

**BYLAWS
OF
STACY RIDGE ESTATES
HOMEOWNER'S ASSOCIATION, INC.**

The name of the association is "Stacy Ridge Estates Homeowner's Association, Inc." (the "Association"). The principal office of the Association shall be located at Two Turtle Creek Village, 3838 Oak Lawn Avenue, Suite 1212, Dallas, Texas 75219, or such other location as the Board of Directors (herein so called) of the Association may direct from time to time.

**ARTICLE I
PURPOSE**

The Association is a non-profit corporation organized under the laws of the State of Texas for the specific purposes of providing for the common services, maintenance, assessments, preservation and architectural control regarding the residential lots, common amenities and other facilities, all as more particularly set forth and described in that certain Declaration of Covenants, Conditions and Restrictions for Stacy Ridge Estates dated September 28, 2000, and recorded October 5, 2000 as Document No. 2000-0109256 in the Real Property Records of Collin County, Texas, as modified and amended from time to time (the "Declaration"), and to execute and perform all powers, duties and functions as provided in said Declaration, and to enforce the provisions thereof, pertaining to the following property: (i) the final plat of Stacy Ridge Estates, Phase I, an addition to the City of Allen, Texas, as recorded on September 15, 2000, in Cabinet M, beginning at Page 195, of the Plat Records of Collin County, Texas, and (ii) any other property annexed and brought under the common scheme of the Declaration (collectively, the "Subdivision").

**ARTICLE II
DEFINITIONS**

The definitions contained in the Declaration are incorporated herein by reference for all purposes, and all capitalized terms used herein shall have the meaning set forth in the Declaration unless and except as otherwise provided herein or defined herein.

**ARTICLE III
MEMBERSHIP AND VOTING RIGHTS IN
THE ASSOCIATION**

3.01 **Membership.** Each and every Owner of a Lot shall automatically be a Member of the Association without the necessity of any further action on such Owner's part, subject to the terms of the Declaration, the Articles of Incorporation and these Bylaws of the Association, and the Rules and Regulations (herein so called) from time to time promulgated by the Association Membership of an Owner in the Association shall be appurtenant to, and may not be separated from, the interest of such Owner in and to the Lot or Lots owned by such Owner. Each Member shall be either a Class A Member or a Class B Member as provided in the Declaration, and each member's voting rights

and other privileges are subject to, and may be regulated or suspended as provided in, the Declaration, the Articles of Incorporation, these Bylaws and/or the Rules and Regulations.

3.02. Transfer. Membership of an Owner in the Association may not be severed from or in any way transferred, pledged, mortgaged or alienated except upon the sale or assignment of said Owner's interest in all or any part of a Lot or Lots and then only to the purchaser or assignee as the new Owner thereof. Any attempt to make a prohibited severance, transfer, pledge, mortgage or alienation shall be void and of no force or effect, and will not be reflected upon the books and records of the Association. Each new Owner shall provide the Association with written notice of any transfer of the fee title to a Lot to such new Owner setting forth the name, address, Lot, and the exact name in which title to the Lot in question is held, and, if title is held in more than one name, shall be executed by all record Owners and shall designate the person or persons who are authorized to vote on behalf of such multiple Owners. A copy of the deed(s) or other instrument(s) of conveyance shall also be provided to the Association as provided in the Declaration. Upon receipt of such written notice, the Association will transfer the membership to the new Owner thereof upon the books and records of the Association. It shall be the responsibility of each new Owner to provide the notice and such other documentation as provided herein and to assure that the change in membership is so reflected on the books and records of the Association. The Association shall not be obligated to provide any notice to, recognize the vote of, or provide any other function or benefit to, a new Owner unless and until such written notice and such other documentation is provided to the Association.

3.03. Member in Good Standing. Only those Members who are Members in Good Standing in accordance with the Declaration shall be entitled to vote on any Association related matter upon which a vote of the Members is required or permitted.

3.04. Multiple Owner Votes. Votes hereunder may not be cast on a fractional basis between multiple Owners of a Lot. The Association shall not be required to recognize the vote of any such multiple Owners except the vote of the person or persons designated in writing executed by all of such multiple Owners and delivered to the Association as provided in Section 3.02 hereof. The Association shall be entitled to rely on such written designation unless and until a subsequent written designation executed by all such multiple Owners is received by the Association.

3.05. Quorum, Notice and Voting Requirements. Subject to the provisions of the Declaration which specify certain notice, quorum or voting requirements, including, but not limited to, the provisions therein requiring a Special Quorum, and the provisions therein requiring the approval of certain actions by the Class B Member, all other action required or permitted to be taken by the Members shall require the assent of a majority of the votes of the Members in Good Standing entitled to vote (both classes voting together), which Members are voting in person or by proxy at a meeting duly called for that purpose, and present at a meeting for which a Regular Quorum is present. Written notice of a meeting of the Members shall be given to all Members not less than ten (10) nor more than thirty (30) days in advance and shall set forth the date, time, location and purpose of such meeting. Such notices shall be sent by the Association to the Members of record on the date three (3) days prior to the date of such notice as shown on the books and records of the Association,

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and shall be delivered either personally, by facsimile transmission, or by mail, by or at the direction of the President (herein so called), or the Secretary (herein so called), or any other officer or person calling the meeting. In all instances where specific quorum requirements are not provided in the Declaration, Members holding thirty percent (30%) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum. The vote of a majority of the votes entitled to be cast by the Members present, or represented by proxy at a meeting at which a quorum is present, shall be the act of the Members unless the vote of a greater number is required by law, the Articles of Incorporation, the Declaration, or these Bylaws.

3.06. Special Meetings. Special meetings of the Members may be called at any time by a majority of a quorum of the Board of Directors or upon receipt by the Board of Directors of a written request for a special meeting signed by Members representing at least ten percent (10%) of the total voting power of the Members in the Association (both classes taken together).

3.07. Proxies. At all meetings of the Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable unless expressly provided therein to be irrevocable, and shall automatically cease upon conveyance by the Member of such Member's Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence of such Member. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy, and in no event shall any proxy remain irrevocable for more than eleven (11) months. Each proxy shall be in substantially the form attached hereto as Exhibit "A" and incorporated herein by reference for all purposes.

3.08. Action Without Meeting by Written Consent. Any action which may be taken by the vote of the Members at an annual or special meeting, may be taken without a meeting, and without a vote by written consent in accordance with the terms of the Declaration and the Articles of Incorporation.

3.09. Action by Written Ballot. The Board of Directors is hereby expressly authorized to distribute with each notice of an annual or special meeting of the Members a written ballot to every Member entitled to vote on the matter or matters which are the subject of such meeting. The ballot shall set forth each proposed action and provide an opportunity for the Member to specify approval or disapproval of each proposal. In addition, such ballot may provide that such Member's vote is to be cast for a given proposal in the manner to be recommended by the Board of Directors. Each such ballot shall constitute a proxy in favor of the Board of Directors and shall be voted by the Board of Directors in accordance therewith. Ballots returned which authorize the vote for one (1) or more proposals to be cast as recommended by the Board of Directors shall be cast, either for or against, as recommended by a majority of a quorum of the directors at a meeting of the Board of Directors which shall be held immediately prior to the scheduled meeting of the Members. Votes cast by ballot as provided herein shall in all respects be treated as votes cast by proxy, including, without limitation, in the determination of the existence of a Regular Quorum or Special Quorum, and shall be cast by the Board of Directors simultaneously with the votes being cast by the members actually

present, in person, or by other proxy, at the meeting. Ballots submitted by members who are not Members in Good Standing shall not be voted.

3.10. Annual Meetings. Commencing in the year 2000, and in each year thereafter, an annual meeting of the Members shall be held no later than ninety (90) days after the closing of each fiscal year of the Association. The date, time and place of such annual meeting will be set by the Board of Directors, provided that an annual meeting may not take place on a Sunday or on a legal holiday. Annual meetings of the Members will commence at the hour of 7:00 p.m., Central Standard Time, if held on a weekday, or between the hours of 10:00 a.m. and 4:00 p.m., Central Standard Time, if held on Saturday.

3.11. Voting List. After fixing the record date as provided in Section 3.05 hereof, the Association shall prepare an alphabetical list of the names of all Members entitled to notice of the meeting, and setting forth the address and number of votes each Member is entitled to cast at the meeting. In addition, the list shall include and designate the names and addresses of those Members (if any) entitled to vote at the meeting, but who are not entitled to notice of the meeting. The voting list prepared as provided above shall be prepared not later than two (2) business days after the date of the notice of the meeting, and shall be made available for inspection by any Member entitled to vote at the meeting at the principal place of business of the Association or a reasonable place identified in the notice of the meeting up to and through the meeting. The voting list shall also be available for inspection at the meeting.

ARTICLE IV
BOARD OF DIRECTORS

4.01. Number. The affairs of the Association shall be managed by a Board of Directors consisting of three (3) directors as selected by the Members from time to time as provided herein, and who need not be Members of the Association. The number of directors shall not be decreased and the number of directors may be increased only by an amendment of these Bylaws. Subject to Section 4.03 hereof, the members of the initial Board of Directors named in the Articles of Incorporation shall serve until the first (1st) annual meeting of the Members. In case of the resignation, death, failure to act, incapacity, or refusal to serve of any of said initial directors prior to said time, the remaining directors may appoint a substitute director or directors to serve the remainder of said period.

4.02. Term of Office. Commencing at the first (1st) annual meeting of the Members, all directors shall be elected at the annual meeting of the Members and shall hold office for one (1) year until the next annual meeting of the Members or until his or her successor is elected and qualified.

4.03. Resignation: Removal. Any director may resign by giving written notice to the Board of Directors. Such resignation shall take effect on the date of receipt of such notice by the Board of Directors or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. Any director may be removed from

the Board of Directors with or without cause, by a majority vote of the Members in Good Standing (both classes voting together) of the Association at a special meeting held for such purpose.

4.04. Vacancies. Vacancies on the Board of Directors shall be filled according to the following provisions:

(a) Vacancies by Death, Failure, Incapacity, Refusal or Resignation. In the event of the death, failure to act, incapacity, refusal to serve or resignation of a director, a successor director shall be elected by a majority of the remaining members of the Board of Directors and shall serve for the unexpired term of such director.

(b) Vacancies by Removal. Vacancies created by the removal of a director shall be filled by the vote of a majority vote of the Members in Good Standing (with all classes voting together) at a meeting called for such purpose.

(c) Vacancy by Reason of an Increase in the Number of Directors. Subject to Declarant's right to appoint the Board of Directors pursuant to the Declaration, and subject to Section 4.01 hereof, any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual or special meeting of the Members called for such purpose and in the manner provided herein for election of directors.

4.05. No Compensation. No director shall receive compensation for any service that any such director may render to the Association. Each director may be reimbursed for actual expenses incurred in the performance of the director's duties.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

5.01 Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee (herein so called). Nominations may also be made from the floor at the annual meeting of Members. The Nominating Committee shall consist of a Chairman (herein so called), who shall be a member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board

of Directors not less than sixty (60) days prior to each annual meeting of the Members, to serve until the close of such annual meeting of Members. The Nominating Committee shall solicit and make as many nominations for election to the Board of Directors as it shall determine in its sole and exclusive discretion, but not less than the number of vacancies that are to be filled.

Such nominations shall be made on or before the date of notice of the meeting, and may be included on ballots to be submitted with any such notice as provided in Section 3.09 hereof.

5.02. Election of the Board of Directors. The first (1st) election of the Board of Directors shall be conducted at the first (1st) annual meeting of the Members of the Association. All positions on the Board of Directors shall be filled at such first (1st) annual meeting and at each subsequent annual meeting of the Members. Each Member in Good Standing shall be entitled to cast the total number of votes to which such Member is entitled for each vacancy to be filled; cumulative voting shall not be permitted. The nominees receiving the largest number of votes of Members shall be elected to the Board of Directors.

ARTICLE VI MEETINGS OF DIRECTORS

6.01. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times as the Board of Directors may establish. The date, place and hour of each such regular meeting shall be fixed from time to time by resolution of the Board of Directors. Notice of the regular meetings of the Board of Directors need not be given.

6.02. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two (2) directors. The notice shall specify the date, time and place of the meeting and the nature of any special business to be considered. The notice shall be sent to all directors either personally, by mail or by telefax not less than seventy-two (72) hours prior to the scheduled time of the meeting, provided that notice of the meeting need not be given to directors who have signed a waiver of notice or a written consent to the holding of the meeting. An officer of the Association shall make reasonable efforts to notify all directors of the meeting by telephone.

6.03. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act performed or decision made by a majority of the directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors. Directors present by proxy may not be counted toward a quorum.

6.04. Action Without a Meeting and Telephone Meetings. Notwithstanding anything contained herein to the contrary, the Board of Directors may take actions without a meeting if all of its members consent in writing to the action to be taken and may hold duly called meetings between directors by telephone. In addition, the Board of Directors may take action by less than unanimous consent by written consent in lieu of an actual meeting to the extent and in the manner permitted by law or provided in the Articles of Incorporation.

6.05. Deadlock of Directors. In any matter upon which the vote of the directors present is evenly divided, the President shall be given an additional vote with which to break the deadlock of the directors solely on the matters on which the deadlock has occurred.

ARTICLE VII
GENERAL POWERS AND DUTIES OF THE BOARD OF DIRECTORS
OF THE ASSOCIATION

The affairs of the Association shall be conducted by the Board of Directors of the Association. In addition to the powers and duties enumerated in the Declaration, or elsewhere provided for herein, the Board of Directors of the Association, for the mutual benefit of the Members of the Association, shall at all times have the power, if, as, and when the Board of Directors, in its sole and exclusive discretion deems necessary, to take any and all such action to enforce the terms and provisions of the Declaration, the Articles of Incorporation and the Bylaws of the Association by appropriate means and to carry out the obligations of the Association as set forth in the Declaration, including, without limitation, the expenditure of funds of the Association, the employment of legal, accounting and other professionals, the commencement or defense of legal actions, and the promulgation and enforcement of the Rules and Regulations. The Board of Directors may, by resolution passed by a majority of a quorum of the Board of Directors, designate one (1) or more committees comprised of two (2) or more Members to examine specific issues of concern to the Association and to report to, and make recommendations to, the Board of Directors pertaining thereto.

ARTICLE VIII
OFFICERS AND THEIR DUTIES

8.01. Officers. The officers of the Association shall be as follows and shall be either Members of the Association or members of the Board of Directors:

- (a) A President, who shall at all times be a member of the Board of Directors;
- (b) A Secretary, who may or may not be a member of the Board of Directors; and
- (c) Such other officers as the Board of Directors may from time to time by resolution create, including, but not limited to, one (1) or more Vice Presidents (herein so called), and a Treasurer (herein so called), each of whom may or may not be members of the Board of Directors.

8.02. Election of Officers. The election of officers shall take place at the first (1st) regular meeting of the Board of Directors following each annual meeting of the Members.

8.03. Term. The officers of the Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless such officer shall sooner resign, or shall be removed, or otherwise disqualified to serve.

8.04. Special Appointments. The Board of Directors may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, having such authority, and perform such duties as the Board of Directors may, from time to time, determine.

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8.05. Resignation, Removal and Disqualification. Any officer may be removed from office by the Board of Directors with or without cause. Any officer may resign at any time by giving written notice to the Board of Directors, the President or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. An officer shall become disqualified to serve if during such officer's term of office, such officer fails to meet the qualifications contained in Section 8.01 hereof.

8.06. Vacancies. A vacancy in any office may be filled by appointment by the Board of Directors. The officer appointed to such vacancy shall serve for the remainder of the term of the replaced officer unless otherwise designated by the Board of Directors.

8.07. Multiple Offices. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

8.08. Duties. The duties of the officers are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors, and shall see that orders and resolutions of the Board of Directors are carried out.

(b) Vice President. The Vice President shall act in the place and stead of the President in the event of the President's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required from time to time by the Board of Directors.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members, serve notice of meetings of the Board of Directors and of the Members, keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required from time to time by the Board of Directors.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors, and shall coordinate and oversee the maintenance of the Association's financial books and records.

8.09. Execution of Instruments. The President, the Vice President, the Secretary or the Treasurer, subject to the approval of the Board of Directors, may enter into any contract or execute and deliver any instrument in the name and on behalf of the Association. The Board of Directors may authorize any officer or officers, or agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Association, and such authorization may be general or confined to specific instances.

8.10. No Compensation. No officer shall receive compensation for any service that any such officer may render to the Association. Each officer may be reimbursed for actual expenses incurred in the performance of the officer's duties.

ARTICLE IX FINANCIAL REPORTS

The following financial information for the Association shall be prepared and distributed to each member on an annual basis:

(a) Budget. An annual budget for each fiscal year shall be distributed to each Member on or before the end of the immediately preceding fiscal year or as soon thereafter as can reasonably be done, and shall include projected expenses for the Association for the ensuing year, and the amount of the Per-Lot Regular Assessment Amount for the ensuing year for each Lot as provided in the Declaration.

(b) Annual Report. An unaudited annual report shall be distributed to each Member on or before the date of the annual meeting of the Members and shall include a balance sheet as of the end of the preceding fiscal year, an operating or income statement for the preceding fiscal year, and a statement of any changes in financial position for the preceding fiscal year.

ARTICLE X BOOKS AND RECORDS

10.01. Records to be Maintained. The Association shall maintain books of account and current financial records made with respect to all financial transactions of the Association. The Association shall also maintain a membership register and records of the minutes and proceedings of the Board of Directors, the Members, and the Architectural Control Committee or other committees which may be established from time to time.

10.02. Inspection by Members. The membership register, books of account, minutes of meetings of the Members, minutes of meetings of the Board of Directors and committees shall be made available for inspection and copying by any Member of the Association, or by the Member's duly appointed representative, on written demand stating the purpose of the demand, at any reasonable time and for a purpose reasonably related to the Member's interest, at the office of the Association or at such other place as the Board of Directors shall prescribe. All such inspections shall be conducted at the sole and exclusive expense of the Member making any such inspection.

10.03. Inspection by Directors. Every director shall have the absolute right at any reasonable time to inspect all books, records and documents of the Association and the physical property owned by the Association. The rights of inspection by a director include, but are not limited to, the right to make extra copies of any such documents. All inspections by directors shall be at the expense of the Association.

10.04. Delivery of Subdivision Information. Upon receipt from time to time of a proper request for information regarding the Subdivision, the Association shall provide information regarding the Subdivision in accordance with, and as required by, Texas Property Code Chapter 207, Disclosure of Information by Property Owners' Associations, as modified or amended from time to time.

ARTICLE XI ASSESSMENTS

Each Owner of any Lot, by acceptance of a deed or other conveyance document creating in such owner the interest required to be deemed an Owner, whether or not it shall be so expressed in any such deed or other conveyance document, shall be deemed to covenant and agree to pay to the Association the Regular Assessments, Special Purpose Assessments, the Special Member Assessments, Violation Fines and all other assessments and charges as provided in the Declaration, such assessments and charges to be fixed, established and collected from time to time as therein provided.

ARTICLE XII AMENDMENTS

These Bylaws may be amended or changed at a regular or special meeting of the Board of Directors unless the Association Documents or the Texas Non-Profit Corporation Act (the "Act") expressly reserves such power to the Members with respect to a specific matter, or if the Members, in amending, repealing, or adopting a particular bylaw, expressly provide that the Board may not amend or repeal that particular bylaw. The Articles of Incorporation may be amended from time to time as provided in the Act, and the Declaration may be amended in accordance with the provisions thereof.

ARTICLE XIII SPECIAL PROVISIONS REGARDING THE RIGHTS OF THE CITY

13.01. Obligation of the Association. The Association has and shall have the sole responsibility to maintain and operate the Common Properties, including any Amenity Center, as provided in the Declaration in a condition not less than the minimum standards required by the City. The Association's costs of maintaining and operating the Common Properties, including any Amenity Center, will be collected from the Owners through Assessments as provided in the Declaration.

13.02. Rights of the City. The Association shall not seek, by either act or omission, to abandon the Association's obligations as established by the Declaration to maintain and operate the Common Properties. However, in the event that:

(a) The Association dissolves and the Common Properties shall not be either (i) dedicated to and accepted by an appropriate municipal corporation, public agency, authority or utility to be

devoted to purposes as nearly as practicable to the same as those to which such Common Properties were required to be devoted by the Association, or (ii) conveyed to another organization or entity which assumes all obligations imposed hereunder upon the Association to maintain and operate said Common Properties; or

(b) The Association, or its successors or assigns, shall fail or refuse to adequately maintain the appearance and condition of the Common Properties which the Association is obligated to maintain hereunder; then, in either such event, the City shall have the right, but not the obligation, thereafter to assume the duty of performing the Association's maintenance and operation obligations of all such Common Properties at any time after such dissolution, upon giving written notice to the Owners, or at any time after the expiration of sixty (60) days after receipt by the Association, or the Association's successors or assigns, of written notice specifying in detail the nature and extent of the failure to maintain without such failure being remedied. Upon assuming such maintenance and operation obligations, the City shall have the right to reimbursement from the Association from any reserves, funds or accounts of the Association, and may collect, when the same become due, the Assessments levied by the Association pursuant to the provisions of the Declaration for the purposes of repairing, replacing, maintaining, caring for or operating the Common Properties; and, if necessary, the City may enforce the payment of delinquent Assessments in the manner set forth in the Declaration. In the alternative, upon assuming such maintenance obligations, the City may levy an Assessment upon each Lot on a prorata basis for the cost of such maintenance to be provided by the Association as set forth in the Declaration, which Assessment shall constitute an Assessment Lien upon the Lot against which each Assessment is made. In the event the City assumes the maintenance and operation of the Amenity Center and the costs of operation exceed the revenues therefrom or the Assessments collected from the Owners, the City shall have the right to (i) cause the Association to sale, transfer and convey the Amenity Center to a financially responsible third party who assumes the Associations responsibility to maintain and operate the Amenity Center as provided in the Declaration and in a condition not less than the minimum standards required by the City, (ii) cause the Association to sale, transfer and convey the Amenity Center to an Owner to be redeveloped in accordance with the architectural control standards set forth in the Declaration, and used and occupied for single family residential purposes in accordance with the terms and provisions of the Declaration, or (iii) demolish the Amenity Center so long as the Lot or Lots utilized therefor are developed as an attractive park or greenbelt area for the use and enjoyment of the Owners as a common area. During any period that the City assumes the obligation to maintain and care for the Common Properties, the Association shall have no obligation or authority with respect to such maintenance and care. The right and authority of the City to maintain the Common Properties shall cease and terminate when the Association, its successors or assigns, shall present to the City reasonable evidence of the Association's willingness and ability to resume maintenance of the Common Properties.

13.03. Release and Hold Harmless. Under no circumstances shall the City be liable to the Association or any Owner or their respective heirs, devisees, personal representatives, successors and assigns for negligent acts or omissions relating in any manner to maintaining, improving and preserving the Common Properties, and the Association releases and agrees to hold harmless the City from and against same.

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13.04. Easement. In the event the City assumes the duty of performing the maintenance obligations of the Association as provided in the Declaration, then the City, its agents, representatives and employees, shall have the right of access, ingress and egress to and over the Common Properties for the purposes of maintaining, improving and preserving the same.

13.05. Amendment. Notwithstanding anything herein to the contrary, the provisions of this Article shall not be amended or deleted from these Bylaws without the written consent of the City. Other provisions of the Declaration can be amended or deleted without the necessity of the consent of the City.

ARTICLE XIV MISCELLANEOUS

14.01. Fiscal Year. The fiscal year of the Association may be established by the Board of Directors from time to time. Until changed by the Board of Directors, the fiscal year of the Association shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of every year, except that the first (1st) fiscal year shall begin on the date of incorporation of the Association.


14.02. Notices. Any notice required to be given to any Member hereunder and for which no provision is made as to how the notice shall be given, shall be deemed to have been given when actually delivered by hand-delivery, or three (3) days after any such notice has been deposited in the United States Mail, postage prepaid, certified or registered mail, return receipt requested, addressed to such Member at the address as it appears on the records of the Association, or in any other method permitted by applicable law. Notice to the Association shall be given in accordance with the Declaration.

14.03. Indemnification. To the maximum extent permitted by law, each director, officer and committee member (including, without limitation, members of the Architectural Control Committee) of the Association shall be indemnified by the Association against all expenses and liabilities, including, but not limited to, attorneys' fees, reasonably incurred by or imposed upon him or her by judgment or settlement (or otherwise) in connection with any proceeding to which he or she may be a party, or may become involved, by reason of being, or having been, a director, officer or committee member of the Association.

14.04. Interpretation. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control. In the case of any conflict between the Declaration and either the Articles of Incorporation or these Bylaws, the Declaration shall control. Notwithstanding any such conflicts, to the extent reasonably practical, the Articles of Incorporation, Bylaws and Declaration shall be construed and interpreted together as consistent and non-conflicting documents, such being the intent hereof and thereof.

CERTIFICATION

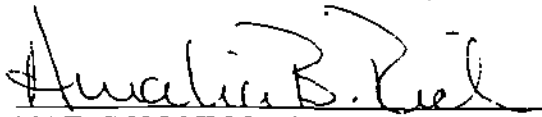
I, the undersigned, the duly elected and acting Secretary of Stacy Ridge Estates Homeowner's Association, Inc., a Texas non-profit corporation, do hereby certify that the foregoing Bylaws were adopted by the Board of Directors of the Association as the Bylaws of said Association as of October 10, 2000.


Kevin Spraggins, Secretary

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared Kevin Spraggins, Secretary of Stacy Ridge Estates Homeowner's Association, Inc., a Texas non-profit corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that (s)he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 9th day of October, 2000.


NOTARY PUBLIC IN AND FOR
THE STATE OF TEXAS

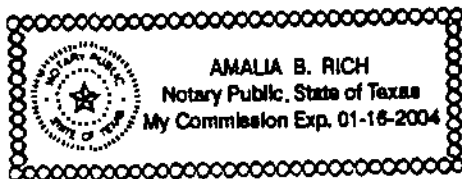


EXHIBIT "A"

Stacy Ridge Estates Homeowner's Association, Inc.

PROXY [ANNUAL/SPECIAL] MEETING OF MEMBERS - _____, _____.

The undersigned member of Stacy Ridge Estates Homeowner's Association, Inc. (the "Association") hereby appoints _____, proxy of the undersigned, with full power of substitution, to vote at the [Annual/Special] Meeting of Members of the Association to be held on _____, _____, at _____m., at _____, Texas, and at any adjournment thereof, the number of votes which the undersigned would be entitled to cast if personally present.

FOR _____ or AGAINST _____ the proposal to

OR

_____ This Proxy is solicited by the Board of Directors and will be voted in accordance with the recommendation of the Board of Directors, unless otherwise specified in this Proxy.

Signature(s) of Member(s)

Owner(s) of Lot _____, Block _____

Dated _____, _____.

AFTER RECORDING,
PLEASE RETURN TO:

Laura M. Keith, Esq.
Geary, Porter & Donovan, P.C.
16475 Dallas Parkway, Suite 500
Addison, TX 75001

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL OR USE OF THE
DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND
UNENFORCEABLE UNDER FEDERAL LAW (COUNTY OF COLLIN)
(THE STATE OF TEXAS)
I hereby certify that this instrument was FILED in the File Number Sequence on the date
and the time stated herein by me, and was duly RECORDED, in the Official Public
Records of Real Property of Collin County, Texas on

OCT 12 2000

Helen Starnes



Filed for Record in:
Collin County, McKinney TX
Honorable Helen Starnes
Collin County Clerk

On Oct 12 2000
At 1:10pm

Doc/Num : 2000- 0112122

Recording/Type: MJ 37.00
Receipt #: 307072

**AMENDMENT TO BYLAWS
OF
STACY RIDGE ESTATES
HOMEOWNER'S ASSOCIATION, INC.**

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF COLLIN §

This AMENDMENT TO THE BYLAWS OF STACY RIDGE ESTATES HOMEOWNER'S ASSOCIATION, INC. ("Amendment") is made this 23rd day of October, 2004.

WITNESSETH:

WHEREAS, Article XII of the Bylaws of Stacy Ridge Estates Homeowner's Association, Inc. dated October 9, 2000 ("**Bylaws**") provides, in pertinent part, that: "These Bylaws may be amended or changed at a regular or special meeting of the Board of Directors unless the Association Documents or the Texas Non-Profit Corporation Act (the "Act") expressly reserves such power to the Members with respect to a specific matter, or if the Members, in amending, repealing, or adopting a particular bylaw, expressly provide that the Board may not amend or repeal that particular bylaw. ";

WHEREAS, there is no impediment in either the Association Documents or the Act to the amendments set forth herein;

WHEREAS, Section 4.01 of the Bylaws currently provides as follows: "4.01 Number. The affairs of the Association shall be managed by a Board of Directors consisting of three (3) directors as selected by the Members from time to time as provided herein, and who need not be Members of the Association. The number of directors shall not be decreased and the number may be increased only by an amendment of these Bylaws. Subject to Section 4.03 hereof, the members of the initial Board of Directors named in the Articles of Incorporation shall serve until the first (1st) annual meeting of the Members. In case of the resignation, death, failure to act, incapacity, or refusal to serve of any of the initial directors prior to said time, the remaining directors may appoint a substitute director or directors to serve the remainder of said period.";

WHEREAS, by the unanimous vote of the Directors taken on September 16, 2004, the Directors elected to amend Section 4.01 as set forth hereinbelow:

NOW, THEREFORE, Section 4.01 of the Bylaws is hereby amended to read as follows:

"4.01 Number. The affairs of the Association shall be managed by a Board of Directors consisting of five (5) directors as selected by the Members from time to time as

provided herein, and who need not be Members of the Association. In 2004 the three (3) directors receiving the most votes will serve two (2) year terms, and the other two (2) directors will serve one (1) year terms. In 2005 and thereafter, all terms will be for a two (2) year period. The number of directors may be decreased (but not to less than three (3) directors) and may be increased only by an amendment of these Bylaws. Subject to Section 4.03 hereof, the members of the initial Board of Directors named in the Articles of Incorporation shall serve until the first (1st) annual meeting of the Members. In case of the resignation, death, failure to act, incapacity, or refusal to serve of any of the initial directors prior to said time, the remaining directors may appoint a substitute director or directors to serve the remainder of said period."

This Amendment shall be effective as of the 2004 meeting of the members of the Association to elect directors.

EXECUTED as of the date first above written.

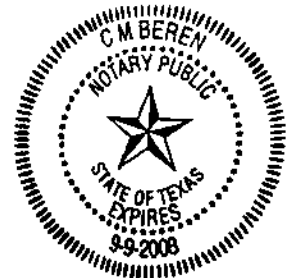
**STACY RIDGE ESTATES
HOMEOWNER'S ASSOCIATION, INC.,
A Texas non-profit corporation**

By: *Gary Rice*
Name: Gary Rice
Title: President

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

This instrument was acknowledged before me on this 23 day of October, 2004, by Gary Rice, President of Stacy Ridge Estates Homeowner's Association, Inc., on behalf of said corporation.

C M Beron
Notary Public in and for the State of Texas



AFTER RECORDING RETURN TO:
Yvette Price
Premier Communities Management Company
2711 N. Haskell, Suite 2650
Dallas, TX 75204

*Amendment to Bylaws
Stacy Ridge Estates
Homeowner's Association, Inc*

**FIRST AMENDMENT TO THE DECLARATION OF
COVENANTS, CONDITIONS AND RESTRICTIONS
FOR STACY RIDGE ESTATES**

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

THIS FIRST AMENDMENT TO THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR STACY RIDGE ESTATES (the "Amendment") is executed to be effective as of the 15th day of December, 2000, by STACY RIDGE ESTATES, LTD., a Texas limited partnership (hereinafter referred to as "Declarant").

WITNESSETH:

A. Declarant is the declarant under that certain Declaration of Covenants, Conditions and Restrictions for Stacy Ridge Estates (the "Declaration") dated September 28, 2000, recorded October 5, 2000, as Document Number 2000-0109256, in the Real Property Records, Collin County, Texas, affecting certain real property more particularly described in the Declaration, reference to which is hereby made for all purposes (the "Property"). Terms which are defined in the Declaration shall have the same meanings when used herein.

B. Section 10.04 of the Declaration provides that Declarant shall have the sole and absolute right, without the joinder of any other party, to amend or modify the Declaration as long as Declarant owns at least one (1) Lot within the Subdivision.

C. As of the date of execution and filing hereof, Declarant is the owner of at least one (1) Lot within the Subdivision and, therefore, Declarant has the full right, title and authority to make and execute this Amendment.

D. Declarant desires to execute this Amendment for the purpose of amending the Declaration in accordance with the terms and conditions set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Declarant hereby amends the Declaration as follows:

1. The second sentence of Section 4.04 (b) of the Declaration is hereby deleted in its entirety and the following substituted therefor:

"The Class B Member shall be entitled to one hundred twenty (120) votes for each Lot it owns."

2. The following provisions is hereby added to the provisions of Section 5.02 of the Declaration:

"To the extent that the amount of Regular Assessments required to be paid to the Association are insufficient to cover actual expenses incurred by the Association for the purposes thereof, Declarant may, at its sole discretion, loan to the Association an amount equal to any excess actual expenses, which amount, together with interest at a floating rate per annum equal to the highest prime rate published by *The Wall Street Journal* plus two percent (2%), shall be repaid by the Association to Declarant upon demand."

3. Section 5.05 (a) of the Declaration is hereby deleted in its entirety and the following is substituted in its place and stead:

"(a) Until and unless otherwise determined by the Board, the annual Per-Lot Regular Assessment Amount for the fiscal year commencing January 1, 2001 and thereafter shall be Four Hundred Eighty and No/100 Dollars (\$480.00) per Lot per year;"

4. The following provisions are hereby added to the Declaration as Section 5.05 (f):

"(f) In addition to Regular Assessments, Special Purpose Assessments and Special Member Assessments, each Owner of a Lot within the Property (other than a builder who purchases a Lot upon which the builder will construct improvements for sale to a bona fide third party consumer) who purchases a Lot shall be obligated, at the time of the purchase of the Lot by such Owner and simultaneously therewith, to pay the Association the sum of Two Hundred Fifty and No/100 Dollars (\$250.00) as an initiation fee, which fee shall be used for the same purposes for which Regular Assessments may be used."

5. Severability. If any term or provision of this Amendment or the application of it to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Amendment or the application of such term or provision to persons or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Amendment shall be valid and shall be enforced to the extent permitted by law.

6. Entire Agreement. This Amendment is executed by Declarant as the owner of a Lot pursuant to the authority granted under Section 10.04 of the Declaration. Except as amended by this Amendment, the Declaration remains in full force and effect in accordance with its terms. In construing the provisions of this Amendment and whenever the context so requires, the use of a gender shall include all other genders, the use of the singular shall include the plural, and the use of the plural shall include the singular.