

BYLAWS

Article VI, Section 6.2 of the Bylaws is to be amended and restated as follows:

Section 6.2 Term of Office. At the first annual meeting the Members shall elect five (5) members of the Board of Directors of the Association with terms of **one (1) year each respectively running one (1) to five (5) years, which Directors shall serve until their respective terms expire. At each annual meeting thereafter, the Members shall elect or re-elect Directors. All Board member's terms will be for one (1) year with the exception of the initial Board members appointed by Declarant.** Thereafter, all Director's terms will be for two (2) years. As appropriate, Members shall elect or re-elect Directors at the annual meetings.

The third grammatical sentence of Article XI of the Bylaws is to be modified as follows:

If any Assessment is not paid before becoming delinquent, the Owner responsible for the payment thereof shall be required ~~by the Board~~ to pay interest at a rate up to the highest per annum rate allowed by applicable law **and reasonable penalties** on such Assessment from the due date thereof **to the extent required by the Board and allowed under the Declarations (which amounts shall be added to and included as part of the assessment).** ~~and the~~ The Association may bring an action at law against the Owner personally obligated to pay ~~the same or~~ such delinquent Assessment and may foreclose the lien against the Lot or Lots owned by such Owner, and all costs and reasonable attorney's fees of any such action shall be added to the amount of such Assessment. All agreements and transactions between the Association and any Owner, whether now existing or hereafter arising, whether contained herein or in any other instrument, and whether written or oral, are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of the maturity thereof, prepayment, demand for payment or otherwise, shall the amount contracted for, charged or received by the Association from any Owner for the use, forbearance, or detention of the principal indebtedness or interest thereof, which remains unpaid from time to time, exceed the maximum amount permissible under applicable law, it particularly being the intention of the Association and Owners to conform strictly to the law of the State of Texas and of the United States of America, whichever is applicable. Any interest payable hereunder or under any other instrument relating to the indebtedness evidenced hereby or created hereunder that is in excess of the legal maximum under applicable law, shall, in the event of acceleration of maturity, prepayment, demand for payment or otherwise, be automatically, as of the date of such acceleration, prepayment, demand or otherwise, applied to a reduction of the principal indebtedness thereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of such principal, such excess shall be refunded to the Owner making such payment. To the extent permitted by applicable law, determination of the legal maximum amount of interest shall at all times be made by amortizing,

prorating, allocating and spreading in equal parts during the period commencing on the date the indebtedness arises through the date such Owner's interest in the subject tract is conveyed or any longer period allowed by applicable law, all interest at any time contracted for, charged or received from any Owner in connection with the indebtedness, so that the actual rate of interest on account of such indebtedness is uniform throughout such period.