

BYLAWS OF  
CLAYTON  
HOME OWNERS ASSOCIATION

ARTICLE I  
BOARD OF DIRECTORS

Section 1. Powers, Number and Term of Office. The property and affairs of the corporation shall be managed and controlled by the Board of Directors, and subject to the restrictions imposed by law, by the Articles of Incorporation or by these Bylaws, the Board Of Directors shall exercise all of the powers of the corporation.

The number of directors shall be three (3), but the number of directors may be increased or decreased (providing such decrease does not shorten the term of any incumbent director) from time to time by amendment to these Bylaws, provided the number of directors shall never be less than three. Vacancies in the Board of Directors created by an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors in office at the time such increase is effected.

The directors constituting the initial Board of Directors shall be those directors named in the Articles of Incorporation of the corporation, who shall hold office until the first annual meeting of members and until their successors shall have been elected and qualified or until their resignations or removal as hereinafter provided.

Any director may be removed from office, with or without cause, by a majority vote of all of the directors of the corporation or by a majority vote of the members at any meeting at which a quorum (as defined in Section 6 of this Article I) is present. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the directors then in office though less than a quorum of the Board of Directors. In case of any increase in the number of directors the additional directors shall be elected at an annual meeting or at a special meeting of the members called for that purpose.

Section 2. Meeting of Directors. The directors may hold their meetings and may have an office and keep the books of the corporation at such place or places in the State of Texas, or outside the State of Texas, as the Board of Directors may from time to time determine, provided, however, in the absence of any such determination by the Board of Directors, the meetings shall be

held at the registered office of the corporation in the State of Texas.

Section 3. Annual Meeting. The Annual Meeting of the Board of Directors shall be held at the office of the corporation at 8:00 p.m. on the first Monday in December of each year, if not a legal holiday, and, if a legal holiday, then on the next succeeding business day, for the purpose of electing officers for the ensuing year and to transact such other business as may be brought before such meeting. No notice of the Annual Meeting shall be necessary.

Section 4. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places 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 5. Special meetings. Special meetings of the Board of Directors shall be held whenever called by the President or by the Secretary or by a majority of the directors for the time being in office.

The Secretary shall give notice of such special meeting in person, or by mail or telegraph at least two (2) days before the meeting to each director. Unless otherwise indicated in the notice thereof, any and all matters pertaining to the purposes of the corporation may be considered and acted upon at a special meeting. At any meeting at which every director shall be present, even though without any notice, any matter pertaining to the purposes of the corporation may be considered and acted upon.

Section 6. Quorum. A majority of the directors fixed by the Bylaws shall constitute a quorum for the consideration of matters pertaining to the purposes of the corporation, but if at any meeting of the Board of Directors there be less than a quorum present, a majority of those present may adjourn the meeting from time to time. The act of a majority of the directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors, except as otherwise provided by these Bylaws.

Section 7. Order of Business. At the meetings of the Board of Directors, matters pertaining to the purposes of the corporation shall be considered in such order as from time to time the Board of Directors may determine.

At all meetings of the Board of Directors, the Chairman of the Board shall preside, and in the absence of the Chairman of the Board, the President shall preside.

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 presiding officer may appoint any person to act as secretary of the meeting.

Section 8. Executive Committee. The Board of Directors may, by resolution passed by a majority of the whole Board, designate two or more directors to constitute an Executive Committee, which Committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the affairs of the corporation except where action of the Board of Directors is specified by statute. The Executive Committee shall act in the manner provided in such resolution. The Executive Committee so designated shall keep regular minutes of the transactions of its meetings and shall cause such minutes to be recorded in books kept for that purpose in the office of the corporation, and shall report the same to the Board of Directors from time to time.

Section 9. Compensation of Directors. Directors, as such, shall not receive any salary or compensation nor their services.

## ARTICLE II MEETINGS OF MEMBERS

Section 1. Definitions. The terms "Owner", "Assessable Tract", "Developer", "Member", "Class A Member", "Class B Member", "Lot", "Living Unit" and "Declaration" shall have the same meanings in this Article II as they are defined in that certain Declaration of Covenants, Conditions and Restrictions for Clayton Sections One and Two attached to the Articles of Incorporation of the Association as Exhibit "A".

Section 2. Annual Meeting. The Annual Meeting of the Members shall be held at 7:00 p.m. on the first Monday in December of each year, if not a legal holiday, and, if a legal holiday, then on the next succeeding business day, for the purpose of electing directors. Any business may be transacted at an Annual Meeting, except as otherwise provided by law or by these Bylaws.

Section 3. Special Meeting. A special meeting of the Members may be called at any time by at least 35% of the Class A Members, by the Class B Members, by the Board of Directors, or by the President. Only such business shall be transacted at a special meeting as may be stated or indicated in the notice of such meeting.

Section 4. Notice. Written or printed notice stating the place, day and hour of each meeting of members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than 30 nor more than 50 days before the date of the meeting, either personally or by mail, to each Member of record entitled to vote at such meeting.

Section 5. Quorum. The presence at a meeting in person and/or by proxy of Members entitled to cast sixty percent (60%) of the aggregate of the votes of both classes of Members shall constitute a quorum. Except as otherwise required by law, the Articles of Incorporation, these Bylaws, or the Declaration, the affirmative vote of greater than 50% of the voting power present at any meeting shall be the act of the Members' meeting. If the required quorum is not present at any meeting called to act on any matter, another meeting may be called to act on the same matter, subject to the notice requirement set forth in Section 4 above, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, except that such reduction in the quorum requirements shall not be applicable if the subsequent meeting is held more than sixty (60) days following the preceding meeting.

Section 6. Proxies. At all meetings of Members, a Member may vote either in person or by proxy executed in writing by the Member or his duly authorized attorney-in-fact. Such proxy shall be filed with the Secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable or unless otherwise made irrevocable by law.

Section 7. Officers. The Chairman of the Board shall preside at and the Secretary shall keep the records of each meeting of Members. In the absence of the Chairman of the Board, the President shall preside and in the absence of the Chairman of the Board, President or Secretary, his duties shall be performed by some person appointed by the meeting.

### ARTICLE III OFFICERS

Section 1. Titles and Term of Office. The offices of the corporation shall be a Chairman of the Board (who shall be a director), a President (who shall be a director), one or more Vice Presidents (if any be elected by the Board of Directors), a Secretary and a 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 President shall not hold the office of Secretary.

All officers shall be subject to removal, with or without cause, at any time by a vote of a majority of the whole Board of Directors.

A vacancy in the office of any officer shall be filled by a vote of a majority of the directors.

Section 2. Powers and Duties of the Chairman of the Board. The Chairman of the Board shall preside at all meetings of the membership and of the Board of Directors and shall have such other powers and duties as from time to time may be assigned to him by the Board of Directors.

Section 3. Powers and Duties of the President. The President shall be the chief executive officer of the corporation and, subject to the Board of Directors, he shall be in general charge of the properties and affairs of the corporation; he shall preside, in the absence of the Chairman of the Board, at all meetings of the membership and of the Board of Directors; in furtherance of the purposes of this corporation, he may sign and execute all bonds, deeds, conveyances, franchises, assignments, mortgages, notes, contracts and other obligations in the name of the corporation.

Section 4. Vice Presidents. Each Vice President shall have such powers and duties as may be assigned to him by the Board of Directors and shall exercise the powers of the President during that officer's absence or inability to act. Any action taken by a 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 5. Treasure. 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 prescribed by the Board of Directors; he may sign all receipts and vouchers for payments made to the corporation, either alone or jointly with such other 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 in the books of the corporation to be kept by him for that purpose full and accurate accounts of all moneys received and paid out on account of the corporation; he shall perform all acts incident to the position

of Treasurer subject to the control of the Board of Directors; and 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.

Section 6. Assistant Treasurer. Each Assistant Treasurer 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.

The Assistant Treasurers shall exercise the powers of the Treasurer during that officer's absence or inability to act.

Section 7. Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the membership in books provided for that purpose; he shall attend to the giving and serving of all notices; in furtherance of the purposes of this corporation, he may sign with the President in the name of the corporation, and/or attest the signature thereto, all contracts, conveyances, franchises, bonds, deeds, assignments, mortgages, notes and other instruments of the corporation; he shall have charge of the corporate books, records, documents and instruments, except the books of account and financial records and securities of which the Treasurer shall have custody and charge, and such other 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 application at the office of the corporation during business hours; and he shall in general perform all duties incident to the office of Secretary subject to the control of the Board of Directors.

Section 8. Assistant Secretaries. Each Assistant Secretary 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 or the Secretary. The Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability to act.

Section 9. Compensation. Officers shall receive such salary or other compensation for their services as the Board of Directors may from time to time determine.

#### ARTICLE IV MISCELLANEOUS PROVISIONS

Section 1. Fiscal Year. The fiscal year of the corporation shall be as determined by the Board of Directors.

Section 2. Seal. The seal of the corporation shall be such as from time to time may be approved by the Board of Directors.

Section 3. Notice and Waiver of 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 post-paid 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. A waiver of notice, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

Section 4. Resignations. Any director or officer or Member may resign at any time. Such resignations 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 a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

ARTICLE V  
AMENDMENTS TO BYLAWS  
OR ARTICLES OF INCORPORATION

These Bylaws may be altered, amended or repealed by the affirmative vote of a majority of the full Board of Directors at any annual or regular meeting, or at any special meeting if notice of the proposed amendment be contained in the notice of said special meeting. Provided, as long as there is Class B membership in the Association, any such action or any amendment to the Articles of Incorporation of the corporation will require a the prior approval of the Federal Housing Administration of the Veterans Administration if they have a loan guarantee outstanding on any property in the Subdivision.

AMENDMENT TO THE BYLAWS FOR  
CLAYTON HOMEOWNERS ASSOCIATION, INC. SECTION FIVE (5)

THE STATE OF TEXAS     §  
  §  
COUNTY OF HARRIS     §

THIS AMENDMENT to the Bylaws, for Clayton Homeowners Association, Inc. acting herein by and through its duly authorized officers (hereinafter referred to as "Association"), and the Board Of Directors of Clayton Homeowners Association, Inc.

WITNESSETH:

WHEREAS, Article V of the Bylaws provides that it may be amended by the affirmative vote of a majority of the Board of Directors at any annual or regular meeting, if notice of the proposed amendment be contained in the notice of said special meeting. (As defined in the Bylaws) in Clayton Homeowners Association, Inc. and

NOW THEREFORE, The Board of Directors declare that the Bylaws is amended as follows:

1. Section 5 of Article II of the Bylaws is hereby amended and restated to read as follows:

"Section 5. Quorum. The presence at a meeting in person and/or by proxy of Members entitled to cast a ten percent (10%) of the aggregate of the votes of both classes of members shall constitute a quorum. Except as otherwise required by law, the Articles of incorporation, these Bylaws, or the Declaration, the affirmative vote of greater than 50% of the voting power present at any meeting shall be the act of the Members' meeting.

Except as expressly amended hereby, the Bylaws, for Clayton Homeowners Association, Inc. is not affected hereby and the same is ratified as being in full force and effect.

EXECUTED effective as of the \_\_\_\_\_ day of April, 2000.

Clayton Homeowners Association, Inc.

By: Larry Sanford Hendrix  
Name: Leon Hendrix  
Title: President