costs

3 04 Special Meetings Special meetings of the Members may be called at any time by the Board of Directors, or upon written request of at least ten percent (10%) of the Members entitled to vote at such meeting

3 05 Notice of Meetings Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or other person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 14 days before the meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association or supplied by such Member to the Association for the purpose of notice. The notice shall specify the day, time, and place of the meeting, and, in the case of a special meeting, the purpose of the meeting

3 06 Quorum The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, twenty percent (20%) of the votes of the Members shall constitute a quorum for any action except as otherwise provided in these Bylaws. If, however, a quorum is not present or represented at any meeting, the Members entitled to vote at that meeting may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid is present or represented. A majority of the quorum shall decide the vote of the Members unless a different vote is required by these Bylaws or by law

3 07 Proxies At all meetings of Members, each Member may vote in person or by proxy. All proxies must be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his or her Lot

3 08 Location of Meetings All meetings of Members, both annual and special, shall be held at a place within the Subdivision or within ten miles of the Subject Property

ARTICLE IV BOARD OF DIRECTORS

4 01 Number The affairs of the Association shall be managed by a Board of Directors of three (3) persons. This number may be increased after the end of the Development Period by the Members

4 02 Term of Office Each of the three (3) initial Directors named in the Certificate of Formation for the Association will hold office until the end of the Development Period, and until that Director's successor is duly elected and qualified or until that Director's earlier resignation or removal. If one of the three (3) initial Directors should resign, die, or otherwise cease to serve as a Director before the end of the Development Period, then the remaining Directors may designate the person to fill the vacancy. At the end of the Development Period, a special election will be held to elect new Directors to serve until the next annual meeting of Members

4 03 Election At each election, the Members (or their proxies) may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of Section 3 02 of these Bylaws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted

4 04 Removal Any Director (other than the three initial Directors) may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death,

resignation, or removal of a Director, his or her successor shall be selected by the remaining members of the Board to serve for the unexpired term of his or her predecessor

4 05 Compensation No Director may receive compensation for any service he or she may render to the Association. However, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties

4 06 Powers The Board of Directors has power to:

(a) adopt and publish rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infraction thereof,

(b) suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member is 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,

(c) exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, the Certificate of Formation, or an applicable Declaration,

(d) declare the office of a member of the Board of Directors to be vacant in the event such member is absent from three (3) consecutive regular meetings of the Board of Directors, and

(e) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties

4 07 Duties It shall be the duty of the Board of Directors 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,

(b) supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed,

(c) as may be provided in an applicable Declaration, and subject to the restrictions stated in such Declaration, to

(1) fix the amount of the regular assessment against each Lot at 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 ninety (90) days after the due date or to bring an action at law against the Owner personally obligated to pay the same
- (d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment,
- (e) procure and maintain adequate liability and hazard insurance on property owned by the Association,
- (f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate, and
- (g) cause the Common Areas to be maintained

ARTICLE V MEETINGS OF DIRECTORS

5 01 Regular Meetings Regular meetings of the Board of Directors shall be held at such times and places as the Board shall determine

5 02 Special Meetings Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors. Special meetings require not less than three (3) days notice to each Director, except that a special meeting may be held in the event of an emergency with no prior notice

5 03 Quorum A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act done or decision made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board

5 04 Meeting Place All regular and special meetings of the Board must be held either at the registered office of the Association or at a location in the Subject Properties or within ten miles of the Subject Properties, unless a different meeting place is unanimously agreed to by the Directors.

5 05 Members' Right to Attend Board Meetings Each Member has the right to attend and observe any regular or special meeting of the Board, but does not have the right to speak at the Board meeting unless granted consent to do so by the Board

5 06 Telephone Meetings To the fullest extent allowed by applicable Texas law, at any meeting of the Board, a Director may attend by telephone, radio, television, or similar means of communication which permits him or her to participate in the meeting, and a Director so attending shall be deemed present at the meeting for all purposes including the determination of whether a quorum is present

5 07 Action Taken Without a Meeting To the fullest extent allowed by applicable Texas law, the Directors may take any action in the absence of a meeting that they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved has the same effect as though taken at a meeting of the Directors

ARTICLE VI OFFICERS AND THEIR DUTIES

6 01 Enumeration of Offices The officers of this Association shall be a President and Vice President, who must at all times be members of the Board of Directors, a Secretary, a Treasurer, and such other officers as the Board may from time to time by resolution create

6 02 Election of Officers The officers shall be elected by the Board of the Directors at the first meeting of the Board of Directors following each annual meeting of the Members. During the Development Period the officers are subject to the approval by the Developer

6 03 Term The officers of this Association shall be elected annually by the Board and each will hold office for one (1) year unless he or she sooner resigns, or is removed, or otherwise becomes disqualified to serve

6 04 Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom will hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine

6 05 Resignation and Removal Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation takes effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation is not necessary to make it effective

6 06 Vacancies A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy will serve for the remainder of the term of the officer he or she replaces

6 07 Multiple Officers The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 6 04

6 08 Duties The duties of the officers are as follows

(a) President The President is to preside at all meetings of the Board of Directors, see that orders and resolutions of the Board are carried out, and sign all leases, mortgages, deeds, contracts, promissory notes, and other written instruments on behalf of the Association

(b) Vice President The Vice President is to act in the place and stead of the President in the event of his or her absence, inability, or refusal to act, and shall exercise and discharge such other duties as may be required of him or her by the Board

(c) Secretary The Secretary is to record the votes and keep the minutes of all meetings and proceedings of the Board and of the members, keep the corporate seal of the Association and affix it on all papers requiring said seal, serve notice of meetings of the Board and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board

(d) Treasurer The Treasurer is to receive and deposit in appropriate bank accounts all monies of the Association and to disburse such funds as directed by resolution of the Board of Directors, sign checks and promissory notes of the Association; keep proper books of account, and prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members

ARTICLE VII ASSESSMENTS

7 01 Dues and Assessments As more fully set forth in the Declaration, and subject to the restrictions stated therein, each Member (other than Developer) is obligated to pay to the Association dues, assessments, and charges which are secured by a continuing lien upon the property against which the dues, assessments, or charge is made. The purpose of the dues and assessments is to promote the health, safety, and welfare of the Members and for the operation and maintenance of the Common Areas

The membership dues will be \$15 00 per Lot per month during 2008 and for each year thereafter until changed

7 02 Delinquent Assessments Any dues, assessments, or charges that are not paid when due, are delinquent. If the assessment or charge is not paid within thirty (30) days after the due date, the assessment or charge will bear interest from the due date at the rate of ten percent (10%) per annum, unless the Board of Directors of the Association sets a different rate, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees of any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Areas or abandonment of a Lot

7 03 Lien The lien securing payment of the assessments is subordinate to the lien of any first mortgage. Sale or transfer of any Lot does not affect the assessment lien. However, the sale or transfer of any Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof shall extinguish the lien of such assessments as to payments that became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessments thereafter becoming due or from the lien thereof. Even if the lien against the Lot is extinguished by the sale or transfer of a Lot pursuant to mortgage foreclosure or any proceeding in lieu thereof, the personal liability of the Owner is still not discharged on any unpaid amount

ARTICLE VIII DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by not less than two-thirds (2/3) of the Members. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be transferred to another nonprofit corporation or an appropriate public agency, to be used for purposes similar to those for which the Association was created

ARTICLE IX AMENDMENTS

9 01 These Bylaws may be amended at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy, except that no amendment may be inconsistent with the terms of the Declaration or the Certificate of Formation or any applicable law

9 02 In the case of any conflict between the Certificate of Formation and these Bylaws, the Certificate of Formation shall control, and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control

9 03 During the Development Period, the Board of Directors appointed by the Developer may amend the Bylaws without a vote of the Members

ARTICLE X INDEMNIFICATION AND LIABILITY OF DIRECTORS AND OFFICERS

10 01 Indemnification Each person who is or was a director or officer of the Association or is or was serving at the request of the Association as a director or officer of any other entity (including the heirs, executors, administrators, and estate of such person) shall be indemnified by the Association as a matter of right to the fullest extent permitted or authorized by the laws of Texas, as now in effect and as hereafter amended, against any liability, judgment, fine, amount paid in settlement, cost, and expenses (including attorneys' fees and court costs) asserted or threatened against and incurred by such person in his or her capacity as or arising out of his or her status as a director or officer of the Association or, if serving at the request of the Association, as a director or officer of another entity. The indemnification provided by this Bylaw provision shall not be exclusive of any other rights to which those indemnified may be entitled under the Certificate of Formation, under any other Bylaw provision, or under any agreement, vote of disinterested directors or otherwise, and shall not limit in any way any right which the Association may have to make different or further indemnifications with respect to the same or different persons or classes of persons

10 02 Limitation of Liability No person shall be liable to the Association for any loss, damage, liability, or expense suffered by it on account of any action taken or omitted to be taken by him as a director or officer of the Association or of any other entity which he or she serves as a director or officer at the request of the Association, if such person (i) exercised the same degree of care and skill as a prudent person would have exercised under the circumstances in the conduct of his or her own affairs, or (ii) took or omitted to take such action in reliance upon advice of counsel for the Association, or for such other entity, or upon statements made or information furnished by directors, officers, employees, or agent of the Association, or of such other entity, which he or she had no reasonable grounds to disbelieve.

10.03 Absence of Personal Liability To the fullest extent allowed by Texas law, the officers and directors of the Association are not individually or personally liable for the debts, liabilities, or obligations of the Association

ARTICLE XI MISCELLANEOUS

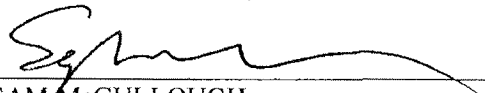
11 01 Fiscal Year The fiscal year of the Association will begin on the first day of January and end on the last day of December of every year, except that the first fiscal year will begin on the date of incorporation


11 02 Seal The Association may have a seal in such form as the Board of Directors approves, and such seal may be impressed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by officers of the Association

11 03 Right of Inspection The books, records, and papers of the Association are at all times, during reasonable business hours, subject to inspection by any Member The Declaration, the Certificate of Formation, and the Bylaws of the Association must be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost

11 04 Parliamentary Rules Except as may be modified by Board resolution establishing different procedures, ROBERT'S RULES OF ORDER (current edition) shall govern the conduct of the Association proceedings when not in conflict with Texas law, the Certificate of Formation, or these Bylaws

IN WITNESS WHEREOF, we, being all of the initial Directors of Fossil Trails Property Owners Association, Inc , have hereunto set our hands this 5 day of May, 2008


SAM McCULLOUGH


ANN McCULLOUGH


MIKE CASSOL

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OFFICIAL PUBLIC RECORDS


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