

SCOFIELD PHASE VIII RESIDENTIAL

OWNERS ASSOCIATION, INC.

BYLAWS

TABLE OF CONTENTS

	PAGE
ARTICLE 1	
PURPOSES AND DEFINITIONS	1
1.1 <u>Purposes</u>	1
1.2 <u>Definitions</u>	1
1.3 <u>Acceptance of Bylaws</u>	1
1.4 <u>Administration</u>	1
ARTICLE 2	
NAME	1
2.1 <u>Name</u>	1
ARTICLE 3	
OFFICES	2
3.1 <u>Registered Office</u>	2
3.2 <u>Other Offices</u>	2
ARTICLE 4	
MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, QUORUM, PROXIES	2
4.1 <u>Membership</u>	2
4.2 <u>Member in Good Standing</u>	2
4.3 <u>Voting Rights in the Association</u>	3
4.4 <u>Majority</u>	4
4.5 <u>Quorum</u>	4
4.6 <u>Proxies</u>	4
4.7 <u>Informal Action by Members</u>	4
4.8 <u>Attendance by Telephone</u>	4
ARTICLE 5	
ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS	5
5.1 <u>Association Responsibilities</u>	5
5.2 <u>Place of Meeting</u>	5
5.3 <u>Annual Meetings</u>	5
5.4 <u>Special Meetings</u>	5
5.5 <u>Notice of Meetings</u>	5
5.6 <u>Voting Members' List for Meeting</u>	6
5.7 <u>Inspection of Voting Members' List</u>	6
5.8 <u>List of Voting Members Available at Meeting</u>	6

5.9	<u>Order of Business</u>	6
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ARTICLE 6

	BOARD OF DIRECTORS	7
6.1	<u>Number, Election and Term of Office</u>	7
6.2	<u>Powers and Duties</u>	7
6.3	<u>No Waiver of Rights</u>	8
6.4	<u>Voting Rights</u>	8
6.5	<u>Vacancies</u>	8
6.6	<u>Removal of Directors</u>	8
6.7	<u>First Meetings</u>	8
6.8	<u>Organization Meeting</u>	8
6.9	<u>Regular Meetings</u>	8
6.10	<u>Special Meetings</u>	9
6.11	<u>Waiver of Notice</u>	9
6.12	<u>Informal Action by Directors</u>	9
6.13	<u>Board of Directors' Quorum</u>	9
6.14	<u>Compensation</u>	9

ARTICLE 7

	FISCAL MANAGEMENT	9
7.1	<u>Accounts</u>	9
7.2	<u>Separate Accounts</u>	10
7.3	<u>Fiscal Year</u>	10
7.4	<u>Examination of Books and Records</u>	10

ARTICLE 8

	OFFICERS	10
8.1	<u>Designation</u>	10
8.2	<u>Election of Officers</u>	10
8.3	<u>Resignation and Removal of Officers</u>	11
8.4	<u>Vacancies</u>	11
8.5	<u>President</u>	11
8.6	<u>Vice President</u>	11
8.7	<u>Secretary</u>	11
8.8	<u>Assistant Secretary</u>	12
8.9	<u>Treasurer</u>	12

ARTICLE 9

	INDEMNIFICATION OF OFFICERS AND DIRECTORS	12
9.1	<u>Indemnification</u>	12
9.2	<u>Other</u>	14

ARTICLE 10	
	AMENDMENTS TO BYLAWS 14
10.1	<u>Amendments to Bylaws</u> 14
ARTICLE 11	
	EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS, DESIGNATION OF VOTING REPRESENTATIVE AND TRANSFER FEES 14
11.1	<u>Proof of Ownership</u> 14
11.2	<u>Registration of Mailing Address</u> 14
11.3	<u>Transfer Fees</u> 15
ARTICLE 12	
	ASSESSMENTS AND LIENS 15
12.1	<u>Purpose of Assessments</u> 15
12.2	<u>Annual Budget</u> 15
12.3	<u>Enforcement and Personal Obligation of Owners For Payment of Assessments</u> 16
ARTICLE 13	
	COMMITTEES 16
13.1	<u>Other Committees</u> 16
13.2	<u>Term of Office</u> 16
13.3	<u>Chairman</u> 16
13.4	<u>Vacancies</u> 16
13.5	<u>Quorum</u> 16
13.6	<u>Rules</u> 16
ARTICLE 14	
	NON-PROFIT ASSOCIATION 17
14.1	<u>Non-Profit Association</u> 17
ARTICLE 15	
	EXECUTION OF DOCUMENTS 17
15.1	<u>Execution of Documents</u> 17

ARTICLE 16

CONFLICTING OR INVALID PROVISIONS	17
16.1 <u>Conflicting or Invalid Provisions</u>	17

ARTICLE 17

NOTICES	18
17.1 <u>Notices</u>	18

BYLAWS OF
SCOFIELD PHASE VIII RESIDENTIAL
OWNERS ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

ARTICLE 1

PURPOSES AND DEFINITIONS

1.1 Purposes. The purpose for which the Association is organized is to act as agent for each and every Owner in exercising all of the power and privileges and in performing all of the duties and obligations of the Association as set forth in that certain Scofield Phase VIII Residential Area Declaration of Covenants, Conditions and Restrictions recorded in Volume 12255, Page 001 et seq of the Real Property Records of Travis County, Texas (the "Declaration"). Except as expressly limited by the provisions of the Declaration, the Association shall have and may exercise any and all powers, rights and privileges a corporation organized under the non-profit corporation laws of the State of Texas may now or hereafter exercise. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

1.2 Definitions. Except as expressly defined herein, capitalized terms shall have the same meaning as in the Declaration.

1.3 Acceptance of Bylaws. Each Owner, whether present or future, is subject to the provisions and regulations set forth in these Bylaws and is responsible for causing all occupants of its Lot to comply with same. The mere acquisition of any Lot or all Lots by any Owner will signify that such Owner has accepted, approved and ratified these Bylaws, and that these Bylaws will be complied with.

1.4 Administration. The Association, acting through its Board, shall have the responsibility of administering the operation and maintenance of the Common Area in accordance with the provisions of the Declaration and these Bylaws.

ARTICLE 2

NAME

2.1 Name. The name of the Association shall be SCOFIELD PHASE VIII RESIDENTIAL OWNERS ASSOCIATION, INC. (hereinafter called the "Association").

ARTICLE 3

OFFICES

3.1 Registered Office. The registered office of the Association shall be as designated in the Articles, as it may be changed from time to time.

3.2 Other Offices. The Association may also have offices at such other places both within and without the State of Texas as the Board may from time to time determine or the business of the Association may require.

ARTICLE 4

MEMBERSHIP, MEMBER IN GOOD STANDING, VOTING RIGHTS, QUORUM, PROXIES

4.1 Membership. Each and every Owner automatically shall become, and must remain, a Member in good standing of the Association during such Owner's period of ownership of an Occupied Lot. Such membership shall be appurtenant to such Occupied Lot and may not be severed from or held separately therefrom. Notwithstanding the foregoing, Declarant shall be a Member of the Association so long as Declarant owns any Lot.

4.2 Member in Good Standing. A Member of the Association shall be considered to be a Member in good standing and eligible to vote if such Member:

- (a) Has, not less than seven (7) days prior to the taking of any vote by the Association, fully paid all Assessments or other charges levied by the Association against such Member's Lot and then due and payable, as such Assessments or charges are provided for in the Declaration;
- (b) Does not have a lien filed by the Association against its Lot; and
- (c) Has discharged any and all other obligations to the Association as may be required of the Members hereunder or under the Declaration.

The Board shall have sole responsibility and authority for determining the good standing status of any Member at any time, and shall make such determination with respect to all Members prior to a vote being taken by the Association on any matter. The Board shall have the right and authority, in its sole discretion, to waive either (i) the seven (7) days' prior payment requirement established herein (provided, however, that the Board shall require that such payment be made prior to the time such vote is taken) or

(ii) any requirement imposed under subsection (c) above (provided, however that the Board, in its discretion, shall determine that extenuating circumstances exist). Any Member not conforming with the provisions of this Article shall be declared by the Board not to be a Member in good standing and unless the provision violated can be and is specifically waived by the Board in writing prior to any particular vote being taken, such Member shall be disqualified from voting on all matters before the Association until such time as such Member attains good standing status and same is so declared by the Board.

4.3 Voting Rights in the Association. The Association shall have two (2) classes of voting membership:

- (a) CLASS A. Class A Members shall be all Owners of Occupied Lots with the exception of Declarant, which shall be a Class B Member until the earlier of (i) December 31, 2004 or (ii) the date when the total votes held by Class A Members equals or exceeds the total votes held by the Class B Members (the "Conversion Date"), at which time Declarant's Class B membership shall convert to Class A membership. Each Class A Member shall be entitled to cast one (1) vote for each Occupied Lot owned by such Class A Member.
- (b) CLASS B. Prior to the Conversion Date, there shall be a Class B membership and the sole Class B Member shall be Declarant. The Class B Member shall be entitled to cast three (3) votes for each Lot owned by the Class B member (regardless of whether occupied).

When two (2) or more persons or entities hold undivided interests in any Occupied Lot, all such persons or entities shall be Members and the vote for such Occupied Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to each Occupied Lot in which such Members own undivided interests. In the event undivided interests in any Occupied Lot are owned by two (2) or more persons or entities, and if only one (1) vote is cast with respect to such Occupied Lot, that vote conclusively shall be deemed the vote of all Owners of that Lot. If, however, the persons or entities holding such undivided interests cast conflicting or inconsistent votes, the Association shall treat such inconsistent or conflicting votes as if no vote was cast for the Lot in question, and as if the Owners of such Lot had abstained from the vote.

The membership of a person or entity in the Association shall terminate automatically whenever such person or entity ceases to own a Lot; however, such termination shall not release or relieve any such person or entity from any liability or obligation incurred under or in any way connected with the Association or the

Declaration during the period of ownership of the Lot, nor impair any rights or remedies which the Association or any other party may have with regard to such person or entity.

4.4 Majority. As used in these Bylaws, the term "Majority of Members" shall mean Members in good standing holding fifty-one percent (51%) of the votes of the Association entitled to be cast.

4.5 Quorum. Except as otherwise provided in the Articles or in these Bylaws, Members in good standing holding at least twenty-five percent (25%) of the votes of the Association entitled to be cast represented in person or by proxy, shall constitute a quorum for the transaction of business at all annual and special meetings of Members. In the event a quorum is not present at any meeting, then notification of a meeting for the same purposes to be held within two (2) to four (4) weeks after the date of the initial meeting shall be sent by mail. At such second meeting, the number of Members in good standing represented in person or by proxy shall be sufficient to constitute a quorum. The Members in good standing present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members in good standing to leave less than a quorum.

4.6 Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary of the Association before the appointed time of each meeting. Every proxy shall be revocable, and shall cease automatically upon conveyance by the Member of its Lot.

4.7 Informal Action by Members. Any action required or permitted to be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by (i) all Members entitled to vote with respect to the subject matter thereof, or (ii) if the Articles of Incorporation so provide, by a sufficient number of Members as would be necessary to take that action at a meeting at which all of the Members were present and voted. Any such written consent shall be executed, dated, and filed with the Association in the manner required by Article 1396-9.10 of the Texas Non-Profit Corporation Act.

4.8 Attendance by Telephone. Subject to the provisions of the Texas Non-Profit Corporation Act and these Bylaws concerning notice of meetings and unless otherwise restricted by the Articles of Incorporation or these Bylaws, Members may participate in and hold a meeting of such Members by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting, except where a person participates in the meeting for the express

purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

ARTICLE 5

ASSOCIATION RESPONSIBILITIES AND MEETINGS OF MEMBERS

5.1 Association Responsibilities. The Members will constitute the Association, which, acting through the Board, will have the responsibility of administering and enforcing the covenants, conditions and restrictions contained in the Declaration, including the collection and disbursement of charges and Assessments created therein. In the event of any dispute or disagreement between any Members relating to the Property, or to any question of interpretation or application of the provisions of the Declaration, the Articles or these Bylaws, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Members, subject to the right of all Members to seek other remedies provided by law after such determination by the Board.

5.2 Place of Meeting. Meetings of the Association shall be held at such suitable place, convenient to the Members, as the Board may determine.

5.3 Annual Meetings. The first meeting of the Association shall be held within ninety (90) days after the filing of the Articles of the Association with the Secretary of State, or sooner at the option of Declarant. Thereafter, the annual meetings of the Association shall be held at such time or place as the Board may determine. At each annual meeting, the Members shall elect a Board in accordance with the requirements of Section 6.5 of these Bylaws. The Members also shall transact such other business of the Association as may properly come before them.

5.4 Special Meetings. It shall be the duty of the President to call a special meeting of the Members as directed by resolution of the Board or upon a petition signed by the Members in good standing holding at least thirty-three percent (33%) of the votes of the Association entitled to be cast and presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the Secretary or Assistant Secretary of such resolution or petition.

5.5 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to provide

written notice of each annual or special meeting, either personally, by facsimile transmission or by mail, stating the purpose thereof as well as the time and place it is to be held, to all Members, at least ten (10) days, but not more than sixty (60) days prior to such meeting. The mailing of a notice in the manner provided in the Declaration shall be considered notice served.

5.6 Voting Members' List for Meeting. After fixing a record date for the notice of a meeting, the Association shall prepare an alphabetical list of the names of all its voting Members who are entitled to notice of the meeting. This list must show the address and number of votes each voting Member is entitled to cast at the meeting. The Association shall maintain, through the time of the Members' meeting, a list of Members who are entitled to vote at the meeting but are not entitled to notice of the meeting. This list shall be prepared on the same basis and be part of the list of voting Members.

5.7 Inspection of Voting Members' List. Not later than two (2) business days after the date notice is given of a meeting for which a list was prepared, as provided by Paragraph 5.6, and continuing through the meeting, the list of voting Members must be available for inspection by any Member entitled to vote at the meeting for the purpose of communication with other Members concerning the meeting at the Association's principal office or at a reasonable place identified in the meeting notice in the city where the meeting will be held. A voting Member or voting Member's agent or attorney is entitled on written demand to inspect and, subject to the limitations of Section B, Article 1396-2.23 of the Texas Non-Profit Corporation Act to copy the list at a reasonable time and at the Member's expense during the period it is available for inspection.

5.8 List of Voting Members Available at Meeting. The Association shall make the list of voting Members available at the meeting, and any voting Member or voting Member's agent or attorney is entitled to inspect the list at any time during the meeting or any adjournment.

5.9 Order of Business. The order of business at all meetings of the Members shall be as follows:

- (a) Roll call and certifying proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposition of unapproved minutes;

- (d) Reports of Officers;
- (e) Reports of committees;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

ARTICLE 6

BOARD OF DIRECTORS

6.1 Number, Election and Term of Office. Until the first annual meeting of the Association, the affairs of the Association shall be governed by a Board consisting of the persons designated in the Articles. At the first annual meeting the Members shall elect one Director for a term of one (1) year, one Director for a term of two (2) years and one Director for a term of three (3) years. At each annual meeting thereafter, the Members shall elect one Director for a term of three (3) years. Directors shall be elected by the vote of a majority of the Members. Such elections may be conducted by mail, by facsimile transmission or by any combination of the two. Such persons (individually, a "Director") thereafter shall govern the affairs of the Association until their successors have been duly elected and qualified, and hold their first meeting. The Board shall appoint a Nominating Committee comprised of the Board and three (3) Members in good standing and the Nominating Committee shall submit nominations for Directors to a vote of the Members. Recommendations for Directors may be made to the Nominating Committee by any Member in good standing.

6.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property in the manner required by the Declaration. The Board's powers and duties expressly include all powers and duties of the Association as described in the Declaration, which description is incorporated by reference, together with all powers and duties incidental thereto, regardless of whether specifically enumerated in the Declaration or elsewhere. The Board may do all such acts and things except as by law or by these Bylaws or by the Declaration may not be delegated to the Board.

6.3 No Waiver of Rights. The omission or failure of the Association or any Member to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provisions of the Declaration, the Bylaws or the Rules, shall not constitute or be deemed a waiver, modification or release thereof, and the Board shall have the right to enforce same thereafter.

6.4 Voting Rights. Each Director shall be entitled to cast one (1) vote at Board meetings.

6.5 Vacancies. Any vacancy in the Board caused by death, resignation or disqualification (i.e., by any reason other than the removal of a Director in accordance with Section 6.7 below), shall be filled by the Members within thirty (30) days after such vacancy. Each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

6.6 Removal of Directors. At any annual or special meeting of the Members duly called, any Director may be removed with or without cause by a majority of the Members, and a successor shall then and there be appointed by a majority of the Members to fill the vacancy thus created. Any Director whose removal has been proposed shall be given an opportunity to be heard at the meeting.

6.7 First Meetings. An organizational meeting of the Board of Directors named in the Articles of Incorporation shall be held, at the call of the incorporator or a majority of the directors named in the Articles of Incorporation, for the purpose of adopting bylaws, electing officers, and for such other purposes that may come before the meeting. The incorporator or directors calling the meeting shall give at least three (3) days' notice thereof by mail to each director named in the Articles of Incorporation, which notice shall state the time and place of the meeting.

6.8 Organization Meeting. The first meeting of a newly elected Board following the annual meeting of the Members shall be held within ten (10) days thereafter at such place as shall be fixed by the President at the meeting at which such new Board was elected, and no notice shall be necessary to the newly elected Board in order legally to constitute such meeting, providing that at least two (2) Directors shall be present.

6.9 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by resolution of the Board.

6.10 Special Meetings. Special meetings of the Board may be called by the President or by any two (2) Directors, after not less than three (3) days notice to each Director.

6.11 Waiver of Notice. Before or after any meeting of the Board, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

6.12 Informal Action by Directors. Any action required to be taken at a meeting of Directors, or any action which may be taken at a meeting of the Directors or any committee, may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall have been signed by (i) all the Directors or committee members, or (ii) if the Articles of Incorporation so provide, by a sufficient number of Directors or committee members as would be necessary to take that action at a meeting at which all of the Directors or members of the committee were present and voted. Any such written consent shall be executed, dated, and filed with the Association in the manner required by Article 1396-9.10 of the Texas Non-Profit Corporation Act.

6.13 Board of Directors' Quorum. Except where a higher number of votes is expressly required by the Declaration or elsewhere in these Bylaws, at all meetings of the Board, those Directors holding a majority of the votes available to be cast by the Directors shall constitute a quorum for the transaction of business, and the acts approved by a majority of votes cast by the Directors present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the Board, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum is present.

6.14 Compensation. No Director shall receive any compensation for acting as such.

ARTICLE 7

FISCAL MANAGEMENT

7.1 Accounts. The funds and expenditures of the Members by and through the Association shall be credited and charged to

accounts under the following classifications as shall be appropriate:

- (a) Normal operating expenses, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional Improvements within the Common Area.
- (b) Reserve for maintenance, repair and/or replacement relating to Improvements within the Common Area which shall include funds for maintenance, repair or replacement required because of damage, wear or obsolescence.

7.2 Separate Accounts. Separate accounts may be established in order to better demonstrate that the amounts deposited therein are capital contributions and not income to the Association.

7.3 Fiscal Year. The fiscal year for the Association shall be the calendar year.

7.4 Examination of Books and Records. Any Member may examine the books and records of the Association during normal business hours at the principal office of the Association (as same may be changed from time to time). Any Member may make copies of such books and records at such Member's sole expense, but no Member may remove the books and records from the principal office of the Association at any time.

ARTICLE 8

OFFICERS

8.1 Designation. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board, and such assistant officers as the Board shall, from time to time, elect. Such officers may, but need not be Directors. The office of President and Treasurer may be held by the same person, and the office of Vice President and Secretary or Assistant Secretary may be held by the same person.

8.2 Election of Officers. The officers of the Association shall be elected annually by the Board at the organizational meeting of each new Board and shall hold office subject to the continuing approval of the Board.

8.3 Resignation and Removal of Officers. Upon an affirmative vote of a majority of the votes available to be cast by the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board, 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.

8.4 Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise of the officer previously filling such office may be filled by affirmative vote of a majority of the votes available to be cast by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

8.5 President. The President shall be the Chief Executive officer of the Association. He shall preside at all meetings of the Association and of the Board. He shall have all of the general powers and duties which are usually vested in the office of president of a Texas non-profit corporation, including but not limited to the power to appoint committees from among the Members from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members at any regular or special meetings.

8.6 Vice President. The Vice President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or due to his inability for any reason to exercise such powers and functions or perform such duties, and also will perform any duties he is directed to perform by the President.

8.7 Secretary. The Secretary shall keep all the minutes of the meetings of the Board and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board may direct; and he shall, in general, perform all the duties incident to the office of Secretary and those duties as provided in the Declaration and these Bylaws.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall be open to inspection by Members and

other persons lawfully entitled to inspect same at reasonable times during regular business hours.

8.8 Assistant Secretary. The Assistant Secretary, if any, shall have all the powers and authority to perform all the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also will perform any duties he is directed to perform by the Secretary.

8.9 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board.

ARTICLE 9

INDEMNIFICATION OF OFFICERS AND DIRECTORS

9.1 Indemnification. As described in and in addition to the powers of indemnification set forth in the Declaration, the Association shall have the power to indemnify and to reimburse or advance expenses and/or purchase and maintain insurance or any other arrangement on behalf of any person who is or was an officer, Director, committee member, employee, servant or agent of the Association, against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, to the maximum extent allowable by law. The provisions of this Section 9.1 shall not be deemed exclusive of any other rights to which such person may be entitled under any bylaw, agreement, insurance policy, vote of Members in good standing of the Association or otherwise.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon the determination that he (i) acted in good faith and in a manner he reasonably believed to be in the best interests of the Association, (ii) acted in a manner which was not negligent, or (iii) with respect to any criminal action or proceeding, had no reasonable cause to realize his conduct was unlawful. Such determination shall be made (1) by the Board by a majority of the votes cast by Directors comprising a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum

is not obtainable, by (a) independent legal counsel in a written opinion, or (b) the Members in good standing of the Association and no Member shall be disqualified from voting because he is or was party to any such action, suit or proceeding unless such Member is also a Director. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he is not entitled thereto as provided in this Article.

To the extent that a Director or officer of the Association has been successful on the merits or otherwise in the defense of any action, suit or proceeding whether civil or criminal, such person shall be indemnified against such expenses (including costs and attorneys' fees) actually and reasonably incurred by him in connection therewith.

Indemnification provided herein shall be exclusive of any and all other rights and claims to which those indemnified may be entitled as against the Association and every Director, officer, employee or agent thereof under any bylaw, resolution, agreement or law and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provisions of this Article.

The Association may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as an expense subject to a special Assessment; provided however, that nothing contained in this Article 9 shall be deemed to obligate the Association to indemnify any Member who is or has been a Director or officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration and these Bylaws that were assumed or incurred outside of his

conduct specifically related to the fulfillment of his duties as an officer or Director of the Association.

9.2 Other. The Members, Board, officers or representatives of the Association shall enter contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners.

ARTICLE 10

AMENDMENTS TO BYLAWS

10.1 Amendments to Bylaws. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of a quorum of Members present in person or by proxy, except that if there is a valid VA Letter of Approval in effect, the Veterans Administration, shall have the right to veto amendments while there exists any Class B Membership; provided, however, that in no event shall these Bylaws be amended in a manner inconsistent or in conflict with the Declaration.

ARTICLE 11

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS, DESIGNATION OF VOTING REPRESENTATIVE AND TRANSFER FEES

11.1 Proof of Ownership. Except for Declarant, any person who purchases a Lot within the Properties, following such purchase, shall furnish to the Board a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in said Lot, which copy shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor shall be entitled to vote at any annual or special meeting of Members unless this requirement first is met.

11.2 Registration of Mailing Address. Each Owner shall have one and the same registered mailing address to be used by the Association for mailing of statements, notices, demands and all other communications, and such registered address shall be the only mailing address of such Owner to be used by the Association, provided that when two (2) or more persons or entities hold individual interests in any Lot, each such person and/or entity may receive such statements, notices, demands and all other communications at the registered mailing address furnished to the

Association by such person or entity. Upon transfer of title, the registered address of the new Owner(s) shall be furnished to the Board. Any registered address furnished to the Board shall be in written form and signed by all of said Owners of the applicable Lot or by such persons as are authorized by law to represent the interest of such Owners. A change of address shall be effective fifteen (15) days after the Board receives notice of such change.

11.3 Transfer Fees. Prior to delivering copies of Association corporate documents, or preparing certificates stating the status of Assessments, or responding to other requests for information, the Board may charge, or may authorize the President or any managing agent of the Association to charge, a reasonable fee to the party requesting such copies or information.

ARTICLE 12

ASSESSMENTS AND LIENS

12.1 Purpose of Assessments. The annual and special Assessments levied hereunder by the Association shall be levied and used exclusively in accordance with the provisions of the Declaration. The procedures for levying and payment of all such Assessments are set forth in the Declaration.

12.2 Annual Budget. Subject to the provisions of the Declaration, each fiscal year the Board shall adopt an annual budget based upon the amount of the annual Assessment to be levied for the next year, taking into consideration Association operating costs for the then current year, expected normal increases in such costs over the next year, and additional future needs of the Association, including the establishment and maintenance of an Association reserve fund as provided for herein. Promptly following the formation of the Association, the Board shall adopt an initial budget to cover the anticipated Association operating costs for the remainder of the 1994 fiscal year. Thereafter, a proposed annual budget shall be submitted to the Members and the Board at least sixty (60) days prior to the commencement of each fiscal year, and an annual budget shall be adopted by the Board not later than fifteen (15) days prior to the commencement of each fiscal year. Notwithstanding the above, in the event the Board fails for any reason to adopt an annual budget covering the succeeding fiscal year, then and until such time as an annual budget shall have been adopted for such succeeding fiscal year, the annual budget currently in effect shall continue and the annual Assessment shall be deemed the same as for the current year.

12.3 Enforcement and Personal Obligation of Owners For Payment of Assessments. The Association shall enforce the payment of annual and special Assessments in accordance with the terms of the Declaration. The Association, in its sole discretion, may elect either to reject any partial payment of any Assessment or installment thereof and demand full payment thereof, or to accept any such partial payment on account only, without waiving any rights established hereunder with respect to any remaining balance due. All Assessments shall be the personal obligations of the Owners, as more particularly set forth in the Declaration and incorporated herein for all purposes.

ARTICLE 13

COMMITTEES

13.1 Other Committees. The Board by resolution adopted by a majority of votes available to be cast by the Directors, may designate one or more other committees. Except as otherwise provided in such resolution, Members of such committee or committees shall be Members in good standing of the Association (or the designee of a Member in good standing), and the President of the Association shall appoint the Members thereof.

13.2 Term of Office. Each Member of a committee shall continue as such until the next annual meeting of the Members of the Association or until his successor is appointed unless the committee shall be sooner terminated, or unless such Member shall be removed from such committee, or unless such Member shall cease to qualify as a Member thereof.

13.3 Chairman. One Member of each committee shall be appointed chairman by the President of the Association.

13.4 Vacancies. Vacancies in the Membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

13.5 Quorum. Unless otherwise provided in the Declaration or the resolution of the Board designating a committee, a majority of the whole committee shall constitute a quorum and the act of a majority of the members of the committee present at a meeting at which a quorum is present shall be the act of the committee.

13.6 Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws, the Declaration or the Rules.

ARTICLE 14

NON-PROFIT ASSOCIATION

14.1 Non-Profit Association. The Association is not organized for profit. No Member, Director, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or be distributed to, or inure to the benefit of any Director, officer or Member; provided, however, always (1) that reasonable compensation may be paid to any Member, Director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any Member, Director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE 15

EXECUTION OF DOCUMENTS

15.1 Execution of Documents. The persons who shall be authorized to execute any and all contracts, documents, instruments of conveyance or encumbrances, including promissory notes, shall be two: (a) the President or any Vice President, and (b) the Secretary or any Assistant Secretary of the Association.

ARTICLE 16

CONFLICTING OR INVALID PROVISIONS

16.1 Conflicting or Invalid Provisions. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these Bylaws be in conflict with the provisions of the Texas Non-Profit Corporation Act, any other Texas law or the Declaration, such Act or law or the Declaration shall control; and should any part of these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

ARTICLE 17

NOTICES

17.1 Notices. All notices permitted or required to be given by these Bylaws shall be accomplished in accordance with Section 10.3 of the Declaration.

CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting President of Scofield Phase VIII Residential Owners Association, Inc., a Texas non-profit corporation; and,

THAT the foregoing Bylaws constitute the original Bylaws of said Association, as duly adopted at a meeting of the Board of Directors thereof, held on the 31st day of January, 1995.

82 IN WITNESS WHEREOF, I have hereunto subscribed my name this February day of February, 1995.



Blake J. Magee
President

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on February 9th, 1995, by BLAKE J. MAGEE, President of SCOFIELD PHASE VIII RESIDENTIAL OWNERS ASSOCIATION, INC., a Texas non-profit corporation, on behalf of said corporation.

Tammie R. McKinnon
NOTARY PUBLIC, State of Texas

