

**BYLAWS OF
BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION
A NONPROFIT CORPORATION**

ARTICLE 1

NAME AND LOCATION

The name of the corporation is BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION. The principal office of the corporation will be located at 1200 W. University, Suite 150, Denton, Denton County, Texas, 76201, but 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 2

DEFINITIONS

- 2.1 "Association" means and refers to BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION.
- 2.2 "Common area" means all real property owned by the association for the common use and enjoyment of the owners.
- 2.3 "Declarant" means and refers to ONE TERRA LAND LGM INCORPORATED, as well as its successors and assigns if such successors and assigns should acquire more than one undeveloped lot from the declarant for the purpose of development.
- 2.4 "Declaration" means and refers to the declaration of covenants, conditions, and restrictions applicable to the subdivision and recorded on September 16, 1996, in the office of the county clerk of Denton County, Texas, under document number 96-R0064907.
- 2.5 "Lot" means and refers to any plot of land shown on the recorded subdivision plat with the exception of the common area.
- 2.6 "Member" means and refers to those persons entitled to membership in the association as provided in the declaration.
- 2.7 "Owner" means and refers to the record owner, whether one or more persons or entities, of the fee simple title to any lot which is a part of the subdivision, including contract sellers, but excluding those holding title

merely as security for the performance of an obligation.

- 2.8 "Subdivision" means and refers to that certain tract of real property described in the declaration, and such additions to that tract as may be brought within the jurisdiction of the association pursuant to the provisions of the declaration.

ARTICLE 3

MEETINGS OF MEMBERS

- 3.1 Annual Meetings. The first annual meeting of members will be held within one year from the date of incorporation of the association or not later than thirty (30) days after twenty percent (20%) of the lots have been sold, whichever first occurs. Subsequent annual meetings of members will be held on the same day of the same month of each year thereafter at 7:00 p.m. If the day for the annual meeting of members is a legal holiday, the meeting will be held at the same hour on the next following day which is not a legal holiday.
- 3.2 Special Meetings. Special meetings of members may be called at any time by the president or by the board of directors, or on written request of members who are entitled to vote one-fourth of all votes of the Class A membership.
- 3.3 Notice of Meetings. Written notice of each meeting of members will 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 ten (10) but not more than fifty (50) days before such meeting to each member entitled to vote, 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 receiving notice. The notice will specify the day, hour, and place of the meeting, and in the case of a special meeting, the purpose of the meeting.
- 3.4 Quorum. The presence at the meeting, in person or by proxy, of members entitled to cast a majority of the votes of each class of the membership will constitute a quorum for authorization of any action, except as may otherwise be provided in the declaration, the articles of incorporation, or these bylaws. If a quorum is not present at any meeting, the members entitled to vote will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.
- 3.5 Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies will be in writing and filed with the secretary.

Proxies will be revocable, and the proxy of any owner will automatically terminate on conveyance by such owner of his or her lot.

ARTICLE 4

BOARD OF DIRECTORS

- 4.1 Number and Qualifications. The affairs of the association will be managed by a board of three (3) directors, who need not be members of the association.
- 4.2 Nomination. Nomination for election to the board of directors may be by nominating committee, and may also be made from the floor at any annual meeting of members. The nominating committee will consist of a chairperson who is be a member of the board of directors, and two or more members of the association. The committee will be appointed by the board of directors prior to each annual meeting to serve from the close of such meeting until the close of the next annual meeting, and such appointment will be announced at each annual meeting. The nominating committee will make as many nominations for election to the board of directors as it will in its discretion determine, but in no event will it nominate less than the number of vacancies to be filled.
- 4.3 Election. Election to the board of directors will be by secret written ballot. At such 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 the declaration. Persons receiving the largest number of votes will be elected. Cumulative voting is permitted in favor of candidates for fewer than all the vacancies, provided that any member who intends to cumulate his or her votes must give written notice of such intention to the secretary of the association on or before the day preceding the election at which such member intends to cumulate his or her votes.
- 4.4 Meetings.
- a. Regular Meetings. Regular meetings of the board of directors will be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the board. In the event the regular date for a meeting falls on a legal holiday, such meeting will be held at the same time on the next following day which is not a legal holiday.
 - b. Special Meetings. Special meetings of the board of directors will be held when called by the president of the association, or by any two directors, after not less than three (3) days' notice to each director.

- c. Quorum. A majority of the directors will constitute a quorum for the transaction of business. Every act performed or decision made by a majority of directors present at a duly held meeting in which a quorum is present will constitute the act or decision of the board.

4.5 Powers. The board of directors will have power to:

- a. Adopt and publish rules and regulations governing the use of the common areas and facilities, including the personal conduct of the members and their guests in using them; and to establish penalties for infractions of such rules and regulations;
- b. Suspend the voting rights and right to use of the recreational facilities of any 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 thirty (30) days for infraction of published rules and regulations;
- c. Exercise on behalf of the association all powers, duties, and authority vested in or delegated to the association and not specifically reserved to the membership by the declaration, articles of incorporation, or by other provisions of these bylaws;
- d. Declare the office of a member of the board of directors to be vacant in the event that such member is absent from three (3) consecutive regular meetings of the board of directors; and
- e. Employ a manager, independent contractors, and such other employees as they may deem necessary, and to prescribe their duties.

4.6 Duties. It will 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 of such acts and affairs to the members at each annual meeting, or at any special meeting at which such a statement is requested in writing by one-fourth of the Class A members entitled to vote at the meeting;
- b. Supervise all officers, agents, and employees of the association and see to it that their duties are properly performed;
- c. As more fully provided in the declaration, to (1) fix the amount of the annual 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 to the assessment 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 the due date, or to bring an action at law against the owner personally obligated to pay the same;

- d. Issue, or cause an appropriate officer to issue, on demand by any person and on imposition of a reasonable charge, a certificate setting forth whether or not any assessment has been paid, a statement in a certificate to the effect that an assessment has been paid constituting conclusive evidence of such payment;
- e. Procure and maintain adequate liability and hazard insurance on all 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 area to be maintained.

4.7 Term of Office. At the first annual meeting, the members will elect three directors for a term of one year; at each annual meeting thereafter, the members will elect three directors for a term of one year.

4.8 Compensation. No director will 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 duties.

4.9 Removal. Any director 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 will be selected by the remaining members of the board and will serve for the unexpired term of his or her predecessor.

ARTICLE 5

OFFICERS

5.1 Enumeration of Officers. The officers of the association will be a president and vice president, who will at all times be members of the board of directors, and a secretary, treasurer, and such other officers as the board may from time to time by resolution create.

5.2 Election of Officers. The election of officers will take place at the first meeting of the board of directors following each annual meeting of

members.

- 5.3 Term. The officers of the association will be elected annually by the board. Each will hold office for a term of one (1) year unless he or she will sooner resign, or will be removed or otherwise disqualified to serve.
- 5.4 Special Appointments. The board may elect such other officers as the affairs in 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.
- 5.5 Resignation and Removal. Any officer may be removed from office by the board at any time with or without cause. Any officer may resign at any time by giving written notice to the board, the president, or the secretary. Such resignation will take effect on the date of receipt of such notice or at any later time specified in the notice, and unless otherwise specified in the notice, the acceptance of such resignation will not be necessary to make it effective.
- 5.6 Vacancies. A vacancy in any office may be filled by appointment of the board. The officer appointed to such vacancy will serve for the unexpired term of the officer he or she replaces.
- 5.7 Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person will simultaneously hold more than one of any of the other offices, except in the case of special offices created pursuant to paragraph 5.4 of this Article.
- 5.8 Duties. The duties of the officers are as follows:
 - a. President. The president will preside at all meetings of the board of directors, will see that orders and resolutions of the board are carried out, will sign all leases, mortgages, deeds, and other instruments, and will cosign all checks and promissory notes.
 - b. Vice President. The vice president will act in the place of the president in the event of his or her absence, inability, or refusal to act, and will exercise and discharge such other duties as may be required of him or her by the board.
 - c. Secretary. The secretary will 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 to all papers so requiring; serve notice of meetings of the board and of members, keep appropriate current records showing the members of the association together with their addresses and perform such

other duties as may be required by the board or by law.

- d. Treasurer. The treasurer will receive and deposit in appropriate bank accounts all funds of the association, and will disburse such funds as directed by resolution of the board of directors; will sign all checks and promissory notes of the association; will keep proper books of account; will cause an annual audit of the association books to be made by a certified public accountant at the completion of each fiscal year; and will prepare an annual budget and statement of income and expenditures, a copy of which documents will be delivered to each member, and a report on which will be given at the regular annual meeting of members.

ARTICLE 6

COMMITTEES

The association will appoint a building and architectural control committee, as provided in the declaration, and a nominating committee as provided in Article 4 of these bylaws. In addition, the board of directors may appoint such other committees as it may deem appropriate in the performance of its duties.

ARTICLE 7

ASSESSMENTS

As more fully provided in the declaration, each member is obligated to pay to the association annual and special assessments which are secured by a continuing lien on the property against which such assessments are made. Any assessments which are not paid when due are considered delinquent. If an assessment is not paid within thirty (30) days after the due date, the assessment bears interest from the date of delinquency at the rate of eighteen percent (18%) per annum, or the highest rate allowed by law, and the association may bring an action at law against the owner personally obligated to pay the same, or may foreclose the lien against his or her property. Interest, costs, and reasonable attorney fees of any such action will be added to the amount of any assessment due. No owner may waive or otherwise escape liability for assessments by nonuse of the common area or abandonment of his or her lot.

ARTICLE 8

BOOKS AND RECORDS; INSPECTION

The books, records, papers of the association will be subject to inspection by any member during ordinary business hours. The declaration, articles of incorporation, and bylaws of the association will be available for inspection by any member at the principal office of the association, where copies will be made available for sale at a reasonable

price.

ARTICLE 9

CORPORATE SEAL

The association will have a seal in circular form having within its circumference the words: BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION.

ARTICLE 10

FISCAL YEAR

The fiscal year of the association will be the calendar year, except that the first fiscal period will begin on the date of incorporation and will end on December 31st of the year of incorporation.

ARTICLE 11

AMENDMENTS

These bylaws may be amended, at a regular or special meeting of members, by vote of a majority of a quorum of members present in person or by proxy except that the Federal Housing Administration or the Veterans Administration will have the right to veto amendments while a Class B membership exists.

ARTICLE 12

CONFLICTS WITH ARTICLES OF INCORPORATION OR DECLARATION OF COVENANTS

In the case of any conflict between the articles of incorporation and these bylaws, the articles will control. In the case of any conflict between the declaration and these bylaws, the declaration will control.

**UNANIMOUS WRITTEN CONSENT OF
DIRECTORS OF BUTTERFIELD JUNCTION HOMEOWNERS'
ASSOCIATION IN LIEU OF ORGANIZATIONAL MEETING**

Consent to Action

We, the undersigned, being all of the directors of the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION, a Texas nonprofit corporation, and being all of the Directors named in the corporation's Articles of Incorporation filed with the secretary of state of the state of Texas on April 8, 1998, and the Articles of Amendment to the Articles of Incorporation filed with the secretary of state of the state of Texas on April 16, 1998, individually and collectively hereby consent to the taking of the following action in lieu of an organizational meeting pursuant to Article 1396-9.10 of the Texas Non-Profit Corporation Act, and hereby waive any notice to be given in connection therewith pursuant to Article 1396-9.09 of such Act.

RESOLVED, by the Board of Directors of BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION, that:

- (1) Articles. The copy of the Articles of Incorporation attached hereto as Exhibit A is a true copy of the Articles of Incorporation filed with the secretary of state of the state of Texas on April 8, 1998, and that this copy and the Certificate of Incorporation shall be retained in the corporate records.
- (2) Bylaws. The BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION hereby adopts as the Bylaws of the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION, the form of by-laws attached to this consent as Exhibit B.
- (3) Election of officers. Each of the following persons is elected to the office set forth opposite his or her name to serve at the pleasure of the Board of Directors and until his or her successor has been duly elected and qualified:

Name

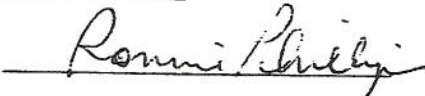
Ronnie Phillips
Ken Morgans

Office

President and Treasurer
Vice President and Secretary

- (4) Seal. The form of corporate seal, conforming to the provisions of the by-laws of the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION, an impression of which appears on the margin of this page, is adopted as the seal of the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION.
- (5) Bank Account. The president, secretary or treasurer of BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION is authorized to open on behalf of the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION such accounts as he or she deems necessary or appropriate at PointBank, and to endorse any checks, drafts, notes, orders, and bills of exchange payable to, or otherwise the property of, the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION; to deposit them in such accounts, and to draw and sign checks on such accounts in the name of the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION. The board of directors hereby adopts any resolutions required by such bank in connection with its designation as depository, provided the president of the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION instructs the secretary in writing to insert as an appendix to this consent a copy of such resolutions, which will thereupon be deemed to have been adopted by the Board of Directors. BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION will borrow only in accordance with specific resolutions of the Board of Directors, and nothing contained in this instrument may be construed to adopt any resolution granting blanket authority to any individual to borrow on behalf of the BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION.

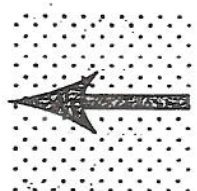
Executed by the undersigned, as first directors of BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION, on the dates indicated below.

<u>NAME OF DIRECTOR</u>	<u>SIGNATURE</u>	<u>DATE</u>
RONNIE PHILLIPS		April 17, 1998
KEN MORGANS	_____	April 17, 1998
LARRY WOLFE	_____	April 17, 1998

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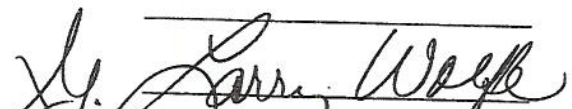
Executed by the undersigned, as first directors of BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION, on the dates indicated below.

<u>NAME OF DIRECTOR</u>	<u>SIGNATURE</u>	<u>DATE</u>
RONNIE PHILLIPS	_____	April 17, 1998
KEN MORGANS		April 17, 1998
LARRY WOLFE	_____	April 17, 1998



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Executed by the undersigned, as first directors of BUTTERFIELD JUNCTION HOMEOWNERS' ASSOCIATION, on the dates indicated below.

<u>NAME OF DIRECTOR</u>	<u>SIGNATURE</u>	<u>DATE</u>
RONNIE PHILLIPS	_____	April 17, 1998
KEN MORGANS	_____	April 17, 1998
LARRY WOLFE		April 17, 1998

