

BYLAWS
of
NAVARRO TOWN HOMEOWNERS ASSOCIATION

TABLE OF CONTENTS

<u>ARTICLE</u>		<u>PAGE</u>
1.	THE ASSOCIATION AND TERMS	1
1.1	The Association.....	1
1.2	Terms	1
2.	PURPOSE AND APPLICATION	1
2.1	Purpose.....	1
2.2	Application.....	1
3.	MEMBERSHIP, VOTING AND PROXIES	1
3.1	Membership.....	1
3.2	Voting	2
3.3	Majority of Lot Owners.....	2
3.4	Quorum	2
3.5	Proxies	2
4.	MEETINGS OF MEMBERS	2
4.1	Association Responsibilities.....	2
4.2	Place of Meetings.....	2
4.3	Annual Meetings.....	2
4.4	Special Meetings.....	2
4.5	Notice of Meetings.....	3
4.6	Adjourned Meeting	3
4.7	Order of Business.....	3
5.	BOARD OF MANAGERS	3
5.1	Number and Qualifications.....	3
5.2	General Powers and Duties	3
5.3	Specific Powers and Duties.....	3

COPY

5.3.1	The Declaration and Act.....	4
5.3.2	Rules and Regulations	4
5.3.3	Repair.....	4
5.3.4	Insurance.....	4
5.3.5	Assessments	4
5.3.6	Suits to Collect	5
5.3.7	Refund.....	5
5.3.8	Borrow	5
5.3.9	Contract.....	5
5.3.10	Banking	5
5.3.11	Accounts.....	5
5.3.12	Statements	5
5.3.13	Meetings.....	5
5.3.14	Personnel	5
5.3.15	General Power	5
5.4	Managing Agent.....	5
5.5	Election and Term of Office.....	6
5.6	Vacancies.....	6
5.7	Removal of Managers.....	6
5.8	Organization Meeting.....	6
5.9	Regular Meetings	6
5.10	Special Meetings.....	6
5.11	Waiver of Notice.....	7
5.12	Board of Managers Quorum.....	7
5.13	Fidelity Bonds.....	7
5.14	Compensation	7
6.	OFFICERS	7
6.1	Designation	7
6.2	Election of Officers	7
6.3	Removal of Officers.....	7
6.4	President.....	7
6.5	Vice President.....	8
6.6	Secretary/Treasurer	8
6.6.1	Minutes and General Duties.....	8
6.6.2	Membership Lists	8
6.6.3	Funds and Accounts.....	8
7.	INDEMNIFICATION OF OFFICERS AND MANAGERS	8

8.	OBLIGATIONS OF OWNER	9
8.1	Assessments	9
8.2	Maintenance and Repair	9
	8.2.1 Owner's Expense	9
	8.2.2 Owner's Repairs.....	9
	8.2.3 Reimbursement.....	9
8.3	Mechanic's and Materialman's Lien	9
8.4	Compliance with Declaration.....	10
	8.4.1 Declaration.....	10
	8.4.2 Purposes	10
8.5	Use of Lots and Town homes; Internal Changes	10
	8.5.1 Permitted Use.....	10
	8.5.2 Changes	10
8.6	Use of Common Elements.....	10
8.7	Right of Entry.....	10
	8.7.1 The Association.....	10
	8.7.2 Other Owners	10
8.8	Rules and Regulations	11
	8.8.1 Compliance	11
	8.8.2 Prohibited Property	11
	8.8.3 Nuisances.....	11
	8.8.4 Use of Common Elements.....	11
	8.8.5 Pets	11
	8.8.6 Signs	12
	8.8.7 Parking	12
	8.8.8 Garbage	12
9.	AMENDMENTS TO BYLAWS	12
9.1	Voting	12
9.1	Recordation.....	12
10.	MORTGAGEES	12

10.1	Notices to Association.....	12
10.2	Notice of Unpaid Assessments.....	12
11.	NON-PROFIT	12
12.	REGISTERED AGENT	13
13.	EXECUTIVE AND OTHER COMMITTEES	13
14.	CORPORATE RECORDS AND REPORTS	13
14.1	Place	13
14.2	Inspection of Records.....	13
14.3	Inspection of Bylaws.....	13
14.4	Authorized Signatures.....	13
14.5	Contract by Agents.....	14
14.6	Statements	14
15.	EXECUTION OF DOCUMENTS	14
16.	ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS	14

COPY

BY-LAWS

OF

NAVARRO TOWNHOMES OWNERS ASSOCIATION

1. THE ASSOCIATION AND TERMS

1.1 The Association. The name of the corporation shall be "Navarro Townhomes Owner's Association" (The "Association"), organized under the Texas Non-Profit Corporation Act.

1.2 Terms. The terms used in these Bylaws shall have the same meanings as specially defined in the Declaration of Covenants, Conditions and Restrictions of Navarro Townhomes, as recorded in the Official Records of Brazos County, Texas (the "Declaration") Volume 4245, Page 165 of the Official Records of Brazos County, Texas.

2. PURPOSE AND APPLICATION

2.1 Purpose. The purpose for which the Association is formed is to govern the Town homes property (the "Property") situated in the County of Brazos, State of Texas, as the Property is described in the Declaration and submitted to the covenants, conditions and restrictions of the Declaration.

2.2 Application. All present or future Owners, tenants, or any other person that might use the facilities of the Property in any manner, are subject to the regulations set forth in these Bylaws. The acquisition, rental or occupancy of any of the Townhomes Units shall constitute acceptance and ratification of these Bylaws by such parties.

3. MEMBERSHIP, VOTING AND PROXIES

3.1 Membership. Any person on becoming an Owner of a Lot as defined in the Declaration shall automatically become a member of the Association and be subject to these Bylaws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from liability or obligation incurred as an Owner or in any way connected with the Association, during the period of such ownership and membership in the Association, or impair any right or remedies which the Board of Managers of the Association or others may have against such former Owner and member arising out of or in any way connected with such ownership and membership and of the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Managers may, if it so elects, issue a membership card to the owners of a Lot.

Such membership card shall be surrendered to the Secretary of the Association (the "Secretary") whenever ownership of the Lot designated thereon may terminate.

3.2 Voting. Voting shall be based upon the Percentage Interests of each Owner. An Owner of an undivided fractional ownership interest in and to a Lot shall be entitled to vote equal to his fractional ownership interest of the Percentage Interest of such Lot. Cumulative voting is prohibited.

3.3 Majority of Lot Owners. As used in these Bylaws the term "Majority of the Owners" shall mean those Owners of more than fifty percent (50%) of the Percentage Interests.

3.4 Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of a Majority of the Owners shall constitute a quorum. Except as otherwise provided in the Declaration of these Bylaws, when a quorum of Owners is present at any meeting, a majority vote by the Owners present, either in person or by proxy, shall be sufficient to either defeat or approve any proposed action.

3.5 Proxies. Votes may be cast in person or by proxy. Proxies may be filed with the Secretary before the appointed time of each meeting.

4. MEETINGS OF MEMBERS

4.1 Association Responsibilities. The Owners shall constitute the members of the Association which will have the responsibility of administering the Property through a Board of Managers.

4.2 Place of Meetings. Meetings of the Association shall be held at such place as the Board of Managers may determine and designated representatives of the first lien mortgagees shall have the right to attend such meetings.

4.3 Annual Meetings. The first annual meeting of the Association shall be held at such time and place as shall be designated by the Declarant in the notice thereof and shall not occur more than ninety (90) days after the expiration of the Construction Period. Thereafter, there shall be an annual meeting of the Association on the Second Monday of January at a location determined by the Board of Managers or at such other reasonable time and place (not more than sixty (60) days before or after such date) as shall be specified in the notice thereof. At such meetings there shall be elected by ballot of the Owners a Board of Managers in accordance with the requirements of Section 5.5 hereof. The Owners may also transact with each other business of the Association as may properly come before them.

4.4 Special Meetings. It shall be the duty of the President of the Association (the "President") to call a special meeting of the Owners as directed by resolution of the Board of Managers or upon a petition signed by a Majority of the Owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of two-thirds (2/3) of the Owners present, either in person or by proxy.

4.5 Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting stating the purpose, time and place thereof to first lien mortgagees or their designated representatives and to each Owner of record, as per the Association's books, at least ten (10) but not more than thirty (30) days prior to such meeting. The mailing of such notice shall be deemed to be proper service of notice.

4.6 Adjourned Meeting. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than ten (10) or more than fifty (50) days following the meeting or the adjournment thereof. The required quorum at any such adjourned meeting shall be one-half (1/2) of the required quorum of the meeting which was adjourned, but such quorum shall not be decreased to the Owners of less than one-tenth (1/10) of the Percentage Interests, present in person or by proxy.

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

- a. Roll Call
- b. Proof of notice of meeting or waiver of notice.
- c. Reading of minutes of preceding meeting
- d. Reports of officers
- e. Reports of committees
- f. Election of managers
- g. Unfinished business
- h. New business

5. BOARD OF MANAGERS

5.1 Number and Qualifications. Subject to the provisions contained herein, except as provided in Section 5.4 hereof, the affairs of the Association shall be governed by a Board of Managers, composed of three (3) persons.

5.2 General Powers and Duties. The Board of Managers 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. The Board of Managers may do all such acts

and things as are not prohibited by these Bylaws or by the Declaration, that are directed to be exercised and done by the Association.

5.3 Specific Powers and Duties. The Board of Managers shall also have the following powers and duties:

5.3.1 The Declaration and Act. To administer and enforce covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions set forth in the Declaration.

5.3.2 Rules and Regulations. To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy for the Property, with the right to amend the same from time to time, in addition to those rules and regulations contained in Section 8.8 hereof. A copy of such rules and regulations shall be delivered or mailed to each member promptly upon the adoption thereof.

5.3.3 Repair. To keep in good order, condition and repair all of the General and Limited Common Elements and all items of property used in the enjoyment of the entire Property.

5.3.4 Insurance. To insure and keep insured all of the insurable Common Elements of the Property in a an amount equal to their replacement value. The replacement value shall ve determined annually by appraisals as may be deemed prudent or necessary by the Board of Managers, one or more mortgagees, or the insurance underwriter. Further, to obtain and maintain comprehensive liability insurance covering the entire Property in amounts of not less than \$100,000 per person, \$300,000 for all persons per accident, and \$100,000 for property damages. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association, the Owners and their first mortgagees. The limits and coverage shall be reviewed at intervals of not less than three (3) years and adjusted, if necessary, to provide such coverage and protection as the Association may deem prudent. So long as the Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), or Governmental National Mortgage Association (GNMA) is a mortgagee or Owner of a Lot, the Association and/or Owner shall maintain in effect at least such casualty, flood and liability insurance and such fidelity bond as shall meet the standards established by FNMA, FHLMC and GNMA for planned developments, as published in the FNMA, FHLMC and GNMA Servicer's Guide, or otherwise, except to the extent such requirements shall have been waived in writing by the FNMA, FHLMC or GNMA. Workmen's compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any of the Association.

5.3.5 Assessments. To fix, determine, levy and collect the monthly Assessments to be paid by each of the Owners and by majority vote of the Board of Managers to decrease or increase the amount of the monthly Assessments pursuant to the Declaration. Subject to Owner approval as set out in the Declaration, to levy and collect special Assessments whenever in the opinion of the Board of Managers it is necessary to do so in order to meet increase operating or maintenance expenses, additional capital expenses, or other unforeseen expenses. All monthly or other Assessments shall be itemized to set forth the various expenses for which the Assessments are being made.

5.3.6 Suits to Collect. To collect delinquent Assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in the Declaration and these Bylaws.

5.3.7 Refund. To protect and defend the entire Property from loss and damage by suit or otherwise.

5.3.8 Borrow. To borrow or repay funds in order to pay for any expenditures or outlay required and to execute all such instruments evidencing such indebtedness shall be the individual obligation of each Owner in the same proportion as his Percentage Interest.

5.3.9 Contract. To enter into contracts within the scope of their duties and powers.

5.3.10 Banking. To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Managers.

5.3.11 Accounts. To keep and maintain full and accurate books and records showing all of the receipts, disbursements, and delinquent Assessments and to permit examination thereof at any reasonable time by each of the Owners and each of the holders of first lien mortgages, and to cause a complete audit of the books and accounts once a year.

5.3.12 Statements. To prepare and deliver annually to each Owner and each of the holders of first lien mortgages a financial statement of the Association including a balance sheet, statement of revenues and expenses and a listing of delinquent Assessments.

5.3.13 Meetings. To meet at least once each quarter.

5.3.14 Personnel. To designate the personnel necessary for the maintenance and operation of the General and Limited Common Elements.

5.3.15 General Power. In general, to carry on the administration of this Association and to do all of those things necessary and reasonable for a condominium association.

5.4 Managing Agent. The initial Managing Agent, shall be as designated by the Declarant. Subsequent to the termination of the duties of the initial Managing Agent, the Board of Managers may employ for the Association a Managing Agent with compensation to be established by the Board of Managers, to perform such duties and services as the Board of Managers shall authorize, including but not limited to the duties listed in Section 5.3 hereof. However, no person or entity shall be made the Managing Agent unless such person or entity shall be a professional property manager. Any decision by the Board of Managers to assume the management of the Property shall require prior written approval of each and all of the first lien mortgagees. However, notwithstanding anything herein to the contrary, any agreement for independent professional management of the Property or other services to the Association by the initial or any successor Managing Agent shall provide that the management contract may be terminated by the Association without cause or termination fee on thirty (30) days written notice. The term of any such contract shall not exceed one (1) year.

5.5 Election and Term of Office. At the first annual meeting of the Association, the term of office of the fixed members of the Board of Managers (the "Managers") shall be fixed. The term of one Manager shall be fixed at three (3) years. The term of office of one Manager shall be fixed at two (2) years. The term of office of one Manager shall be fixed at one (1) year. At the expiration of the initial term of office of each Manager, his successor shall be elected to serve a term of three (3) years. The three (3) persons acting as Managers shall hold office until their successors have been elected and hold their first meeting. The term of office for Managers elected for the initial term shall be determined by drawing for such term designation.

5.6 Vacancies. Vacancies on the Board of Managers caused by any reason other than the removal of a Manager by a vote of the Association shall be filled by vote of the majority of the remaining Managers, even though they may constitute less than a quorum. Each person so elected shall be Manager until a successor is elected at the next annual meeting of the Association.

5.7 Removal of Managers. Subject to the provisions of the Declaration, at any regular or special meeting duly called, any one or more of the Managers may be removed with or without cause by the Majority of the Owners, and a successor shall then be elected to fill the vacancy thus created. Any Manager whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

5.8 Organization Meeting. The first meeting of a newly elected Board of Managers shall be held within ten (10) days of the election of such Managers at such place as shall be fixed by the Managers at the meeting at which such Managers were elected.

5.9 Regular Meetings. Regular meetings of the Board of Managers may be held at such times and places as shall be determined from time to time, by a majority of the Managers. At least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each Manager, personally or by mail, telephone or telegraph, which notice shall state the time, place and purposes of the meeting.

5.10 Special Meetings. Special meetings of the Board of Managers may be called by the President on three (3) days notice to each Manager, given personally, or by mail, telephone or telegraph, which notice shall state the time, place and purposes of the meeting.

5.11 Waiver of Notice. Before or at any meeting of the Board of Managers, any Manager may in writing waive notice of such meeting. If all the Managers are present at any meeting of the Board of Managers, no notice shall be required and any business may be transacted at such meeting that may be transacted at a meeting with full notice.

5.12 Board of Managers Quorum. At all meetings of the Board of Managers, a majority of the Managers shall constitute a quorum for the transaction of business. The acts of the majority of the Managers present at a meeting at which quorum is present shall be the acts of the Board of Managers. If, at any meeting of the Board of Managers, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

5.13 Fidelity Bonds. The Board of Managers shall require that the Managing Agent and the officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

5.14 Compensation. No member of the Board of Managers shall receive any compensation for acting as such.

6. OFFICERS

6.1 Designation. The officers of the Association shall be a President, a Vice President, and a Secretary/Treasurer, all of whom shall be elected by and from the Board of Managers.

6.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Managers at the first meeting of each new Board of Managers and shall hold office at the pleasure of the Board of Managers.

6.3 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, with or without cause, from the office then held (but not from the Board of Managers) and his successor elected at any regular meeting of the Board of Managers called for such purpose.

6.4 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and the Board of Managers. He shall have all the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the Owners, from time to time, as he may in his sole discretion deem appropriate to assist in the affairs of the Association.

6.5 Vice President. The Vice President shall have the powers and authority to perform the functions and duties of the President during the absence of the President, or during the President's inability for any reason to exercise his powers or perform his duties. The Vice President may also have those powers and that authority delegated to him by the President.

6.6 Secretary/Treasurer.

6.6.1 Minutes and General Duties. The Secretary/Treasurer shall keep all the minutes of all meetings of the Board of Managers and the minutes of all meetings of the Association. He shall be in charge of such books and papers as the Board of Managers may direct. He shall, in general, perform all the duties incident to the office of Secretary/Treasurer.

6.6.2 Membership Lists. The Secretary/Treasurer 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 also show opposite each member's name the number or other appropriate designation of the Lot owned by such member and the parking spaces assigned for use in connection with such Lot. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6.6.3 Funds and Accounts. The Secretary/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 of Managers.

7. INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every Manager or officer, his heirs, executors and administrators, against all loss, costs, and expenses, including legal fees, reasonably incurred by him in connection with any action, suit or proceeding brought against such person because of any act or omission committed by that person while acting in his capacity as a Manager or officer; provided, however, that the Association shall not be liable for such indemnification when the loss or damage has been occasioned by the gross negligence or willful misconduct on the part of such Manager or officer. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by legal counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as Manager or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Manager or officer may be entitled. All liability, loss, damage, costs 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 Common Expenses; provided, however, that nothing in this Article shall be deemed to obligate the Association to indemnify any member or Owner, who is or has been a Manager or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration as a member or Owner covered thereby.

8. OBLIGATIONS OF OWNER

8.1 Assessments. All Owners, including the Declarant, shall be obligated to pay the monthly Assessments imposed by the Association. The Assessments shall be made proportionately according to the Percentage Interests and shall be due monthly in advance. A member shall be deemed to be in good standing and entitled to vote at any annual or at a special meeting of members, within the meaning of these Bylaws, if and only if he shall have fully paid all Assessments made or levied against him and the Lot owned by him.

8.2 Maintenance and Repair.

8.2.1 Owner's Expense. Every Owner must perform promptly at his own expense all necessary maintenance and repair work within his Lot and Town home, which if omitted would affect the Property in its entirety or in a part belonging to other Owners.

8.2.2 Owner's Repairs. An Owner shall be responsible for, maintaining and keeping in good repair, at his expense, the interior of his own Town home; including all fixtures and equipment installed within the Town home, including without limitation

those related systems providing water, light, gas, power, sewage, telephone, air-conditioning and heating, and all doors, windows and glass.

8.2.3 Reimbursement. An Owner shall be obligated to reimburse the Association promptly on receipt of its statement for any expenditures incurred by the Association in repairing or replacing any Common Element damaged by such Owner's negligence or by the negligence of his tenants or agents.

8.3 Mechanic's and Materialman's Lien. Each owner agrees to indemnify and hold each of the other Owners harmless from any and all claims of mechanic's and materialman's liens filed against the other Town homes and the appurtenant Common Elements for labor, materials, services or other products incorporated in the Owner's Town home or Lot. In the event suit for foreclosure of any such mechanic's and materialman's lien is commenced, then within ninety (90) days thereafter such Owner shall be required to deposit with the Association cash equal to the amount of such claim plus interest at ten percent (10%) per annum for one (1) year together with the sum of One Hundred Dollars (\$100.00). Such sum shall be held by the Association pending final adjudication or settlement of the litigation. Disbursement of such funds shall be made on account of such final judgment or settlement. Any deficiency, including attorney's fees, shall be paid forthwith by the subject Owner and constitute a special Assessment against his Lot which shall be secured and may be foreclosed as provided in the payment of interest at the rate of ten percent (10%) on all sums paid by the Association until the date of repayment by such Owner.

8.4 Compliance with Declaration.

8.4.1 Declaration. Each Owner shall comply strictly with the provisions of the Declaration.

8.4.2 Purposes. Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the Town homes regime was established.

8.5 Use of Lots and Town homes; Internal Changes.

8.5.1 Permitted Use. All Town homes shall be used for residential purposes only.

8.5.2 Changes. An Owner shall not make structural modifications or alterations to his Town home or installations therein without previously notifying the Association in writing through the Managing Agent or if no Managing Agent is employed, the through the President of the Board of Managers. The Association shall answer such notice within thirty (30) days after such notice, and failure to do so within the stipulated

time shall be deemed to be approval of such request. Such notice shall be deemed given upon deposit by Owner at the office of Managing Agent of a complete set of Plans and Specification and any permits required in accordance with the ordinances of the City of College Station.

8.6 Use of Common Elements. Each Owner may use the Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the rights of the other Owners.

8.7 Right of Entry.

8.7.1 The Association. The Managing Agent or to any other persons authorized by the Board of Managers shall have the right to enter any Town home in case of an emergency originating in or threatening that Town home, whether or not the Owner is present at the time of entry.

8.7.2 Other Owners. An Owner shall permit other Owners, or their representatives, when so required, to enter his Town home for the purpose of performing installation, alterations, or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner. In the case of an emergency, such right of entry shall be immediate.

8.8 Rules and Regulations.

8.8.1 Compliance. All Owners shall comply with the rules and regulations adopted by the Association in order that all Owners and their guests shall have the safe use of the Common Elements consummate with the rights of each of the other Owners thereto.

8.8.2 Prohibited Property. Nothing shall be done in any Town home unit, nor shall the same be occupied or used for any purpose, nor shall any commodity, product or personal property be kept therein or thereon, which shall cause such improvement to be uninsurable against loss by fire of the perils included in an extended coverage endorsement under the rules of the State of Texas Insurance Commission or which might cause or warrant any policy or policies covering the Property or part thereof to be canceled or suspended by the insuring company.

8.8.3 Nuisances. Owners and occupants of Town homes shall at all times exercise extreme care to avoid making or permitting to be made loud or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers and any other instruments or devices in such a manner as may disturb the Owners, tenants or other occupants of the Town homes. No Town home shall be used or occupied in such a manner as to obstruct or interfere with

the enjoyment of occupants or residents of other Town homes, nor shall any nuisance, or illegal activity be committed or permitted to occur in or on any Town home or upon any of the Common Elements.

8.8.4 Use of Common Elements. The Common Elements are intended for use for the purposes of vehicular and pedestrian movement within the Property, access to the Town homes, recreation by the Owners and occupants of Town homes, beautification of the Property, privacy for the residents of the Town homes through landscaping, and such other purposes as shall be deemed appropriate by the Association. No part of the Common Elements shall be obstructed so as to interfere with its use for the purposes of herein above recited, nor shall any part of the Common Elements be used for general storage purposes after the completion of the construction of the Town homes, except for designated maintenance storage rooms, nor shall anything be done thereon in any manner which shall increase the rate of hazard and liability insurance covering the Common Elements and improvements situated thereon.

8.8.5 Pets. Not more than one (1) dog, cat, or other usual small household pet may be kept in any Town home, provided always that such household pet be allowed on the Common Elements only as may be specified under reasonable rules therefore promulgated by the Board of Managers. Except as herein above stated, no animal, livestock, birds or poultry shall be brought within the Property or kept in or around any Town home. No breeding of pets or commercial activities related thereto shall be permitted on the Property.

8.8.6 Signs. No Owners of the Property shall post any advertisements, signs or posters of any kind on the Property except as authorized by the Association.

8.8.7 Parking. Parking of automobiles shall be only in the spaces designated for parking for each Town home. No unattended vehicle shall at any time be left in any area in such a manner as to impede the passage of traffic or to impair proper access to any parking area. No boats, trailers or campers shall be left in the parking areas. No storage of any objects shall be permitted in any driveway or private carport area, except in the designated storage areas which shall be kept closed when not in use, and the same shall be at all times kept free of unreasonable accumulation of debris or rubbish of any kind.

8.8.8 Garbage. It is prohibited to put garbage or trash outside the disposal areas provided for such purposes.

9. AMENDMENTS TO BYLAWS

9.1 Voting. New Bylaws may be adopted or these Bylaws may be repealed or amended at the annual meeting, or at any other meeting of the members called for that

purpose, upon the written approval of each first lien mortgagees and by a vote of members owning at least three-fourths (3/4) of the Percentage Interests, or by written assent of such members.

9.1.1 Recordation. Whenever an amendment or new Bylaw is adopted, it shall be copied in this book of Bylaws with the original Bylaws, in the appropriate place. If any Bylaw is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed shall be stated in said book.

10. MORTGAGEES

10.1 Notices to Association. An Owner who mortgages his Lot shall notify the Association through the Board of Managers, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Units".

10.2 Notice of Unpaid Assessments. The Association shall, at the request of a Mortgagee of a Lot, give written notice of any unpaid Assessments due from, or other default by, the Owner of such Lot.

11. NON-PROFIT

This Association is not organized for profit. No member of the Association, Manager, or person from which the Association may receive contributions of any property or funds, shall receive or be entitled to receive any pecuniary profit from the operation of the Association, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or insure to the benefit of any Manager; provided, however, that (1) reasonable compensation may be paid to any member 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) any Manager 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.

12. REGISTERED AGENT

The Registered Officer and the principal office of the transaction of business of this Association shall be as designated initially by the Declarant and from time to time by the Association.

13. EXECUTIVE AND OTHER COMMITTEES

The Board of Managers may appoint an Executive Committee, and such other committees as may be necessary from time to time, consisting of such number of members

of the Association and with such powers as the Board of Managers may designate, consistent with the Declaration. Such committees shall hold office at the pleasure of the Board of Managers.

14. CORPORATE RECORDS AND REPORTS

14.1 Place. The Association shall maintain adequate and correct accounts, books and records of its business and properties. All such books, records and accounts shall be kept at its principal place of business in the State of Texas, as fixed by the Board of Managers from time to time.

14.2 Inspection of Records. The member register, the mortgagee register, the books of account, and the minutes of proceedings of the Association, the Board of Managers and any Executive Committee shall be open to inspection upon the written demand of any member or his mortgagee at a reasonable time, for a purpose reasonably related to his interest as a member or mortgagee, and shall be exhibited at any time when required by the demand at any members meeting of ten percent (10%) of the members represented at the meeting. Demand of inspection other than at a members meeting shall be made in writing upon the President, Vice President, or Secretary/Treasurer of the Association.

14.3 Inspection of Bylaws. The original or a copy of the Bylaws, as amended or otherwise altered to date, certified by the Secretary, shall be open to inspection by the members at the Association's principal offices at all reasonable times during office hours.

14.4 Authorized Signatures. All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the Association, shall be signed or endorsed by such person or persons in such manner as shall be determined from time to time by resolution of the Board of Managers.

14.5 Contract by Agents. The Board of Managers, except as in the Bylaws otherwise provided, may authorize any officer or agent to enter into any contract or execute any instrument in the name of and on behalf of the Association, such authority to be general or confined to specific instances. Unless so authorized by the Board of Managers, no officer, agent or employee shall have any power of authority to bind the Association by any contract or engagement, or to pledge its credit, or to render it liable for any purpose or to any amount.

14.6 Statements. The Board of Managers shall cause an annual financial statement to be sent to the members and their mortgagees including a list of delinquent Assessments not later than ninety (90) days after the close of the fiscal or calendar year. The financial statement shall be prepared in accordance with generally acceptable accounting principles.

March 11, 2005

By-Law Amendments:

The following Amendments to the Navarro Townhomes Declaration of Covenants, Conditions and Restrictions were passed at the General Membership Meeting held January 22, 2005.

8.8.6 Signs:

No owner of the Property shall post any advertisements, signs or posters of any kind on the Property except as authorized by the Association. *No more than one (Five square foot maximum) "For Sale" or "For Rent" sign per unit is allowed directly in front of the unit. One additional sign may be installed along Navarro Drive with the approval of the property manager within the designated sign posting area.* Any signs that are not in compliance with this Regulation, or that are considered "unsightly", may be removed by the Managing Agent without Notice.

8.8.9 Fines.

A fine of \$50 for the first violation of the above regulations may be imposed by the managing agent with the consent of the Board of Managers for failure to correct said violation within 10 days of receipt of written notice by the managing agent. If not corrected within an additional 10 days, additional fines may be imposed at the rate of \$50 for each week until the violation is corrected. If fines are not paid, a lien may be placed on the subject property by the Association.