

**BY-LAWS
OF
FOUNTAIN CREEK ESTATES HOMEOWNERS' ASSOCIATION, INC.**

SUBJECT INDEX

ARTICLE I - OFFICES

ARTICLE II - MEMBERS

- Section 1: Membership
- Section 2: Voting by Members
- Section 3: Election by Members
- Section 4: Voting Rights
- Section 5: Dues, Fees, Assessments
- Section 6: Property Sale or Transfer of Ownership
- Section 7: Lot Owners

ARTICLE III - MEETINGS OF MEMBERS

- Section 1; Annual Meeting
- Section 2: Special Meetings
- Section 3: Place of Meeting
- Section 4: Notice of Meetings
- Section 5: Informal Action by Members
- Section 6: Quorum
- Section 7: Proxies
- Section 8: Manner of Acting
- Section 9: Voting by Mail

ARTICLE IV - BOARD OF DIRECTORS

- SECTION 1: General Powers
- SECTION 2: Election, Removal and Replacement of Directors
- SECTION 3: Number, Tenure, and Qualifications
- SECTION 4: Regular Meetings
- SECTION 5: Special Meetings
- SECTION 6: Notice
- SECTION 7: Quorum

SECTION 8: Manner of Acting
SECTION 9: Vacancies
SECTION 10: Compensation
SECTION 11: Informal Action by Directors

ARTICLE V - OFFICERS

Section 1: Officers
Section 2: Election and Term of Office
Section 3; Removal
Section 4: Vacancies
Section 5: President
Section 6: Vice President
Section 7: Treasurer
Section 8: Secretary
Section 9: Assistant Treasurer and Assistant Secretary

ARTICLE VI - COMMITTEES

Section 1: Committees of Directors
Section 2: Other Committees
Section 3: Term of Office
Section 4: Chairman
Section 5; Vacancies
Section 6: Quorum
Section 7: Rules

ARTICLE VII - CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

Section 1: Contracts
Section 2: Checks, Drafts, etc.
Section 3: Deposits
Section 4: Gifts
Section 5: Reserves
Section 6: Write-off
Section 7: Lien for Assessment

ARTICLE VIII - CERTIFICATES OF MEMBERSHIP

Section 1: Certificates of Membership
Section 2: Issuance of Certificates

ARTICLE IX - BOOKS AND PECORDS

ARTICLE X - FISCAL YEAR

ARTICLE XI - WAIVER OF NOTICE

ARTICLE XII - INSURANCE

Section 1: Types of Coverage
Section 2: Damage or Destruction to Common Areas
Section 3: Condemnation of Common Areas

ARTICLE XIII - INDEMNIFICATION

Section 1: Indemnification
Section 2: Indemnification Insurance

ARTICLE XIV - AMENDMENTS TO BY-LAWS

ARTICLE XV - ADOPTIOW OF BY-LAWS

BY-LAWS
OF
FOUNTAIN CREEK ESTATES HOMEOWNERS' ASSOCIATION, INC.

ARTICLE I

Offices

The initial principal office of the Corporation in the State of Texas shall be located at 501 Highway 289 N. Suite 4N, Pottsboro, Texas 75076. The Corporation may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Corporation may require from time to time.

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 does not need to be, identical with the principal office in the State of Texas, and the address of the principal office and the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

MEMBERS

Section 1: • Membership

Each person who is the Owner of any Lot or Dwelling in the Development shall be a member of the Association. Developer shall be deemed a member of the Association and shall have One (1) vote for each Lot or Dwelling owned by the Developer. If a Lot or Dwelling is owned by more than one person and it only one of those persons is present at a meeting of the *Association*, that person shall be entitled to cast the vote appertaining to such Lot or Dwelling; provided, however, that if more than one of those persons is present, the vote appertaining thereto shall be cast only in accordance with their unanimous agreement, and, if no unanimous agreement is reached, the vote appurtenant to such Lot or dwelling shall be suspended. No Owner, whether one or more persons, shall be entitled to more than one vote per Lot or Dwelling owned. Membership in the Association shall be appurtenant to, and may not be separated from, ownership of a Lot

or Dwelling. As used in these Bylaws, “member” shall mean an Owner, as defined in the Declaration. Notwithstanding anything provided herein or in the

Articles of Incorporation to the contrary, for so long as Developer owns any Lot or dwelling in the Development, other than a Dwelling **used by** Developer for a personal residence, (a) Developer shall have the sole and exclusive right to (i) elect the Board of Directors of the Association, (ii) appoint the officers of the Association and the members of ARC as defined in the Declaration, (iii) remove and replace any members of the Board of Directors of the Association, the officers of the Association and the members of the ARC, (iv) amend these Bylaws and the Articles of Incorporation, (v) amend the Declaration (subject to the limitations set forth in Section 12.02 of the Declaration), and (vi) take all other action on behalf of the Association and vote on all other matters required to be voted on or approved by the members of the Association (except to the extent all members of the Association are entitled to vote on the matters described in item (b) below this Section of the *Bylaws*) and (b) the voting rights of the members of the Association shall be limited to (i) approving increases in the annual Assessments in excess of the amounts set forth in Section 10.04(c) of the Declaration, (ii) approving amendments to the Declaration if such approval is required pursuant to Section 12.02 of the Declaration, and (iii) voting on amendments to the Declaration as provided in Section 12.03 of the Declaration. As long as Developer is the Owner of any Lot or Dwelling in the Development, other than a Dwelling used by Developer for a personal residence, the members shall have no further voting rights or privileges in the Association. The voting rights of any member may be limited and suspended in accordance with the provisions of the Declaration.

Section 2: Voting by Members

Subject to the provisions of Article II, Section 2 and Article IV, Section 2 of these Bylaws, each member of the Association shall be entitled to One (1) vote for each Lot or dwelling owned by such owner. Developer shall be entitled to One (1) vote for each Lot or dwelling in the Development owned by Developer. No fractional voting shall be permitted. When more than one person is the owner of a Lot or Dwelling the provision of Article II of these Bylaws shall be applicable to the exercise of such voting rights. For purposes of these Bylaws, the Articles of Incorporation, and the Declaration, the vote of a “majority” of the members of the Association shall mean the vote of more than Fifty Percent (50%) of the total number of votes represented at a meeting, whether in person or proxy. Unless a greater proportion is specified in these Bylaws, the Articles of Incorporation, or the Declaration and, subject to the terms and provision of Article II, Section 2 and Article IV, Section 2 of these Bylaws, any matter which requires the vote of, approval, disapproval or consent of the members of the Association shall be deemed to have been given if a majority” of the members of the Association represented at a meeting, either in person or proxy, affirmatively vote for, approve, disapprove or consent to the same.

When any member shall be in default in the payment of assessments or in non-compliance with the restrictions and provisions of the declaration or the rules and regulations, such members voting rights shall be suspended until the member has cured all defaults.

Section 3: Election by Members

Members shall be elected by the Board of Directors. An affirmative vote of two-thirds of the Directors shall be required for election.

Section 4: Voting Rights

Each member shall be entitled to one vote on each matter submitted to a vote of the members. Members shall lose all voting rights if HOA dues are not paid by the homeowner.

Section 5: Dues, Fees, Assessments, Fines

Invoices for HOA dues will be mailed two times a year, January 1 and June 1. Members have thirty days to pay the dues. On February 1 and July 1 if dues have not been paid, they are considered past due and will be charged a late fee of \$50 and each thirty days thereafter. If dues are not paid within 60 days, a lien will be filed against the homeowner. After a 30-day waiting period, a second lien will be filed and foreclosure proceedings will be initiated. Members may make arrangements with their bank to automatically draft HOA dues to the FCE HOA bank account monthly. The deposit should be deposited in the FCE HOA bank account no later than the 30th day of each month to avoid late fees.

If for any reason a homeowner or lot owner fails to follow the rules set forth in the **DECLARATION OF RESTRICTIVE COVENANTS, CONDITIONS, EASEMENTS AND RESTRICTIONS FOR FOUNTAIN CREEK ESTATES**, a notice will be sent to the homeowner or lot owner in writing from the ARC. Should corrective action not be taken within ten days, the homeowner or lot owner will be assessed a fine or corrective action will be taken by the Board of Directors and the homeowner or lot owner will be billed for expenses.

Section 6: Property Sale or Transfer of Ownership

When a lot or home sells, other than a developer's lot, a one-time transfer fee of \$200 will be collected through the title company at the time of closing.

Section 7: Lot Owners

Effective June 1, 2009, all lot owners will pay the full amount of the HOA dues. There will be no exceptions to lots purchased adjacent to a home owner's residence.

Section 8: Complaints by Members

Members use the form at the end of the by-laws or facsimile to report complaints against members or guests. Complaints will only be addressed when presented to the board in writing or by email. Anonymous complaints will not be addresses.

ARTICLE III

Meetings of Members

Section 1: Annual Meeting

An annual meeting of the members shall be held in December each year, at the hour of 7:00 p.m. for the purpose of electing Directors and for the transaction of such other business as may come before the meeting if the day fixed for the annual meeting shall be a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

Section 2: Special Meetings

Special meetings of the members may be called by the President, the Board of Directors, or not less than one-tenth of the members having voting rights.

Section 3: Place of Meeting

The Board of Directors may designate any place, either within or without the State of Texas¹ as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made or if a special meeting be otherwise called, the place of meeting shall be the registered office of the corporation in the State of Texas but if all of the members shall meet at any time and place, either within or without

the State of Texas, and consent to the holding of a meeting, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

Section 4: Notice of Meetings

Written notice stating the place, day and hour of any meeting of members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than ten nor more than fifty days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by statute or by these by-laws, the purpose for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail and addressed to the member at his address as it appears on the records of the corporation, which postage thereon prepaid.

Section. 5 : Informal Action by Members

Any action required by law to be taken at a meeting of the members, or any action which may be taken at a meeting of members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members entitled to vote with respect to the subject matter thereof.

Section 6: Quorum

The members holding one—half (**1/2**) of the votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of members, a majority of the members present may adjourn the meeting from time to time without further notice.

Section 7: Proxies

At any meeting of members, a member entitled to vote may *vote* by proxy executed in writing by the member or by his duly authorized attorney-in—fact. No proxy shall be valid after eleven months from the date of execution, unless otherwise provided in the proxy.

Section 8 : Manner of. . Acting

A majority of the votes entitled to be cast on a matter to be voted upon by the members present or represented by proxy at a meeting at which a quorum is present shall be necessary for the adoption thereof unless a greater proportion is required by law or by these by-laws.

Section 9: Voting by Mail

Where Directors or officers are to be elected by members or any class or classes of members, such election may be conducted by mail in such manner as the Board of Directors shall determine.

ARTICLE IV

Board of Directors

Section .1: General Powers

The affairs of the corporation shall be managed by its Board of Directors. Directors need not be residents of the State of Texas or members of the corporation.

Section 2: Election, Removal and Replacement of Directors

(a) For so long as Developer is Owner of any lot or Dwelling within the Development, other than a Dwelling used by the Developer for a personal residence, (i) all of the members of the Board of Directors of the Association shall be elected by Developer and (ii) Developer shall have the right at any time and from time to time to remove any Directors, either with or without cause, and may appoint a successor to such removed Director or otherwise fill any vacancies on the Board without any consent or approval of any of the members.

(b) At such time as Developer no longer owns any Lot or Dwelling within the Development, the members of the Association shall elect, by majority vote of the members of the Association, new members of the Board of Directors of the Association as provided in the Declaration, Thereafter, the members of the Association, by affirmative vote of a majority of the members, shall (i) elect the members of the Board of Directors at the annual meeting of members of the Association and (ii) have the right to remove, either with or without cause, at any time or from time to time, any of the members of the Board and appoint a successor to such removed Director. There shall be no cumulative voting by the members.

Section 3 Number, Tenure and Qualification:

The number of Directors shall be four (4) . Each Director shall hold office until the next annual meeting of members and until his successor shall have been elected and qualified.

Section 4:., Regular Meetings

A regular annual meeting of the Board of Directors shall be held without other notice than this by—law, immediately after, and at the same place as, the annual meeting of members. The Board of Directors may provide by resolution the time and place, either within or without the State of Texas, for the holding of additional regular meetings of the Board without other notice than such resolution.

Section 5: Special Meeting

Special meetings of the Board of Directors may be called by or at the request of the President or any two Directors. The person or persons authorized to call special meetings of the Board may fix any place, either within or without the State of Texas, as the place for holding any special meeting of the Board called by them.

Section 6: Notice

Notice of any special meeting of the Board of Directors shall be given at least two days previously thereto by written notice delivered personally or sent by mail or email to each Director at his address as shown by the records of the corporation. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, the postage thereon prepaid. If notice is given by email, such notice shall be deemed to be delivered when the email is sent. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transaction at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these by-laws. In the event a member does not have electronic mail (email), a letter will be delivered by mail or to the home.

Section 7: Quorum

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board; but if less than a majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

Section 8: Manner of Acting

The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by these by-laws.

Section 9: Vacancies

Any vacancy occurring in the Board of Directors and any directorship to be filled by reason of an increase in the number of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors.. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 10: Compensation

Directors as such shall not receive any stated salaries for their services, but by resolution of the Board of Directors a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; but nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity and receiving compensation therefore.

Section 11: Informal Action by Directors

Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

ARTICLE V

Officers

Section 1: Officers

The officers of the corporation shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), a Secretary, a Treasurer and such other officers as may be elected in accordance with the provisions of this Article. The Board of Directors may elect or appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed, from time to time, by the Board of Directors. Any two or more offices may be held by the same person, except the office of President and

Secretary.

Section 2: Election and Term of Office

The officers of the corporation shall be elected annually by the Board of Directors at the regular annual meeting of the Board of Directors. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be done. New offices may be created and filled at any meeting of the Board of Directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

Section 3: Removal

Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

Section 4: Vacancies

A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 5 President

The President shall be the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs of the corporation. He or she shall preside at all meetings of the members and of the Board of Directors. He or she may sign, with the Secretary or any other proper officer of the corporation authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases there the signing and execution thereof shall be expressly delegated by the Board of Directors or by these by-laws or by statute to some other officer or agent of the corporation; and in general he or she shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6: Vice President

In the absence of the President or in the event of his or her inability or refusal to act, the Vice President or in the event there be more than one Vice President, the Vice Presidents in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 7: Treasurer

If required by the board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. Treasure shall have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VII of these by-laws; and in general perform all the duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 8: Secretary

The Secretary shall keep the minutes of the meetings of the members and of the Board of Directors in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; be custodian of the corporate records; keep a register of the post office address of each member which shall be furnished to the secretary by such member; and in general

perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 9: Assistant Treasurers and Assistant Secretaries

If required by the Board of Directors, the Assistant Treasurers shall give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of Directors shall determine. The Assistant Treasurers and Assistant Secretaries, in general, shall perform such duties as shall be assigned to them by the Treasurer or the Secretary or by the President or the Board of Directors.

ARTICLE VI

Committees

Section 1: Committees of Directors

The Board of Directors, by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees each of which shall consist of two or more Directors, which committees, to the extent provided in said resolution, shall have and exercise the authority of the Board of Directors in the management of the corporation, except that no such committee shall have the authority of the Board of Directors in reference to amending, altering or repealing the by-laws; electing, appointing or removing any member of any such committee or any Director or officer of the corporation; amending the articles of incorporation; restating articles of incorporation; adopting a plan of merger or adopting a plan of consolidation with another corporation; authorizing the sale, lease, exchange or mortgage of all or substantially all of the property and assets of the corporation; authorizing the voluntary dissolution of the corporation or revoking proceedings therefore; adopting a plan for the distribution of the assets of the corporation; or amending, altering or repealing any resolution of the Board of Directors which by its terms provides that it shall not be amended, altered or repeated by such committee. The designation and appointment of any such committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed upon it or him or her by law.

Section 2: Other Committees

Other committees not having and exercising the authority of the Board of Directors in the

management of the corporation may be appointed in such manner as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present. Except as otherwise provided in such resolution, members of each such committee shall be members of the corporation, and the President of the corporation shall appoint the members thereof any member thereof may be removed by the person or persons authorized to appoint such member whenever in their judgment the best interests of the corporation shall be served by such removal.

Section 3: Term of Office

Each member of a committee shall continue as such until the next annual meeting of the members of the corporation and until his successor is appointed, unless the committee shall be sooner

terminated, or unless such member be removed from such committee, or unless such member cease to qualify as a member thereof.

Section 4: Chairman

One member of each committee shall be appointed chairman by the person or persons authorized to appoint the members thereof.

Section 5: Vacancies

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

Section 6: Quorum

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

Section 7: Rules

Each committee may adopt rules for its own government not inconsistent with these by-laws or with rules adopted by the Board of Directors.

ARTICLE VII

Contract, Checks, Deposits and Funds

Section 1: Contracts

The Board of Directors may authorize any officer or officers, agent or agents of the corporation, in addition to the officers so authorized by these by—laws to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

Section 2.: Check, Drafts. Etc.

All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or Vice President of the corporation. Treasurer can write a check for a maximum of \$300 with one signature. Any amount over \$300 other than regular monthly bills, must be signed by the President or Vice President and have board approval.

Section..3: Deposits

All funds of the corporation shall be deposited from time to time to the credit of the corporation in such banks, trust companies, or other depositories as the Board of Directors may select,

Section 4: Gifts

The Board of Directors may accept on behalf of the corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the corporation.

Section 5: Reserves

The Board of Directors control the replacement reserve account. Two signatures are required to access the reserve account.

Section 6: Write-Off

The Board of Directors must approve write-off of delinquencies more than \$10.00.

Section 7: Lien for Assessment

The FCE HOA shall have a lien against each lot to secure payment of delinquent assessments, as well as interest (subject to limitations of Texas law) late charges and cost of collections (including attorney's fees). See DECLARATION OF RESTRICTIVE 10.09.

ARTICLE VIII

Certificates of Membership

Section 1: Certificates of Membership

The Board of Directors may provide for the issuance of certificates evidencing membership in the corporation, which shall be in such form as may be determined by the Board. Such certificates shall be signed by the President or Vice President and by the Secretary or an Assistant Secretary. All certificates evidencing membership of any class shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the corporation. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefore upon such terms and conditions as the Board of Directors determines.

Section 2: Issuance of Certificate

When a member has been elected to membership and has paid any initiation fee and dues that may then be required, a certificate of membership shall be issued in his name and delivered to him or her by the Secretary, if the Board of Directors shall have provided for the issuance of certificates of membership under the provisions of Section 1 of this Article VIII.

ARTICLE IX

Books and Records

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members, Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at its registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the corporation may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time.

ARTICLE X

Fiscal Year

The fiscal year of the Corporation shall begin on January 1 and end on December 31 in each year

ARTICLE XI

Waiver of Notice

Whenever any notice is required to be given under the provisions of the Texas Non—Profit Corporation Act or under the provisions of the articles of incorporation or the by—laws of the corporation, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

Section 1: Types of Coverage

The Association shall maintain in effect at all times as a Common Expense the types of insurance coverage required by the Declaration, any workmen's compensation, or other

insurance required by law, and such other insurance as the Board may from time to time deem appropriate. The Board shall review the amount and terms of such insurance annually.

Section 2: Damage or Destruction

Immediately after the damage or destruction by fire or other casualty to all or any part of the Common Areas covered by insurance written in the name of the Association, the Board of

Directors or its duly authorized agent shall proceed with the filing and adjustment of all claims arising under such insurance, and, in any such event, the Board shall obtain reliable and detailed estimates of the cost of repair or reconstruction of the damaged or destroyed property. Repair or reconstruction means repairing or restoring the damaged property to substantially the same condition in which it existed prior to the fire or other casualty. The Association shall promptly commence and complete the repair and restoration of any portions of the Common Areas damaged by any such fire or other casualty. If the Insurance proceeds, if any, for such damage or destruction are not sufficient to defray the cost thereof, and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose, the Board of Directors may levy a special Assessment against all members, without the necessity of a vote or the consent or approval of any of the members, as provided in the Declaration, to provide funds to pay such excess costs of repair or reconstruction. Any and all sums paid to the Association under and by virtue of such special Assessments shall be held by and for the benefit of the Association together with the insurance proceeds, if any, for such damage or destruction. Such insurance proceeds and assessments shall be disbursed by the Association in payment for such repair or reconstruction as is established by the Board of Directors. Any proceeds remaining after defraying such costs shall be retained by and for the benefit of the Association. If it is determined by the Board of Directors that the damage or destruction for which the insurance proceeds are paid shall not be repaired or reconstructed, such proceeds shall be retained by and for the benefit of the Association, and the ruins of the Common Areas damaged or destroyed by fire or other casualty shall be cleared and the Common Areas left in a clean, orderly, safe and appealing condition.

Section 3: Condemnation of Common Areas

Whenever all or any part of the Common Areas of this Development shall be taken by any authority having the power of condemnation or eminent domain, or is conveyed in lieu thereof by the Board, the award made or collected for such taking or sale in lieu thereof shall be payable to the Association and shall be disbursed or held as follows:

(a) If the taking or sale in lieu thereof involves a portion of the Common Areas on which

Improvements have been constructed, then the Association shall restore or replace such Improvements so taken, to the extent practicable, on the remaining lands included in the Common Areas which are available therefore, in accordance with the plans approved by the Board of Directors and the ARC (as defined in the Declaration) . If the award is not sufficient to defray the cost of such repair and replacement and such deficiency cannot be appropriated from a reserve fund as may have been established for such purpose the Board of Directors may levy a special Assessment against all members, without the necessity of a vote or the consent or approval of any of the members, as provided n the Declaration, to provide funds to pay such excess costs of repair or reconstruction, Such a special Assessment shall be levied against the members equally in the same manner as annual Assessments are levied, and additional special Assessments may be made at any time during or following the completion of any repair or reconstruction. If the Board of Directors determines that such Improvements are not to be repaired or restored, the award or proceeds shall be retained by and for the benefit of the Association to be used as provided in the Declaration.

(b) If the taking or sale in lieu thereof doss not involve any Improvements to the Common Areas, or if there are net funds remaining after any such restoration or replacement of such improvements is completed, then such award or net funds shall be retained by and for the benefit of the Association.

ARTICLE XIII

Section 1: Indemnification

The Association shall, to the fullest extent permitted by applicable law, indemnify any person (and their heirs,. executors and administrators of such person), who, by reason of the fact that he is or was a Director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture trust or other enterprise, was or is a party or is threatened to made a party to:

(a) Any threatened, pending or completed claim, action, suit or proceeding, whether civil, criminal, administrative or investigative, including appeals (other than an action by or in the right of the Association), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonable incurred by such person in connection with any such claim, action, suit or proceeding; or

(b) Any threatened, pending or completed claim, action, suit or proceeding by or in the right of the Association to procure a judgment in its favor, against expenses (including attorneys' fees) actually and reasonable incurred by him in connection with the defense or settlement of such action, suit or proceeding. Any indemnification by the Association pursuant hereto shall be made only in the manner and to the extent authorized by the Articles of Incorporation and applicable law, and any such indemnification shall not be deemed exclusive of any other rights to which those seeking indemnification may otherwise be entitled.

Sectio2 Indemnification Insurance

The Association shall have the power and authority to purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Association or is or was serving at the request of the Association as a Director, officer, partner, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under applicable law.

ARTICLE XIV

Amendments to By-Laws

These by-laws may be altered, amended or repealed and new by-laws may be adopted by a majority of the Directors present at any regular meeting or at any special meeting, if at least two days' written notice is given of intention to alter, amend or repeal or to adopt new by-laws at such meeting.

ARTICLE XV

Adoption of By-Laws

The foregoing Initial By-laws of this Corporation are hereby adopted by the undersigned, 'being all the Directors of such Corporation named in the Articles of Incorporation on

Date _____

President _____

Vice President _____

Secretary_____

Treasurer_____

**Complaint Form
For
Fountain Creek Estates**

Fill in the blanks to the best of your knowledge and mail to Board of Directors, Fountain Creek Estates, P.O. Box 506, Pottsboro, Tx 75076.

All complaints must be signed by the complainant to be given serious consideration.

Thanks for your interest in the betterment of Fountain Creek Estates.

Date of the infraction: _____

Name of the individual and address involved:

Briefly describe the nature of the incident:

Name of

Complainant: _____

Address and phone numbers: Home # _____

Cell# _____

Date of

Complaint: _____

Signature: _____
