

BY LAWS
OF
THE CLUB AT WELLS POINT OWNERS ASSOCIATION, INC.
A Texas Non-Profit Corporation

ARTICLE I

GENERAL

Section 1. Association and Declaration. The Club at Wells Point Owners Association, Inc. (the "Association") is the non-profit corporation created by Sutton Wells Point, Ltd., a Texas limited partnership ("Declarant") in accordance with the Declaration (as defined below). The Association is the Association defined in, and charged with the duties and vested with the powers set forth in, the Declaration (as defined below).

Section 2. Definitions. In addition to words and terms defined in other provisions of these Bylaws and except as otherwise expressly provided in these Bylaws, words and terms defined in the Declaration are used in these Bylaws as defined in the Declaration. As used in these Bylaws, the term "Declaration" means that certain Amended and Restated Declaration of Covenants, Conditions and Restrictions for The Club at Wells Point executed by Declarant and recorded in the Real Property Records of Travis County, Texas, as such instrument may from time to time be amended or supplemented.

Section 3. Other Definitions. Other terms are defined in other provisions of these Bylaws and shall have the meanings set forth in such other provisions of these Bylaws.

ARTICLE II

OWNERS ASSOCIATION

Section 1. Members. Any Person upon becoming an Owner shall automatically become a Member of the Association. Membership shall be appurtenant to and shall run with the property interest which qualifies the Owner thereof for membership. Membership may not be severed from, or in any way transferred, pledged, mortgaged, or alienated except together with title to such property interest.

Section 2. Voting Rights. Subject to the provisions of Section 6 of this Article II, the right to cast votes, and the number of votes which may be cast, for election of Members to the Board of the Association and on all other matters to be voted on by the Members shall be calculated as provided in Section 4.3 of the Declaration. As provided in Section 4.3 of the Declaration, the Association shall have two (2) classes of voting memberships:

(a) Class A. Class A Members shall be all Owners, with the exception of Declarant, and each Class A Member shall be entitled to one (1) vote for each Lot owned. When more than one (1) person holds such interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine as provided by the Declaration, but in no event shall more than one (1) vote be cast with respect to any Lot.

(b) Class B. The Class B Member(s) shall be Declarant, and its successors and assigns, and shall be entitled to three (3) votes for each Lot owned by it. Subject to reinstatement of the Class B membership in accordance with the provisions of Article 8 of the Declaration, the Class B membership shall cease and be converted to Class A membership on the happening of the first to occur of the following events:

- (i) five (5) years following the date of the complete development of all of the land included in the Development;
- (ii) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, (subject to reversion back to Class B membership upon annexation of Development Subdivisions as a part of the Property pursuant to the provisions of Article 8 below); or
- (iii) twenty (20) years from the date the Declaration is filed for record in the Real Property Records of Travis County, Texas.

Section 3. Annual Meetings. There shall be an annual meeting of the Members of the Association at a time and place set by the Board. Written notice of each annual meeting of the Association shall be delivered to all Members not less than ten (10) nor more than fifty (50) days prior to the date fixed for any such meeting. All notices of meetings shall be addressed to each Member at his address as it appears on the books and records of the Association. The President of the Association, or in his absence, the Vice President of the Association, shall call meetings of the Association to order and act as chairman of such meetings. In the absence of both officers, any Member entitled to vote or any proxy of any such Member, shall call the meeting to order, and a chairman of the meeting shall be elected by the Members present.

Section 4. Special Meeting. Special meetings of the Members of the Association may be called from time to time by the President of the Association, a majority of the directors duly elected to the Board, or by Owners having at least ten percent (10%) of the votes entitled to be cast at such a meeting. Said special meetings shall be called by written notice mailed or personally delivered not less than ten (10) nor more than fifty (50) days prior to the date fixed for such special meeting. Any notice of a special meeting shall specify time date, time and place of the meeting and the matters to be considered. Unless otherwise designated by the Board, all special meetings shall take place at the principal office of the Association.

Section 5. Quorum. Members holding thirty-three and one-third percent (33 1/3%) of the votes of all Members entitled to be cast, represented in person or by legitimate proxy, shall constitute a quorum at any legally constituted meeting of the Association. If any meeting of the Association cannot be organized because a quorum is lacking, then by a majority vote of the Members present, either in person or by proxy, the meeting may be adjourned and reconvened not less than ten (10) nor more than thirty (30) days from the date on which such meeting was to have been held originally. If notice of a meeting adjourned hereunder was required hereunder, notice of reconvening of the adjourned meeting, including all specific information required to be included in the notice of the adjourned meeting, shall be delivered as provided herein not less than three (3) days prior to the date fixed for the reconvened meeting.

Section 6. Voting. The election of directors to the Board and the act, approval or disapproval of the Members, as the case may be, with respect to all other matters voted, or to be voted, on or by the Members shall be determined by the vote of the majority of the aggregate votes entitled to be cast by the Members present or represented by legitimate proxy at a legally constituted meeting at which a quorum of the Members is present, except where a vote by a greater percentage is required pursuant to other provisions of the Declaration, the Articles, these Bylaws or a Governmental Requirement. Any Member, including Declarant, may give a revocable written proxy to any person authorizing such person to cast all or any portion of the Member's votes on any matter. Such written proxy shall be executed in writing by the Member or by his duly authorized attorney in fact, but no such proxy shall be valid for a period of greater than eleven (11) months. The cumulative system of voting shall not be allowed at any vote of the Members. The rights of any Member to cast votes on Association matters shall automatically be suspended during any period of time when such Member owes any past due Assessments to the Association. Any Owner may collaterally assign his voting rights hereunder to the Mortgagee of a first Mortgage affecting the Lot or Lots owned by such Owner, which said assignment shall not be effective until written notice thereof is actually received by the Association, together with evidence of such assignment.

Section 7. Notice. Any notice which shall be given to a Member with respect to any meeting or any other purpose shall be deemed to have been properly delivered when personally delivered or when deposited in the United States mail with postage prepaid and addressed to the Member's address as it appears in the records of the Association. Any notice required or permitted to be given to a Member hereunder may be waived by execution of a written waiver by such Member.

Section 8. Action By Unanimous Consent. Any action required or permitted to be taken at a meeting of the Association may be taken without a meeting, if a consent in writing, specifying the action so taken, is signed by all of the Members. A unanimous consent signed by all the Members shall have the same force and effect as a unanimous vote at a meeting of the Association.

Section 9. Powers and Authority of the Association. Subject to such limitations and restrictions as are set forth in the Declaration, the Association shall have the powers of a Texas non-profit corporation, including, but not limited to, all powers provided under the provisions of the Texas Non-Profit Corporation Act, as amended from time to time, or any successor act or statute. It shall further have the power to do and perform any and all of the Association's duties set forth in Section 4.4 of the Declaration and any and all acts which may be necessary or proper for, or incidental to, the exercise of any of the express powers granted to it by the laws of Texas or by the Declaration. Without in any way limiting the generality of the two preceding sentences, the Association, and the Board acting on behalf of

the Association, shall have the power and authority at all times to do, perform, carry out, realize upon, observe and satisfy the powers and authority of the Association and the Board set forth in Section 4.5 of the Declaration.

Section 10. Duties of the Association. The Association, acting by and through the Board shall have, perform, satisfy and observe each and every of the duties and obligations imposed on the Association under the provisions of the Declaration and these Bylaws, including, but not limited to, the duties imposed under Section 4.4 of the Declaration.

Section 11. Power to Indemnify and to Purchase Indemnity Insurance. The Association, acting through the Board, shall indemnify and may reimburse and/or advance expenses and/or purchase and maintain insurance, including errors and omission policies of insurance, or any other arrangement on behalf of any person who is or was a director or officer of the Association against any liability asserted against such person and incurred by such person in such a capacity or arising out of his status as such a person to the maximum extent permitted by Article 1396 §2.22A of the Texas Non-Profit Corporation Act, as such Act may from time to time be amended (without regard, however, to Section Q of such Article with respect to officers of the Association who are not directors of the Association). Further, the Association, acting through the Board, may indemnify and/or reimburse and/or advance expenses and/or purchase and maintain insurance, including errors and omission policies of insurance, or any other arrangement on behalf of any person, other than any person who is a director of the Association, who is or was an officer, employee or agent of the Association or a member of the Architectural Committee, or is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, partnership, joint venture, sole proprietorship, trustee, employee benefit plan or other enterprise, against any liability asserted against such person and incurred by such person in such a capacity or arising out of his status as such a person, to such extent (or, in the case of officers of the Association, to such further extent), consistent with applicable law, as the Board may from time to time determine. The provisions of this Section 12 shall not be deemed exclusive of any other rights to which any such person may be entitled under any Bylaw, agreement, insurance policy, vote of Members or otherwise. All costs and expenses of the insurance and other arrangements described herein shall be covered by Assessments.

ARTICLE III
BOARD OF DIRECTORS

Section 1. Number. The number of members (the "Directors") which shall constitute the initial Board is three (3). The number of Directors may be increased or decreased, but never below three (3), from time to time by amendment of these Bylaws, but no decrease shall have the effect of shortening the term of any incumbent Director.

Section 2. Election Term and Classification. Except as otherwise provided below, each director shall be elected for, and shall serve, a term of two (2) years; provided, however, the initial Board named in the Articles shall serve until their successors are elected at the first meeting of Members. The entire Board shall at all times after the first meeting of the Members be divided into two classes as provided below. Initially, one such class shall consist of two (2) Directors and the other class shall consist of one (1) Director. In the event that there are at any time more than three (3) Directors, the Directors shall be divided equally into two classes if there is an even number of Directors, or, if there is an odd number of Directors, the Directors shall be divided in such a manner that there is one more Director in one class than the other class. The Directors elected at the first meeting of Members shall be divided into classes by random selection or such other means as the Directors so elected may deem advisable, with the class consisting of two (2) Directors to be designated to serve for a term of two (2) years, and the class consisting of one (1) Director to serve for a term of one (1) year. Thereafter the Director or Directors of each respective class shall be elected for two-year terms upon the expiration of their respective terms of office.

Section 3. Duties and Authority. The Board, including the initial Board, shall perform the duties of the Association and manage the affairs of the Association, and the Board shall have such powers, duties, functions, authority and responsibility as shall be specified in the Declaration, the Texas Non-Profit Corporation Act or these Bylaws or as may be delegated to it from time to time by the Members, including but not limited to the following:

- (a) Election of officers of the Association as hereinafter provided.
- (b) Administration of the affairs of the Association.

- (c) Keeping or causing to be kept sufficient books and records with a detailed accounting of the receipts and expenditures of the Assessments. Both the books and vouchers accrediting the entries made thereon shall be available for inspection by all Owners at convenient hours on working days that shall be set and announced for general knowledge.
- (d) At the election of the Board, engaging the services of a Manager who may be delegated any of the duties and responsibilities of the Association that are to be performed by the Board pursuant to the Declaration or these Bylaws with respect to managing, maintaining and operating any areas and Improvements as are or shall become the responsibility of the Board, upon such terms and for such compensation and with specific duties and authority as the Board may approve or as may be specified in a contract of employment executed by the Board on behalf of the Association.
- (e) Promulgating rules and regulations as provided in Section 1 of Article VI of these Bylaws, not in conflict with the Declaration or these Bylaws.
- (f) Providing insurance in accordance with the provisions of Section 11 of Article II of these Bylaws.
- (g) Delegating any of its duties, powers and authority to the Manager employed by the Board.
- (h) Adopting an annual budget pursuant to Section 3 of Article V herein assessing and collecting from the Owners their respective Assessments as provided in Article V herein.
- (i) Adopting Assessments as provided in Article V below.
- (j) Providing for the designation, hiring and removal of employees and other personnel, including bookkeepers and accountants, and engaging or contracting for the services of others, and in general making purchases of labor, material and/or services.
- (k) Authorizing the President or any Vice President to convey, lease or sublease all or any of real or personal property now or hereafter owned by or leased to the Association and

Improvements thereto, to grant easements across the Association Property, and to encumber the same.

- (l) Performing, satisfying, observing and carrying out all duties, powers, obligations and responsibilities of the Board under the provisions of the Declaration and to all such acts and things as may be necessary and appropriate to perform, satisfy, observe and carry out any and all such duties, powers, obligations and responsibilities.
- (m) In general, the Board shall have all such duties, rights and authority to do all such acts and things as are not by the Declaration or these Bylaws directed to be done or exercised exclusively by the Owners or the Association which shall be necessary or reasonably required for the successful and orderly administration, management and operation of the development established by the Declaration.

Section 4. Contractual Authority. With respect to the performance of the obligations of the Association hereunder, the Board shall have the right to contract for all goods, services and insurance, and the exclusive right and obligation to perform the functions of the Association, except as otherwise provided herein.

Section 5. Maintenance Contracts. The Board, on behalf of the Association, shall have the full power and authority to contract with any person or entity (including without limitation the Declarant) for performance, on behalf of the Association, of services which the Association is otherwise required to perform pursuant to the terms of the Declaration and the other Restrictions, such contracts to be at competitive rates and otherwise upon such terms and conditions and for such consideration as the Board may deem proper or advisable and in the best interest of the Association. The Board shall also have the full power and authority, but not the obligation, to contract with any Owner(s) to provide maintenance, repair or replacement service, or any combination thereof, through the Association for any portion of the Property.

Section 6. Organizational Meeting. The first meeting of each newly elected Board shall be held without notice immediately following the annual meeting of the Association at the same place, unless by unanimous consent of the Directors then elected and serving, such time or place shall be changed.

Section 7. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board members, but at least two (2) such meetings shall be held during the fiscal year. Notice of the date, time and place of regular meetings shall be given to each Board member personally or by mail, telephone or telegraph, at least three (3) days prior to the day designated for such meeting.

Section 8. Special Meetings. Special Meetings of the Board may be called by the President and shall be called by the Secretary on the written request of two (2) Board members. Notice of any special meeting of the Board shall be given to each Board member at least three (3) days before the date of the meeting.

Section 9. Notice. Absent actual notice, proper notice shall be deemed to have been given of any special meeting of the Board if notice in writing, or by telephone or telegraph message, shall have been sent or given (as the case may be) to either the usual business or residence address, or the usual business or residence telephone number (as the case may be), of the Board member entitled to receive notice not less than three (3) days preceding the date of the meeting.

Section 10. Waiver of Notice. Before or after any meeting of the Board, any Board member may waive notice of the time, date, place and purpose of such meeting by execution of a waiver thereof in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board shall be deemed as a waiver of the required notice of such meeting. If all the members of the Board are present at any meeting, no notice thereof shall be required and any business may be transacted at such meeting.

Section 11. Quorum. At all meetings of the Board a majority of the members of the Board shall constitute a quorum for the transaction of business, and the acts and decisions of the majority of the Board members present at any duly called meeting at which a quorum is present and of which notice was properly given or waived shall be the acts of the entire Board.

Section 12. Action By Unanimous Consent. Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting, if a consent in writing, specifying the actions so taken, is signed by all of the members of the Board. A unanimous consent signed by all of the Directors shall have the same force and effect as a unanimous vote at a meeting of the Directors.

Section 13. Vacancies. Vacancies in the Board caused by any reason other than an increase in the authorized number of Directors or the removal of a Board member shall be filled for the unexpired term by a vote of the majority of the remaining Board members, even though they may constitute less than a quorum. Each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Association or special meeting called for that purpose.

Section 14. Resignation. Any member of the Board may resign at any time by giving written notice of resignation to the President or any other officer of the Association.

Section 15. Removal By Association. At any regular or annual meeting or at any special meeting called for that purpose, the Association may by a majority vote remove any one or more members of the Board, with or without cause, provided that a successor or successors shall then and there be elected to fill the vacancy or vacancies thus created, for the unexpired term of the Board member or members removed. Any Board member whose removal has been proposed shall be given an opportunity to be heard at such meeting.

ARTICLE IV

OFFICERS

Section 1. Officers. The officers of the Association shall consist of a President, a Vice President, a Secretary and a Treasurer, each of whom shall be elected by the Board at its annual meeting. Any two or more offices may be held by the same person, except the offices of the President and the Secretary may not be held by the same person. The President and Vice President shall be elected from among the members of the Board. The Secretary and Treasurer may, but are not required to be, elected from among the members of the Board. The Board shall have full authority to remove any officer from office, with or without cause, by the vote of a majority of the members of the entire Board at any time and to elect his successor at any regular meeting of the Board or at any special meeting called for that purpose.

Section 2. Duties. The duties of the officers of the Association shall be as follows:

(a) The President shall be the chief executive officer of the Association, and shall have general and active management and control of the business and affairs of the Association, and shall see that all orders and resolutions of the Board and Association are carried into effect. He shall call annual and special meetings of the Association and Board in accordance with law and these Bylaws and shall preside at all such meetings. He shall appoint, discharge and fix the compensation of agents and employees other than those appointed by the Board. The President shall also execute contracts, conveyances and other documents on behalf of the Association. He shall perform such other duties as may be prescribed from time to time by the Board.

(b) In the absence of the President or when it is inconvenient for the President to act, the Vice President shall perform the duties and exercise the powers of the President. At any time when the Vice President is performing a duty or exercising a power of the President, any third party dealing with the Association may presume conclusively that the President was absent and that the Vice President was authorized to act in his place. He shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe, or as the President may from time to time delegate.

(c) The Secretary shall attend all meetings of the Board and of the Association and shall record all business transacted and resolutions passed at such meetings in the minute book to be kept for that purpose and he shall perform like duties for standing committees, if any, when required. He shall give, or cause to be given, notice of all meetings of the Association and regular and special meetings of the Board, and he shall perform such other duties as the Board may from time to time prescribe, or as the President may from time to time delegate. The Secretary shall, at least ten (10) days before each meeting of the Members, make a complete list

of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with address of, and the number of votes held by each, which list for a period of ten (10) days prior to such meeting shall be kept on file at the registered office of the Association and shall be subject to inspection by any Member at any time during usual business hours. The Board may, if it deems it advisable, from time to time, designate one or more persons as Assistant Secretaries, who may perform the duties and exercise the powers of the Secretary when the Secretary is absent or it is inconvenient for him to act. Any third person dealing with the Association may presume conclusively that any Assistant Secretary acting in the capacity of the Secretary was duly authorized to act. They shall perform such other duties and have such other powers as the Board may from time to time prescribe, or as the President or Secretary may from time to time delegate.

(d) The Treasurer shall be responsible for the custody of corporate funds and securities, shall keep full and accurate accounts and records of receipts, disbursements and other transactions and books belonging to the Association and shall deposit all funds and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The Treasurer shall disburse funds of the Association as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the Board whenever they may require it an account of all his transactions as Treasurer and of the financial condition of the Association. The Treasurer shall perform such other duties and have such other authority as the Board may from time to time prescribe, or as the President may from time to time delegate. The Board may, from time to time if it deems advisable, designate one or more persons as Assistant Treasurers who may perform the duties and exercise the powers of the Treasurer if the Treasurer is absent or it is inconvenient for him to act. Any third person dealing with the Association shall be entitled to presume conclusively that any Assistant Treasurer, acting in the capacity of Treasurer, was duly authorized to do so. The Treasurer and/or Assistant Treasurers shall prepare a roster of the Members and the Assessments applicable thereto, and a

record of the payment of such Assessments, and such records shall be kept at the principal offices of the Association and shall be open to inspection by any Member at any reasonable time during business hours. They shall perform such other duties and have such other powers as the Board may from time to time prescribe, or as the President or Treasurer may from time to time delegate.

Section 3. Terms and Vacancies. The officers of the Association shall hold office until their successors are elected or appointed and qualified, or until their death, resignation or removal from office. Any vacancy occurring in any office of the Association by death, resignation, removal or otherwise, may be filled by the Board.

Section 4. Compensation of Officers. The officers shall receive no compensation for their services as such, except that if the Manager or any other employee of the Association holds any office he may be paid for the services as Manager, including performance of the duties of his office.

ARTICLE V

ASSESSMENTS AND CHARGES

Section 1. Assessments. The Association (or to an independent entity or agency which may be designated by the Association to receive such monies) shall set, levy, collect and receive Assessments in accordance with, and subject to, the provisions of Article V of the Declaration.

Section 2. Maintenance Fund for Assessments. The Board shall establish one or more maintenance funds into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the duties and obligations of the Association. Any maintenance fund shall be established from Assessments levied, collected and received by the Association and any other revenues and income of the Association. The Board may establish and use such other funds

and accounts as may be permitted under, or provided for in, the Declaration, the Texas Non-Profit Corporation Act and any other applicable law.

Section 3. Duties of the Board and of the Owners with Respect to Assessments.

(a) The Board shall carry out, perform, satisfy and observe the duties and obligations of the Board and the Association set forth in the Declaration with respect to the setting, levying and collecting of Assessments and may exercise, enforce, realize upon and enjoy all rights, remedies, powers, benefits and privileges of the Board and the Association set forth in the Declaration with respect to the setting, levying and collecting of Assessments.

(b) In the event a revision to the amount or rate of the Regular Assessments, or the establishment of a Special Group Assessment or a Special Individual Assessment, the Board shall fix the amount of such Assessment against each Lot, and the applicable due date(s) for each Assessment at least 30 days in advance of such date or period and shall, at that time, prepare a roster of the Lot and Assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of each Assessment shall be delivered or mailed to every Owner subject thereto.

(c) In the event of a sale of any Lot, it shall be the sole obligation of the selling Owner (and not the Association) to disclose to any buyer whether or not there are any unpaid Assessments. A copy of such disclosure notice shall be delivered to the Board when it is given. Upon written request, the Board shall furnish to any Owner a certificate in writing signed by an officer of the Association setting forth whether any applicable Assessments have been paid. Such certificate shall be conclusive evidence of the payment for any Assessment therein stated to have been paid.

- (d) The Board shall exercise and enforce the rights, remedies, and powers given to the Board and the Association to collect Assessments and enforce and foreclose the liens securing Assessments as provided in Article V of the Declaration.

ARTICLE VI

MISCELLANEOUS

Section 1. Resolutions. Resolutions, Rules and regulations adopted by the Board from time to time, pursuant to the Declaration or these Bylaws or in the exercise of its duties which do not amend these Bylaws need not be filed for record in the Travis County Clerk's office, but the records thereof shall be kept in the minute book.

Section 2. Amendment

(a) By the Association. These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by majority vote at any meeting of the Association at which a quorum is present. The Members may by like vote delegate all or a portion of their powers regarding these Bylaws to the Board.

(b) By the Board. These Bylaws may be altered, amended or repealed, and new Bylaws may be adopted, by majority vote at any meeting of the Board at which a quorum is present.

- (c) FHA Veto. Upon approval by the Federal Housing Administration ("FHA") of the Development for mortgage financing, the FHA shall have the right to veto any amendment of these Bylaws made while there is a Class B membership.

Section 3. Controlling Provisions. The Association shall at all times be subject to, and operated in conformity with, the terms of (a) the Declaration and any amendments to the Declaration recorded in the Real Property Records of Travis County, Texas, which Declaration and any amendments to the Declaration are incorporated as a part hereof, and (b) the Articles and any amendments to the Articles. Should any provision of these Bylaws conflict with any provision of the Declaration, the provision of the Declaration shall control. Should any provision of these Bylaws conflict with any provision of the Articles, the provision of the Articles shall control.