

BY-LAWS OF

THE PARK ON THOMAS ROAD HOME OWNERS ASSOCIATION

A NONPROFIT CORPORATION

ARTICLE I. NAME AND LOCATION

The name of the Corporation is THE PARK ON THOMAS ROAD HOME OWNERS ASSOCIATION. The principal office of the Corporation shall be located at 445 14th Street, Beaumont, Texas 77702, but meetings of the Members and Directors may be held at such places within the State of Texas as may be designated, from time to time, by the Board of Directors.

ARTICLE II. DEFINITIONS

Section 1. "Association" shall mean and refer to THE PARK ON THOMAS ROAD HOME OWNERS ASSOCIATION, its successors and assigns.

Section 2. "Common Area" shall mean and refer to all real property (including the improvements thereon) owned by the Association for the common use and enjoyment of the Owners.

Section 3. "Declarant" shall mean and refer to NEW LAND DEVELOPMENT COMPANY, a Joint Venture, and its successors; provided, however, inasmuch as NEW LAND DEVELOPMENT COMPANY contemplates that ANDERSON CONSTRUCTION COMPANY, a Texas Corporation, or some other person or entity, shall acquire from NEW LAND DEVELOPMENT COMPANY for the purpose of resale all (or substantially all) of the Lots in the Addition, the term "Declarant" shall also include the said ANDERSON CONSTRUCTION COMPANY and its successors, or such other person or entity, who shall acquire from NEW LAND DEVELOPMENT COMPANY or its successors for the purpose of resale all (or substantially all) of the Lots in the Addition.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions applicable to the Addition, which Declaration is of record in Vol. 19(5, Page 76, of the Deed Records of Jefferson County, Texas; provided, however, "Declaration" shall also mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions as shall hereafter be filed by Declarant with respect to additional properties that may hereafter be brought within the jurisdiction of the Association as provided in the presently recorded Declaration.

Section 5. "Lot" shall mean and refer to any plot of land shown upon the recorded Plat of the Addition, with the exception of (i) the Common Area; and (ii) the public street easements reflected and designated as such upon the Plat of the Addition. The Lots in the Addition, for the purpose of reference and distinction herein, shall be divided into two (2) classes, as follows:

Class One: Class One Lots shall be deemed to include only Lots Numbers One (1) through and including Five (5), in Block Number One (1) and Lots Numbers One (1) through and including Seven (7), in Block Number Two (2), of THE PARK ON THOMAS ROAD, SECTION ONE.

Class Two: Class Two Lots shall be deemed to include all Lots in the Addition, except those designated above as Class One Lots.

Section 6. "Plat" shall mean and refer to the Final Plat of the Addition of record in Vol. 13, Page 4 of the Map Records of Jefferson County, Texas; provided, however, that "Plat" shall also mean and refer to any Final Plat subsequently filed with respect to any additions to the Addition which may hereafter be brought within the jurisdiction of the Association as provided in the Declaration.

Section 7. "Addition" shall mean and refer to that certain 22.787 acre tract or parcel of subdivided real property described in the Declaration (which is known and designated as "THE PARK ON THOMAS ROAD, SECTION ONE"), together with that certain 0.50 acre tract abutting such 22.787 acre tract on the North conveyed to the Association by NEW LAND DEVELOPMENT COMPANY, and such additions thereto as may be brought within the jurisdiction of the Association as provided in the Declaration.

Section 8. "Member" shall mean and refer to those persons or entities holding membership in the Association as provided in the Declaration.

Section 9. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is a part of the Addition, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

ARTICLE III. MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within two (2) years from the date of incorporation of the Association (which date of incorporation is August 30, 1976) or not later than sixty (60) days after sixty percent (60%) of the Lots have been sold by Declarant, whichever first occurs. Subsequent annual meetings of Members shall be held on the same day of the same month of each year thereafter at the hour of seven o'clock (7:00) p.m. If the day for the annual meeting of Members is a Saturday, Sunday or legal holiday, the meeting will be held at the same hour on the next following day which is not a Saturday, Sunday or legal holiday.

Section 2. Special Meetings. Special meetings of Members may be called at any time by the President or by the Board of

Directors of the Association, or on written request of Members who are entitled to vote one-fourth (1/4th) of all votes of the Class "A" membership.

Section 3. 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 ten (10) but not more than fifty (50) days before such meeting to each Member entitled to vote thereat, 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. Such notice shall specify the day, hour and place of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting, in person or by proxy, of Members entitled to cast fifty percent (50%) or more of the votes of each class of the membership shall constitute a quorum for authorization of any action, except as may otherwise be provided in the Declaration, the Articles of Incorporation, or these By-Laws. If a quorum is not present at the meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Proxies shall be revocable, and the proxy of any Owner shall automatically terminate on conveyance by him of his Lot.

ARTICLE IV. BOARD OF DIRECTORS -
TERM OF OFFICE; FIRST ELECTION; REMOVAL

Section 1. Number. Until the first annual meeting of the Members, the affairs of the Association shall be managed by a Board of three (3)

Directors, which shall consist of the initial Directors named in the Articles of Incorporation; thereafter the affairs of the Association shall be managed by a Board of five (5) Directors. Directors may or may not be Members of the Association.

Section 2. Term of Office. The term of office of each Director shall be one (1) year, or until his successor is elected. Nothing herein contained shall prohibit a Director from succeeding himself. At each annual meeting, the Members shall elect five (5) Directors.

Section 3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association.

Section 4. Vacancies. In the event of the death, resignation or removal of a Director, his successor shall be selected by the remaining Directors and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. No Director shall receive compensation for any service he may render to the Association in such capacity. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties. Additionally, nothing herein contained shall prohibit or preclude the payment of compensation to a Director for services performed or materials furnished pursuant to a service, maintenance, repair, construction, insurance or like contract with the Association.

ARTICLE V. BOARD OF DIRECTORS - NOMINATION AND ELECTION

Section 1. Nomination. Nomination for election to the Board of Directors shall be by nominating committee; provided, however, that nominations may be also made from the floor at any annual meeting of Members. The nominating committee shall consist of a chairman and not less than two (2) more members, all of whom shall be members of the Board of Directors. The nominating committee

shall be appointed by the Board of Directors at its first regular meeting following the annual meeting of members to serve until the close of the next annual meeting. The nominating committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but in no event shall it nominate less than the number of vacancies to be filled.

Section 2. Election. Election to the Board of Directors shall 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 shall be elected. Cumulative voting is permitted, provided that any Member who intends to cumulate his votes must give written notice of such intention to the Secretary of the Association at or prior to the commencement of the annual meeting. A notice of intention to cumulate votes shall not be binding upon the Member giving such notice.

ARTICLE VI.
BOARD OF DIRECTORS - MEETINGS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly without notice, at such place and hour as may be fixed from time to time by resolution of the Board of Directors. In the event the regular meeting date falls on a Saturday, Sunday or legal holiday, such meeting shall be held at the same time and place on the next following day which is not a Saturday, Sunday or legal holiday.

Section 2. 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, after not less than three (3) days' notice to each Director. Nothing herein contained shall be deemed to prohibit the waiver by a Director of the notice requirements hereof; and the attendance by a Director at a special

meeting of the Board shall be deemed a waiver by him of the notice requirements hereof, unless he shall attend for the specific purpose of objecting to the convening of such meeting without the satisfaction of the notice requirements hereof (which objection shall be noted by the Secretary upon the minutes of such meeting), in which latter instance the attendance of such Director shall not be considered in determining the existence of a quorum.

Section 3. Quorum. A majority of Directors shall constitute a quorum for the transaction of business. In the absence of a quorum, the Directors in attendance may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present; provided that no adjournment of a special meeting of the Board shall be for longer than three (3) days, excluding the day of the special meeting. Every act performed or decision made by a majority of Directors present at a duly held meeting at which a quorum is present shall constitute the act or decision of the Board of Directors. Furthermore, any action which may be taken by vote of the Directors at a duly called regular or special meeting of the Board may be taken by unanimous written consent of the Directors without the necessity of a meeting.

ARTICLE VII. BOARD OF DIRECTORS - POWERS AND DUTIES

Section 1. Powers. The Board of Directors of the Association shall have power to:

(a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, including the personal conduct of the Members and their guests thereon, to establish reasonable admission and other fees for the use of any recreational facility situated on the Common Area; 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 sixty (60) days, for infraction of published rules and regulations.

(c) Exercise on behalf of the Association of all powers, duties and authority vested in or delegated to the Association and not specifically reserved in the membership by the Declaration, Articles of Incorporation, or by other provisions of these By-Laws.

(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 or is absent from five (5) or more regular or special meetings of the Board during the term of his office.

(e) Employ a manager, independent contractors, an accountant, and such other employees, agents or representatives as they may deem necessary, and to prescribe their duties and fix their compensation.

(f) Foreclose the lien against any property for which assessments are not paid within thirty (30) days after the due date thereof, or to bring an action at law against the Owner personally obligated to pay the same.

Section 2. Duties. It shall be the duty of the Board of Directors of the Association 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 each annual meeting, or at any special meeting at which such a statement is requested in writing by one-fourth (1/4th) of the Class "A" Members entitled to vote thereat.

(b) Supervise all Officers, agents and employees of the Association and see 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, and send written notice thereof to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period.

(2) Issue, or cause an appropriate Officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A properly executed certificate of the Association as to the status of assessment; on a Lot or Lots is binding upon the Association as of the date of its issuance. The Board of Directors may impose a reasonable charge for the issuance of these certificates.

(3) Procure and maintain fire and extended coverage insurance for the full insurable replacement value of insurable improvements on the Common Area (and their contents), such insurance naming the Association as the insured.

(4) Procure and maintain comprehensive public liability insurance covering all of the Common Area in such minimum amounts as may be determined by the Board annually. Such insurance policy or policies shall contain a "severability of interest" clause or endorsement which shall preclude the insurer from denying the claim of an Owner because of the negligent

acts of the Association, its Officers, Directors, agents, employees or representatives.

(5) Procure and maintain fidelity coverage against dishonest acts on the part of all Officers, Directors, managers and employees handling funds collected and held for the benefit of the Association. The fidelity bond or insurance must name the Association as the named insured, and same shall be written in an amount deemed sufficient by the Board of Directors to provide protection. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

(6) Procure and maintain such other and further insurance coverage (including, but not limited to, workmen's compensation insurance) as shall be required, either by applicable law or by the Declaration.

(7) Cause the Common Area to be maintained and provide limited exterior maintenance on each Class Two Lot in the Addition.

ARTICLE VIII. OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The Officers of the Association shall be a President and a Vice President, who shall at all times be members of the Board of Directors, and a Secretary, a Treasurer, and such other Officers as the Board may from time to time by resolution establish. Except for the President and Vice President, the other Officers need not be members of the Board of Directors.

Section 2. Election of Officers. The election of Officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The Officers of the Association shall be elected annually by the Board. Each shall hold office for a term of one (1) year or until his successor is elected, unless he shall sooner resign, or shall be removed or otherwise be disqualified to serve.

Section 4. Special Appointments. The Board may elect such other Officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 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, to the President, or to the Secretary. Such resignation shall take effect on the date of receipt of the 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.

Section 6. Vacancies. A vacancy in any office may be filled by appointment of the Board. The Officer appointed to fill such vacancy shall serve for the unexpired term of the Officer he replaces.

Section 7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of the other offices, except in the case of special offices created pursuant to Section 4 of this ARTICLE VIII.

Section 8. Duties. The duties of the Officers of the Association are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, easements, contracts, notes, and other instruments of the Association; and shall perform all other duties normally performed by the President of a corporation.

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

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing all Members of the Association and their addresses; maintain a current record of all first mortgagees of Lots in the Addition and their addresses, as furnished by the Owners of said Lots; and shall perform such other duties as may be required by the Board, the Declaration, these By-Laws, or by law.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all funds of the Association, and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; shall keep proper books of account; shall cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year; and shall prepare an annual budget and statement of income and expenditures, a copy of which shall be delivered to each Member, and a report on which shall be given at the regular annual meeting of Members.

ARTICLE IX. COMMITTEES

The Board of Directors shall appoint the Architectural Control Committee, as provided in the Declaration, and a nominating committee as provided in ARTICLE V of these By-Laws. In addition, the Board of Directors may appoint such other committees as it may deem appropriate in the performance of its duties, provided that it shall not delegate to any such committee any power or authority specifically reserved in the Declaration to Declarant or to the Board of Directors.

ARTICLE X. ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments, which (together with interest, costs and reasonable attorneys' fees) 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 ten (10) days of the due date, the assessment bears interest from the date of delinquency at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the Owner and other person(s) personally obligated to pay the same, or may foreclose the lien against the property against which the assessment is made. Interest, costs, and reasonable attorney's fees of any such action shall 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 Lot. Any first mortgagee which obtains title to a Lot pursuant to the remedies provided in the mortgage or by foreclosure of the mortgage shall not be liable for such Lot's unpaid dues, charges or assessments which accrue prior to the acquisition of title to such Lot by the first

mortgagee. The purchaser of a Lot sold pursuant to foreclosure of a first mortgagee shall stand in the same position as the first mortgagee with respect to unpaid dues, charges or assessments which accrue prior to the acquisition of title by such purchaser.

ARTICLE XI. BOOKS AND RECORDS

The books, records, and papers of the Association shall be subject to inspection by any Member during normal business hours. The Declaration, Articles of Incorporation, and By-Laws of the Association shall be available for inspection at the principal office of the Association, where copies shall be made available for sale at a reasonable price.

ARTICLE XII. CURRENT MORTGAGE REGISTER

It shall be the duty of each Owner to furnish to the Secretary of the Association, within ten (10) days of his acquisition of a Lot in the Addition, the name and address of any first mortgagee holding a first mortgage upon his Lot. Upon any substitution of first mortgagee, the Owner shall likewise give notice, within the time period stated above, to the Secretary of the name and address of the substituted first mortgagee. The Secretary shall maintain a current register of first mortgagees from the information required to be furnished by the Owners hereunder.

ARTICLE XIII. CORPORATE SEAL

The Board of Directors may, if it so elects, provide for a seal of the Association, but no seal shall be required on any document or instrument of the Association.

ARTICLE XIV. FISCAL YEAR

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

ARTICLE XV. AMENDMENT OF BY-LAWS

These By-Laws may be amended at any regular or special meeting of the Members, by a majority vote of the Members present, in person or by proxy, at any such meeting at which there is a quorum. Written notice of any amendment of these By-Laws shall be given to each Member within fifteen (15) days after the adoption of same, and no such amendment shall be enforceable against any Member until said written notice thereof shall have been given. Notice shall be given in the same manner as provided for notice of meetings of the Members.

ARTICLE XVI. CONFLICTS

In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.