

BY-LAWS

GRAND LAKES COMMUNITY ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is GRAND LAKES COMMUNITY ASSOCIATION, INC., hereinafter referred to as the "Association." The principal office of the corporation shall be located at 333 Cypress Run, Suite 300, Houston, Texas 77094, but meetings of Owners and directors may be held at such places within the State of Texas, County of Fort Bend, as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. Definitions. Wherever used in these By-Laws, the following terms shall have the following meanings:

"Architectural Committees" shall mean and refer to the New Construction Committee and/or the Modifications Committee, as applicable.

"Assessable Tract" shall mean and refer to any Lot or Building Plot from and after the date on which paved public street access (or dedicated private street access, as applicable), and water and sanitary sewer service, have been extended thereto.

"Assessments" shall mean and refer to any or all of the Base Annual Assessments, Special Assessments (as defined below), Neighborhood Assessments and any other assessments referred to, contemplated or authorized in the Declaration, as amended and supplemented from time to time.

"Association" shall mean and refer to GRAND LAKES COMMUNITY ASSOCIATION, INC., a non-profit corporation incorporated by Declarant or its representatives under the laws of the State of Texas, its successors and assigns.

"Board of Directors" and **"Board"** shall mean and refer to the duly elected Board of Directors of the Association.

"Commercial Lot" shall mean any Lot allowed to be used under the Declaration for other than Single Family Residential Use.

"Common Facilities" shall mean and refer to all existing and subsequently provided improvements constructed upon or within the Common Properties, except those as may be expressly excluded in the Declaration. Also, in some instances, Common Facilities may consist of improvements dedicated or under contract to the Association for the use and benefit of the Owners of the Lots in the Properties, whether exclusively or also for the benefit of owners of property outside the Property, constructed on portions of one or more Lots or on acreage which has not been brought within the provision of the Declaration.

"Common Properties" shall mean and refer to all those areas of land within the Properties except the platted Lots and public streets shown thereon, together with such other land as the Association may, at any time or from time to time, acquire by purchase or otherwise; subject, however, to the easements, limitations, restrictions, dedications and reservations applicable thereto by virtue hereof and/or by virtue of the Plats, and/or by virtue of prior grants or dedications by Declarant or Declarant's predecessors in title.

"Declarant" shall mean and refer to CENTENNIAL HOMES, INC., a Texas corporation, the Declarant herein, and its successors and, to the extent in compliance with Section 1 of Article XII of the Declaration, its assigns.

"Declaration" shall mean and refer the Declaration of Covenants, Conditions and Restrictions for Grand Lakes, filed for record under Fort Bend County Clerk's No. 9757011, as supplemented and/or amended from time to time.

"Living Unit" shall mean and refer to any improvements on a Lot which are designed and intended for occupancy and use as a residence by one person, by a single family, or by persons maintaining a common household, excluding mobile homes or other non-permanent structures.

"Lot" or **"Building Plot"** shall each mean and refer to (i) each plot of land shown upon the recorded subdivision Plats from time to time within the boundaries of the Property and designated by lot and block number or reserve number, and to the improvements constructed or to be constructed thereon, or (ii) any unplatted raw acreage tract (and the improvements constructed or to be constructed thereon) located within the Property and which is owned by a natural person, partnership, corporation or other legal entity, or a trust or foundation, prior to its subdivision by platting, but such terms shall not mean or include (A) any portions of the Property while owned by a municipal utility district or the Association, and (B) any portion of the Property conveyed or dedicated as a public street or made a private street accepted by the Association for maintenance hereunder. Member voting rights and Assessment liabilities of the Owner with respect to raw acreage tracts (and Platted reserves) that have not yet been subdivided as Residential Lots, whether or not such land may have been restricted to use for Single Family Residential Use only, shall be based on the acreage contained therein as if the same constituted a Commercial Lot for purposes hereof except as to any portion thereof from and after the date on which a subdivision Plat is recorded subdividing that portion into Residential Lots; provided, however, that nothing herein shall ever be construed as allowing use of any land in a manner not permitted by deed restrictions

affecting the tract in question. If building sites are created pursuant to Article XIII, Section 11 of the Declaration, the term "Lot" or "Building Plot" shall also thereafter mean and refer to any building site so created.

"Member" shall mean and refer to every person or entity who holds membership in the Association.

"Modifications Committee" shall mean and refer to the committee by that name created by the Board of Directors of the Association to exercise exclusive jurisdiction over the modifications, additions, or alterations made on or to existing Living Units or other improvements on Residential Lots or Commercial Unit on Commercial Lots, as provided in Article IV of the Declaration.

"Neighborhood" shall mean and refer to any separately designated development area of the Properties comprised of various types of housing, initially or by supplement or amendment made subject to the Declaration and designated as a Neighborhood pursuant hereto.

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to the surface estate in any Lot or tract of land which is part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Residential Lot" shall mean and refer to any Lot which is Platted as a single-family residential lot and restricted to Single Family Residential Use (as defined in the Declaration), whether such restriction is created by Plat or by the Declaration or by separate restriction recorded by Declarant.

Section 2 Incorporation of Other Definitions. Wherever a capitalized term used in this Declaration is not otherwise defined herein, such term shall have the meaning ascribed to it in the Declaration.

ARTICLE III

MEMBERS

Every person or entity who is an Owner of any of the Properties which are subject to Assessment by the Association (including Declarant, whether or not it is obligated to pay Assessments thereon) shall be a Member of the Association. The foregoing description is not intended to include persons or entities who hold an interest in a Lot merely as security for the performance of an obligation. No Owner shall have more than one Membership in the Association,

but an Owner may have multiple votes depending on its ownership of multiple Residential Lots or sufficient acreage of Commercial Lots in accordance with the voting provisions hereof. Membership (and Member voting rights, except for proxies granted under terms permitted by the Texas Non-Profit Corporation Act, as from time to time amended) shall be appurtenant to and may not be separated from ownership of the related Lot or Building Plot which is part of the Property. Owners may not assign Membership rights (including voting rights) associated with the Lot they own even to another Lot within the Property; provided, however, that this provision will not be construed to prevent granting of proxies pursuant to the Texas Non-Profit Corporation Act, but an additional restriction on proxies is that no proxy may survive the conveyance of the Lot as to which the related Member vote(s) is or are appurtenant unless the Lot conveyance occurs between the time when the record Owner of the Lot is conclusively determined for voting purposes for a particular Member meeting and the time when such meeting occurs.

ARTICLE IV

CLASSES OF MEMBERSHIP

The Association shall have three classes of voting membership as follows:

Class A. Class A Members shall be all Owners of Assessable Tracts which are Residential Lots, with the exception of the Declarant (unless and until its Class C Membership converts to Class A Membership as contemplated below), and each such Class A Member shall be entitled to one vote for each Residential Lot owned by such person or entity. When more than one person holds an interest in a single Residential Lot, all such persons shall be Members. The vote of such Residential Lot shall be exercised as such co-owners among themselves determine, but in no event shall more than one vote be cast with respect to any one Residential Lot. If the co-owners of a single Residential Lot do not vote unanimously and in unison, no vote for that Lot shall be

counted.

Class B. Class B Members shall be all Owners of Assessable Tracts which are Commercial Lots, with the exception of the Declarant (unless and until any part of its Class C Membership converts to Class B Membership as contemplated below), and each such Class B Member shall be entitled to one vote for each one-quarter acre (or major portion thereof, i.e., a residual fraction greater than one-eighth acre) owned by such person or entity within a Commercial Lot. When more than one person holds an interest in a single Commercial Lot as tenants in common, all such persons shall be Members. The vote(s) of such Commercial Lot shall be exercised as such tenants in common among themselves determine, but in no event shall more than one vote be cast with respect to any one-quarter acre (or major portion) of a Commercial Lot. If the tenants in common of a given quarter acre (or major portion) of a Commercial Lot do not vote unanimously and in unison, no votes for that Lot shall be counted.

Class C. Class C Members shall be the Declarant, who shall be entitled to nine (9) votes in the Association for each Residential Lot owned by it and nine (9) votes in the Association for each one quarter acre (or major portion) of land owned by it within any Commercial Lot. Class C Membership shall cease and be converted to Class A Membership (as to Residential Lots owned by Declarant) and Class B Membership (as to any Commercial Lot, or portion, owned by it), on the happening of the earliest to occur of the following three events (A, B, or C):

- (A) When total votes outstanding in the Class A membership and Class B membership together equal the total votes outstanding in the Class C membership; or
 - (B) The twenty-fifth (25th) anniversary date of the first recordation of the Declaration;
- or

(C) When the Declarant terminates Class C Membership by an instrument filed in the Real Property Records of Fort Bend County, Texas; and Declarant may thereafter cast votes as Class A Member and Class B Member, as applicable, (regardless of whether Declarant pays any or its full share of Assessments). Owners of Lots which are not Assessable Tracts hereunder shall be non-voting Members and all references in the Declaration to a vote of the Members shall refer only to the relevant percentage of votes of the voting Members, except non-voting Members shall have a vote under Article XIII, Section 4 of the Declaration pertaining to amendments to the Declaration.

At such time that additional property is annexed into the Association, the Class C Membership of the Declarant, shall, if it had previously ceased due to one of the conditions listed above in (A), (B), or (C), be automatically deemed reinstated and shall apply to all Lots owned by Declarant in the newly annexed portion of such property as well as to all Lots owned by Declarant in all other areas of the Property. Such reinstatement is subject to further cessation in accordance with the limitations set forth in the preceding paragraphs (A), (B), and (C) of this Article, whichever occurs first. However, upon reinstatement due to annexation of additional property, the period of time set forth in paragraph (B) of this Article shall be extended to the extent necessary such that in all circumstances it extends for a period no shorter than ten (10) years from the date of each such recorded annexation.

ARTICLE IV

BOARD OF DIRECTORS: SELECTION: TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be Owners. The number of directors may be changed by amendment of the By-Laws of the Association. Their successors are selected as hereinbelow provided.

Section 2. Death, Resignation or Removal; Replacement. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Board or by the Declarant. In the event of death, resignation or removal of a director, his successor shall be selected by a majority vote of the remaining members of the Board present and voting at a special meeting of the Board duly called and held (even though a quorum may not be present at the meeting), or by unanimous written consent of the remaining Board members. Notwithstanding the foregoing, however, if the remaining members of the Board fail to fill any such vacant director position within sixty (60) days of the vacancy (the "Director Replacement Period"), the Declarant may fill such vacant board position by designating the successor director in writing. Should the rights of the Declarant under the Declaration ever lapse or should the holder of the Declarant's rights fail to act to appoint the requisite number of directors to fill vacancies (i) for a period of sixty (60) days after the date on which the Board no longer has any members, or (ii) for a period of sixty (60) days after the expiration of the Director Replacement Period, then the vacant position(s) on the Board may be filled by a written vote or approval of fifty-one percent (51%) or more of the votes of the Owners based on the same number of votes per Owner as specified in Article III, Section 2 of the Declaration; provided, however, that for so long as Centennial Homes, Inc., or its successor or assigns, owns any of the property subject to the Declaration, the vote or approval of Centennial Homes, Inc., shall be required in order for such election of any director(s) by the Owners.

Section 3. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4. Action Taken Without a Meeting. The directors shall have the right to take

any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarter-annually without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two directors, after not less than three (3) days' notice to each director.

Section 3. Quorum. A majority of the number of directors shall constitute a quorum for the transaction of business. Every act or decision done or 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.

ARTICLE VI

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. Among its other express and implied powers under the Declaration, the Board of Directors shall have power to:

- (a) adopt and publish rules and regulations governing the use of the property and facilities subject to the Declaration, and the personal conduct of the Owners and their employees, lessees, tenants and guests thereon, and to establish penalties for

the infraction thereof;

- (b) suspend the voting rights and right to use of any facilities owned or operated by the Association by an Owner during any period in which such Owner shall be in default in the payment of any assessment levied by the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days for infraction of published rules and regulations;
- (c) exercise for the Association all powers, duties and authority vested in or delegated to this Association in the Declaration or these By-Laws, and not reserved to the Owners by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration;
- (d) declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors;
- (e) employ a manager, independent contractors, or such other employees as they deem necessary, and to prescribe their duties; and
- (f) oversee the operations of the Architectural Committees as contemplated in the Declaration, including, without limitation, the New Construction Committee and the Modifications Committee, and when and as required by the Declaration appoint members or replacement members thereto.

Section 2. Duties. It shall be the duty of the Board of Directors to carry out its responsibilities under the Declaration, including specifically, but without limitation, to:

- (a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Owners at any special meeting in which such statement is

- requested in writing by the Owners representing two-thirds (2/3) of the total votes possible, calculated as set forth in Article III, Section 2 of the Declaration;
- (b) supervise all officers, agents and employees of this Association, and to see that their duties are properly performed;
 - (c) as more fully provided in the Declaration, determine the amount to be levied as the Assessments against each Assessable Tract for each calendar year;
 - (d) as more fully provided in the Declaration, to foreclose the lien against any Lot for which assessments are not paid within thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;
 - (e) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid (reasonable charge may be made by the Board for the issuance of these certificates), and if a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
 - (f) procure and maintain adequate liability and hazard insurance on the Common Properties;
 - (g) cause the Common Properties to be maintained; and
 - (h) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE VII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a

treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 3. Special Appointments. The Board may elect such other officers as the officers of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 4. Resignation and Removal. Any officer may be removed from office without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or 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.

Section 5. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 6. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 3 of this Article.

Section 7. Duties. The duties of the officers are as follows:

- (a) **President.** The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes, except as may be otherwise approved by the Board of Directors.

- (b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) Secretary. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Owners; keep appropriate current records showing the names of the Owners together with their addresses, and shall perform such other duties as required by the Board.
- (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; shall sign all checks and promissory notes of the Association; keep proper books of account; cause an annual audit of the Association books to be made by a public accountant at the completion of each fiscal year; and shall prepare or cause to be prepared an annual budget and a statement of income and expenditures to be presented to the Owners annually, and deliver a copy of each to the Owners.

ARTICLE VIII

COMMITTEES

The Board of Directors shall appoint such committees as deemed appropriate in carrying out its purposes.

ARTICLE IX

RECORDS

The books, records and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Owner. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Owner at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X

ASSESSMENTS

As more fully provided in the Declaration, each Owner is obligated to pay to the Association Assessments which are secured by a continuing lien upon the Property against which the Assessment is made. Any Assessments which are not paid when due shall be delinquent. If the Assessment is not paid within thirty (30) days after the due date, the assessment shall bear interest from the date of delinquency at the maximum rate permitted by Texas law, and if there is no maximum lawful rate applicable to such transaction, then at the rate of eighteen percent (18%) per annum. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the Owner's Property, and interest, costs, and reasonable attorney fees of any such action shall be added to the amount of such Assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Properties or by non-use and/or abandonment of his Lot or Building Plot.

ARTICLE XI

CORPORATE SEAL

The Association shall have a seal in circular form having within its circumference the words: GRAND LAKES COMMUNITY ASSOCIATION, INC. Use of the seal shall not be

required in order to render an act of the Association binding on it.

ARTICLE XII

AMENDMENTS

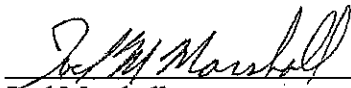
The By-Laws of this Association are hereby adopted by the initial Board of Directors and shall be amended or altered by a majority of the members of the Board of Directors, or their successors. In the event of a conflict between these By-Laws and the Declaration, the Declaration shall be deemed controlling.

ARTICLE XIII

MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.


IN WITNESS WHEREOF, we, being all of the Directors of GRAND LAKES COMMUNITY ASSOCIATION, INC., have hereunto set our hands the 26th day of August, 1998, to reflect the adoption of the foregoing By-Laws to be effective to the fullest extent allowed by law as of September 9, 1997.



Joel Marshall



Robert J. Bamford, III



Samuel C. Hathorn

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting Secretary of the GRAND LAKES COMMUNITY ASSOCIATION, INC., a non-profit corporation; and,

THAT the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof (or pursuant to a consent action in lieu thereof), with the intention that they be effective to the fullest extent allowed by applicable law as of September 9, 1997.

IN WITNESS WHEREOF, I have hereunto subscribed by name and affixed the seal of said Association this 26th day of August, 1998.

Jacqueline Richter
Jacque Richter, Secretary