

**BYLAWS OF
STONEHENGE III ASSOCIATION, INC.
A TEXAS NON-PROFIT CORPORATION
CONSOLIDATED REPRINT**

ARTICLE I

DEFINITIONS

Section 1.1: "Association" and "Corporation" shall mean and refer to Stonehenge III Association, Inc., a Texas non-profit corporation.

Section 1.2: "Property" as used in this Article shall mean and refer to that certain real property situated in Harris County, Texas, according to the map or plat of STONEHENGE III as recorded in Volume 269, Page 129, of the Map Records of Harris County, Texas, and as further described in the Restrictions and in the Articles of Incorporation of the Association, together with any and all other real property which may hereafter be brought within the jurisdiction of this Corporation and be accepted by this Corporation by resolution of the Board of Directors of this Corporation.

Section 1.3: "Common Area(s)" shall mean all real property owned by the Association for the common use and enjoyment of the Owners and their assigns, and includes all of the land contained in the Property including any improvements thereon, save and except all Lots as herein defined.

Section 1.4: "Lot" shall mean and refer to any of the original 135 plots of land in the Property as defined by metes and bounds by the Declarant as building sites, together with such lots as may, from time to time, be brought within the jurisdiction of this Corporation and be accepted by this Corporation by resolution of the Board of Directors of this Corporation.

Section 1.5: "Declarant" shall mean and refer to the original developer of Stonehenge, Section III, subdivision, The Fairfield Company, Inc., and its successors and assigns.

Section 1.6: "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

Section 1.7: "Member(s)" shall mean and refer to the Owners of the Lots as defined in the Articles of Incorporation and as further defined herein.

Section 1.8: "Good Standing" shall refer to and imply a Member whose Assessments and fines are paid up, who is not in violation of the Restrictions, and whose voting rights are not suspended for violation of the rules and regulations promulgated by the Board of Directors.

Section 1.9: "Restrictions", "Deed Restrictions", and "Restrictive Covenants" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions of STONEHENGE, SECTION III, subdivision, as filed for record under County Clerk's File Number F862091, Film Code Number 112-97-1684, filed in the Official Real Property Records of Harris County, Texas, together with such amendments thereto as may from time to time be adopted.

Section 1.10: "Assessment(s)" shall mean and refer to any and all charges secured by a lien defined in the Restrictions, including, but not limited to, Annual Assessments, Special Assessments, interest, costs, attorney fees, and charges arising from violations of the Restrictions.

Section 1.11: "Majority Vote" shall mean more than half of the votes cast, excluding blanks and abstentions, by the persons in Good Standing, entitled to be thereat, present in person or by proxy, at a properly called meeting at which a quorum is present.

Section 1.12: "Two-Thirds Vote" shall mean at least two-thirds of the votes cast, excluding blanks and abstentions, by the persons in Good Standing, entitled to be thereat, present in person or by proxy, at a properly called meeting at which a quorum is present.

ARTICLE II

NAME & LOCATION

The name of this Corporation is Stonehenge III Association, Inc., a Texas non-profit corporation. The principal office of the Corporation shall be at such location as may be designated, from time to time, by resolution of the Board of Directors.

ARTICLE III

REGISTERED OFFICE/AGENT

The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent, whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE IV

OBJECTIVE

Section 4.1: Purpose. The purposes for which this Corporation is formed are civic and social for the benefit and betterment of the residents and Owners. To carry out such purposes properly, the Corporation may, at the discretion of its Board of Directors, if economically feasible, perform the following functions, and the exercise of such functions shall be deemed to be within the scope of activities contemplated by the Articles of Incorporation:

- (a) provide for the maintenance and preservation of the Common Areas;
- (b) provide architectural control of the Lots;
- (c) promote the health, safety, and welfare of the residents;
- (d) exercise all of the powers and privileges and perform all of the duties and obligations of the Corporation as set forth in the Restrictions;
- (e) affix, levy, collect, and enforce payment, by any lawful means, all charges or Assessments pursuant to the terms of the Restrictions referred to hereinabove; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of this Corporation, including all licenses, taxes, or governmental charges levied or imposed against the property of this Corporation;
- (f) acquire, by gift, purchase, or otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of this Corporation;
- (g) borrow money, to mortgage, pledge, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred;
- (h) provide for services such as garbage and rubbish collection and disposal; and

(i) have and exercise any and all powers, rights, and privileges which a corporation organized under the Non-Profit Corporation Law of the State of Texas may now or hereafter, by law, have or exercise.

Section 4.2: Annexation. The Corporation may annex additional property if said property is placed under or submitted to its jurisdiction, and if said property is accepted as within its jurisdiction by a resolution of the Board of Directors of this Corporation.

ARTICLE V

MEETINGS OF MEMBERS

Section 5.1: Members. As provided in the Articles of Incorporation, every person or entity who is a record Owner of a fee or undivided fee interest in any Lot, including contract sellers, shall be a Member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from, ownership of any Lot which is subject to Assessment by the Corporation. Ownership of such Lot shall be the sole qualification for membership.

Section 5.2: Annual Meeting of Members. The Annual Meeting of the Members shall be held in the month of April or May of each year. The purpose of the Meeting will be for nomination and election of Directors, and for the transaction of such other business as may be contained in the notice of the Annual Meeting.

Section 5.3: Special Meetings of Members. Special Meetings of Members may be called by the President, by the Vice President, by a majority of the Directors in Good Standing then in office, by resolution of the Board of Directors, or by those Members in Good Standing holding one-fourth (1/4) of the total votes of the membership.

Section 5.4: Notice of Meetings. Written notice of the Annual Meeting of Members and each Special Meeting of Members, stating the place, day, hour, and purpose(s) for which the meeting is called, shall be mailed by first class mail no less than fifteen (15) nor more than fifty (50) days before the date of the meeting, by or at the direction of the President, the Secretary, or the Officers or persons calling the meeting, to each Member entitled to vote at such meeting. 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 Corporation, with postage thereon paid. Only the business stated in the purpose(s) in the notice of the meeting may be conducted in a Meeting of Members.

Section 5.5: Quorum. The presence, in person or by proxy, of those Members holding one-third (1/3) of the total votes of the membership shall constitute a quorum for all purposes at any Meeting of Members. If the number of Members necessary to constitute a quorum at any Meeting of Members shall fail to attend, in person or by proxy, the Members present, in person or by proxy, may adjourn any such meeting from time to time without notice other than the announcement at the meeting until the number requisite to constitute a quorum shall be present in person or by proxy. In the absence of a quorum, or at such time during a meeting that a quorum is no longer present, the only actions that may be taken by those present, in person or by proxy, is to recess or to adjourn to another place and/or time. Those Members present, in person or by proxy, may also adjourn any Meeting from time to time without notice, other than by announcement at the meeting, until the transaction of any and all business submitted or proposed to be submitted to such meeting shall have been completed. At any such adjourned meeting, at which a quorum may be present, in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally noticed or called.

Section 5.6: Chairman and Secretary. The President of the Corporation, or in the event of his absence, the Vice President of the Corporation, shall call Meetings of Members to order and shall act as Chairman

of such meetings. In the absence of the President and the Vice President of the Corporation, the Members present may appoint a Chairman. The Secretary of the Corporation shall act as Secretary of all Meetings of Members; but in the absence of the Secretary, the Chairman may appoint any person to act as secretary of the meeting.

Section 5.7: Voting. At all Meetings of Members, all questions, except those the manner of deciding which is otherwise expressly governed by statute, the Articles of Incorporation of the Corporation, or elsewhere in these Bylaws, shall be decided by Majority Vote. All voting, other than the election of Directors, shall be by voice or by show of hands; except that, upon the determination of the Chairman of any meeting, or upon the demand of any Member or his proxy, voting on any question shall be by secret ballot. Only those Members in Good Standing may vote at any Meeting of Members.

Section 5.8: Voting Rights. As provided in the Articles of Incorporation, Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership by this Article. When more than one person or entity holds such interest in any Lot, all such persons or entities shall be Members. The vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any Lot.

Section 5.9: Suspension of Voting Rights. The voting rights of any Member whose Assessments or fines are in arrears by more than thirty (30) days shall be suspended as long as such Assessments or fines are in arrears. Likewise, the voting rights of any Member who is in violation of the Restrictions and who has been cited and noticed for such by the Board of Directors, shall be suspended as long as such violation exists. Voting rights may also be suspended as provided elsewhere in these Bylaws and in the Articles of Incorporation.

Section 5.10: Proxies of Members. Unless prohibited by statute, at all Meetings of Members, each Member in Good Standing may vote in person or by proxy. All proxies shall be in writing and shall be filed with the Secretary of the Corporation prior to being exercised. All such proxies shall be revocable and shall automatically cease upon conveyance of the Member's Lot. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 5.11: Solicitation of Proxies by Management. The Board of Directors may, by resolution of the Board, solicit proxies, with recommendations, from the Members, and the cost of such solicitation shall be borne by the Corporation.

ARTICLE VI

HOMEOWNERS MEETINGS

Section 6.1: Purpose. The Board of Directors may, from time to time, conduct a meeting open to all Members and/or residents for the purpose of disseminating information and soliciting input from the Members and/or residents.

Section 6.2: Business. Such a Homeowners Meeting is neither a Meeting of Members nor a meeting of the Board of Directors. No action taken at a Homeowners Meeting shall be binding upon the Board of Directors or upon the Corporation. Minutes of such a meeting are not required and, if taken, do not become part of the official records of the Corporation.

ARTICLE VII

BOARD OF DIRECTORS

Section 7.1: Powers. The business and property of the Corporation shall be managed and controlled by the Board of Directors. Subject to the limitations imposed by law, the Restrictions, the Articles of

Incorporation of this Corporation, and these Bylaws, the Board of Directors may exercise all of the powers of the Corporation.

Without in any way limiting the foregoing, the Board of Directors shall have power to:

- (a) adopt and publish the Rules and Regulations of the Association, and establish and enforce penalties and/or fines for infractions thereof, including, but not limited to: rules and regulations governing the use of the Common Areas and facilities, and the personal conduct of the members and their guests thereon; and the reasonable suspension of the privileges to use the Common Area and facilities;
- (b) suspend a Member's voting rights and/or right to use any facilities or services provided by the Association during any period in which such Member shall be in arrears in the payment of any Assessment or fine levied by the Association or shall be in violation of the Restrictions;
- (c) exercise for the Association all powers, duties, and authority vested in or delegated to the Association and not reserved to the membership by other provisions of these Bylaws, or by the Articles of Incorporation or the Restrictions; and
- (d) contract a manager, maintenance personnel, a management firm, security guards, and such other contractors as they deem necessary, and to prescribe their duties.

Section 7.2: Duties. It shall 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 thereof to the Members at the Annual Meeting of Members, or at any Special Meeting of Members when such statement is requested in writing by those Members in Good Standing holding one-fourth (1/4) of the total votes of the membership;
- (b) evaluate the performance of the Officers, agents, and contractors of the Corporation and see that their duties are properly performed;
- (c) fix the amount of the Annual Assessment and any Special Assessment against the Lots, as provided for in the Restrictions, to fix the amount of the various fees outlined herein, and to take such actions as it deems appropriate to collect such Assessments and charges, and to enforce the liens created by the Restrictions to secure payment thereof;
- (d) issue, or cause an appropriate Officer, agent, or contractor to issue, upon demand in writing by any Member or upon request by any Member's agent, a certificate setting forth whether any Assessment, charge, or fine has been paid. A reasonable charge may be made by the Board for the issuance of such certificate;
- (e) procure and maintain such liability and hazard insurance on property and facilities owned by the Association, and liability insurance to protect Directors and Officers, as it may deem appropriate;
- (f) cause the Common Areas and facilities of the Association to be maintained;
- (g) nominate at least one candidate for each Director position to be filled at the Annual Meeting of Members;
- (h) appoint an Architectural Committee as provided for in the Restrictions;
- (i) appoint at least one (1) Election Judge to supervise the election of Directors at the Annual Meeting of Members; and

(j) perform such other and further duties as the Board of Directors may deem necessary or desirable for the preservation of Stonehenge III subdivision.

Section 7.3: Term of Board. A new Board shall commence upon the announcement of the results of the election of Directors at the Annual Meeting of Members, even if its membership has not changed as a result of the election. The term of a Board shall end at the announcement of the results of the election of Directors at the next Annual Meeting of Members.

Section 7.4: Number and Tenure of Directors. The number of Directors shall be three (3). Directors shall be elected for three-year terms. Director terms shall be staggered such that one (1) Director is elected at each Annual Meeting of Members. Directors must be Members of the Corporation. No two Directors shall be from the same immediate family, household, or cohabitation. Each Director shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed as herein provided.

Section 7.5: Nomination of Directors. The Board of Directors shall nominate at least one candidate for each Director position to be filled at the upcoming Annual Meeting of Members. Nominations may be made from the floor by Members in Good Standing at the Annual Meeting of Members. Nominations made from the floor need not be seconded and a Member may nominate himself. Candidates for Director must be Members of the Corporation in Good Standing and must not be a member of the immediate family, household, or cohabitation, of any other nominated candidate or any Director not up for election.

Section 7.6: Election of Directors. The Board of Directors shall appoint at least one (1) Election Judge to supervise the election. Each such Election Judge shall be a Member in Good Standing who is not a candidate in the election and who is not a Director. Members may cast as many votes as the number of Director positions to be filled. Only Members in Good Standing are allowed to vote in the election of Directors. Voting will be by secret ballot. Cumulative voting for Directors is expressly prohibited. The candidate or candidates receiving the most votes cast shall be elected. No minimum number of votes is required in order for a candidate to be properly elected. Ties shall be determined by lot under the direction of the Election Judges. Newly elected Directors shall take office upon announcement of the election results at the Annual Meeting of Members.

Section 7.7: Transition at the 1993 Annual Meeting of Members. To provide for the transition from the initial Board of Directors as provided in the Articles of Incorporation to five (5) Directors with staggering three-year terms, five (5) Directors will be elected at the Annual Meeting of Members in 1993. Of the five elected candidates, two (2) shall be appointed to three-year terms, two (2) shall be appointed to two-year terms, and one (1) shall be appointed to a one-year term. The appointment of terms shall be by lot under the direction of the Election Judges, except as follows: of the three Directors on the initial Board of Directors established by the Articles of Incorporation, Kathleen A. McCue, if elected, shall serve a one-year term and shall be ineligible for reelection at the Annual Meeting of Members held at the end of that term; Charles M. McKeithen, if elected, shall serve a one-year or two-year term and shall be ineligible for reelection at the Annual Meeting of Members held at the end of that term. The third initial Director, Rebecca R. Stilwell, is ineligible for election at the 1993 Annual Meeting of Members. Other than the three initial Directors, candidates appointed to one-year or two-year terms shall be eligible for reelection at the Annual Meeting of Members held at the end of their respective terms.

Section 7.8: Removal of Directors. Any Director may be removed from the Board with or without cause, by (a) a Two-Thirds Vote at a Special Meeting of Members called for that purpose, or (b) a Two-Thirds Vote of the remaining Directors in Good Standing at any regular or special meeting of the Board of Directors. Any Director shall be automatically removed from the Board for missing three (3) consecutive regular meetings of the Board of Directors or for being continuously not in Good Standing for a period of three (3) or more consecutive months, without requiring any further action on the part of the Board or the Members.

Section 7.9: Vacancies on the Board. In the event of death, resignation, or removal of a Director, his successor shall be selected by Majority Vote of the remaining Directors in Good Standing, even if the total number of remaining Directors in Good Standing is less than a quorum, and shall serve for the unexpired term of his predecessor.

Section 7.10: Compensation of Directors. No Director shall receive compensation for services he may render to the Corporation in his capacity as a Director. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 7.11: First Meeting. At the first meeting of the Board of Directors after the Annual Meeting of Members, the Board of Directors shall proceed to the election of the Officers of the Corporation. No notice or waiver of notice of any such first meeting shall be required or necessary if it be held immediately after either the Annual Meeting of Members or the adjourned Annual Meeting of Members. Any and all business of any nature or character may be transacted at such first meeting.

Section 7.12: Regular Meetings. Regular meetings of the Board of Directors shall be held at least once a quarter at such time and place as shall be designated, from time to time, by resolution of the Board of Directors. Notice of such regular meetings shall not be required.

Section 7.13: Special Meetings. Special meetings of the Board of Directors shall be held whenever called by the President, Vice President, Secretary, Treasurer, or a majority of the Directors in Good Standing then in office. Notice of each special meeting shall be given by telegraph, mail, telephone, facsimile transmission, or personal delivery to each Director at his residence or usual place of business at least two days prior to the meeting. Notice may be given by any Officer of the Corporation. 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 in person or by proxy, even though without any notice, any business may be transacted.

Section 7.14: Quorum. A majority of the Directors in Good Standing then in office, or three (3) Directors in Good Standing, whichever is greater, shall constitute a quorum for the transaction of business. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time without notice, other than by announcement at the meeting, until a quorum be present or in attendance thereat.

Section 7.15: Chairman and Secretary. At all meetings of the Board of Directors, the President of the Corporation shall call the meeting to order and shall act as Chairman of such meeting. In the absence of the President, a Chairman shall be chosen from the Directors in Good Standing present. The Secretary of the Corporation shall act as Secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the Chairman may appoint any person to act as secretary of the meeting.

Section 7.16: Voting. The act of a majority of the Directors in Good Standing present, in person or by proxy, at a meeting at which a quorum is in attendance shall constitute an act of the Board of Directors, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Only Directors in Good Standing may vote at any meeting of the Board of Directors.

Section 7.17: Proxies of Directors. Unless prohibited by statute, at all meetings of the Board of Directors, each Director in Good Standing may vote in person or by proxy. All such proxies shall be in writing and shall be filed with the Secretary of the Corporation prior to being exercised. All such proxies shall be revocable and shall automatically cease upon conveyance by the Director of his Lot, or upon his death, resignation, or removal. No such proxy shall be valid after three (3) months from the date of its execution. All such proxies shall be limited in their authority so as to apply only to specific matters expressly enumerated in the proxy. Nonspecific and/or carte blanche proxies are not allowed. Directors present by proxy may not be counted toward a quorum.

Section 7.18: Order of Business. At meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board of Directors may determine.

ARTICLE VIII

COMMITTEES

Section 8.1: Architectural Committee. The Board of Directors shall appoint an Architectural Committee with the duties and authorities provided for in the Restrictions. Directors may serve on the Architectural Committee.

Section 8.2: Other Committees. The Board of Directors shall appoint such other committees as it deems appropriate in carrying out its purpose. All such other committees that are created or defined by the Board, or whose membership is appointed or elected by the Board, shall be Board Committees and shall be responsible to the Board, and all actions taken by such Board Committees shall be subject to the approval of the Board. No Board Committee shall have any authority vested in the Board of Directors. The term of all Board Committees shall be co-terminus with the term of the Board and will expire upon the installation of a new Board.

ARTICLE IX

OFFICERS

Section 9.1: Positions. The Officers of the Corporation shall consist of a President (who shall be a Director), Vice President, Secretary, Treasurer, and such other Officers as the Board of Directors may from time to time elect or appoint. One person may hold more than one office except that the offices of President and Secretary must be held by different persons.

Section 9.2: Election and Tenure. The Officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board after the Annual Meeting of Members to serve a one (1) year term. Each Officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed.

Section 9.3: Removal. All Officers shall be subject to removal, with or without cause, at any time, by a Majority Vote of the Directors in Good Standing then in office.

Section 9.4: Vacancies. In the event of death, resignation, or removal of an Officer, his successor shall be selected by a Majority Vote of the Directors in Good Standing then in office.

Section 9.5: Compensation of Officers. No Officer shall receive compensation for services he may render to the Corporation in his capacity as an Officer. However, any Officer may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 9.6: President. The President, subject to the control of the Board of Directors, shall be in general charge of the affairs of the Corporation in the ordinary course of its business; he shall preside at all Meetings of Members and all meetings of the Board of Directors; he may make, sign, and execute all 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 Corporation; and, he shall do and perform such other duties as may from time to time be assigned to him by the Board of Directors.

Section 9.7: Vice President. The Vice President shall have the usual powers and duties pertaining to his office together with such other powers and duties as may be assigned to him by the Board of Directors, and the Vice President shall have and exercise the powers of the President during that Officer's absence or inability to act. Any action taken by the Vice President in the performance of the duties of

the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

Section 9.8: Treasurer. The Treasurer shall have custody of all the funds and securities of the Corporation which come into his hands. When necessary or proper, he may endorse, on behalf of the Corporation, for collection, checks, notes, and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner described by the Board of Directors; he may sign all receipts and vouchers for payments made to the Corporation, either alone or jointly with such Officer as is designated by the Board of Directors; whenever required by the Board of Directors, he shall render a statement of his cash account; he shall enter or cause to be entered regularly on the books of the Corporation full and accurate accounts of all moneys received and paid out on account of the Corporation; he shall at all reasonable times exhibit his books and accounts, on request, to any Director of the Corporation during business hours; he shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors; he shall, if required by the Board of Directors, give such bond for the faithful discharge of his duties in such form as the Board of Directors may require, at the cost of the Association.

Section 9.9: Secretary. The Secretary shall keep and maintain, or cause to be kept and maintained, the minutes of all meetings of the Board of Directors and the minutes of all Meetings of Members in books provided for that purpose; he shall attend to the giving and serving of all notices; he may sign with the President or Vice President in the name of the Corporation all contracts, conveyances, transfers, assignments, authorizations, and other instruments of the Corporation and affix the seal of the Corporation thereto. He shall have charge of and shall keep and maintain, or cause to be kept and maintained, such books and papers as the Board of Directors may direct, all of which shall at all reasonable times be open to the inspection of any Director upon request at the principal office of the Corporation, or such other location as may be determined by resolution of the Board of Directors, during business hours, and he shall in general perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors.

ARTICLE X

DIRECTORS AND OFFICERS

Section 10.1: Services Rendered. No Director or Officer of the Corporation shall be required to devote his time or render services exclusively to the Corporation. Each Director and Officer of the Corporation shall be free to engage in any and all other businesses and activities either similar or dissimilar to the business of the Corporation without liability to this Corporation. Likewise, each and every Director and Officer of the Corporation shall be entirely free to act for and serve any other corporation or corporations, entity or entities, in any capacity or capacities, and become a director or officer of any other corporation or corporations, entity or entities, whether or not the purposes, business, or activities thereof be similar or dissimilar to the purposes of this Corporation, without breach of duty to this Corporation or its Members and without liability of any character or description to the Corporation or its Members.

Section 10.2: Indemnification. Except for any acts or events resulting from gross negligence or willful misconduct, no Director or Officer shall be liable or responsible, in damages or otherwise, to any Member, to any Member's family, guests, invitees, or tenants, or to any third parties whomsoever by reason of his being, or having been, a Director or Officer of the Association, or for any act, or failure to act, pursuant to the business of the Association. Except for willful misconduct or gross negligence, no Director or Officer of the Association shall ever be liable to any person, firm, or corporation for any action taken, or for failure to act, with reference to Association matters, or for any action (other than fraud or theft) taken, or for failure to act, with respect to his duties hereunder or with respect to the collection, administration, expenditure, or disposition of funds or assets of the Association. The

Association shall indemnify and hold harmless its Directors and Officers from any costs whatsoever caused to any Director or Officer as a result of his being or having been a Director or Officer, or as a result of his performing or failing to perform acts for the Association so long as such costs were not caused by willful misconduct or gross negligence. The acceptance by any party of a deed to any lot or building site in Stonehenge III subdivision shall constitute unequivocally such party's covenant and agreement to the above.

Section 10.3: Resignation. Any Director or Officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein; or, if no time be specified, at the time of its receipt by the President or Secretary. The acceptance of the resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

ARTICLE XI

CONTRACTS, LOANS, CHECKS, DEPOSITS

Section 11.1: Contracts. The Board of Directors, except as in these Bylaws otherwise provided, may authorize any Officer or Officers, agent or agents, in the name of and on behalf of the Corporation, to enter into any contract or execute and deliver any instrument, and such authority may be general or confined to specific instances; and, unless so authorized by the Board of Directors or expressly authorized by the Bylaws, no Officer or agent shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or to any amount.

Section 11.2: Loans. No loan shall be contracted on behalf of the Corporation, and no negotiable papers or evidence of indebtedness shall be issued in its name unless authorized by the vote of the Board of Directors. No loan shall be made by the Corporation to any of its Directors or Officers.

Section 11.3: Checks. All checks, drafts, and other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation shall be signed by at least two (2) Officers on behalf of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 11.4: Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks or other depositories as the Board of Directors may select, and for the purpose of such deposit, the President, Vice President, Treasurer, Secretary, or any other Officer or agent of the Corporation to whom such power may be delegated by the Board of Directors, may endorse, assign, and deliver, for deposit into accounts of the Corporation, checks, drafts, and other orders for the payment of money, which are payable to the order of the Corporation.

ARTICLE XII

ASSESSMENTS

Section 12.1: Cost Recovery. As provided in the Restrictions, each Owner is obligated to pay to the Association certain charges and Assessments, and such charges and Assessments which may be included, from time to time, by amendment to the Restrictions. All costs, expenses, and fees charged to, or paid by, the Association in collecting, or attempting to collect, such charges and Assessments, as well as interest as specified in the Restrictions, shall be assessed against the Owner and the Lot, and shall become part of the Assessments due on the Lot. Likewise, all costs, expenses, and fees incurred by the Association in rectifying, or attempting to rectify, a violation of the Restrictions shall be assessed against the owner and the Lot, and shall become part of the Assessments due on the Lot. Such costs, expenses, and fees shall include, but not be limited to:

- (a) actual expenses, including attorney fees and court costs;
- (b) a Late Processing Fee, set annually by the Board of Directors, which shall be assessed for any account that has an unpaid balance on or after thirty (30) days after due date, as an inducement to pay on time and to offset administrative costs and expenses incurred in the collection process;
- (c) a Dishonored-Check Processing Fee, set by the Board of Directors, which shall be assessed for any payment check dishonored by the bank, to offset the additional processing cost incurred;
- (d) a Partial Payment Processing Fee, set by the Board of Directors, which shall be assessed of any payment for less than the full amount due at the time payment is made, to offset the additional processing costs incurred;
- (e) a Transfer Fee, set by the Board of Directors, which shall be assessed for the transfer of ownership of any Lot, including by foreclosure, to offset the administrative costs and expenses associated with (1) quoting, verbally or in writing, the status of the Assessments and other charges due on the Lot, (2) tracking, researching, and determining or attempting to determine ownership, (3) updating the books and records of the Association to reflect the transfer, and (4) preparing and mailing introductory information regarding the subdivision, the Association, and/or the covenants, conditions, restrictions, rules, and regulations applicable to the new owner;
- (f) a Refinance Fee, set by the Board of Directors, which shall be assessed for the refinance of any Lot, to offset the administrative costs and expenses associated with quoting the status of the Assessments and other charges due on the Lot and updating the books and records of the Association.

Any such Assessment or charge which is not paid when due shall be delinquent.

Section 12.2: Application of Payments. Partial payments shall be posted first to charges and fines other than Annual Assessments or Special Assessments due, starting with the oldest such charge due first. The remainder, if any, shall then be posted to Annual Assessments and Special Assessments due, starting with the oldest such Assessment due first.

Section 12.3: Effect of Foreclosure. In the special case of foreclosure of a lien superior to the Association's, Assessments shall be prorated from the date of foreclosure, the due date of the Annual Assessment for the year of the foreclosure shall be the date of the foreclosure, and a Late Processing Fee shall be assessed thirty (30) days after the date of foreclosure. A Transfer Fee shall be assessed effective the date of foreclosure. Costs incurred by the Association in attempting to pursue the owner foreclosed upon that were incurred after foreclosure, but before written notice of the actual foreclosure, from the party that foreclosed, is received by the Association, shall remain due on the account of the subject Lot foreclosed.

Section 12.4: Owner's Mailing Address. When sending notices, the Association is obligated only to send notice to the last known address on the books of the Association as provided by the owner. It is the responsibility of each Owner to keep the Association advised, in writing, at all times, of his current mailing address. It is the responsibility of each new Owner of any Lot to render his property, in writing, with the Association. Whenever mail to an Owner at the address as it appears on the books of the Association is returned by the post office as undeliverable, a title search shall be ordered in an attempt to determine a mailing address and to determine if title to the property has changed hands. Any costs incurred by the Association in (a) attempting to determine ownership of the Lot, (b) attempting to determine the mailing address of the Owner, (c) attempting to pursue delinquency processing or deed

restriction violation processing with the wrong party, or (d) otherwise attempting to locate the Owner, and caused by failure of the Owner to render his property or to advise the Association of his mailing address, shall become part of the Assessments due on the property. Delinquency processing and deed restriction violation processing shall not be discontinued solely because notices are returned by the post office. Failure to receive notices shall in no way waive or negate any Assessments or other charges due.

Section 12.5: Effect of Nonpayment of Assessments and Other Charges. The Board of Directors may take such actions as it deems appropriate to collect the funds due including, but not limited to, foreclosing the existing Lien created in the Restrictions. No Owner may waive or otherwise escape liability for Assessments and other charges, or any part thereof, by non-use of any of the facilities or services provided by the Association, or by abandonment of his Lot.

ARTICLE XIII

NOTICE

Whenever any notice whatever is required to be given under the provisions of these Bylaws, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed, postpaid wrapper addressed to the person entitled thereto at his post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing.

ARTICLE XIV

WAIVER OF NOTICE

Whenever any notice is required to be given to any Member or Director, a waiver of notice, in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. The attendance of a Member at a Meeting of Members, or a Director at a meeting of the Board of Directors, shall constitute a waiver of notice, except where the Member or Director attends such meeting with the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

ARTICLE XV

BOOKS AND RECORDS

The books, records, and papers of the Association shall be available for inspection for any proper purpose by any Member, his agent, or attorney, pursuant to the Texas Non-Profit Corporation Act. The Restrictions, the Articles of Incorporation, and the Bylaws of the Association shall be available for inspection by any Member, his agent, or attorney, upon request, with reasonable notice to the Board of Directors, and copies may be purchased at reasonable cost.

ARTICLE XVI

PARLIAMENTARY AUTHORITY

The current edition of Robert's Rules of Order Newly Revised shall be the Parliamentary Authority of the Association, of the Board of Directors, and of all committees of the Association and of the Board; and the rules contained therein shall govern in all cases in which they are applicable and in which they are not inconsistent with the law, with the Restrictions, Articles of Incorporation, or these Bylaws, or with any Special Rules of Order adopted by the applicable body.

ARTICLE XVII

AMENDMENT

These Bylaws may be supplemented, altered, or amended either by a Two-Thirds Vote at a Special Meeting of Members called for that purpose, or by a Two-Thirds Vote of the Directors in Good Standing then in office at any regular or special meeting of the Board of Directors.

ARTICLE XVIII

MISCELLANEOUS

Section 18.1: Fiscal Year. The fiscal year of the Corporation shall end at midnight on December 31 of each calendar year.

Section 18.2: Corporate Seal. The seal of the Corporation shall be circular in form and shall have inscribed thereon the name of the Corporation.

Adopted 9/21/92.

Ratified 3/22/93.

Amended 2/18/95, 1/23/96, 3/28/05, 3/27/08.