

BY-LAWS OF ROYAL SHORES COMMUNITY ASSOCIATION, INC.

ARTICLE I

NAME, PURPOSE, MEMBERSHIP, APPLICABILITY, AND DEFINITIONS

Section 1. Name and Purpose. The name of the Association shall be Royal Shores Community Association, Inc. (the "Association"). The purpose of the Association is to be the property owners association for a residential and commercial subdivision for the benefit of this land and each owner of any part of this land.

Section 2. Membership. The Association shall have two (2) classes of membership, Class "A" and "B", as is more fully set forth in that Revised and Restated Declaration of Covenants, Conditions, and Restrictions for Bentwood Section One (the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

ARTICLE II

ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2. First Meeting and Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held once a calendar year thereafter, on a day and at an hour determined by the Board of Directors.

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of the Board of Directors or upon a petition signed by at least fifty percent (50%) of the Class "A" members. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Lot a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her or its Lot, he or she or it shall have designated by notice in writing to the Secretary such other address. The mailing

or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein. The Declaration provides that any member delinquent in the payment of any assessment due may not be entitled to exercise the rights and privileges of membership, including but not limited to the right to vote.

Section 7. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her or its Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence or dissolution of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 8. Quorum. The presence, in person or by proxy, of ten percent (10%) of the Owners of Lots to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 9. Voting by Mail. The Board of Directors may authorize members to vote by mail on the election of directors and officers or on any other matter that may be voted on by the members.

ARTICLE III BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors (the "Board"). There is no requirement that Directors reside in the Community or be members of the Association for as long as the Declarant is appointing Directors. Thereafter the Directors should be a member or spouse of a member.

Section 2. Directors Appointed by Declarant. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant, so long as the Class "B" membership exists as set forth in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The names of the initial Directors selected by the Declarant are set forth in the Articles of Incorporation of the Association.

Section 3. Number of Directors. The Board shall initially consist of five (5) members, and the Board shall have the authority to increase this number by amending these By-Laws.

Section 4. Nomination of Directors. Directors may be nominated by a Nominating Committee, if such a committee is established by the Board. Directors may also be nominated from the floor if the election is held at a meeting or by mail if the election is being conducted by mail. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 5. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Not later than thirty (30) days after the Class "B" membership terminates, or no later than thirty (30) days after the Declarant surrenders its right to select Directors, if such surrender occurs prior to the termination of the Class "B" membership, the Association shall call a special meeting to be held at which members shall elect five (5) new Directors for initial terms, or such higher number of directors as these By-Laws then call for.

(b) Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and the Declaration. The persons receiving the largest number of votes shall be elected.

(c) At annual meetings of the membership after such special meeting, Directors shall be elected. All eligible members of the Association shall vote on all Directors to be elected, and the candidate(s) receiving the most votes shall be elected; provided, however, those Directors serving at the time of the first few annual meetings after the termination of the Class "B" membership shall serve the remainder of their initial terms as set forth below:

The initial term of two Directors shall be one (1) year from the special meeting, and the initial term of three Directors shall be two (2) years from the special meeting. However, if necessary, each such initial term shall be extended to terminate at the next annual meeting of the Members which occurs after the expiration of their relevant term of office. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of two (2) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

(d.) The Declarant, in its sole discretion, may call meetings earlier than required herein and/or may permit Class "A" members to elect a larger number of Directors than required herein at any meeting of the Membership.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed, with or without cause, by a Majority vote of the Class "A" members (however this action must have the concurrence of the Class B member for so long as such Class B membership exists) and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings may be removed

by a Majority vote of the Directors at a meeting, a quorum being present. This Section shall not apply to Directors appointed by Declarant.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Association, shall be filled by a vote of the Majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each Person so selected shall serve the unexpired portion of the term.

B. Meetings.

Section 1. Organization Meetings. The first meeting of the members of the Board of Directors each year shall be held within thirty (30) days following each annual meeting of the membership at such time and place as shall be fixed by the Board.

Section 2. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a Majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

Section 3. Special Meetings. Special meetings of the Board shall be held when requested by the President, Vice President or by any two (2) Directors, with not less than three (3) days notice.

Section 4. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice, if (a) a quorum is present, and (b) either before or after the meeting, each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 5. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a Majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a Majority of the required quorum for that meeting.

Section 6. Compensation. No Director shall receive any compensation for any service rendered to the Association. Any director may, however, be reimbursed for actual expenses incurred in the performance of duties as a director.

Section 7. Open Meetings. All meetings of the Board shall be open to all members, but members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

Section 8. Executive Session. The Board may adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and orders of business of a similar nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

Section 9. Action Without a Formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the Directors. Such consent may be executed by multiple counterparts, fax signatures or by E-mail.

C. Powers and Duties.

Section 1. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;
- (b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing late fees and the period of the installment payments of the annual assessment;
- (c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association, including but not limited to the gates restricting ingress and egress into the Community and the private streets and/or permanent access easements within the Community;
- (d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) adopting and amending rules and regulations governing the use of the Common Open Areas;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(m) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 2. Management Agent. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board shall authorize.

Section 3. Borrowing. The Board shall have the power to borrow money for the purpose of repair, restoration, improvement, or purchase of the Property and facilities thereon without the approval of the members of the Association,

ARTICLE IV **OFFICERS**

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board at the organizational meeting of the Board following each annual meeting. A vacancy in any office arising because of death, resignation, removal, or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board whenever, in its judgment, the best interests of the Association will be served thereby. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the board and shall serve for the unexpired term.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Texas Non-Profit Corporation Act.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep or cause to be kept, the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Texas law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping or causing to be kept, full and accurate financial records and books of account showing all receipts and disbursements, for preparing or causing to be prepared, all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE V COMMITTEES

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. The Board shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee as provided in these By-Laws.

ARTICLE VI MISCELLANEOUS

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. *Roberts Rules of Order* (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Texas law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the Person presiding over the proceeding.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Texas law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Texas law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.


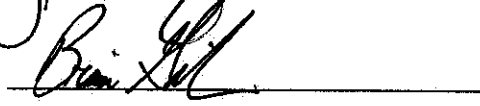

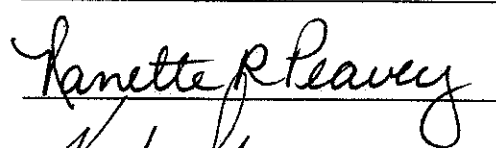
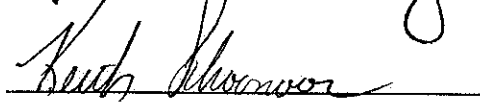
Section 4. Amendment. The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws. In addition, these By-Laws may be amended by the Board of Directors.

ARTICLE VII INDEMNIFICATION

The Association shall indemnify its directors, officers, employees, and agents to the full extent permitted by the laws of the State of Texas

Also, the Association shall limit the liability of its directors to the Association to the full extent permitted by the laws of the State of Texas

IN WITNESS WHEREOF, WE BEING ALL THE Directors of the ROYAL SHORES COMMUNITY ASSOCIATION, INC. have hereunto executed and consented to these By-Laws, effective on the dates indicated below.

<u>Name of Director</u>	<u>Signature</u>	<u>Date of Execution</u>
Tanecia M. Bratcher		<u>12/29/03</u>
Brian K. Gibson		<u>12/29/03</u>
R. Christopher Lynch		<u>12/29/03</u>
Nanette R. Peavey		<u>12/29/03</u>
Keith E. Schoonover		<u>12/29/03</u>

BY-LAWS OF
ROYAL SHORES COMMUNITY ASSOCIATION, INC.

ARTICLE I

NAME, PURPOSE, MEMBERSHIP, APPLICABILITY, AND DEFINITIONS

Section 1. Name and Purpose. The name of the Association shall be Royal Shores Community Association, Inc. (the "Association"). The purpose of the Association is to be the property owners association for a residential and commercial subdivision for the benefit of this land and each owner of any part of this land.

Section 2. Membership. The Association shall have two (2) classes of membership, Class "A" and "B", as is more fully set forth in that Revised and Restated Declaration of Covenants, Conditions, and Restrictions for Bentwood Section One (the "Declaration"), the terms of which pertaining to membership are specifically incorporated by reference herein.

Section 3. Definitions. The words used in these By-Laws shall have the same meaning as set forth in the Declaration, unless the context shall prohibit.

ARTICLE II

ASSOCIATION: MEETINGS, QUORUM, VOTING, PROXIES

Section 1. Place of Meetings. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the Board of Directors, either in the Community or as convenient thereto as possible and practical.

Section 2. First Meeting and Annual Meetings. The first annual meeting of the Members shall be held within one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held once a calendar year thereafter, on a day and at an hour determined by the Board of Directors.

Section 3. Special Meetings. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a Majority of the Board of Directors or upon a petition signed by at least fifty percent (50%) of the Class "A" members. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting, except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to mail or to cause to be delivered to the Owner of record of each Lot a notice of each annual or special meeting of the Association stating the purpose of the special meeting, as well as the time and place where it is to be held. If an Owner wishes notice to be given at an address other than his or her or its Lot, he or she or it shall have designated by notice in writing to the Secretary such other address. The mailing

or delivery of a notice of meeting in the manner provided in this Section shall be considered service of notice. Notices shall be served not less than ten (10) nor more than thirty (30) days before a meeting.

Section 5. Waiver of Notice. Waiver of notice of a meeting of the members shall be deemed the equivalent of proper notice. Any member may, in writing, waive notice of any meeting of the members, either before or after such meeting. Attendance at a meeting by a member, whether in person or by proxy, shall be deemed waiver by such member of notice of the time, date, and place thereof, unless such member specifically objects to lack of proper notice at the time the meeting is called to order.

Section 6. Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights are specifically incorporated herein. The Declaration provides that any member delinquent in the payment of any assessment due may not be entitled to exercise the rights and privileges of membership, including but not limited to the right to vote.

Section 7. Proxies. At all meetings of members, each member may vote in person or by proxy. All proxies shall be in writing, dated, and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the member of his or her or its Lot, or upon receipt of notice by the Secretary of the death or judicially declared incompetence or dissolution of a member, or of written revocation, or upon the expiration of eleven (11) months from the date of the proxy.

Section 8. Quorum. The presence, in person or by proxy, of ten percent (10%) of the Owners of Lots to which eligible votes appertain shall constitute a quorum at all meetings of the Association. The members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

Section 9. Voting by Mail. The Board of Directors may authorize members to vote by mail on the election of directors and officers or on any other matter that may be voted on by the members.

ARTICLE III

BOARD OF DIRECTORS: NUMBER, POWERS, MEETINGS

A. Composition and Selection.

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors (the "Board"). There is no requirement that Directors reside in the Community or be members of the Association for as long as the Declarant is appointing Directors. Thereafter the Directors should be a member or spouse of a member.

Section 2. Directors Appointed by Declarant. The Directors shall be selected by the Declarant acting in its sole discretion and shall serve at the pleasure of the Declarant, so long as the Class "B" membership exists as set forth in the Declaration, unless the Declarant shall earlier surrender this right to select Directors. The names of the initial Directors selected by the Declarant are set forth in the Articles of Incorporation of the Association.

Section 3. Number of Directors. The Board shall initially consist of five (5) members, and the Board shall have the authority to increase this number by amending these By-Laws.

Section 4. Nomination of Directors. Directors may be nominated by a Nominating Committee, if such a committee is established by the Board. Directors may also be nominated from the floor if the election is held at a meeting or by mail if the election is being conducted by mail. All candidates shall have a reasonable opportunity to communicate their qualifications to the members and to solicit votes.

Section 5. Election and Term of Office. Notwithstanding any other provision contained herein:

(a) Not later than thirty (30) days after the Class "B" membership terminates, or no later than thirty (30) days after the Declarant surrenders its right to select Directors, if such surrender occurs prior to the termination of the Class "B" membership, the Association shall call a special meeting to be held at which members shall elect five (5) new Directors for initial terms, or such higher number of directors as these By-Laws then call for.

(b) Election to the Board of Directors shall be by secret written ballot. At such election the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Articles of Incorporation and the Declaration. The persons receiving the largest number of votes shall be elected.

(c) At annual meetings of the membership after such special meeting, Directors shall be elected. All eligible members of the Association shall vote on all Directors to be elected, and the candidate(s) receiving the most votes shall be elected; provided, however, those Directors serving at the time of the first few annual meetings after the termination of the Class "B" membership shall serve the remainder of their initial terms as set forth below:

The initial term of two Directors shall be one (1) year from the special meeting, and the initial term of three Directors shall be two (2) years from the special meeting. However, if necessary, each such initial term shall be extended to terminate at the next annual meeting of the Members which occurs after the expiration of their relevant term of office. At the expiration of the initial term of office of each respective member of the Board of Directors, a successor shall be elected to serve for a term of two (2) years. The members of the Board of Directors shall hold office until their respective successors shall have been elected by the Association.

(d.) The Declarant, in its sole discretion, may call meetings earlier than required herein and/or may permit Class "A" members to elect a larger number of Directors than required herein at any meeting of the Membership.

Section 6. Removal of Directors. At any regular or special meeting of the Association duly called, any one or more of the members of the Board of Directors may be removed, with or without cause, by a Majority vote of the Class "A" members (however this action must have the concurrence of the Class B member for so long as such Class B membership exists) and a successor may then and there be elected to fill the vacancy thus created. A Director whose removal has been proposed by the Owners shall be given at least ten (10) days' notice of the calling of the meeting and the purpose thereof and shall be given an opportunity to be heard at the meeting. Additionally, any Director who has three (3) consecutive unexcused absences from Board meetings may be removed

by a Majority vote of the Directors at a meeting, a quorum being present. This Section shall not apply to Directors appointed by Declarant.

Section 7. Vacancies. Vacancies in the Board of Directors caused by any reason, excluding the removal of a Director by vote of the Association, shall be filled by a vote of the Majority of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each Person so selected shall serve the unexpired portion of the term.

B. Meetings.

Section 1. Organization Meetings. The first meeting of the members of the Board of Directors each year shall be held within thirty (30) days following each annual meeting of the membership at such time and place as shall be fixed by the Board.

Section 2. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined from time to time by a Majority of the Directors, but at least four (4) such meetings shall be held during each fiscal year with at least one (1) per quarter. Notice of the regular schedule shall constitute sufficient notice of such meetings.

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Section 5. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a Majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a Majority of the required quorum for that meeting.

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Section 7. Open Meetings. All meetings of the Board shall be open to all members, but members other than Directors may not participate in any discussion or deliberation unless expressly so authorized by the Board.

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C. Powers and Duties.

Section 1. Powers. The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these By-Laws directed to be done and exercised exclusively by the members. In addition to the duties imposed by these By-Laws or by any resolution of the Association that may hereafter be adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

- (a) preparation and adoption of an annual budget in which there shall be established the contribution of each Owner to the common expenses;
- (b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing late fees and the period of the installment payments of the annual assessment;
- (c) providing for the operation, care, upkeep, and maintenance of all areas which are the maintenance responsibility of the Association, including but not limited to the gates restricting ingress and egress into the Community and the private streets and/or permanent access easements within the Community;
- (d) designating, hiring, and dismissing the personnel necessary for the operation of the Association and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;
- (e) collecting the assessments, depositing the proceeds thereof in a bank depository which it shall approve, and using the proceeds to administer the Association;
- (f) adopting and amending rules and regulations governing the use of the Common Open Areas;
- (g) opening of bank accounts on behalf of the Association and designating the signatories required;
- (h) enforcing by legal means the provisions of the Declaration, these By-Laws, and the rules and regulations adopted by it, and bringing any proceedings which may be instituted on behalf of or against the Owners concerning the Association;
- (i) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;
- (k) paying the cost of all services rendered to the Association or its members which are not directly chargeable to Owners;

(l) keeping books with detailed accounts of the receipts and expenditures affecting the Association and its administration, and specifying the maintenance and repair expenses and any other expenses incurred; and

(m) contracting with any Person for the performance of various duties and functions. The Board shall have the power to enter into common management agreements with trusts, condominiums, or other associations. Any and all functions of the Association shall be fully transferable by the Board, in whole or in part, to any other entity.

Section 2. Management Agent. The Board may employ for the Association a professional management agent or agents at a compensation established by the Board of Directors to perform such duties and services as the Board shall authorize.

Section 3. Borrowing. The Board shall have the power to borrow money for the purpose of repair, restoration, improvement, or purchase of the Property and facilities thereon without the approval of the members of the Association,

ARTICLE IV **OFFICERS**

Section 1. Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer. Any two or more offices may be held by the same Person, excepting the offices of President and Secretary. The President and Treasurer shall be elected from among the members of the Board of Directors.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board at the organizational meeting of the Board following each annual meeting. A vacancy in any office arising because of death, resignation, removal, or otherwise, may be filled by the Board for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the Board whenever, in its judgment, the best interests of the Association will be served thereby. In the event of death, resignation or removal of a director, a successor shall be selected by the remaining members of the board and shall serve for the unexpired term.

Section 4. President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Association and of the Board. The President shall have all the general powers and duties which are incident to the office of the president of a corporation organized under the Texas Non-Profit Corporation Act.

Section 5. Vice President. The Vice President shall act in the President's absence and shall have all powers, duties, and responsibilities provided for the President when so acting.

Section 6. Secretary. The Secretary shall keep or cause to be kept, the minutes of all meetings of the Association and of the Board of Directors and shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all duties incident to the office of the secretary of a corporation organized in accordance with Texas law.

Section 7. Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities and shall be responsible for keeping or causing to be kept, full and accurate financial records and books of account showing all receipts and disbursements, for preparing or causing to be prepared, all required financial statements and tax returns, and for the deposit of all monies and other valuable effects in the name of the Association or the managing agent in such depositories as may from time to time be designated by the Board of Directors.

Section 8. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

ARTICLE V **COMMITTEES**

Section 1. General. Committees to perform such tasks and to serve for such periods as may be designated by the Board are hereby authorized. Each committee shall be composed and shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. The Board shall appoint an Architectural Review Committee, as provided in the Declaration, and a Nominating Committee as provided in these By-Laws.

ARTICLE VI **MISCELLANEOUS**

Section 1. Fiscal Year. The fiscal year of the Association shall be determined by resolution of the Board. In the absence of such a resolution, the fiscal year shall be the calendar year.

Section 2. Parliamentary Rules. *Roberts Rules of Order* (current edition) shall govern the conduct of all Association proceedings, when not in conflict with Texas law, the Articles of Incorporation, the Declaration, these By-Laws, or a ruling made by the Person presiding over the proceeding.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Texas law, the Articles of Incorporation, the Declaration, and these By-Laws, the provisions of Texas law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

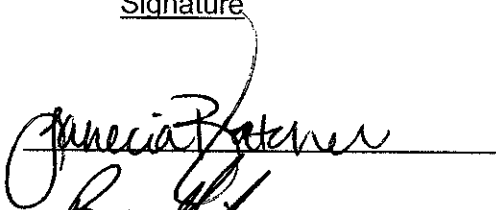
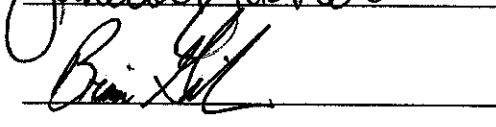

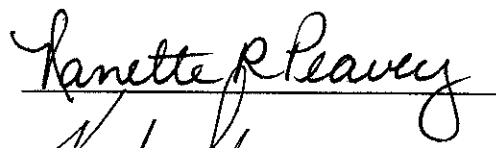

Section 4. Amendment. The provisions of the Declaration applicable to amendment of that instrument shall apply to any amendment to these By-Laws. In addition, these By-Laws may be amended by the Board of Directors.

ARTICLE VII **INDEMNIFICATION**

The Association shall indemnify its directors, officers, employees, and agents to the full extent permitted by the laws of the State of Texas

Also, the Association shall limit the liability of its directors to the Association to the full extent permitted by the laws of the State of Texas

IN WITNESS WHEREOF, WE BEING ALL THE Directors of the ROYAL SHORES COMMUNITY ASSOCIATION, INC. have hereunto executed and consented to these By-Laws, effective on the dates indicated below.

<u>Name of Director</u>	<u>Signature</u>	<u>Date of Execution</u>
Tanecia M. Bratcher		<u>12/29/03</u>
Brian K. Gibson		<u>12/29/03</u>
R. Christopher Lynch		<u>12/29/03</u>
Nanette R. Peavey		<u>12/29/03</u>
Keith E. Schoonover		<u>12/29/03</u>