LAKEVIEW HILLS PROPERTY OWNERS ASSOCIATION, INC.
2004 BY-LAWS

ARTICLE I

Name, Location, Definitions, Purposes, Functions and Area of Operations of the Association

Section 1. Name and Location: The name of the corporation is Lakeview Hills Property Owners Association, Inc., hereinafter referred to as the "Association". The principal address of the Association shall be 9 Lakeview Hills, Coldspring, Texas 77331. Meeting of 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.

Section 2. Definitions:

(a) "Association" shall mean and refer to Lakeview Hills Property Owners Association, Inc., its successors and assigns. Lakeview Hills Property Owners Association, Inc., is and shall be and shall perform the functions of the covenants, conditions, warranties, and restrictions filed in the Deed Records of San Jacinto County, Texas, pertaining to Lakeview Hills.

(b) "Property" and/or "Properties" shall mean and refer to that certain real property described in the Restrictions, and shall include but not be limited to "Common Area" and/or "Lots" as hereinafter defined.

(c) "Common Area" shall mean all property owned by the Association for the common use and enjoyment of the lot owners.

(d) "Lot" shall mean and refer to any residential lot in Lakeview Hills, except Lots #56 and #57, which constitutes the utility and playground area. Lots #35 and #36 Ramp Area, and to any residential lots in Lakeview Hills.

(e) "Lot Owner" and/or "Owner" shall mean and refer to the recorded owner.

(f) "Restrictions" shall mean and refer to the Deed Restrictions applicable to the properties, recorded in the office of the County Clerk, San Jacinto County, Texas, and any amendments thereto, if any.

(g) "Members" shall mean any person or entity that is the recorded owner of a lot in good standing.

(h) "Subdivision" shall mean and refer to Lakeview Hills, a residential subdivision in San Jacinto County, Texas, as recorded in the Map Records of the County Clerk of San Jacinto County, Texas.

(i) "Maintenance Fund Assessment" and/or "Assessment" shall mean and refer to the "Lakeview Hills Maintenance Fund" as more fully delineated in the "Restrictions".

Section 3. Purposes: Lakeview Hills Property Owners Association, Inc., is organized exclusively for the promotion of social welfare within the meaning of Section 501(c)(4) of the Internal Revenue Code of 1954, including within the scope, but not limited to same, of such purpose the following specific activities: to promote and encourage civic pride, to promote health, sanitation, safety, and convenience of the inhabitants of the area hereinafter defined, and by way of illustration, and not by way of limitation, to accomplish such purposes or assisting in the performance, or procurement or by subsidizing the performance or procurement of the functions hereinafter stated

Except as individual members of the general public or groups of individuals who are members of the general public who may realize benefits from the carrying on or the supporting of activities of the nature above described, no part of the net earnings of the Association shall inure or be payable to or for the benefit of any private individual. No part of the activities shall consist of direct or indirect participation or intervention in political campaign on behalf of or in opposition of any candidate for public office.

Section 4. Functions: The Association may perform, or assist in the performance, or procuring, or assist in the procuring, or may subsidize the performance or procurement of any of the following, the following being given in illustration but not in limitation of said functions:

(a) Lighting, improving, planting, landscaping, beautifying and maintaining parks, parkways, esplanades, rights-of-way, and other public areas.

(b) Provision of police patrol service, and/or watchman service.

(c) Collection and disposition of garbage, trash, rubbish and refuse.

(d) Provision of establishment, operation of, maintenance of and the supplying of the equipment and/or personnel for community recreational facilities pursuant to common areas. To oversee the care for vacant, unimproved, or unkept lots and homes in the area subject to its jurisdiction as provided in the Restrictions.

(e) Protection of the community against unlawful use of property and against violation of public or private regulations restricting or affecting use thereof, including, by way of illustration, and not by way of limitation, the enforcement of any covenants or conditions restricting use of the property.

(f) Collect, enforce the collection of and administer any maintenance charges and/or other charges and/or levies assessed against properties and/or lot owners subject to its jurisdiction.

(g) Recreation keys are the responsibility of the property owner and must be returned to the Board upon disposition of property. Replacement key may be obtained at a cost of $25.00 with adequate notice.

(h) Performance of any other services necessary or desirable in the opinion of the Board for the mutual benefit of the members of the community.

Section 5. Area: The activities of the Association shall be limited to the area known as Lakeview Hills, as delineated in definitions above and to such other areas which may hereafter be subdivided as subsequent lots or areas of Lakeview Hills and subject to a maintenance charge similar to that imposed upon Lakeveiw Hills, and shall also include such other areas which may hereafter through the operation of conditions, covenants, restrictions, easements, reservations, or charges pertaining to the same, be placed under or subjected to the jurisdiction of this Association and jurisdiction over which has been accepted by resolutions of the Board of this Association.

Section 6. Water Assessments: Water access fees will be set by the Board of Lakeview Hills, based on recommendations from the Water Committee. Water fund monies can be used for maintenance or improvement of the water system only.

Section 7. Maintenance Assessments: Maintenance dues shall be set by Resolution of the Board, on a per lot basis, payable on January 1st of each year. If not paid by April 1st of that same year a ten percent (10%) penalty will be added.

ARTICLE 11
Members

Section 1. Annual Meeting: The annual meeting of the Members shall be held on the last Saturday in July of each year at 2:00 o'clock p.m. Central Standard Time, except for availability of facilities due to conflicting area activities. Annual meetings of the members shall be held at Lakeview Hills, San Jacinto County, Texas, or such other place designated by the Board, after notice pursuant thereto. An annual meeting shall be mandatory, except that failure to hold the annual meeting at the designated time shall not work dissolution of the Association.

Section 2. Special Meeting: Special Meetings of the members may be called by the President, Vice-President, by the Directors, or by fifteen (15) members of the Association. In the latter instance, the fifteen (15) members shall give notice of the call to the Secretary, who shall within ten (10) days determine the eligibility of such members to vote. The Board shall call the Special Meeting within thirty (30) days after the Secretary has certified the fifteen (15) members eligibility to vote.

Section 3. Notice of Meeting: Written or printed notice shall be given for each annual and each special meeting of members. Such notice shall state the place, day and hour of the meeting and a brief statement of the purpose, or purposes for which the meeting is called. Such notice shall be delivered not less than ten (10) or more than thirty (30) days before the date of the meeting. Either personally or by mail, by or at the direction of the President, the Secretary, or the office or

person calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Association with postage thereon prepaid.

Section 4. Quorum of Members: Ten percent (10%) of the members entitled to cast, and/or proxies entitled to be cast, shall constitute a quorum for all purposes at any meeting. The vote of the majority of the votes and/or their proxies entitled to be cast by the members present and/or their proxies at a meeting at which a quorum is present, shall be the act of the members meeting, unless the vote of a greater number is required by law, the Articles of Incorporation or the By-Laws. If the number of members and/or their proxies necessary to constitute a quorum at any annual or special meeting shall fail to obtain a quorum as above described, the members and/or their proxies present may adjourn the meeting from time to time, without notice, other than by announcement at the meeting, until the number requisite to constitute a quorum shall be present. At any such adjourned meeting at which a quorum may be present, any business may be transacted which may have been transacted at the meeting at the time and place originally fixed if a quorum had been present.

Section 5. Proxies: At all meetings, and in all instances wherein voting of members is required or sought by the Board, each member may vote in person or by proxy. All proxies may be voted only by other members of the Association. All proxies shall be in writing and shall be valid for only one specific meeting and/or one specific proposition or matter for which it is cast. The written proxy must, on its face, indicate the meeting and/or the proposition or matter for which it is to be cast, must be signed by the member so casting by proxy, and must indicate the lot number of all lots owned by such member. All proxies shall become void at adjournment of the meeting for which drawn or upon being validly cast pursuant to specific proposition or matter for which drawn, or upon closing of the vote, whichever occurs sooner. Proxies drawn for meeting shall contemplate all matters brought before that meeting, and may be lawfully voted pursuant to same unless otherwise limited on their face. Voiding of a proxy as above delineated shall not affect the validity of the lawful vote for which cast.

Section 6. Voting: Each qualified member will be entitled to one vote regardless of number of lots owned. Whenever a lot is owned by more than one person, the owners of each lot shall collectively be entitled to only one vote. At all meetings of members, all questions shall be decided by a vote of the majority of the valid returned ballots by members present in person and/or their proxies, entitled to vote, a quorum being present, except where a vote of a prescribed percentage of the entire membership is required either by the Articles of Incorporation, by these By-Laws, or by Statute. All voting shall be by written ballot signed by the member voting and/or his/her proxy, and if voting is by proxy, then that proxy shall be attached to said written ballot. All voting shall be noncumulative. Eligibility of the members to vote shall be determined at time of meetings, the then records of the Association being presumptive pursuant thereto, and conclusive in the event no challenge is raised with reference to a particular vote. Procedure pursuant to voting pertaining to any and all propositions and/or matters shall be governed specifically by these By-Laws and/or by resolution duly adopted by the Board and any decision of said Board pertaining to same shall be conclusive.

Section 7. Qualifications: The membership shall include all property owners, in good standing, of lots in Lakeview Hills.

Sections 8. Matters Requiring Mandatory Member Votes: A vote of the membership shall be necessary to ratify and affirm any single expenditure proposed by the Board of the Association, which such proposed expenditure will exceed the sum of $2,500.00 in Maintenance Fund and $5,000.00 in Water Fund, with the exception of emergencies as to the water system with Board approval. A vote of the members shall be necessary prior to ratifying and affirming by the Board to enter into a signed contract, lease or loan in behalf of the Association.

ARTICLE III

Board of Directors

Section 1. Number and Term of Officers: The affairs of the Association shall be managed by a Board of President, Vice President, Secretary/Treasurer and four (4) Directors. Officers or Directors may serve consecutive terms if they so desire.

President -1 year
Vice President – 1 year
Secretary/Treasurer - 1 year
Director #1, #2, #3, #4 – 2 years

Architectural Committee
Minimum of 4 members to serve 1 year each. One member must be a member of the Board of Directors.

Water Committee

Minimum of 3 members to serve 1 year each. One member must be a member of the Board of Directors. One member must be licensed.

Section 2. Removal: Any Director may be removed from the Board, with or without cause, by a majority vote of a quorum of the members of the Association at a special meeting called for that purpose.

Section 3. Action Taken Without a Meeting: The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval and consent of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

(a) Selection of Candidates and Elections: On or before the 15th day of August the Secretary shall post notice of the impending election, and shall invite nominations for candidates therefore. The President, Vice-President and Secretary/Treasurer shall be requested to run to those specific positions.

(b) Call for Election: On or before the 1st day of September, the Secretary shall examine the list of candidates, certifying them as eligible to vote and hold office, and shall at that time make known his/her recommendation to the President and the Board and shall close the nominations and issue the call for the election to be held on a Saturday in September to be selected by the Board. The Board may have ballots prepared and mailed to each qualified voter according to the then records of the Association, together with written call of election as above described; in which event said ballot will be so mailed no later than ten (10) days or earlier than thirty (30) days next preceding the election. The Board shall prescribe and organize the mechanics of the actual balloting, giving particular consideration to the qualifications and/or eligibility of those voting. None of the foregoing shall operate to deprive qualified voters to write in the candidate of their choice, subject to certification by the Secretary of such write-in candidate's eligibility and willingness to serve or to vote by proxy.

(c) The Ballot: The ballot shall be printed and shall clearly describe the office, position or vacancies for which the candidates are running, and the names of the candidates to be voted upon; the ballots shall contain space for the signature of the person casting the ballot and for the numbers of all lots owned by said voter. No ballot will be considered which is not received by the Association prior to meeting time on the election day in September. Ballots received by said time, either by mail or in person, shall be counted subject to voter and candidate eligibility, all other ballots shall be declared void. Only one vote per ballot may be cast for each position to be filled. Voting shall not be cumulative and any ballot so cast shall be declared null and void when canvassed by the Board and shall be struck from the total. Proxy votes may be cast pursuant to the provisions concerning same delineated in these By-Laws.

Section 4. Vacancies: Each Director shall serve until his successor has been duly elected or appointed and qualified; or until death or resignation. Should a vacancy occur for any reason the position shall be filled by appointment by the President and confirmed by a majority vote of the Board. Such appointments shall be made within thirty (30) days of the vacancy.

Sections 5. Qualifications: If a Director for any reason ceases to be a lot owner in Lakeview Hills his position on the Board shall be terminated.

Section 6. Quorum: A total of five (5) officers and directors, or their proxies, shall constitute a quorum for the transaction of business.

Section 7. Meetings: The regular meeting of the Board shall be no less than one meeting per quarter. At any meeting, or pursuant to any action requiring a vote of the Directors, the Directors, or any of them, may vote by proxy. Such proxy may be voted only by another Board member. Such proxy shall be in writing, on a form prepared by the Secretary and shall be valid only for one specific meeting and/or one specific proposition or matter for which it is cast. The written proxy must on its face indicate the meeting and/or the proposition or matter for which it is to be cast, and must be signed by the Board Member so casting by proxy, and must designate that Board Member authorized to cast that vote by the said proxy. All proxies shall become void at adjournment of the meeting for which drawn or upon being validly cast, whichever occurs sooner. Proxies drawn for meetings shall contemplate all matters brought before that meeting, and may be lawfully voted pursuant to same unless otherwise limited on their face. Voiding of a proxy as above delineated shall not affect the validity of the lawful vote for which cast. Regular meetings of the Board may also be held without notice immediately following each annual meeting of members or adjourned annual meeting of members.

Special meetings of the Board shall be held whenever called by the President, Vice President, Secretary or a majority of the Directors then in office. Notice of each special meeting shall be given by the person calling it by mail, telegram, or personal delivery to each Director at least ten (10) days prior to the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Director at his address as it appears on the records of the Association with postage thereon paid. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every Director shall be present, even though without any notice, any business may be transacted.

Section 8. Services of Directors: No Directors or Officers of the Association shall be required to devote his/her time or render services exclusively to the Association, and each shall be free to engage in any and all other business activity, either similar or dissimilar to the activities of the Association without breach of duty to the Association, and without liability to it. Likewise, each Director and Officer of the Association shall be entirely free to act for and serve any other corporation, firm, or association in any capacity or capacities, and to become director, officer, agent or employee of any of same, whether or not the purpose or activities there of be similar or dissimilar to the purposes or activities of this Association without breach of duty to this Association or its members and without liability of any character or description to the association or its members. No contract or other transaction of this Association shall ever be affected by the fact that any Director or Officer of the Association is interested in or connected with any party to such contract or transaction, provided that such contract or transaction shall be approved by a majority of the Directors present at a meeting of the Board at which such contract or transaction shall be authorized or confirmed, which majority shall consist of Directors not so interested or connected. The Officers and Directors may be reimbursed for out-of-pocket expenses incurred in the performance of their duties.

Section 9. Powers of the Board: By way of illustration, but not in limitation, the Board shall have the power to:

(a) Adopt and publish rules and regulations governing use of the common area and facilities, and the personal conduct of the members and their guest thereon, and to establish penalties for infractions thereof;

(b) Suspend the voting rights and the right to use the recreational facilities of a member during any period in which such member shall be in default in the payment of any assessment levied by the Association;

(c) Employ a manager, secretary, or independent contractors, or such other employees as they deem necessary, and to prescribe and oversee their duties;

Section 10. Duties: It shall be the duty of the Board to:

(a) Cause to be kept a complete record of all its acts and corporate affairs, to present a statement thereof to the members at the annual meeting of the members, or at any special meeting, when such statement is requested in writing by one-fourth of the members;

(b) Oversee all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) As more fully provided in the Restrictions to:

(1) Fix the amount of the annual assessment against each building site at least fifteen (15) days in advance of each annual assessment;

(2) Send written notice of each assessment to every owner subject thereto at least fifteen (15) days in advance of each annual assessment;

(3) Take appropriate steps to enforce or to cause the enforcement of the Restrictions;

(d) Prepare and approve an annual operating budget for the current physical year no later than November 15th of that year;

(e) To procure and maintain adequate liability and hazard insurance on the property and other entities as the Board may deem appropriate;

(f) To cause all officers or employees having fiscal responsibility to be bonded, as the Board may deem appropriate;

(g) To cause the common areas to be maintained,

(h) Within the scope of its power granted by law the Restrictions, Articles of Incorporation and these By-Laws shall do anything else necessary and proper for the functioning of the Association.

ARTICLE IV

Officers

Section 1. Duties: Each officer shall perform the following duties:

(a) Power and Duties of the President: The President shall be in general charge of the affairs of the Association in the ordinary course of its business; he/she shall preside at all meetings of the members and of the Board; he/she may make, sign and execute any deeds, conveyances, assignments, bonds, contracts and other obligations and any and all other instruments and papers of any kind or character in the name of the Association, and he/she shall do and perform such other duties as may from time to time be assigned to him/her by the Board.

(b) Powers and Duties of the Vice-President: The Vice-President shall act in the place and stead of the President in the event of his/her absence or inability to act, and shall exercise and discharge such other duties as may be required by him/her by the Board.

(c) Powers and Duties of the Secretary/Treasurer: The Secretary/Treasurer shall have custody of all the funds and securities of the Association which come into his/her hands. Each bank account shall require three signatures to be on file, the President, Vice-President and Secretary/Treasurer, with two signatures required on each check. Whenever required by the Board, he/she shall render a statement of his/her books and accounts to any Director of the Association during business hours; cause an audit of the Association's books to be made by three (3) members who are not serving on the Board at the completion of each fiscal year; he/she shall perform all acts incident to the position of Secretary/Treasurer subject to the control of the Board, give such bond for the faithful discharge of his/her duties in such form as the Board may require.

The Secretary/Treasurer shall keep the minutes of all meetings of the Board and the minutes of all meetings of the members in books provided for that purpose; he/she shall attend to the giving and serving of all notices; he/she may sign with the President or Vice President in the name of the Association all contracts, conveyances, transfers, assignments, authorizations and other instruments of the

Association. He/she shall have charge of and maintain and keep such books and papers as the Board may direct, all of which shall at all reasonable times be open to the inspection of any Director or lot owner upon request, and he/she shall in general perform all the duties incident to the office of Secretary/Treasurer subject to the control of the Board.

ARTICLE V

Books and Records

The books, records and papers of the Association including the annual audit of the books, and statement of income and expenditures shall at all times, be subject to inspection by any member. The Article of Incorporation, By-Laws and Restrictions shall be available for inspection of any member.

ARTICLE VI

Miscellaneous Provisions

Section 1. Fiscal Year: The fiscal year of the Association shall end at midnight on September 30th of each calendar year.

Section 2. Notice and Waiver of Notice: Whenever any notice is required to be given under the provisions of these By-Laws, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed postpaid wrapped envelope addressed to the person entitled thereto at his address, as it appears on the books of the Association, and such notice shall be deemed to have been given on the day of such mailing. A Waiver of Notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

ARTICLE VII

Amendments

These By-Laws may be supplemented, altered, amended or repealed by the affirmative vote of a majority of the valid returned ballots by members of the Association at any annual or special meeting. 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 Restrictions and these By-Laws, the Restrictions shall control.

ARTICLE VIII

Indemnification of Directors and Officers

Section 1. Scope of Indemnity: The Association shall indemnify each of its present and future Directors and Officers, and their executor, administrator and heirs, without further act on his/her part against all reasonable expenses actually and necessarily incurred by him/her, including but not limited to counsel fees, judgments and costs, in connection with the defense of any litigation, including any civil, criminal or administrative action, suit or proceeding, to which he/she may have been made a party because of his/her present or past status as a Director or Officer of the Association. The right to indemnity for expenses shall also apply to expenses of suits which are compromised or settled if the court having jurisdiction of the action shall so approve, or a majority of the Board, excluding those interested votes to approve such settlement.

Section 2. Limitation of Indemnity: Directors and Officers of this Association, whether or not then in office, shall have no right of reimbursement as provided above in relation to matters as to which he/she has been adjudged liable to the Association for negligence or misconduct in the performance of his/her duties.

Section 3. Indemnity Not Exclusive Right: The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such Director or Officer may be entitled.

Section 4. Reliance on Association Records: Each Officer, Director or Member of any committee designated by the Board shall in the performance of his/her duties be fully protected in relying in good faith upon the books of account or reports made to the Corporation by any of its officials, or by an independent Certified Public Accountant, or by an Appraiser selected with reasonable care, or in relying in good faith upon other records of the Corporation, In addition, each Officer, Director or Member of any committee designed by the Board, shall in the performance of his/her duties be fully protected in relying in good faith upon the advise of counsel retained by the said Board.

ARTICLE IX

Upon dissolution of the Association, the Board shall, after paying or making provision for the payment of all the liabilities of the Association, dispose of all the assets of the Association exclusively for the purposes of the Association in such manner, or such organization or organizations organized and operated exclusively for the promotion of social welfare as shall at the time qualify as an exempt organization or organizations under Section 501(c)(4) of the Internal Revenue Code of 1954, or the corresponding provisions of any future United States Internal Revenue Law, as the Board shall determine.

ARTICLE X

In the event any clause or provision of these By-Laws should at any time be adjudicated unlawful and/or void by a Court of competent jurisdiction, said adjudication shall not operate to void or otherwise invalidate the remaining provisions hereof.

THE STATE § **Texas**

COUNTY OF § **SAN JACINTO**

Subscribed before me this 14 day of April, 2004, by Vernon Fields, President of Lakeview Hills.

RAY ANN CARPENTIER NOTARY PUBLIC STATE OF TEXAS EXPIRES 4-7-2006

Vernon Fields, President

Notary Public for the State of Texas

Lakeview Hills POA

Commission Expires: