

BYLAWS OF THE HILLS OF CHILDRESS CREEK SUBDIVISION HOMEOWNERS ASSOCIATION

These Bylaws govern the affairs of The Hills of Childress Creek Subdivision Homeowners Association, a nonprofit organization.

ARTICLE I OFFICES

1.01 Principal and Registered Office; Registered Agent: The initial principal office of the corporation shall be the registered office of the corporation which is 7111 Bosque Blvd., Waco, Texas 76710. The address of the principal office and the registered office need not be identical and the address of each may be changed from time to time by the Board of Directors. However, 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 Nonprofit Corporation Act.

ARTICLE II MEMBERSHIP

2.01 Membership in the Association shall be based on property ownership within the Hills of Childress Creek Subdivision in McLennan County, Texas. For the purpose of these Bylaws, a member is defined as follows:

- (1) Each tract Owner (whether one or more, a natural person or otherwise) owning fee simple title to one or more tracts in the Hills of Childress Creek Subdivision;
- (2) If more than one Owner has a fee simple interest in any one tract, it is specifically provided that such multiple owners (including husband and wife) are considered as a unit to be one member;
- (3) Each tract Owner shall pay annual dues as set by Declarant (Hines Development Corporation) or the Association. The initial annual dues shall be \$50.00 per tract. Such dues may be increased or decreased upon written notice to members from the Declarant or the Association;
- (4) Each member as herein defined shall have the right to cast one vote per director for the election of directors and cumulative voting is herein expressly denied in the election of directors. Furthermore, each member as aforesaid shall have the right to cast one vote in determination of any other matter(s) properly presented to the membership of the Association;
- (5) Declarant and/or its appointee(s) shall be a member(s) of the Association and shall enjoy all rights and privileges associated therewith.

ARTICLE III
BOARD OF DIRECTORS
NUMBER, TENURE, AND QUALIFICATIONS

3.01 The governing body shall initially consist of four (4) members, which number may increase to not more than twelve (12), who shall be the Board of Directors, and who shall elect a President, Vice-President, and Secretary/Treasurer (per paragraph 7.04, it is not required that the Secretary/Treasurer be elected from Association and/or Board membership). The duties, responsibilities and authority of the Board of Directors shall be as contained in and set forth in these Bylaws. All members of the Board shall serve in their capacity for a period of two (2) years and at the expiration of which new Directors shall be elected, except that certain members of the initial Board of Directors shall serve longer than the minimum two (2) year term. The two (2) year terms of subsequent Directors shall be staggered at one (1) year intervals to provide for an overlap of office terms. After the initial two (2) year term, three (3) initial Directors will rotate off the Board, and three (3) new Directors will be elected to the Board. Thereafter, elections shall be had each year as set out in these Bylaws, and three (3) initial Directors will rotate off the Board each year until all initial Directors have been replaced or re-elected. A minimum of three (3) incumbent Directors shall always remain in office after each election so that there is never a Board of Directors composed entirely of newly elected members.

SUCCESSION

3.02 Each Director may succeed himself/herself in office.

NOMINATION AND ELECTION

3.03 The initial twelve (12) member Board of Directors shall be appointed by Declarant. Thereafter, and subject to Section 3.01 hereinabove, Directors shall be elected at an annual meeting of the property owners of the Hills of Childress Creek Subdivision Homeowners Association at the place and time and in the manner that such membership meeting shall be called by the Board of Directors. Nominations may be from the floor, which nominations shall be seconded and a majority vote of the membership present at the meeting shall be required for each nominee's election.

QUORUM

3.04 A majority of the Board of Directors shall constitute a Quorum for the transaction of business at any meeting of the Board.

VACANCIES

3.05 Any vacancy occurring in the Board of Directors, due to death, resignation, incapacity or otherwise, and any directorship to be filled by reason of an increase in the number of Directors shall be filled by the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

COMPENSATION

3.06 No Director shall receive any compensation, but any actual out-of-pocket expenses incurred by the Director in pursuit of the business of the Association may be reimbursed to the Director.

INFORMAL ACTION BY DIRECTORS

3.07 Any action required by laws to be taken at a meeting of Directors or any action which may be taken at a meeting of Directors may be taken without a meeting if a consent in writing setting forth the actions so taken shall be signed by all of the Directors.

ADVISORY BOARD

3.08 The Declarant at its option may appoint an Advisory Board of up to five (5) members. Such Advisory Board will have no voting power, but may give their opinion and guidance as to any and all issues that may be addressed by the Board of Directors. The initial Advisory Board shall serve a two (2) year term. Thereafter, Declarant may appoint a new Advisory Board at Declarant's discretion. Such new Advisory Board members when appointed shall serve a term of one (1) year.

ARTICLE IV MEETINGS BOARD OF DIRECTORS

4.01 The Board of Directors shall meet at least once every year after their organization at such time and place set out in writing and duly mailed or delivered to each Board Member not less than fifteen (15) days prior to such meeting. If, in the opinion of the President, an emergency meeting is necessary, one may be held upon immediate notice at the time and place so called by the President. In the event the meeting day falls on a Holiday, the meeting shall be postponed to the following date, time and place as identified in writing and duly mailed or delivered to the Board members. Any member of the Association may attend and speak without vote at all Board of Directors meetings in accordance with the Texas Open Meetings Act.

GENERAL MEMBERSHIP

4.02 A general meeting of the membership shall be had each year in the Hills of Childress Creek Subdivision or at such other time and place to be determined by the Board of Directors. A written notice of such meeting shall be mailed or delivered to each property owner at his last known address at least thirty (30) days prior to the meeting. The purpose of the meeting shall be the election of Directors for the ensuing term and the transaction of such other business as may come before the meeting.

ARTICLE V AUTHORITY TO ACT

5.01 All acts involving the Association and the Subdivision shall be taken by the Board of Directors alone and no member of the Association shall have authority to bind the Association in any manner without the written consent of the Board of Directors signed in writing by the President and attested by its Secretary.

INDEMNIFICATION

5.02 The Association members are members by virtue of their ownership of property in the Hills of Childress Creek Subdivision and their payment of dues to the Association and are governed by the Declaration of Covenants, Conditions, and Restrictions for the Hills of Childress Creek Subdivision, Section One, McLennan County, Texas, recorded in Volume 256, Page 194 of the Real Property Records of McLennan County, Texas, as adopted by the Association, and therefore no member of the Association shall in any manner be responsible for or held liable for any act, misconduct, tort, negligence or omission(s) of the Association or of any other individual member of the Association, which injures or harms a member of the general public while using any of the streets, roads, or other public areas to which the general public may have a right. Nor shall members be personally liable for any debts or obligations of the Association. The Association may indemnify any member who was, is, or is threatened to be made a named defendant or respondent in litigation or other proceedings merely because the person is or was a person acting in his/her capacity as a member of the Association.

ARTICLE VI AMENDMENTS TO BYLAWS

6.01 The Bylaws of the Association may be amended from time to time as the needs of the Association may require for the betterment of the Association in carrying out the provisions of the Declaration of Covenants, Conditions, and Restrictions for the Hills of Childress Creek Subdivision. Amendments to the Bylaws of the Association may be made only by a called meeting of the membership at which a majority shall be present, for such purposes so designated and upon notice mailed to each member at his last known address not later than thirty (30) days prior to the date designated for such meeting, informing each member of the purpose therefore, the proposed amendment, and the place where such meeting is to be held. Any amendment shall be passed by Resolution presented to the membership present, and its adoption moved and seconded and then voted for by a vote of a majority of the members present. Any such meeting shall be conducted in accordance with Roberts Rules of Order.

ARTICLE VII OFFICERS

7.01 The officers of the Association shall be those designated in Article III of these Bylaws and elected in accordance with the provisions of said paragraph.

PRESIDENT

7.02 The President shall be the principal executive officer of the Association and shall in general supervise and control the business and affairs of the Association. He shall preside at all of the meetings of members and of the Board of Directors. He may sign, with the Secretary or any other officer of the Association authorized by the Board of Directors, all documents authorized by the Board of Directors and in general he shall perform all duties incident to the office of the President and such other duties as may be prescribed by the Board of Directors from time to time.

VICE-PRESIDENT

7.03 In the absence of the president or in the event of his inability or refusal to act, the Vice-President shall perform the duties of the President and when so acting shall have all of the powers of and be subject to all restrictions upon the President. Any Vice-President shall perform such other duties as from time to time may be assigned to him by the President or Board of Directors.

SECRETARY/TREASURER

7.04 The Secretary/Treasurer shall have charge and custody and be responsible for all funds and securities of the Association and shall keep the records of the Association, shall keep a register of the post-office address of each member of the association which shall be furnished by each member, and shall perform such other duties as may be designated by the Board of Directors. The Secretary/Treasurer may appoint one or more Assistant Secretary/Treasurers to assist him/her. The Secretary/Treasurer is not required to be a member of the Association and/or a member of the Board of Directors.

ARTICLE VIII TRANSACTIONS OF THE ASSOCIATION CONTRACTS, CHECKS, DEPOSITS AND GIFTS

8.01 The Board of Directors may authorize any officer or officers to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association. No act of the Association shall be valid until authorized or ratified by the Board of Directors.

8.02 The Board of Directors shall direct the Secretary/Treasurer to open a bank account at a bank so designated by the Board of Directors.

8.03 All funds of the Association shall be deposited from time to time to the credit of the Association in such banks or other depositories as provided by the Board of Directors. The Board of Directors is specifically authorized to open a savings account and to invest in certificates of deposit or governmental bonds or other obligations when any surplus funds are on hand.

8.04 The Board of Directors may accept on behalf of the Association any contribution, gift, bequest, or devise for the general purposes of the Association or for any special purpose of the Association.

ARTICLE IX PURPOSE

9.01 It is the intent and purpose of the corporation and Association to expend funds for the general benefit of all property owners within the Hills of Childress Creek Subdivision, and to enforce compliance with the Declaration of Covenants, Conditions, and Restrictions for the Hills of Childress Creek Subdivision, Section One, McLennan County, Texas. Within the guidelines of these Bylaws, the Articles of Incorporation and the Covenants, Conditions, and Restrictions in the Hills of Childress Creek Subdivision, the Board of Directors may receive funds for the benefit of the Association for use in the betterment of the property and its owners in the Hills of Childress Creek Subdivision and may expend funds directly on such properties as shall be designated therefor.

ARTICLE X BOOKS AND RECORDS

10.01 The Association shall keep correct and complete books and records of account and also shall keep minutes of the proceedings of its Board of Directors and membership meetings. All books and records of the Association may be inspected by any member for any proper purpose and at any reasonable time after reasonable notice has been given. The books and records of the Association shall be kept at the registered or principal office of the Association or at the office of the Association's legal counsel.

10.02 At each annual meeting, the Board of Directors shall make available to the members a statement of condition, listing the assets of the Association, the receipts during the preceding year and the expenditures during the preceding year, including the purpose for each said expenditure.

ARTICLE XI FISCAL YEAR

11.01 The fiscal year of the corporation shall begin on the first day of January and end on the last December in each year.

ARTICLE XII
ANNUAL DUES

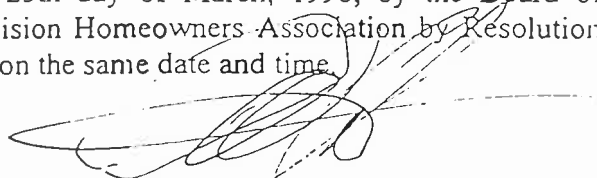
12.01 The annual dues of \$50.00 per tract shall be due and payable on or before January 1 of each year or when an Owner purchases a tract, prorated for partial year's ownership. In the event that an Owner owns more than one Tract, that Owner's dues assessment for each additional Tract shall equal 60% of the full assessment for a single tract. In the event of non-payment of said dues, the non-paying members' voting rights shall be suspended until the dues are paid. Dues will commence with calendar year 1998. Declarant is exempt from paying dues.

12.02 The annual dues may be increased for the use and benefit of the Association upon written notice to the members of the Association.

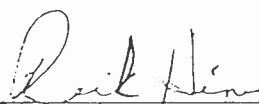
ARTICLE XIII
WAIVER OF NOTICE

13.01 Whenever any notice is required to be given under the provisions of the Texas Nonprofit Corporation Act or under the provisions of the Articles of Incorporation or the Bylaws of the Association, a waiver thereof 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.

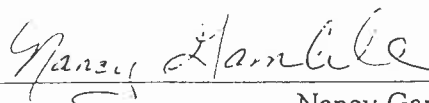
The foregoing Bylaws are adopted this 25th day of March, 1998, by the Board of Directors of the Hills of Childress Creek Subdivision Homeowners Association by Resolution duly recorded in the minutes of said meeting held on the same date and time.



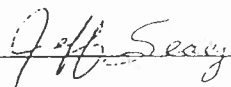
A.W. Hines, Director



Rick Hines, Director



Nancy Gamble, Director



Jeff Seay, Director