

ROBERT A. H.

**BY-LAWS OF
LAKERIDGE ESTATES OF LUBBOCK HOMEOWNERS' ASSOCIATION**

Article One

DEFINITIONS

Section 1. "Association" shall mean and refer to the LakeRidge Estates of Lubbock Homeowners' Association, its successors and assigns, a non-profit corporation organized and existing under the laws of the State of Texas.

Section 2. "The Properties" shall mean and refer to Lots One (1) through Three Hundred Seventy Nine (379), both inclusive, in the LakeRidge Estates of Lubbock, an Addition to the City of Lubbock, Lubbock County, Texas.

Section 3. "Common Properties" or "Common Areas" shall mean and refer to that tract of land described by Metes and Bounds and shown as Exhibit "B" in the Restrictive Covenants applicable to the LakeRidge Estates of Lubbock, an Addition to the City of Lubbock, in Lubbock County, Texas, and includes all structures, walls, landscaping, and any other properties or facilities owned and maintained by members of the Association.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any lot situated within The Properties, but notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee or any of The Properties unless and until such mortgagee has acquired title pursuant to foreclosure or any proceeding in lieu of foreclosure.

Section 5. "Member" or "Members" shall mean and refer to all those owners of lots in the LakeRidge Estates of Lubbock Addition who are members of the Association.

Article Two

LOCATION OF PRINCIPAL OFFICE

Section 1. The principal office of the Association shall be at 6310 Lemon Ave Ste. 200, Dallas, Texas 75209 or such other place as the Board of Directors of the Association shall from time to time determine.

Article Three

MEMBERSHIP

Section 1. Each person or entity who is a record owner of a fee or undivided fee interest in any lot in the LakeRidge Estates of Lubbock Addition shall be a member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. No lot shall carry with it more than one membership. Memberships shall be appurtenant to and may not be separated from ownership of any lot. Ownership of a lot in the LakeRidge Estates of Lubbock Addition shall be the sole qualification for membership.

Section 2. The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments are imposed against each owner of and becomes a lien upon the property against which such assessments are made as provided in the Restrictive Covenants to which said LakeRidge Estates of Lubbock Addition is subject, reference to which is hereby made and which are incorporated herein for all purposes.

Section 3. The membership rights of any person who has an interest in any lot which is subject to assessments under the foregoing Section 2 and/or under the Restrictive Covenants applicable to the LakeRidge Estates of Lubbock Addition, whether or not such person be

personally obligated to pay such assessments, may be suspended by action of the Board of Directors during any period when any such assessment is due and unpaid, but, upon payment of any such assessment, the rights and privileges of such person shall be automatically restored. If the Board of Directors has adopted and published rules and regulations governing the use of the Common Area and facilities and the personal conduct of any person thereon is in violation of such rules and regulations, the Board of Directors may suspend all rights and privileges of such person for a period not to exceed thirty (30) days. This provision shall apply to any member, the family of any member, the guest of any member, and the tenant of any member.

Article Four

VOTING RIGHTS

Section 1. The association shall have two (2) classes of membership, both of which shall be voting, as expressed in Article Eight of the Articles of Incorporation of the Association, and the voting rights of each member shall be as expressed in said Article Eight.

Article Five

PROPERTY RIGHTS IN COMMON PROPERTIES

Section 1. Each member shall be entitled to the use of the Common Property and Common Area and facilities thereon as provided in the Restrictive Covenants applicable to the LakeRidge Estates of Lubbock Addition and as may be determined from time to time by the Board of Directors of the Association.

Section 2. Any member may delegate his rights in the Common Property, Common Area and facilities to the members of his family who reside upon any lot in the LakeRidge Estates of Lubbock Addition or to any of his tenants who reside upon any lot in the LakeRidge Estates of Lubbock Addition or to any of his tenants who reside thereon under a leasehold interest for a term of one (1) year or more. Such member shall notify the Secretary of the Association in writing of the name of any such person and of the relationship of the member to such person. The rights and privileges of such person are subject to suspension under Article 3, Section 3 hereof, to the same extent as those of the members.

Article Six

ASSOCIATION PURPOSES AND POWERS

Section 1. The number of Directors of the Association shall initially be three (3), but subject to the limitation that the number of Directors shall not be less than three (3), the number of Directors may be increased or decreased from time to time, but in no event shall there be more than three (3) Directors without an amendment of these By-Laws. At the option of the members of the Association exercised at any annual meeting at which Directors are elected, the terms of the Directors may be staggered, so that one-third (1/3) of the Directors shall be elected each year.

Section 2. Vacancies in the Board of Directors shall be filled by appointment by the remaining Directors, any such appointed Director to hold office until his successor is elected by the members who may make such election at the next annual meeting of the members or at any special meeting duly called for that purpose.

Article Seven

QUALIFICATIONS FOR MEMBERSHIP

Section 1. Except as provided in Article Eight, no lot shall carry with it more than one membership. Membership shall be appurtenant to and may not be separated from ownership of any lot.

Article Eight

ELECTION OF DIRECTORS

Section 1. Election to the Board of Directors shall be by written ballot. At such election, the members or their proxies may cast, in respect of each vacancy, as many votes as they are entitled to cast under the provisions of the Articles of Incorporation of the Association. Those persons receiving the largest number of votes shall be elected as Directors.

Section 2. Nominations for election to the Board of Directors shall be made from the floor at the meeting at which the election is held. Nominations may be made from among members for each place to be filled on the Board of Directors, except that nominations may also be made from the spouses and adult children of a member who reside with such member and except that nominations may also be made from the officers of a corporate member. There shall be separate nominations made for each place to be filled.

Article Nine

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. The Board of Directors shall have power:

- A. To call special meetings of the members whenever it deems necessary, and it shall call a meeting at any time upon written request of thirty percent (30%) of the voting membership;
- B. To appoint and remove at its pleasure all officers, agents, and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bonds as it may deem expedient. Nothing contained in these By-Laws shall be construed to prohibit the employment of any member, officer or director of the Association in any capacity whatsoever;
- C. To establish, levy, and assess and collect the assessments as provided in the Restrictive Covenants applicable to the LakeRidge Estates of Lubbock Addition;
- D. To adopt and publish rules and regulations governing the use of the Common Property, the Common Area, and facilities thereon and the personal conduct of the members and their guests while on such premises;
- E. To exercise for the Association all powers, duties, and authority vested in or delegated to this Association, except those reserved to the members in the Restrictive Covenants applicable to the LakeRidge Estates of Lubbock Addition; and
- F. In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meetings of the Board of Directors without being excused from attendance by the Board of Directors, the Board may by action taken at the meeting during which said third absence

occurs, or at any time thereafter while such absence continues, declare the office of the said absent Director to be vacant.

Section 2. It shall be the duty of the Board of Directors:

- A. To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the member or at any special meeting at which such is requested in writing by thirty percent (30%) of the voting membership.
- B. To supervise all officers, agent, and employees of this Association and to see that their duties are properly performed;
- C. As more fully provided in the Restrictive Covenants applicable to the LakeRidge Estates of Lubbock Addition:
 - 1. To fix the amount of any assessments against each lot; and
 - 2. To prepare a roster of the lots and assessments applicable thereto, which shall be kept in the office of the Association and shall be open to inspection by any member; and
- G. To perform all other duties and powers normally required of directors and which may be reasonably necessary for the proper conduct of the affairs of the Association.

Article Ten

DIRECTORS' MEETINGS

Section 1. A regular meeting of the Board of Directors shall be held on the first Monday of each month at 7:30 o'clock P.M., provided that the Board of Directors may, by resolution, change the day and the hour of holding such regular meeting.

Section 2. Notice of such regular meeting is hereby dispensed with. If the day for the regular meeting shall fall upon a holiday or a Sunday, the meeting shall be held at the same hour on the first day following which is not a holiday or Sunday, and no notice thereof need be given.

Section 3. Special meetings of the Board of Directors shall be held when called by any officer of the Association or by two Directors after not less than three (3) days notice to each Director. Notice may be either by certified mail addressed to each Director at his or her residence address or by oral notification to each Director, either by telephone or in person.

Section 4. The transaction of any business in any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made in a meeting duly held after regular call and notice if all of the Directors are present in person or, if either before or after the meeting, each of the Directors not present signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents, or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 5. The majority of the Board of Directors shall constitute a quorum thereof.

Article Eleven

OFFICERS

Section 1. The Officers of the Association shall consist of a President, a Vice President, a Secretary, and a Treasurer. The President shall be a member of the Board of Directors.

Section 2. The Officers shall be chosen by a majority vote of the Directors.

Section 3. All Officers shall hold office at the pleasure of the Board of Directors.

Section 4. The President shall preside at all meetings of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and shall sign all notes, checks, leases, mortgages, deeds and all other written instruments pertaining to the business of the Association.

Section 5. The Vice President shall perform all the duties of the President in the absence of the President.

Section 6. The Secretary shall be ex-officio Secretary of the Board of Directors, shall record the votes and keep the minutes of all proceedings in a book to be kept for that purpose, and shall maintain and record in a book kept for that purpose the names of all members of the Association, together with their addresses as registered by such members.

Section 7. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as provided by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of the budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association, but such checks and notes shall also be signed by the President or the Vice President. The Treasurer shall also keep proper books of account and cause such audits of the books to be made as the Board of Directors shall direct. The Treasurer shall prepare an annual budget and an annual balance sheet statement, and the budget and balance sheet statement shall be presented to the membership at its regular annual meeting.

Article Twelve

COMMITTEES

Section 1. There shall be such committees of the Association as the Board of Directors shall determine. There shall be an architectural control committee and there may be other committees such as a recreation committee, maintenance committee, and the like.

Section 2. The Architectural Control Committee shall function as provided in the Restrictive Covenants for the LakeRidge Estates of Lubbock Addition. All other committees shall function as may be provided by the Board of Directors.

Article Thirteen

MEETINGS OF MEMBERS

Section 1. The regular meeting of the members shall be held on the first Monday of the month of January in each year at the hour of 8:00 o'clock P.M. If the day for the annual meeting of the members shall fall upon a holiday or upon a Sunday, the meeting will be held at the same hour on the first day following which is not a holiday or Sunday.

Section 2. Special meetings of the members for any purpose may be called at any time by the President or by any two (2) or more members of the Board of Directors or upon written request of the members who have a right to vote thirty percent (30%) of all of the votes of the entire membership.

Section 3. Notice of all meetings shall be given to the members by the Secretary. Notice may be given to the members either personally or by sending a copy of the notice through the United States Mail. Each member shall register his address with the Secretary, and notices of meetings shall be mailed to such member at such address. Notice of any meeting, regular or special, shall be mailed at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted.

Section 4. Unless otherwise provided in the Restrictive Covenants applicable to the LakeRidge Estates of Lubbock Addition or in the Articles of Incorporation of the Association, the presence at the meeting of members entitled to cast, either in person or by duly executed proxies, fifty percent (50%) of the votes of each class of membership shall constitute a quorum for any action. Any action governed by the Articles of Incorporation or by the Restrictive Covenants applicable to the LakeRidge Estates of Lubbock Addition shall require a quorum as therein provided.

Article Fourteen

PROXIES

Section 1. At all Association meetings of the members, each member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. No proxy shall extend beyond a period of eleven (11) months, and every proxy shall automatically cease upon the sale by the member executing said proxy of his lot or other interests in the LakeRidge Estates of Lubbock Addition.

Article Fifteen

BOOKS AND PAPERS

Section 1. The books, records, and papers of the Association shall at all times be kept at the office of the Association and shall during reasonable business hours be subject to the inspection of any member.

Article Sixteen

MISCELLANEOUS PROVISIONS

Section 1. The Association shall be required to obtain and maintain, and to pay the premiums therefore as a common following:

- A. Loss or damage by fire and other perils normally covered by the standard extended coverage endorsements:
- B. All other perils which are customarily covered with respect to projects similar in construction, location and use, including all perils normally covered by the standard "all risk" endorsement, where such is available.

The policy or policies shall be in an amount equal to one hundred percent (100%) of current replacement costs of the Common Properties, exclusive of land, foundation, excavation and other items normally excluded from coverage. The name of the insured under such policies must be the Association or the authorized representative of the Association, for the use and benefit of the individual owners. Loss payable shall be in favor of the Association or its authorized representative, as trustee for each lot owner and each such owner's mortgagee in the percentage of common ownership. Such policies may not be canceled or subsequently modified without at least ten (10) days prior written notice to the Association. Agreed Amount and Inflation Guard Endorsement is required, if available.

Section 2. The Association must maintain comprehensive general liability insurance coverage covering all of the Common Properties in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use, but in any event for at least One Million Dollars (\$1,000,000.00) for bodily injury, including deaths of persons and property damage arising out of a single occurrence. Coverage under such policy shall include, without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operations, maintenance and use of the common properties, and legal liability arising out of the law suits related to employment contracts of the Association. Such policies must provide that they may not be canceled or

substantially modified by any party without at least ten (10) days prior written notice to the Association.

Section 3. Blanket fidelity bonds shall be required to be maintained by the Association for all officers, directors, trustees and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. Should the Association delegate some or all of the responsibility for the handling of the funds to a management agent, such bonds must be furnished for its officers, employees and agent handling or responsible for the funds of, or administered on behalf of, the Association. The total amount of such fidelity bonds shall be based upon best business judgement and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the management agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments on all lots plus reserve funds. Such fidelity bonds must also meet the following requirements

- A. Fidelity bonds shall name the Association as an obligee;
- B. The bonds shall contain waivers by the issues of the bonds of defenses based upon the exclusion of persons serving without compensation from the definition of "employees" or similar terms or expressions;
- C. The premiums on all bonds required for the Association (except for premiums on fidelity bonds maintained by a management agent for its officers, employees and agents) shall be paid by the Association as a common expense; and
- D. The bonds shall provide that they may not be cancelled or substantially modified (including cancellation for non-payment of premium) without at least ten (10) days prior written notice to the Association.

Section 4. The Association retains reasonable rights, including easements over the Common Areas, for completion of improvements and making repairs to improvements and to maintain facilities erected on Common Properties within the LakeRidge Estates of Lubbock Addition.

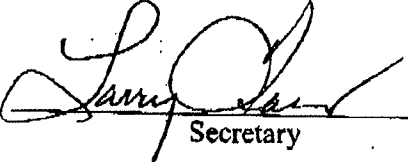
Article Seventeen

AMENDMENTS

Section 1. These By-Laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of each class of members present in person or by proxy; provided, however, that those provisions of these By-Laws which are governed by the Articles of Incorporation of the Association or by the Restrictive Covenants for the LakeRidge Estates of Lubbock Addition may not be amended except as therein provided or as allowed by law.

Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Restrictive covenants for the Subdivision and these By-Laws, the Restrictive Covenants shall control.

ADOPTED at the initial meeting of members this the 2ND day of January, 2003.


Secretary