

FIRST AMENDMENT TO
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF FOUNTAIN LAKE

THE STATE OF TEXAS §
COUNTY OF POLK § KNOW ALL MEN BY THESE PRESENTS:

WHEREAS, Fountain Lake, Inc., a Texas Corporation, hereinafter called "Declarant", caused that certain Declaration of Covenants, Conditions and Restrictions for Fountain Lake to be filed in Volume 529, Page 13 of the Official Records of Polk County, Texas, hereinafter called "Declaration"; and

WHEREAS, Declarant owns one hundred percent (100%) of the property in Fountain Lake; and

WHEREAS, it is the desire of Declarant to more completely define the Common Area subject to the Declaration by inclusion of an Exhibit "C" to the Declaration, attached hereto and incorporated herein by reference, and to make certain other Amendments thereto in order to meet the requirements of Lenders for the Project.

NOW THEREFORE, in consideration of the premises, Declarant hereby amends the Declaration as follows:

1. Article I, Paragraph 1.3 is hereby amended to read as follows:

1.3 COMMON AREA. "Common Area" shall mean that portion of the Property owned by the Association for the common use and enjoyment of the Members of the Association including, but not limited to, all recreational facilities, swimming pools, ponds and green areas, as more particularly described in Exhibit "C". The boat slips shall be a common amenity, subject to the individual use assignments provided in Paragraph 7.3, as long as the license right to use the slips from the Trinity River Authority exists. All Dwelling Units and Lot Owners shall have the right to use the Common Area subject to any Rules and Regulations established by the Board of Directors and subject to these Restrictions.

2. Article II, Paragraph 2.1d is hereby amended to read as follows:

d. the right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities and, subject to the consent of all Lienholders, to mortgage said property; however, the rights under such improvement mortgage shall be subordinate and inferior to the rights of the Owners hereunder, and no property on which any recorded or dedicated easement is located may be mortgaged.

3. Article VII, Paragraph 7.1 is hereby amended to read as follows:

7.1 RESIDENTIAL USES AND LIMITATIONS. Except for Common Area facilities, the Property is hereby restricted to residential dwellings for residential use only. The Common Area shall not be used for any commercial purposes; however, this provision shall not preclude the Association from charging reasonable fees for the use of the recreational or storage facilities which are a part of the Common Area. All Buildings or structures erected upon said Property, except for the Common Areas, shall be of new construction. No buildings or structures shall be moved from other locations onto said Property. No structures of a temporary character including trailers, motor vehicles, tents, shacks, garages, barns or other outbuildings, shall be used on any portion of said Property at any time as a residence either temporarily or permanently.

4. Article VII, Paragraph 7.3 is hereby amended to read as follows:

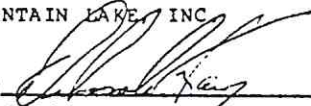
7.3 DECLARANT EXEMPTION: ASSIGNMENT OF BOAT SLIPS. Notwithstanding any provisions herein contained to the contrary, it shall be expressly permissible for Declarant to maintain, during the Construction and Sale Period, upon such portion of the premises as Declarant deems necessary, such facilities as in the sole opinion of the Declarant may be reasonably required, convenient or incidental to the construction and sale of said Lots and Dwelling Units. This shall include, but shall not be limited to, a business office, storage area, construction yards, model Units and sales office. In addition, Declarant reserves the right to assign use of the boat slips to individual Lot and Dwelling Unit Owners to the exclusion of all other Owners. At the time that all of the slips are assigned, Declarant shall cause a map to be filed of record which shows the boat slip assignments. At the time the Lot or Dwelling Unit is conveyed, use of the boat slip will be transferred as well, as long as the license right to use the boat slip exists.

5. Article IX, Paragraph 9.5 is hereby amended to read as follows:

9.5 COMMON AREA ALIENATION. Except as to the Owners Association's right to grant easements for utilities and similar or related purposes, the Common Areas and facilities may not be alienated, released, abandoned, partitioned, subdivided, transferred or otherwise encumbered without the approval of sixty-seven percent (67%) of the First Mortgagees (based upon one vote for each mortgage owned), except as provided in Paragraphs 2.1b and 2.1d herein.

IN WITNESS WHEREOF, Declarant has caused this instrument to be executed this 27th day of JANUARY, 1986.

FOUNTAIN LAKE, INC.

By: 

DEBORAH KAY, Vice-President

THE STATE OF TEXAS §

COUNTY OF POLK §

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared DEBORAH KAY, Vice-President of FOUNTAIN LAKE, INC., known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 27 day of JANUARY, A.D., 1986.



James W. Wright
Notary Public in and for
The State of T E X A S

My Commission expires:

October 4, 1989

Exhibit "C"

Common Area
Fountain Lake

1. All of Common Tract "H" and all of Common Tract "I" of Fountain Lake, a recorded subdivision of 12.569 acres of land in Polk County, Texas, according to the Plat thereof recorded in Volume 10, Pages 3 and 4 of the Plat Records of Polk County, Texas, and as amended by Plat recorded in Volume 10, Pages 6 and 7 of the Plat Records of Polk County, Texas.

STATE OF TEXAS
COUNTY OF POLK
I, ALINE STEPHENSON, hereby certify that this instrument was FILED in the number sequence on the date and at the time stamped hereon by me, and was duly RECORDED in the volume and page of the name: RECORDS of Polk County, Texas as stamped hereon by me on

JAN 27 1986



Aline Stephenson
COUNTY CLERK
POLK COUNTY, TEXAS

FILED FOR RECORD

1986 JAN 27 AM 11:30

ALINE STEPHENSON, COUNTY CLERK
POLK COUNTY, TEXAS

Aline Stephenson

14440

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

OF

FOUNTAIN LAKE TOWNHOMES

POLK COUNTY, TEXAS

FOR
DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS
OF
FOUNTAIN LAKE TOWNHOMES

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DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

FOR

FOUNTAIN LAKE TOWNHOMES

THE STATE OF TEXAS I
COUNTY OF POLK I

KNOW ALL MEN BY THESE PRESENTS:

THIS DECLARATION, made on the date hereinafter set forth by FOUNTAIN LAKE, INC., a Texas corporation, hereinafter referred to as "Declarant",

W I T N E S S E T H :

WHEREAS, Declarant is the Owner of certain property in the County of Polk, State of Texas, known as FOUNTAIN LAKE TOWNHOMES and which is more particularly described on the attached Exhibit "A", and further depicted as Townhome Tract 'F' and Townhome Tract 'G' on the plat of Fountain Lake recorded in Volume 10, Pages 3 and 4 of the Plat Records of Polk County, Texas.

NOW THEREFORE, Declarant hereby declares that all of the Properties described above shall be held, sold and conveyed subject to the following easements, restrictions, covenants and conditions, all of which are for the purpose of enhancing and protecting the value, desirability and attractiveness of the real property. These easements, covenants, restrictions and conditions shall run with the real property and be binding on all parties having or acquiring any right, title or interest in the above described Properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each Owner thereof.

ARTICLE I

DEFINITIONS

1.1 ASSOCIATION. "Association" shall mean and refer to FOUNTAIN LAKE TOWNHOME ASSOCIATION, INC., its successors and assigns.

1.2 COMMON AREA. "Common Area" shall mean that portion of the Property owned by the Association for the common use and enjoyment of the Members of the Association. The Common Area shall mean and refer to all of the Property save and except the thirty-four (34) numbered Lots shown on the Plat of Fountain Lake as recorded in Volume 10, Pages 3 and 4 of the Plat Records of Polk County, Texas, on which there is, or will be, constructed a single-family Townhouse. The Common Area is more particularly described in Exhibit "A".

1.3 CONSTRUCTION AND SALE PERIOD. "Construction and Sale Period" shall mean that period of time during which Declarant is developing the Premises and

selling the Townhouses, which time period shall extend from the date hereof until such time as the Declarant transfers title to all of the Lots, including all Lots annexed pursuant to Paragraph 10.9.

1.4 LIENHOLDER OR FIRST MORTGAGEE. "Lienholder" or "First Mortgagee" shall mean the holder of a first mortgage lien on any Townhouse in the development.

1.5 LOT. "Lot" shall mean and refer to those thirty-four (34) certain numbered tracts or parcels of land within the existing Property and more particularly shown as Lots numbered 101 through 124 of Townhome Tract 'G', and Lots numbered 125 through 134 in Townhome Tract 'F' upon the Plat of Fountain Lake as recorded in Volume 10, Pages 3 and 4 of the Plat Records of Polk County, Texas (which does not include the Common Area), and any tract or parcel of land within any additions to the existing Property as may hereafter be made pursuant to Paragraph 10.9 hereof, on which there is or will be constructed a single-family Townhouse which is to be individually and separately owned. Declarant shall be the Owner of all of said Lots SAVE AND EXCEPT only those particular Lots which Declarant conveys in fee simple title by recordable deed from and after the date hereof.

1.6 MASTER ASSOCIATION. "Master Association" means Fountain Lake Recreational Association, Inc., a Texas Non-Profit Corporation, its successors and assigns. *

1.7 MASTER DECLARATION. "Master Declaration" means the Declaration of Covenants, Conditions and Restrictions of Fountain Lake.

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

1.9 OWNER. "Owner" shall mean and refer to the record Owner, whether one (1) or more persons or entities, of a fee simple title to any Lot which is a part of the Property, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation. However, the term "Owner" shall include any Mortgagee or Lienholder who acquires fee simple title to any Lot which is a part of the Property, through a deed in lieu of foreclosure or through judicial or non-judicial foreclosure.

1.10 PROPERTY, PREMISES OR DEVELOPMENT. "Property" shall mean and refer to that certain real property hereinbefore described and as shown on Exhibit "A", and such additions as may hereafter be brought within the jurisdiction of the Association.

1.11 TOWNHOUSE OR TOWNHOME. "Townhouse" or "Townhome" shall mean a single-family residential Unit constructed on a Lot.

ARTICLE II

PROPERTY RIGHTS

2.1 OWNER'S EASEMENTS OF ENJOYMENT. Every Owner shall have a right and easement of enjoyment in and to the Common Area and such easement shall be appurtenant to and shall pass with the title to every Lot, subject to the following provisions:

a. the right of the Association to charge reasonable admission and other fees for the use of any recreational or storage facility upon the Common Area;

b. the right of the Association to suspend a Member's voting rights and right to the use of recreational or other facilities owned or operated by the Association for any period during which any assessment against his Lot remains unpaid; and for a period not to exceed thirty (30) days for any infraction of its published rules and regulations;

c. the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency or authority subject to such conditions as may be agreed to by the Members. No such dedication or transfer shall be effective unless (i) an instrument of agreement to such dedication or transfer, signed by two-thirds (2/3) of each class of Members entitled to vote is properly recorded, in the Deed Records of Polk County, Texas, and (ii) written notice of proposed action under this provision is sent to every Owner and Lienholder not less than thirty (30) days, nor more than sixty (60) days in advance of said action;

d. the right of the Association to limit the number of guests of Members; and

e. the right of the Association, in accordance with its Articles and By-Laws, to borrow money for the purpose of improving the Common Area and facilities and, subject to the consent of all Lienholders, to mortgage said property; however, the rights under such improvement mortgage shall be subordinate and inferior to the rights of the Owners hereunder.

2.2 DELEGATION OF USE. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area to the members of his family, his tenants or contract purchasers who reside on the Property. The

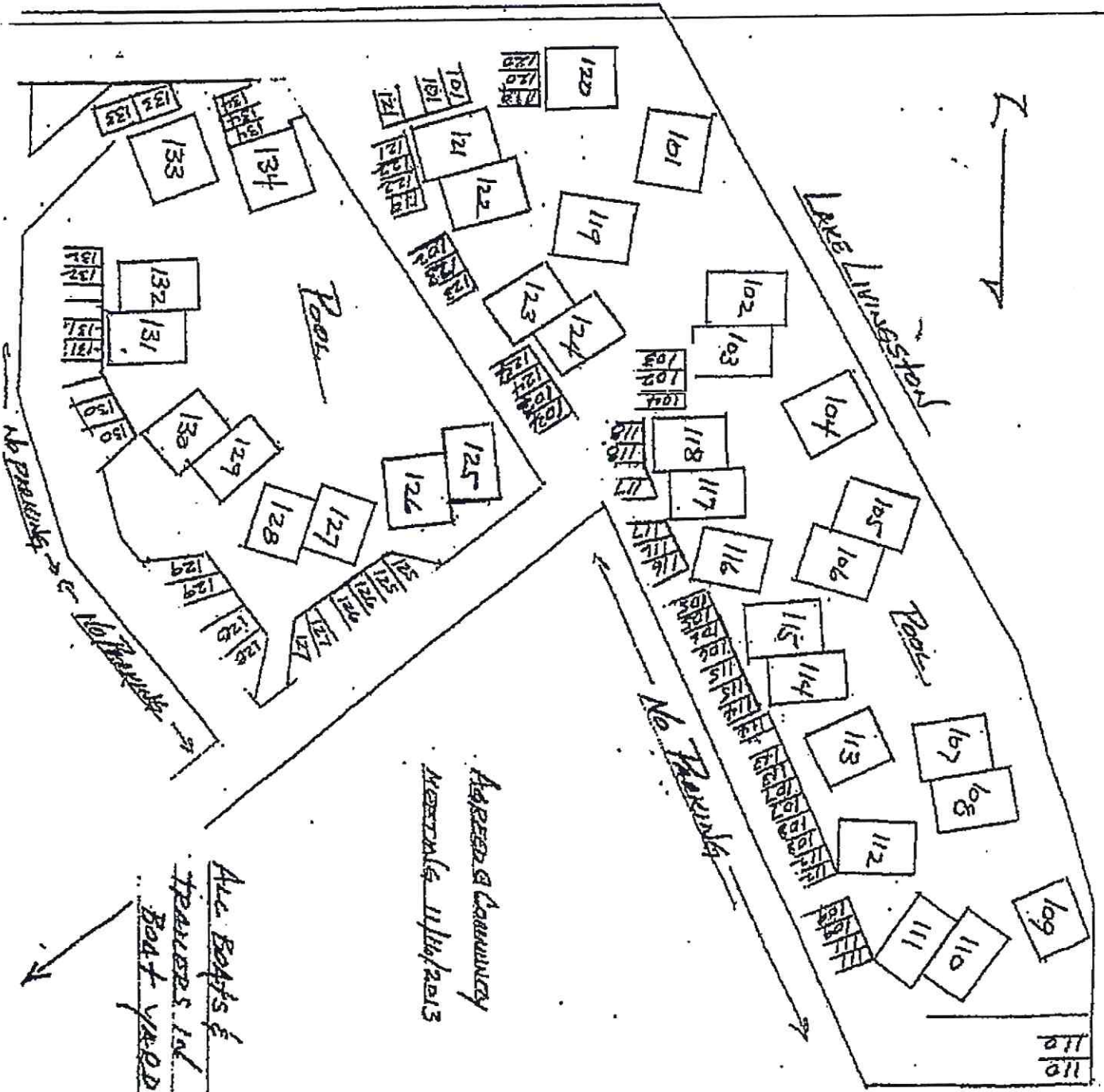
FLOWS

EMERGENCY CONTACT LIST

200 Fountain Lake

Livingston, TX 77351

		Contact # Direct Line	Emergency Contact #
Onalaska Volunteer Fire Department		911	936-646-5111
Onalaska Police Department		911	936-646-4982
Hospital / Ambulance Memorial Medical Center		911	936-634-8111
Polk County Office of Emergency Management		911	936-327-6826
TCEQ – REGION 10 - Beaumont			409 898 3838
EPA REGION VI CONTACT			800-887-6063
Local Contacts	Name	Contact e-mail	Emergency Contact #
Emergency Coordinator 1	Ron Jackson	ronjackson1@comcast.net	713-206-4444
Emergency Coordinator 2	Bill Randolph	b2randolph@aol.com	218 732 4914
Water Plant Operator	Barry Duke	Bduke14bd@gmail.com	936-200-0405
Backup Water Plant Operator	Donnie Duke		936-443-8940
Trinity River Authority Sewer Plant Operator	Mike Knight	knightm@trinityra.org	936- 425-6170
Contractor Lift Station Operator	Shannon Goins	sgoins@easted.net	936-329-3193
Resident Contact	Larry Bowman	jo_abow@yahoo.com	515-710-9079
Alternate Resident Contact	Harry Stewart	nancy@dannasoftware.com	713-419-4564
Alternate Resident Contact			
Vendors	Service	Contact #	E-mail
Longhorn Septic Service	Liquid Waste	936-967-8427	longhornseptic@yahoo.com
Michael Lee's Septic Service	Liquid Waste	936 327 7095/ 713 206 4444	
A-1 Smith's Septic Service, Inc.	Porta-Potty's	936-291-3526	a1smithsseptic@gmail.com
United Rentals	Towable Generators	936-295-6051	krankin@ur.com
DXI	Chlorine Bottles	800-437-3088	customer svc gjackson@dxgroup.com Invoice number DE05000976-14
ABB Plumbing	Sewer Line Cleanout	936 646-5545	
Simply Aquatics - Kevin Hester	Water Plant Controls	409 381 0271	waterfella55@hotmail.com
TGI Pumps- Tommy Griggs	Sewer Lift Station Pumps and Controls	281 272 0636/ 281 733 4562cell	
Dean Thompson	Electrical Work	936-327-3958	
Vanya – David Vanya	Water Well Pump Svc	936 327 5168/ 936 327 5725 Cell	
*Updated 11/24/2015 (RJ)			





FOUNTAIN LAKE RECREATIONAL ASSOCIATION
200 Fountain Lake #105 Livingston, TX 77351-8836

DOCK RULES AND REGULATIONS

The **FLRA BOD** would like to remind residents of a few simple rules to ensure the new docks remain well maintained and uniform. Modifications allowed at owner's expense are as follows:

Jet Skis – Jet skis are boats too and must follow the same rules as boats. Jet skis may not be tied up or parked against the bulkhead or the T-Piers. They must be parked in a slip or between the bulkhead and the first slip on each dock, if tie downs are available for them.

Bumpers – All watercraft, which may come in contact with the piers, must use bumpers at all times. These bumpers must remain in good repair. Failure to use bumpers may damage the dock and any expense for repairs will be made at the owner's expense.

Cleats – The owner may install cleats / tie-downs needed to secure watercraft. These may not be installed on the main walkway of the dock or "T" head pier (e.g. only on the finger piers or below the walkway and "T" head pier).

PVC – For those wanting to install PVC poles, all PVC poles must be 2" to 2 1/2" Schedule 40 or 80 Gray PVC (no white). PVC poles may **extend no more than 2 feet above the finger piers**, be of uniform height, and be capped on the top. **Due to the high water in 2015, the FLRA BOD would like to recommend that everyone install at least two PVC poles on each side of your slip to keep your boat off the finger piers when the water rises over the piers.**

Lining of stalls – This is permitted provided the lining is kept in good repair and does not extend above the finger pier.

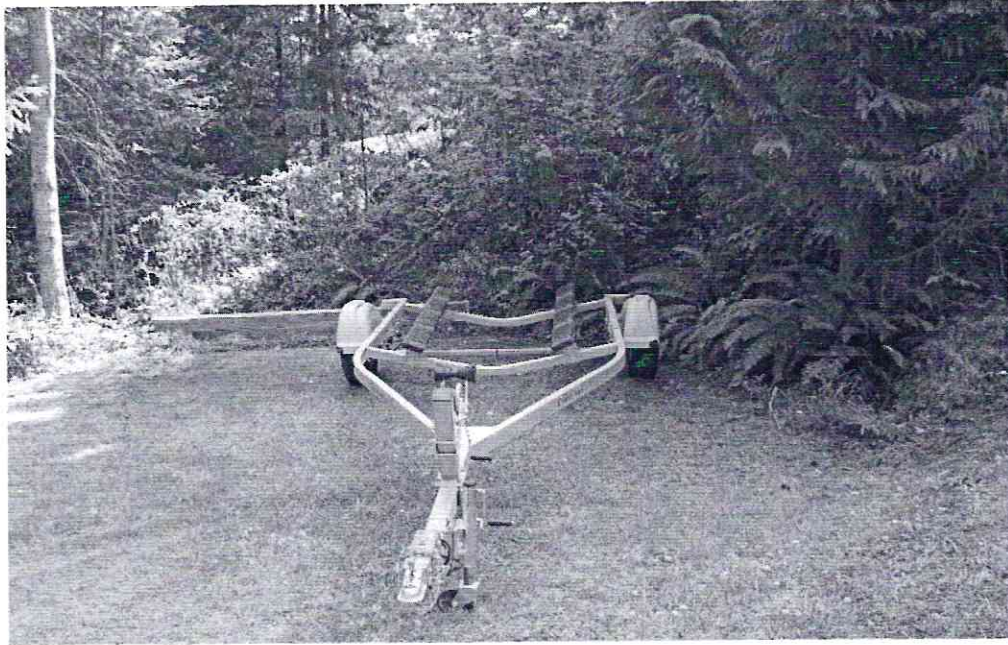
Lifts – Existing pontoon-style lifts are "grandfathered. New units can be installed only with prior written approval of the FLRA BOD. Only low profile and under hull boat lift styles may be approved by the FLRA BOD. No overhead style lifts will be approved.

Specific modification NOT permitted:

- Slips are not to be physically altered by sawing off boards. Any such alteration will be repaired at the owner's expense.
- Adding additional structures of any kind, or in any way changing the appearance of the docks without written BOD approval in advance.

INFRACTIONS: Rights of use of common amenities may be suspended for a period not to exceed thirty (30) days for any infraction of the Declaration of Covenants, Conditions and Restrictions. Homeowners are responsible for damages caused by guests, tenants and contractors.

ATTENTION ALL HOMEOWNERS!



DO YOU STORE A BOAT TRAILER IN THE BOAT STORAGE OF THE RESERVE?

Due to what appears to be several abandoned boat trailers, we will be conducting an audit of each trailer in the reserve on or after 01-December-2018.

All boat trailers stored in the reserve must have **“current” registration** and **the trailer frame MUST have the Fountain Lake Unit number visible**.

All boat trailers that DO NOT meet the criteria above will be subject to being towed off. It will be the responsibility of the homeowner to retrieve their boat trailer and pay any towing and storage fees.

Any questions, please contact the FLRA Board of Directors or attend the upcoming HOA meeting.

**FLRA Address:
200 Fountain Lake #105
Livingston, TX 77351**

BY-LAWS

OF

FOUNTAIN LAKE RECREATIONAL ASSOCIATION, INC.

(A Texas Non-Profit Corporation)

Polk County, Texas

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FOUNTAIN LAKE RECREATIONAL ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

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BY-LAWS
OF
FOUNTAIN LAKE RECREATIONAL ASSOCIATION, INC.
(A Texas Non-Profit Corporation)

ARTICLE I

PROPERTY LOCATION

1.1 LOCATION. The words "the Property" as used in these By-Laws shall be deemed to mean the following described real property situated in Polk County, Texas, described on the attached Exhibit "A".

ARTICLE II

NAME AND PRINCIPAL OFFICE

2.1 NAME AND ADDRESS. The name of this Corporation shall be FOUNTAIN LAKE RECREATIONAL ASSOCIATION, INC. (hereinafter called "Corporation" or "Association"). Its principal mailing addresss shall be Rt. 1, Box 917, Point Blank, Texas 77364.

ARTICLE III

PURPOSES, POWERS AND RIGHTS

3.1 PURPOSES. The purposes for which this Corporation is formed are the civic and social benefit and betterment of the residents and property Owners of FOUNTAIN LAKE Planned Unit Development, which purposes are more specifically described as follows:

a. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Corporation as set forth in the Declaration of Covenants, Conditions and Restrictions (the "Restrictions") for FOUNTAIN LAKE Planned Unit Development;

b. To affix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Restrictions referred to hereinabove; to pay all expenses in connection therewith and all office and other expenses incident to the conduct of the business of this Corporation, including all licenses, taxes or governmental charges levied or imposed against the property of this Corporation;

- c. To acquire by gift or purchase or to otherwise, own, hold, improve, build upon, operate, maintain, convey, sell, lease, transfer, dedicate for public use or otherwise dispose of real or personal property in connection with the affairs of this Corporation subject to the limitations of the Restrictions;
- d. To borrow money, to mortgage, pledge or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, subject to the limitations of the Restrictions;
- e. To provide for services such as garbage and rubbish collections and disposal;
- f. To promote and provide recreational facilities for the residents and the property Owners of the Property;
- g. To provide safety or police patrols;
- h. To provide general sanitation and cleanliness of Common Areas;
- i. To provide control of insects, rodents and animals;
- j. To provide maintenance of drainage facilities;
- k. To provide maintenance and upkeep of Common Areas and facilities, as provided in the Restrictions;
- l. To maintain streets, street lights, parking areas, sidewalks and traffic controls;
- m. To take any and all actions necessary to enforce the Restrictions, these By-Laws, the Articles of Incorporation, or Rules and Regulations of the Corporation; and
- n. To provide any activity necessary for the mutual benefit of resident Owners, and to have and to exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation laws of the State of Texas, by law may now or hereinafter exercise.

ARTICLE IV

REGISTERED OFFICE AND AGENT

4.1 OFFICE AND AGENT. The Corporation shall have and continuously maintain in the State of Texas a registered office and a registered agent, whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not

be, identical with the principal office in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE V

MEMBERSHIP, VOTING RIGHTS, MEETINGS AND ASSESSMENTS

5.1 MEMBERSHIP. Every person or entity who is a record Owner of a fee or undivided fee interest in any Lot or Dwelling Unit which is subject, by covenants of record, to assessment by the Association, including contract sellers, shall be a Member of the Association. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from any ownership of any Lot or Dwelling Unit which is subject to assessment by the Association. Ownership of such Lot or Dwelling Unit shall be the sole qualification for membership. Any Mortgagee or Lienholder who acquires title to any Lot or Dwelling Unit which is a part of the Property, through judicial or non-judicial foreclosure or by a deed in lieu of foreclosure, shall be a Member of the Association.

5.2 VOTING RIGHTS. The Association shall have two (2) classes of voting membership.

a. CLASS A: Class A Members shall be all Owners, with the exception of FOUNTAIN LAKE, INC., a Texas corporation, the Declarant, and its successors and assigns, who shall be entitled to one (1) vote for each Lot or Dwelling Unit owned. When more than one (1) person holds such interest in any Lot or Dwelling Unit, all such persons shall be Members. The vote for such Lot or Dwelling Unit shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to any Lot or Dwelling Unit.

b. CLASS B: The Class B Member(s) shall be FOUNTAIN LAKE, INC., a Texas corporation, the Declarant, and its successors and assigns, and shall be entitled to three (3) votes for each Lot or Dwelling Unit owned, provided that the Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(1) when the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership, or .

(2) Five (5) years from the date of filing the Declaration of Covenants, Conditions and Restrictions in the Deed Records of Polk County, Texas.

5.3 ANNUAL MEETINGS. The first (1st) annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association. Thereafter, the annual meeting of the Members shall be held in January of each year for the purpose of electing Directors (after the term of office of the initial Board of Directors or the successors to the initial Board of Directors has terminated), and for the transaction of any and all such other business which may be brought before or submitted to the meeting. All annual meetings of the Members shall be held at the office of the Corporation in the City of Point Blank, Texas, unless otherwise determined by the Board of Directors. No notice of the annual meetings shall be necessary.

5.4 SPECIAL MEETINGS. Special meetings of the Members shall be held at the office of the Corporation in the City of Point Blank, Texas, or at such other places as may be designated in the notice of waiver or waivers of notice of the respective meetings. Special meetings of the Members may be called by the President or by a Vice President or by a majority of the Directors or by one-fourth (1/4) of all Class A Members. Written notice of each special meeting shall state the time and place thereof and indicate briefly the purpose or purposes thereof. Notice may be sent by mail or telegram or may be delivered by the Secretary, the President, Vice President or Assistant Secretary, directly to the Members of the Corporation and all holders of first liens on the Property at their respective addresses, as shown by the records of the Corporation, at least ten (10) and not more than fifty (50) days prior to the date set for the holding of the meeting. Unless otherwise indicated in the notice or waiver or waivers of notice thereof, any and all business may be transacted at any annual or special meeting of the Members. However, no vote to (i) alienate, hypothecate, transfer or assign the Association's interest in the Common Areas, (ii) change the assessment provisions of Article IV, Paragraph 4.6 of the Declaration of Covenants, Conditions and Restrictions, (iii) discontinue professional management of the Property and assume self-management by the Association, or (iv) approve, modify, accept or

otherwise affect or reject any plan of condemnation of the Property shall be effective until all Lienholders have been notified of said vote and given a period of thirty (30) days in which to contact the Owners or the Association and suggest alternatives or changes in the Association's plans.

5.5 QUORUM. Except as otherwise provided, twenty-five percent (25%) of the Members, either in person or by proxy, shall constitute a quorum for all purposes at any meeting of the Members. If the number of Members necessary to constitute a quorum at any annual or special meeting is not present in person or by proxy, the Members may adjourn such meeting from time to time without notice until the number requisite to constitute a quorum shall be present in person or by proxy. Those Members holding a majority of all the votes of the Members present in person or by proxy, may also adjourn any annual or special meeting from time to time without notice, other than by announcement at the meeting, until the transaction of any and all business submitted or proposed to be submitted to such meeting or any adjournment or adjournments thereof shall have been completed. At any such adjourned meeting at which a quorum may be present, in person or by proxy, any business may be transacted which might have been transacted at the meeting as originally noticed or called.

5.6 ASSESSMENT CHANGES. Notwithstanding any other provisions of these By-Laws, any motion to (i) raise the annual assessments according to the terms of Article IV, Paragraph 4.3 of the Declaration of Covenants, Conditions and Restrictions, or (ii) to make a special assessment for capital improvements as provided in Article IV, Paragraph 4.4 of the Declaration of Covenants, Conditions and Restrictions, must have the assent of Members entitled to cast a majority of the votes of each class of Members of the Association who are voting in person or by proxy at a meeting duly called for this purpose. For such action, a majority of the votes of each class of Members is required to constitute a quorum.

5.7 PRESIDING OFFICER. The President of the Corporation, or in his absence, a Vice President of the Corporation, shall call the Member meetings to order and in addition shall act as Chairman. In the absence of the President and a Vice President of the Corporation, the Members present may appoint a Chairman. The Secretary of the Corporation, or in his absence, an Assistant Secretary, shall act as Secretary of all meetings of the Members but in the absence of the Secretary and an Assistant Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

5.8 VOTING. At all meetings of Members, all questions, except those expressly governed by statute, the Charter of the Corporation, these By-Laws or the Declaration of Covenants, Conditions and Restrictions shall be decided by a simple majority of the votes of the Members present in person or by proxy at a meeting duly called with a quorum present. All voting shall be by voice, except that, upon the determination of the presiding officer of any meeting or upon the demand of any Member or his proxy, voting may be by secret ballot. Each ballot shall be signed by the Member voting or by his proxy. Cumulative voting for Directors is expressly prohibited. All voting shall be by Members in person or by proxy as allowed by statute.

5.9 INFORMAL ACTION. The Corporation may act, with or without a meeting, on any issue on which a vote of the Members is required by obtaining the written consent of Members having the requisite majority of all outstanding votes of Members of the Corporation.

ARTICLE VI

BOARD OF DIRECTORS

6.1 POWERS. The business and property of the Corporation shall be managed and controlled by the Board of Directors and shall be subject to the restrictions imposed by law, by the Articles of Incorporation of this Corporation, by these By-Laws and by the Restrictions on the Property. The Board of Directors may exercise all of the powers of the Corporation.

6.2 NOMINATION. Nomination for election for the at-large position on the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, and two (2) or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-members.

6.3 NUMBER AND TENURE. The number of Directors initially, shall be three (3). The Board of Directors may, by majority vote of its own Members,

increase the Board to five (5) Members. Two (2) Directors will be elected by the Owners of Lots in Fountain Lake Townhomes, two (2) will be elected by the Owners of Units in Fountain Lake Condominiums or other Homeowner's Association formed to govern the residential property located at the highway entrance to the Property, and one (1) at-large Director will be elected by all of the Members of the Association. In the event that the Declaration of Condominium for Fountain Lake Condominium or other Residential Declaration is never filed and the Property is all developed as part of Fountain Lake Townhomes, then the Board size shall remain at three (3). The initial Board of Directors as set forth in the Articles of Incorporation shall serve for the terms as set out in said Articles of Incorporation. Upon the expiration of a Director's term, a successor shall be elected for a term of two (2) years at the annual meeting of the Members of the Corporation. Each Director shall be elected to hold office and serve for two (2) years or until his successor shall be elected, and shall duly qualify. Any Director may be removed from the Board for cause, by a majority of the votes entitled to be cast by those Members present in person or represented by proxy at a meeting of the Members at which a quorum is present. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining Members of the Board and shall serve for the unexpired term of his predecessor. The Directors need not be members of this Corporation.

6.4 PLACE OF MEETINGS. The Directors may hold their meetings and have offices and keep the books of the Corporation, except as otherwise provided by statute, at the office of the Corporation.

6.5 COMPENSATION. No Director shall receive compensation for any service he may render to the Corporation. However, any Director may be reimbursed for his actual reasonable expenses incurred in the performance of his duties.

6.6 FIRST MEETING. At the first meeting of the Board of Directors in each year at which a quorum is present, the Board of Directors shall proceed to the election of the officers of the Corporation. No notice or waiver of notice of any such first meeting shall be required or necessary if it is held immediately after either the annual meeting or the adjourned annual meeting of the Members, and any and all business of any nature or character may be transacted at such first meeting.

6.7 REGULAR MEETINGS. Regular meetings of the Board of Directors shall be held at such time and place as shall be designated, from time to time, by resolution of the Board of Directors. Notice of such regular meetings shall not be required.

6.8 SPECIAL MEETINGS. Special meetings of the Board of Directors, shall be held whenever called by the President, Vice President, Secretary or a majority of the Directors in office. Notice of each special meeting shall be given by any officer of the Corporation by telegraph, mail, telephone or personal delivery to each Director at his residence or usual place of business at least two (2) days prior to the meeting. Unless otherwise indicated in the notice thereof, any and all business may be transacted at a special meeting. At any meeting at which every Director shall be present, even though without any notice, any business may be transacted.

6.9 QUORUM. The majority of the Directors then in office shall constitute a quorum for the transaction of business, but if at any meeting of the Board of Directors there is less than a quorum present, the majority of those present may adjourn the meeting from time to time without notice, other than by announcement at the meeting, until a quorum is present or in attendance thereat. The act of a majority of the Directors present at a meeting at which a quorum is in attendance shall constitute the act of the Board of Directors, except as otherwise provided by law, the Charter of the Corporation, these By-Laws or the Restrictions.

6.10 ORDER OF BUSINESS AND PRESIDING OFFICER. At the meetings of the Board of Directors, business shall be transacted in such order as from time to time the Board of Directors may determine. At all meetings of the Board of Directors the President shall preside, and in the absence of the President, a Chairman shall be chosen from the Directors present. The Secretary of the Corporation shall act as Secretary of all meetings of the Board of Directors, but in the absence of the Secretary, the presiding officer may appoint any person to act as Secretary of the meeting.

6.11 DIRECTOR CONFLICTS. No Director or officer of the Corporation shall be required to devote his time or render services exclusively to the Corporation. Each Director and officer of the Corporation shall be free to engage in any and all other businesses and activities either similar or dissimilar to the business of the Corporation without liability to this Corporation. Likewise, each and every Director and officer of the

Corporation, may become a Director or officer of any other corporation or corporations, entity or entities, whether or not the purposes of the other corporation conflict with the business or activities of this Corporation, without breach of duty to this Corporation or its Members or without liability of any character or description to the Corporation or its Members. No contract or other transaction of this Corporation shall ever be affected by the fact that any Director or officer of the Corporation is interested in, or connected with any party to such contract or transaction, or is a party to such contract or transactions, provided that such contract or transaction shall be approved by a majority of the disinterested Directors present at a meeting of the Board of Directors at which such contract or transaction shall be authorized or confirmed.

ARTICLE VII

OFFICERS AND DUTIES

7.1 OFFICERS. The officers of the Corporation shall consist of a President (who shall be a Director), one (1) or more Vice Presidents, a Treasurer, a Secretary and such other officers, including but not limited to, one (1) or more Assistant Secretaries and one (1) or more Assistant Treasurers, as the Board of Directors may from time to time elect or appoint. Only the office of Secretary and Treasurer may be held by the same person. All officers shall be subject to removal, with or without cause, at any time, by vote of a majority of the whole Board of Directors. A vacancy in the office of any officer shall be filled by a vote of a majority of the Directors then in office.

7.2 PRESIDENT. The President, subject to the control of the Board of Directors, shall be in general charge of the affairs of the Corporation in the ordinary course of its business. He shall preside at all meetings of the Members and of the Board of Directors. He may, when authorized to do so by the Board of Directors, make, sign and execute all deeds, conveyances, assignments, bonds, contracts and shall co-sign with the Treasurer all checks and promissory notes; and, he shall do and perform such other duties as may from time to time be assigned to him by the Board of Directors.

7.3 VICE PRESIDENT. Each Vice President shall have the usual powers and duties pertaining to his office including the power to act as President in his absence and such other powers and duties as may be assigned to him by the

Board of Directors. Any action taken by the Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability to act of the President at the time such action was taken.

7.4 TREASURER. The Treasurer shall have custody of all the funds and securities of the Corporation. When necessary or proper, he may co-sign with the President all checks and promissory notes, and endorse, on behalf of the Corporation, for collection, checks, notes and other obligations and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as shall be designated in the manner described by the Board of Directors. Whenever required by the Board of Directors, he shall render a statement of his cash account, and he shall enter or cause to be entered regularly on the books of the Corporation kept by him for that purpose a full and accurate account of all monies received and paid out on account of the Corporation. He shall at all reasonable times exhibit his books and accounts to any Director of the Corporation or any first Lienholder or its designee during business hours. He shall perform all acts incident to the position of Treasurer subject to the control of the Board of Directors and, if required by the Board of Directors, give a bond for the faithful discharge of his duties in such form as the Board of Directors may require.

7.5 ASSISTANT TREASURER. Each Assistant Treasurer shall have the usual powers and duties pertaining to his office, together with such other powers and duties as may be assigned to him by the Board of Directors. The Assistant Treasurer shall exercise the powers of the Treasurer during that officer's absence or inability to act.

7.6 SECRETARY. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Members in books provided for that purpose. He shall attend to the giving and serving of all notices and he may sign with the President or a Vice President in the name of the Corporation all contracts, conveyances, transfers, assignments, authorizations and other instruments of the Corporation and affix the seal of the Corporation thereto. He shall have charge of and maintain and keep such books and papers as the Board of Directors may direct. These books and papers shall be open to inspection by any Director, Member of the Association or any holder of a first mortgage on any Lot or Dwelling Unit during normal business hours. He shall in general perform all duties incident to the office of Secretary subject to the control of the Board of Directors.

7.7 ASSISTANT SECRETARY. Each Assistant Secretary shall have the usual powers and duties pertaining to the office, together with such other powers and duties as may be assigned to such officer by the Board of Directors. The Assistant Secretaries shall exercise the powers of the Secretary during that officer's absence or inability to act.

ARTICLE VIII

BOARD RESPONSIBILITIES

8.1 AUTHORIZED AGENTS. The Board of Directors, except as otherwise provided herein, may authorize any one (1) or more officers or agents to act in the name of and on behalf of the Corporation, to enter into any contract or execute and deliver any instrument, or do such other things as the Board may from time to time direct and such authority may be general or confined to specific instances. However, unless so authorized by the Board of Directors or expressly authorized by the By-Laws, no officer or agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable in any manner.

8.2 LOANS. No loan shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name unless authorized by the Board of Directors.

8.3 PAYMENTS. All checks, drafts and other orders for the payment of money out of the funds of the Corporation, and all notes and other evidences of indebtedness of the Corporation shall be signed on behalf of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

8.4 CORPORATE FUNDS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks or other depositories as the Board of Directors may select. For the purpose of such deposits, any officer, agent or employee delegated by the Board of Directors, shall have the power to endorse, assign and deliver for deposit checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

8.5 FINANCIAL STATEMENTS. The Board of Directors, within ninety (90) days of the fiscal year end, shall cause to be prepared, and shall make available to any Owner or first mortgage holder, annual audited financial statements of the Corporation.

ARTICLE IX

CORPORATE MATTERS

9.1 FISCAL YEAR. The fiscal year of the Corporation shall end at midnight on December 31st, of each calendar year.

9.2 CORPORATE SEAL. The seal of the Corporation shall be circular in form and have inscribed thereon the name of the Corporation.

9.3 NOTICE. Whenever any notice whatever is required to be given under the provisions of these By-Laws, said notice shall be deemed to be sufficient if given by depositing the same in a post office box in a sealed, post-paid wrapper addressed to the person entitled thereto at his post office address, as it appears on the books of the Corporation, and such notice shall be deemed to have been given on the day of such mailing. A waiver of notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

9.4 DIRECTOR AND OFFICER RESIGNATIONS. Any Director or officer may resign at any time. Such resignation shall be made in writing and shall take effect at the time specified therein; or if no time is specified, at the time of its receipt by the President or Secretary. The acceptance of the resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

ARTICLE X

INDEMNIFICATION

10.1 INDEMNIFICATION OF OFFICERS AND PERSONNEL. Except to the extent that such liability or damage or injury is covered by insurance proceeds, the Board of Directors may authorize the Association to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, a present or former Director, officer, committee member or employee of the Association in an action brought by a third party against such person, whether or not the Association is joined as a party defendant, to impose a liability or penalty on such person while a Director, officer, committee member or employee, provided, the Board of Directors determines in good faith that such Director, officer or employee was acting in good faith within what he reasonably believed to be the scope of his employment or authority and for a purpose which he reasonably believed to be in the best interests of the Association or its Members. Payments authorized hereunder include amounts paid and expenses incurred in settling any such action or threatened action. The provisions of

this Paragraph shall apply to the estate, executor, administrator, heirs, legatees or devisees or a Director, officer, committee member or employee, and the term "person" where used in the foregoing Paragraph shall include the estate, executor, administrator, heirs, legatees or devisees of such person.

10.2 LIMITATIONS. Notwithstanding the provisions of the preceding Paragraph, no person shall be entitled to indemnification pursuant thereto in relation to any matter in which indemnification is not permitted by law.

ARTICLE XI

AMENDMENTS

11.1 REQUIREMENTS. These By-Laws may be amended by a vote of a majority of a quorum consisting of at least twenty-five percent (25%) of each class of Members of the Corporation at any annual or special meeting of the Members in person or by proxy.

11.2 CONFLICTS. In case of any conflict between the Articles of Incorporation and the By-Laws, the Articles of Incorporation shall control; in case of any conflict between these By-Laws and the Declaration of Covenants, Conditions and Restrictions, the Declaration shall control.

11.3 DEFINITION. The words "amend" and "amended" shall be broadly interpreted to include alterations, modifications, additions and repeal, in whole or in part. The terms used in these By-Laws, to the extent they are defined in said Declaration shall have the same definition as set forth in the Declaration of Covenants, Conditions and Restriction for FOUNTAIN LAKE, as the same may be amended from time to time, and recorded in the office of the County Clerk of Polk County, Texas.

The By-Laws adopted by the Board of Directors of the Corporation at the first meeting of the Board of Directors held in Point Blank, Texas, on the 20th day of December, A.D., 1985.


Secretary


President