

BYLAWS
OF
LUNDE'S POINT PROPERTY OWNER'S ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is LUNDE'S POINT PROPERTY OWNER'S ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located within the LUNDE'S POINT Subdivision which is located on the west side of Lake Conroe and South of River Road. The mailing address shall be 3421 West Davis, Suite 110, Conroe, Texas, 77304.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to LUNDE'S POINT PROPERTY OWNER'S ASSOCIATION, INC., its successors and assigns.

Section 2. "Properties" shall mean and refer to all or any part of that certain real property located in the LUNDE'S POINT subdivision in Montgomery County, Texas.

Section 3. "Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Owners, including, but not limited to, roadway and utility easements.

Section 4. "Lot" shall mean and refer to any numbered or lettered Lot shown on the recorded Plat of the subdivision and any further subdivision of any reserve area.

Section 5. "Record Owner" for any given lot in the subdivision shall mean that person with the most recent recorded deed in the Real Property Records of Montgomery County, Texas for such lot in such person's name.

Section 6. "Restrictive Covenants" shall mean and refer to the most current restrictions applicable to the Properties as recorded in the Deed and/or Real Property Records of Montgomery County, Texas.

Section 7. "Voting Member" shall mean and refer to those persons entitled to voting membership as provided in Article IV herein.

ARTICLE III

PURPOSE

This Association shall be a non-profit organization whose purpose shall be promoting civic and community welfare and pride among the residents of LÜNDE'S POINT, encouraging and enforcing the restrictive regulations and covenants of said Subdivision conducive to good planning and the sustaining of property values therein; securing desirable improvements and benefits for the Subdivision; fostering and assisting in the general civic and social enterprises and activities which may be beneficial to the community and such other purposes, express or implied, as is contained in the Articles of Incorporation.

ARTICLE IV

VOTING MEMBERSHIP

Section 1. Subject to all eligibility requirements there shall be one vote for each Lot in the subdivision. The "Voting Member" entitled to vote each Lot in the subdivision shall, subject to all eligibility requirements contained herein, be the Record Owner as provided in the following sentence. The Record Owner who has provided a true copy of the applicable and most recently recorded Deed in his name together with the mailing address and telephone number of such Record Owner to the Board of Directors who have endorsed the same "officially accepted" for registration.

The Board of Directors shall be entitled to rely fully upon the last of such "officially accepted" filings for all purposes including notice pursuant to Article IV Section 4. hereof and sending maintenance fees statements, and past due notices.

To be eligible to vote any given lot each Voting Member shall prior to the casting of any such vote be required to pay all currently due fees, costs, charges, and other sums required to be paid by the Board of Directors pursuant to these Bylaws and charged to each Lot officially accepted for registration in his name by the Board of Directors pursuant to Article II Section 5. and this Article IV.

Section 2. Any voting member not current with payment of such required dues/fees/assessments, etc. with respect to any Lot duly registered in his name with the Board of Directors as provided in these Bylaws at the time to cast such vote(s) shall be denied the right of vote for that Lot on any issue that such voting member would otherwise be eligible to vote on. Any person who occupies any Lot as a tenant not under a Deed or Contract for Deed shall be denied the right to vote.

Section 3. Number of votes. Each Eligible Voting Member duly registered pursuant to Article IV hereof shall be allowed one (1) vote for each respective Lot so registered on each matter submitted to a vote at a meeting of the membership held therefor.

Section 4. Proxy vote shall be allowed only by signature of the person so designated in an "officially accepted" deed registration and filing with the Board of Directors and only on official proxy forms provided by the Board of Directors.

Section 5. Elections of Directors of the Association may be conducted by mail.

ARTICLE V

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall be the governing body of the Association with full rights and authority to determine policy, outline, plan and carry into execution all business, activities, and policy, to enter into and execute all necessary agreements and instruments incident thereto in the name of the Association, and shall constitute, together with their proper delegates and agents, the exclusive representatives of the Association. In addition to the foregoing, the Board shall be authorized to institute, as well as settle or compromise, powers, the Board shall be authorized to institute, as well as settle or compromise, in the name of the Association or otherwise any necessary legal proceedings to carry into effect the purpose and policies of the Association whether against Members or others, or to enforce, or prevent violations of, the covenants or restrictions applicable to the Subdivision; and to employ legal counsel in connection with any of the foregoing, together with the power to do any and all things necessary and appropriate to achieving the purposes of the Association including but not limited to the following, to-wit:

- (a) adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guest 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 shall be in default in the payment of any type of assessment levied by the Association;
- (c) exercise for the association all powers, duties and authorities vested in or delegated to this Association and not reserved to the Membership by other provisions of these Bylaws, the Articles of Incorporation or the recorded Restrictive Covenants. These powers shall include but not be limited to authorizing and expending the maintenance fund for the benefit of the Association as set forth in the Restrictive Covenants and these Bylaws; and
- (d) declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors; and
- (e) employ managers, outside professional services, including but not limited to attorneys at law, certified public accountants, security guards, independent contractors and such other employees as the Board may deem necessary, and to prescribe their duties and authorities.
- (f) to compromise, settle and defend claims and law suits on behalf of the Association whether against Members or others and to employ legal counsel for these purposes.
- (g) to accept properties, lots, and reserve areas within the subdivision in lieu of payment of delinquent maintenance and similar fees, or other claims of the Association against Record Owners, in the negotiating,

settlement, and compromising of claims and litigation on behalf of the Association.

Section 2. 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 make the same available pursuant to Article XVII of these Bylaws;

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

(c) fix the amount of any additional or increased assessment, fee, or similar cost against any Lot as provided in Article V hereof;

(d) issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not an assessment has been paid. A reasonable charge shall be required in advance by the Board for the issuance of these certificates. 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;

(g) cause any Common Area to be maintained;

(h) promulgate reasonable rules and regulations regarding the use of all properties including, but not limited to, regulating the posting of "For Sale" signs on the properties;

(i) timely collect or cause to be collected all fees, costs, charges, interest, claims, and accounts receivable owed to this Association resorting to all legal means necessary therefor.

(j) perform all duties and exercise all lawful powers to guarantee a democratic governing of the Association and to preserve the peace and good will among its Members.

(k) perform any and all other duties imposed by applicable law.

Section 3. To accept and review written complaints or communications from eligible Voting Members and when deemed necessary or appropriate to take action thereon directly by board action or when required by membership meeting.

ARTICLE VI

ASSESSMENTS

Section 1. The annual and special assessments, together with interest, cost, and reasonable attorney's fees shall be a charge on the land and a continuing lien

on each lot against which such assessment is made. Each such assessment, together with interest, cost, and reasonable attorney's fees shall also be the personal obligation of the person or persons who own the lot by recorded deed at the time the assessment fell due, but such personal obligation for past due maintenance fees shall not pass to the successors in title of such Record Owner unless expressly assumed by such successors in a subsequent Deed or Contract for Deed. In no event however, shall such express assumption eliminate, modify, or mitigate the personal obligation of the person or persons who owned the applicable Lot by recorded Deed at the time the assessment fell due.

Section 2. All Record Owners of Lots shall pay annual assessments and special assessments as established and to be collected as hereinafter provided. The purpose of the monthly assessments levied by the Board of Directors shall be used exclusively to promote the health, safety, welfare, and recreation of the residents in the subdivision, and for the improvement and maintenance of the common areas and the homes situated in the subdivision. Annual assessments shall be for the following purposes and the Board of Directors shall acquire and pay for out of the funds derived from the monthly assessments, the following:

- (a) Maintenance and repair of any common area; and
- (b) Water, sewer, garbage, electrical, lighting, telephone, gas, and other necessary utility service, all where and when applicable, for any common area; and
- (c) Acquisition of furnishings and equipment for any common area as may be determined by the Board of Directors, including with limitation all equipment, furnishings, and the personnel necessary or proper for the use of recreational facilities; and
- (d) Maintenance and repair of storm drains, and streets and roads within the subdivision not maintained by governmental authority; and
- (e) Fire insurance covering the full insurable replacement value of the common area with extended coverage; and
- (f) Liability insurance insuring the association against any and all liability to the public, to any owner, and to the invitees or tenants of any owner arising out of their occupation and/or use of the common area. The policy limit shall be set by the Board of Directors; and shall be reviewed at least annually and increased or decreased in the discretion of the Board of Directors; and
- (g) Workman's compensation insurance to the extent necessary to comply with applicable law and any other insurance deemed necessary by the Board of Directors of the Association; and
- (h) A standard fidelity bond covering all members of the Board of Directors of the Association and all other employees of the Association in an amount to be determined by the Board of Directors if the same is deemed necessary; and
- (i) Any other materials, supplies, furniture, labor, services, maintenance, repairs, structural alterations, insurance, taxes, or assessments

which the association is required to secure or pay pursuant to the terms of these bylaws, of the recorded restrictive covenants or by law, or which shall be necessary and proper in the opinion of the Board of Directors of the Association, subject to the limitations set forth in these Bylaws, for the operation of the common areas, for the benefit of the lot owners, or for the enforcement of the restrictive covenants.

(j) Each record owner of each respective lot shall be solely responsible for normal maintenance, repair, cleanup, and removal of waste from such lot. In the event the need for extraordinary maintenance, repair, cleanup, or removal of waste, is attributable to willful or negligent act or neglect of the owner of any lot, his family, guests, or invitees, the cost of such extraordinary maintenance, repairs, cleanup, or removal shall be added to the regular monthly assessment to which such lot is applicable. The Board is further authorized to engage any person to affect such extraordinary maintenance, repair, cleanup, or removal. Any additional charge under this section shall be listed separately and included on the regular statement to the Record Owner. The Board of Directors shall determine in its absolute discretion which shall be binding on all members, where and when such extraordinary maintenance, repair, cleanup, or removal of waste is necessary.

Section 3. The fee for regular maintenance (as distinguished from extraordinary) shall be in the sum of \$150.00 per year per Lot or such sum as may be increased from time to time in accordance with the Restrictions and these Bylaws. In no event shall the Board of Directors increase any regular maintenance fee more than 10% in any six (6) month period beginning with a six (6) month period commencing on the first day of September each year.

Section 4. Any increase in the yearly fee other than increases authorized above in Section 3. shall require prior approval of the Members in good standing voting in person or by proxy at the annual or quarterly meeting of the members or at a special meeting thereof called for that purpose.

Section 5. To secure payment of delinquent fees (of any and all kind or character), interests, and similar costs, the Board shall, after 10 days written notice and demand, cause a notice of lien to be filed against the Lot or Lots of each delinquent Record Owner. Said lien shall secure payment of all unpaid fees, costs, attorney fees, filing fees, interests, similar costs, and related fees. If such fees are not collected upon the filing of such lien the Board shall proceed to collection of the same by applicable litigation.

Section 6. All fees shall be due in advance on the first (1st) day of the year and shall be delinquent after thirty (30) days. All delinquent fees shall bear the maximum rate of interest and penalties allowed by law.

Section 7. In addition to the yearly assessments authorized above, the Board of Directors may levy in any assessment year, a special assessment applicable to that year only for the purpose of defraying in whole or in part, the cost of any construction, reconstruction, repair, or replacement of a capital improvement on the common area, including fixtures and personal property related thereto. Any such assessment must be approved by a simple majority of the eligible voting members.

ARTICLE VII

FISCAL YEAR

Section 1. The fiscal year of the Association shall begin on January 1st of each calendar year and extend through December 30th of the following year. Providing however, the first year of the corporation shall be from the date of adoption of these Bylaws until December 30, 1989.

ARTICLE VIII

OFFICERS OF THE MEMBERSHIP

Section 1. The officers of the Membership shall consist of a President, Vice President, Secretary, and Treasurer at a minimum. Other officers may be elected by a simple majority of the Board of Directors as and when the Board deems it necessary, provided, no nominee for such appointment may vote for himself. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 2. The term of office of each officer shall be one (1) year.

Section 3. In case a vacancy occurs among the officers, the Board of Directors shall appoint a successor to serve during the unexpired term of the office vacated.

Section 4. Any Officer may be removed from office by a simple majority of the Board of Directors when, in their judgement, the best interest of the Association shall be served by such removal. Any Officer may resign at any time giving written notice to the Board, the President or the Secretary. Such resignation shall take 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 shall not be necessary to make it effective.

ARTICLE IX

DUTIES OF OFFICERS

Section 1. The President shall preside at all meetings of the Members, prepare the agenda for such meeting, preserve order, and exercise supervision of the affairs of the Association; and shall decide all questions of procedure of the meeting of the Association, and further, shall perform such other and additional duties as are customarily required of this office.

Section 2. The Vice President shall assist the President in the discharge of these duties, and in the absence of the President, shall preside at all meetings of the members and shall perform the duties of the President during the latter's absence. Further, the Vice President shall perform any and all additional duties which may be delegated by the President.

Section 3. The Secretary shall keep a full and correct record of all proceedings of this Membership; have charge of all records of the Membership;

conduct the correspondence, and mail all bulletins and notices and keep a record of all the foregoing; answer all letters from Members; and otherwise comply with these Bylaws and the restrictive covenants for the subdivision.

Section 4. The Treasurer shall collect all mail (at least twice weekly); prepare all bank deposits except those derived under Article VI hereof, reconcile all bank statements; post all receipts to proper accounts; deposit all such funds in the bank; draw all checks on the Membership's funds, which checks so drawn shall be countersigned by the President and the Vice President or Secretary; shall keep a full, true and correct record of all funds and all financial transactions of the Membership, keep all books of account of the Membership, and shall render a complete report thereof to the Membership at its annual meetings, or more often as required by the President; procure all office supplies; and otherwise comply with these Bylaws and the restrictive covenants for the subdivision.

ARTICLE X

ELIGIBILITY, NUMBER, TERM, VACANCY, ETC.

BOARD OF DIRECTORS

Section 1. The Board of Directors shall consist of three (3) directors, selected as hereinafter set out.

Section 2. Eligibility. At the time of nomination and election of any Director and at all times during such Director's term the following shall be the requirements for eligibility, to-wit:

- (a) An eligible Voting Member; and
- (b) No delinquent dues or other fees; and
- (c) Duly elected pursuant to these Bylaws.

Provided however any director may cure a defect in eligibility under subparts (a) and (b) within 15 days notice from the Board of Directors of such deficiency. Upon the 16th day the directorship shall be declared vacant.

Section 3. The initial Board of Directors shall serve the following terms:

Charles Maloney	1 year
Robert L. Rice	2 years
Milton Lunde	3 years

Thereafter, each successor to each of the above offices shall serve one (1) year terms to the effect that three (3) candidates shall be elected each year. This so as to insure an experienced Board.

Section 4. If a vacancy occurs or is declared by the Board of Directors in the position of a director, the remaining directors may appoint a successor for the balance of the term vacated.

(d) Passage of Resolution. All action to be taken by the membership shall be upon resolution, preceded by motion duly seconded and supported by a majority of all eligible votes cast.

Section 2. Board of Director Meetings.

(a) The regular semi annual meeting of the Board of Directors shall be held on the first Tuesday of June at 10001 Highway 105 West, Suite 110, Montgomery County, Texas, at such place as is from time to time designated by the Board in the notice therefor which shall be placed in one public place within the subdivision;

(b) Special meetings of the Board of Directors may be called by the President or in the President's absence, the Vice President or by any one (1) director, to be held at the time and place designated in the notice thereof, which notice shall be given to the directors, not less than three (3) days before the date of such meeting, by telephone call, personal delivery, or personal communication.

(c) Emergency meetings of the Board of Directors shall be held in the same manner as special meetings except that the notice requirement shall be 2 hours;

(d) A Majority of the members then constituting the Board of Directors personally present shall constitute a quorum for any meeting of the Board;

(e) Passage of Resolution. All action to be taken by the Board of Directors shall be upon resolution, preceded by motion duly seconded and supported by a majority vote of all non-interested Directors. The President shall abstain from voting except for tie-breaking;

(f) All meetings shall be open meetings. Open meetings shall be construed to mean that such meetings may be attended by eligible voting members provided however that the Board of Directors may by majority vote announce that the meeting shall be closed prior to such meeting or during the same.

(g) Attendance of a director at a meeting, regular or special, 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 on the ground that the meeting was not lawfully called or convened;

ARTICLE XII

RULES OF ORDER FOR MEETINGS

Section 1. Board of Directors. Robert's Rule of Orders shall be followed at all meetings of the Board of Directors.

Section 2. Members. Robert's Rule of Orders shall be followed at all meetings of the Members.

ARTICLE XIII

ELECTION OF BOARD OF DIRECTORS

Section 1. The Board of Directors shall appoint a Nominating Committee of three (3) Voting Members in good standing not less than thirty (30) days prior to the annual meeting of the membership each year. The Nominating Committee so appointed shall elect a slate of qualified nominees for the elective offices of directorship and shall file a written report thereof with the President and Secretary not less than twenty (20) days before the date of the annual meeting who shall certify and post the same in one (1) public place within the subdivision.

Section 2. Subject to Article X hereof, the election of the Directors shall be held at the annual meeting of the Membership and shall in all cases be by written ballot. The nominee receiving the majority of the eligible votes cast in person or by proxy shall be declared elected subject to verification of good standing.

ARTICLE XIV

COMMITTEES

Section 1. The newly elected Board of Directors shall promptly appoint an Architectural Control Committee consisting of five (5) members, five (5) of whom shall be Directors.

(a) No owner or other person shall make any structural alteration, or shall undertake any exterior repainting or repair of, or addition to his residence which would substantially alter the exterior appearance thereof, without the prior written approval of the plans and specifications therefor by the Architectural Control Committee. The Committee shall grant its approval only in the event the proposed work will benefit and enhance the entire subdivision in the manner generally consistent with the plan of development thereof.

(b) No building, fence, wall, or other structure with a height in excess of 24" shall be erected or maintained outside of the front building line of each Lot within the subdivision, nor shall any exterior addition, including replanting, or other external attachments be made, until the plans and specifications showing the nature, kind, shape, height, materials, colors, and locations of the same have been submitted to and approved in writing by the Architectural Control Committee as to the harmony of external design and location in relation to surrounding structures and topography.

(c) Any owner who has suffered damage to his residence by reason of fire or other casualty may apply to the Architectural Control Committee for reconstruction, rebuilding, or repair of his residence in a manner which will provide for an exterior appearance and design different from that which existed prior to the date of the casualty. Application for such approval shall be made in writing together with full and complete plans, specifications, working drawings, and elevations showing the proposed reconstruction and the end result thereof. The Architectural Control Committee shall grant approval only if the design proposed by the owner would result in a finished

residence of exterior design harmonious with other residences in the subdivision.

(d) Whenever, in this article, approval of the Architectural Control Committee is required, such approval shall be in writing. In the event the Architectural Control Committee fails to approve or disapprove within 20 days after a receipt of an acceptable request, with all accompanying plans, specifications, and the like, to do so, approval will be deemed to have been given, and compliance with the terms of these provisions conclusively presumed.

Section 2. In addition the Board of Directors shall appoint other committees as they deem necessary and appropriate for carrying out the purposes of the Association. All members of all committees shall at all times during the term of their service have and maintain the same qualifications for such appointment as Directors have for the office of directorship pursuant to Article X hereof. All other committees shall serve at the pleasure at the Board of Directors but in no event shall the term of such committee, or any member thereof, be appointed for longer than three (3) years. Any committee with any authorization to manage the corporation shall consist of three (3) or more persons, a majority of whom shall be Directors.

Section 3. Any committee member may be removed by the Board of Directors when, in their judgement, the best interest of the Association shall be served by such removal. All committees are responsible to the Board of Directors.

ARTICLE XV

INDEMNIFICATION

Section 1. Definitions. In this article.

(a) "Indemnatee" means (i) any present or former Director or officer of the association; and (ii) any person appointed by the President or the Board of Directors to serve on any committee of the Association.

(b) "Official Capacity" means (i) when used with respect to a Director, the office of Director of the Association; and (ii) when used with respect to a person other than a Director, the elective or appointive office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

(c) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

Section 2. Indemnification.

(a) The Association shall indemnify every Indemnitee against all judgements, penalties (including excise and similar taxes), fines, amounts paid in settlement and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding in which he was, is or is threatened to be named defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his service or having served or having been nominated or designated to serve, in any of the capacities referred to in Section 1.(a), if it is determined in accordance with Section 4. that the Indemnitee (i) conducted himself in good faith, (ii) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests, and (iii) in the case of any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful.

(b) Provided, however, that in the event that an Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee in connection with the Proceeding the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the proceeding, and (ii) shall not be made in respect to any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. Except as provided in the immediately preceding provision no indemnification shall be made under this Section 2. in respect of any Proceeding in which such Indemnitee shall have been (x) found liable on the basis that personal benefit was improperly received by him whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, or (y) found liable to the Association.

(c) The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (i), (ii) or (iii) in Section 2.(a). An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees disbursements of attorneys for the Indemnitee.

Section 3. Successful Defense. Without limitation of Section 2. and in addition to the indemnification provided for in Section 2., the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in Section 1.(a), if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

Section 4. Determinations. Any indemnification under Section 2. (unless ordered by a court of competent jurisdiction) shall, except as provided in Section 5. hereof, be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because

he has met the applicable standard of conduct. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors designated to act in the matter by a majority vote of all directors (in which designation Directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more Directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (c) by special legal counsel selected by the Board of Directors or a committee of the Board of Directors by vote as set forth above in this Section 4. or (d) by the eligible voting members in a vote that excludes Directors that are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (c) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 4. that the Indemnitee met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

Section 5. Advancement of Expenses. Reasonable expenses (including court costs and attorney's fees) incurred by an Indemnitee who was or is a subpoenaed witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in Section 4., after receipt by the Association of (a) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association under this Section 5. and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Section. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it shall be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this Section 5., the Association shall pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a subpoenaed witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

Section 6. Other Indemnification and Insurance. The indemnification provided by this Article XV shall (a) not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Association's Articles of Incorporation, any law, agreement or vote of members or disinterested Directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity, (b) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity,

and (c) inure to the benefit of the heirs, executors and administrators of such a person.

Section 7. Notice. An indemnification of or advance of expenses to an Indemnatee in accordance with this Article XV shall be reported in writing to the members of the Association with or before the notice or waiver of notice of the next members' meeting or with or before the next submission to members of a consent to action without a meeting and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

Section 8. Construction. The indemnification provided by this Article XV shall be subject to all valid and applicable laws, including, without limitation, Article 1396-2.22 of the Texas Non-Profit Corporation Act, and, in the event this Article XV or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

Section 9. Continuing Offer, Reliance, etc. The provisions of this Article XV: (a) are for the benefit of, and may be enforced by, each Indemnatee of the Association, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Indemnatee; and (b) constitute a continuing offer to all present and future Indemnitees; and (c) are retroactive in application. The Association, by its adoption of these Bylaws, acknowledges and agrees that each Indemnatee of the Association has relied upon and will continue to rely upon the provisions of this Article XV in becoming, and serving in any of the capacities referred to in Section 1.(a) of this Article XV, waives reliance upon, and all notices of acceptance of, such provisions by such Indemnitees and acknowledges and agrees that no present or future Indemnatee shall be prejudiced in his right to enforce the provisions of this Article XV in accordance with its terms by any act or failure to act on the part of the Association or on the basis of when any claim or cause of action arose.

Section 10. Effect of Amendment. No amendment, modification or repeal of this Article XV or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Indemnitees to be indemnified by the Association, nor the obligation of the Association to indemnify any such Indemnitees, under and in accordance with the provisions of the Section as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE XVI

BOOKS AND RECORDS

The Board of Directors shall keep correct and complete books and records of account and shall keep the minutes of the proceedings of its members, Board

of Directors, and committees having any authority of the Board of Directors and shall keep at its registered office or principal office in this state a record of the names and addresses of its members entitled to vote.

The books, records and papers of the Association under this Article XVI shall be subject to inspection by any member. The time and place of any such inspection shall be upon written request and upon mutual agreement of the Secretary of the Board. Copies requested shall be at the sole cost and expense of the Member requesting the same. The initial charge for such copies shall be .50 per sheet paid cash in advance.

ARTICLE XVII

UNANIMOUS WRITTEN CONSENT

Subject to applicable law, any action required by that Texas Non-Profit Corporation Act to be taken at a meeting of the members or directors of the association, or any action which may be taken at a meeting of the members or directors or of any committee, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all members entitled to vote with respect to the subject matter thereof, or all of the directors, or all of the members of the committee, as the case may be.

Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any Articles or document filed with the Secretary of State of Texas under the Texas Non-Profit Corporation Act.

ARTICLE XVIII

CORPORATE SEAL

The Association may have a seal in circular form having within its circumference the words: LUNDE'S POINT PROPERTY OWNER'S ASSOCIATION, INC.; however, the use of such seal shall not be required for validity of any act of the Association.

ARTICLE XIX

AMENDMENTS

These Bylaws may be altered, repealed or amended by a two-thirds vote of the eligible voting members. However, a true copy of any proposed revision, change, or amendment, together with notification of the time and place of the meeting where the same is to be considered shall be delivered or mailed to each member in good standing at least thirty (30) days before the date of such meeting and shall be posted in one (1) public place within the subdivision. The Board is authorized to incorporate any such alteration, change, or amendment into the Bylaws by a full restatement of the same without further vote of the membership.

The undersigned, comprising the entire Board of Directors of the Association, hereby unanimously adopt the foregoing Bylaws of the Association pursuant to Vernon's Ann. Civ. St. Art. 1396-2.09 of the State of Texas.



ROBERT L. RICE, Director

January 16, 1990
Date