

BYLAWS OF
THE RANCHES AT PINEHURST PROPERTY OWNERS' ASSOCIATION

ARTICLE I

Members -- (Owners)

Section 1. Eligibility. Membership in Property Owners' Association ("Association") shall be as set forth in the Declaration of Covenants, Conditions and Restrictions for The Ranches at Pinehurst, recorded under Clerk's File No. 9153356, ("Restrictions").

Section 2. Regular Meetings. The first meeting of the Association shall be held within thirty (30) days after the expiration of ninety (90) days from the Conversion Date as described in the Restrictions, or sooner, at the option of Declarant; thereafter, annual meetings of Members shall be held on the second or third Saturday of May of each year. All such meetings of Members shall be held at such place in Montgomery County, Texas, and at such time as specified in the written notice of such meeting which shall be given to all Members at least ten (10) days, but not more than thirty (30) days, prior to the date of such meeting. At such meetings there shall be elected, by ballot of Members, a Board of Directors in accordance with the requirement of Article II, Section 1. of these Bylaws and transact such other business of the Association as may properly come before them.

Section 3. Special Meeting. Special meetings of the Members may be called by the President as directed by a resolution of the directors of the Board, or upon petition signed by a majority of Members and having been presented to the Secretary or Assistant Secretary of the Association. Said special meetings shall be called by delivering written notice to all Members not less than ten (10) days prior to the date of said meeting stating the date, time and place of said special meeting and the matters to be considered. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days of receipt by the President of such resolution or petition.

Section 4. Delivery of Notice of Meetings. Notices of meetings may be delivered either personally or by mail to a Member at the address given to the Board by said Member for such purpose.

Section 5. Voting. Voting by the Membership shall be as set forth in the Articles of Incorporation of the Association.

Section 6. Quorum. A quorum of Members for any meeting shall be constituted by Members represented in person or by proxy and holding at least one-half (1/2) of the votes entitled to be cast at such meeting.

Section 7. Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading of minutes;
- (d) Reports of Officers;
- (e) Reports of Committees;
- (f) Election of Directors (annual meetings only);
- (g) Unfinished business;
- (h) New business;
- (i) Adjournment.

Section 8. Rules of Meetings. The Board may prescribe reasonable rules for the conduct of all meetings of the Board and Members and in the absence of such rules, Robert's Rules of Order shall be used.

Section 9. Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary of the Association before the appointed time of such meeting.

ARTICLE II

Board of Directors

Section 1. Number, Election and Term of Office. The Board of Directors of the Association ("Board"), shall consist of three (3) members ("directors"). Until the first meeting of the Association, the Board governing the affairs of the Association, shall consist of the three (3) persons delineated in the Articles of Incorporation of the Association. At such first meeting there shall be elected to the Board by vote of the Members, any three (3) members in good standing of the Association, who shall thereafter govern the affairs of the Association until their successors have been duly elected and qualified. Those candidates for election as director receiving the greatest percentage of the votes cast either in person or by proxy at the meeting shall be elected.

At the first meeting of the Association, the term of office of two (2) directors shall be fixed at two (2) years and the term of office of one (1) director shall be fixed at one (1) year, all directors holding office for such term and until the director's successor shall be elected and qualified.

The number of directors may be increased or decreased by amendment of these Bylaws; provided however, that the number of directors shall not be reduced to less than three (3) nor increased to more than seven (7).

Section 2. Qualifications. Each director shall be a Member (or, if a Member is a trustee of a trust, a director may be a

beneficiary of such trust, and if a Member or such beneficiary is a corporation or partnership, a director may be an officer, partner or employee of such Member or beneficiary). If a director shall cease to meet such qualifications during his or her term, he or she shall thereupon cease to be a director and his or her place on the Board shall be deemed vacant.

Section 3. Vacancies. Any vacancy occurring on the Board shall be filled by majority vote of the remaining directors thereof, even though they may constitute less than a quorum. Any director so elected or appointed to fill a vacancy shall hold office for a term equal to the unexpired term of the director whom he or she succeeds.

Section 4. Meetings. A regular annual meeting of the Board shall be held within ten (10) days following the regular annual meeting of Members. Special meetings of the Board shall be held upon a call by the President or by a majority of the Board on not less than forty-eight (48) hours notice in writing to each director, delivered personally or by mail or telegram. Any director may waive notice of a meeting, or consent to the holding of a meeting without notice, or consent to any action proposed to be taken by the Board without a meeting. A director's attendance at a meeting shall constitute his or her waiver of notice of said meeting.

Section 5. Removal. Any director may be removed from office for cause by a majority vote of Members entitled to vote at any annual or special meeting of the Association, duly called.

Section 6. Compensation. Directors shall receive no compensation for their services as directors, unless expressly provided for in resolutions duly adopted by a majority of the Members.

Section 7. Board of Directors' Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the acts of the majority of the directors present at a meeting at which a quorum is present shall be the acts of the Board. If at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time for periods of no longer than one week until a quorum is obtained or until a conclusion can be reached. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

Section 8. Voting. An affirmative vote of a majority of those directors present at a meeting at which a quorum is in attendance shall be necessary to transact business.

Section 9. Powers and Duties. The Board shall have the following powers and duties:

(a) to elect and remove the officers of the Association as hereinafter provided;

(b) to administer the affairs of the Association and the Property;

(c) to formulate policies for the administration, management and operation of the property held for the use and benefit of all Members ("Common Properties");

(d) to adopt rules and regulations, with written notice thereof to all Members, governing the administration, management, operation and use of the Common Properties, and to amend such rules and regulations from time to time;

(e) to provide for the maintenance, repair and replacement of the Common Properties and payments therefor, and to approve payment vouchers or delegate such approval to the officers or a Managing Agent;

(f) to provide for the designation, hiring and removal of employees and other personnel, including accountants and attorneys, and to engage or contract for the services of others, and to make purchases for the maintenance, repair, replacement, administration, management and operation of the Common Properties and to delegate any such powers to a Managing Agent (and any such employees or other personnel who may be the employees of a Managing Agent);

(g) to appoint committees of the Board and to delegate to such committees the Board's authority to carry out certain duties of the Board;

(h) to determine the fiscal year of the Association and to change said fiscal year from time to time as the Board deems advisable;

(i) to collect all assessments and charges provided for in any covenants and restrictions imposed in THE RANCHES AT PINEHURST and to use the proceeds therefrom for the purposes set forth in such covenants and restrictions;

(j) to establish bank accounts which are interest bearing or non-interest bearing, as may be deemed advisable by the Board;

(k) to enter such contracts and agreements relating to the providing of maintenance, management and operational services as the Board may deem advisable;

(l) to enter such leases of portions of the Common Properties as the Board may deem advisable;

(m) to exercise all powers and duties of the Members as a group referred to in the Texas Nonprofit Corporation Act, and all powers and duties of the Board referred to in these bylaws; and

(n) in general, to carry on the administration of the Association and to do all of those things necessary and/or desirable in order to carry out the governing and operating of the Association.

Section 10. Non-Delegation. Nothing in this Article or elsewhere in these bylaws shall be considered to grant to the Board, the Association or to the officers of the Association any powers or duties which, by law, have been delegated to the Members.

ARTICLE III

Officers

Section 1. Designation. At each regular annual meeting of the Board, the directors present at said meeting shall elect the following officers of the Association by a majority vote:

(a) a President who shall be a director and who shall preside over the meetings of the Board and of the Members, and who shall be the chief executive officer of the Association;

(b) a Secretary, who shall keep the minutes of all meetings of the Board and of the Members, and who shall, in general, perform all the duties incident to the office of Secretary, and who may be a representative of the Managing Agent and who may also be Treasurer;

(c) a Treasurer, who shall be responsible for financial records and books of account and the manner in which such records and books are kept and reported;

(d) such additional officers as the Board shall see fit to elect.

Section 2. Powers. The respective officers shall have the general powers usually vested in such officers; provided that the Board may delegate any specific powers to any other officer or impose such limitations or restrictions upon the powers of any officer as the Board may see fit.

Section 3. Term of Office. Each officer shall hold office for the term of one year and until his successor shall have been appointed or elected and qualified.

Section 4. Vacancies. Vacancies in any office shall be filled by the Board by a majority vote of the Board at a special meeting of said Board. Any officer so elected to fill a vacancy shall hold office for a term equal to the unexpired term of the officer he succeeds. Any officer may be removed for cause at any time by vote of a majority of the total membership of the Board at a special meeting thereof.

Section 5. Compensation. The officers shall receive no

compensation for their services as officers, unless expressly provided for in a resolution duly adopted by a majority of the Members.

ARTICLE IV

Amendments

These Bylaws may be amended at a regular or special meeting of the Members by a vote of the majority of a quorum of the Members present in person or by proxy, provided however, that such authority may be delegated by the majority of such Members to the Board as allowed by the Texas Nonprofit Corporation Act; and the provisions of these Bylaws which are covered by the Articles of Incorporation of the Association may not be amended except as provided in the Articles of Incorporation or applicable law.

In case of any conflict between the Articles of Incorporation and these Bylaws, the Articles shall control. Should all or part of any Article of these Bylaws be in conflict with the provisions of the Texas Nonprofit Corporation Act or any other Texas law, such act or law shall control.

Certificate of Secretary

I certify that I am the duly elected and acting Secretary of THE RANCHES AT PINEHURST PROPERTY OWNERS' ASSOCIATION and that the foregoing Bylaws constitute the Bylaws of the Corporation. These Bylaws were duly adopted at a meeting of the Board of Directors held on _____, 19____.



TIMOTHY WEEMS, Secretary