

**BYLAWS OF
FRIO CAÑON COMMUNITY ASSOCIATION,
A TEXAS NONPROFIT CORPORATION**

**ARTICLE 1
NAME AND OFFICE**

1.01. Name. The name of the corporation is FRIO CAÑON COMMUNITY ASSOCIATION (the “Association”).

1.02. Principal Office. The principal office of the Association shall be located in or near Leakey, Real County, Texas. The Association may have such other offices within the State of Texas as the Board of Directors may determine or as the affairs of the Association may require from time to time.

1.03. Registered Office; Registered Agent. The Association 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 Business Organizations Code. The registered office may be, but need not be, identical with the principal office of the Association. The Board of Directors may change the address of the registered office of the Association from time to time.

**ARTICLE 2
DEFINITIONS**

2.01. “Common Areas” means Tract 17 of Frio Vista Ranch, Tracts 20, 23, and 39 of Frio Cañon, and such other property as may hereafter be included in the definition of “Common Areas” by amendment of the Declaration in accordance with the terms thereof.

2.02. “Declaration” means the covenants, conditions, easements and restrictions applicable to the Property filed in the public records of Real County, Texas, as such instrument may now or hereafter exist.

2.03 “Property” means (a) Frio Cañon, a subdivision located in Real County, Texas (“Frio Cañon”), as more completely described in the plat recorded in Volume 1, Page 158 of the Plat Records of Real County, Texas, and amended by the vacate and re-subdivision plat of Tract 10 of Frio Cañon recorded in Volume 1, Page 160 of the Plat Records of Real County, Texas (as may be amended from time to time hereafter, the “Frio Cañon Plat”), (b) Tracts 15, 16, 17, and 18 of Frio Vista Ranch, a subdivision located in Real County, Texas (“Frio Vista Ranch”), as more completely described in the plat recorded in Volume 1, Page 155 of the Plat Records of Real County, Texas, and amended by the re-subdivision plat recorded in Volume 1, Page 156 of the Plat Records, Real County, Texas, and further amended by the vacate and re-subdivision plat of Tracts 15-24 of Frio Vista Ranch, recorded in Volume 1, Page 157 of the Plat Records, Real County, Texas, and being further amended by a correction plat for the vacate and re-subdivision plat of Tracts 15-24 of Frio Vista Ranch, recorded in Volume 1, Page 159 of the Plat Records,

Real County, Texas (as may be amended from time to time hereafter, the “Frio Vista Ranch Plat”), and (c) such other property as may hereafter be included in the definition of “Property” by unilateral amendment of the Declaration in accordance with the terms thereof.

2.04. “Tract” means each individually numbered tracts or parcels of land included in the Property and referenced on the Frio Cañon Plat, the Frio Vista Ranch Plat, or the plat of such other property as is included in the Property in accordance with the terms hereof.

2.05. “Member” means a person entitled to membership in the Association as set out in the Certificate.

2.06. “Owner” means the record owner, whether one or more persons or entities, of the fee simple title to any Tract, including contract seller(s), but excluding those persons or entities having such interest merely as security for the performance of an obligation.

2.07 “Certificate” means the Certificate of Formation of the Association filed with the Secretary of State, as such instrument may now or hereafter exist.

ARTICLE 3 MEETING OF MEMBERS

3.01. Annual Meeting. An annual meeting of the Members shall be held on the first Saturday in October of each year for the purpose of electing Directors and for the transaction of other business as may come before the meeting. If the day fixed for the annual meeting shall be on 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 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 possible.

3.02. Special Meetings. The President, the Board of Directors, or not less than ten percent (10%), in number, of the Members having voting rights may call a special meeting of the Members.

3.03. Place of Meeting. The Board of Directors may designate any place as the place of meeting for any annual or special meeting of the Members. If no designation is made or if a special meeting is otherwise called, the place of meeting shall be the registered office of the Association in the State of Texas; but if all of the Members shall meet at any time and place, either within or without the State, and consent to the holding of a meeting, such meeting shall be valid without call or notice and any corporate action may be taken at such meeting.

3.04. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of Members shall be delivered, either personally, by mail, or by e-mail to each Member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President, the Secretary, or the persons calling the meeting. In case of a special meeting or when required by statute or these

Bylaws, the purpose or purposes 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 addressed to the Member at his or her address as it appears on the records of the Association, with postage thereon prepaid.

3.05. Quorum. The presence at a meeting of Members entitled to cast, or of proxies entitled to cast, thirty-three and 33/100 percent (33 1/3%) of the votes of Membership shall constitute a quorum for any action except as otherwise provided in the Certificate, the Declaration, or these Bylaws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote at such meeting shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

3.06. Proxies. At any meeting of Members, a Member entitled to vote may vote by proxy executed in writing by the Member or by his or her duly authorized attorney-in-fact. No proxy shall be valid after six (6) months from the date of its execution, unless otherwise provided in the proxy. Each proxy is revocable. Each proxy with respect to a Tract shall automatically cease upon any sale, transfer or other conveyance by the Member of his or her ownership interest in such Tract.

3.07. Denial of Cumulative Voting. At each election for Directors, every Member entitled to vote at such election shall have the right to vote, in person or by proxy, for as many persons as there are Directors to be elected and for whose election he or she has a right to vote; provided, however, that no Member may cumulate his or her votes by giving one candidate as many votes as the number of such Directors multiplied by his or her vote shall equal or by distributing such votes on the same principle among any number of such candidates.

ARTICLE 4 BOARD OF DIRECTORS

4.01. General Powers. The Board of Directors of the Association shall manage the affairs of the Association. Other than the initial Directors, each Director must be a Member of the Association. The Board of Directors shall have the power to exercise for the Association all powers, duties and authority vested in or delegated to the Association and not reserved to the Members by the Certificate, the Declaration, or these Bylaws.

4.02. Number and Tenure. The number of Directors shall be five (5). The number of Directors may be increased from time to time by amendment to these Bylaws; provided, however, that the number of Directors of the Association shall not be less than three (3). The Directors shall be elected annually by the Members at the regular annual meeting of the Members. If the election of Directors shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be possible. All Directors shall continue to hold office until his or her annual term expires and until his or her successor has been elected and qualified.

4.03. Vacancies. Any vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors even though less than a quorum of the Board of Directors. A Director appointed or elected to fill a vacancy shall serve the unexpired term of his or her predecessor in office. Any Directorship to be filled by reason of an increase in the number of Directors shall be filled at an annual meeting or at a special meeting of the Members called for that purpose. If at any time any Director shall at any time sell or otherwise dispose of his or her ownership interest in a Tract or voluntarily or involuntarily cease to be an Owner during his or her term of office, then upon such termination or cessation of his or her ownership interest, such Director shall automatically be deemed to have effectively resigned from the Board of Directors and he or she shall automatically be removed therefrom.

4.04. Regular Meetings. An annual meeting of the Board of Directors shall be held without other notice 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 in Real County, Texas, for the holding of additional regular meetings of the Board of Directors without other notice than such resolution.

4.05. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the President or any two (2) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place in Real County, Texas, as the place for holding any special meeting of the Board of Directors called by them.

4.06. Notice. Notice of any special meeting of the Board of Directors shall be given at least five (5) days previously thereto by written notice delivered personally or sent by mail, e-mail or fax to each Director at his or her address as shown on the records of the Association. If mailed, such notice shall be deemed to be delivered to a Director when deposited in the United States mail so addressed to the Director with postage thereon prepaid. If faxed, such notice shall be deemed to be delivered to a Director when transmitted to the fax number of record for the Director in the Association's records. 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 transacted at, nor the purpose of, any regular meeting of the Directors need to be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by these Bylaws. All notices of special meetings shall specify the business to be transacted at such meeting and no other business not so specified shall be acted upon at any special meeting.

4.07. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; 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.

4.08. 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 Bylaws. A Director may vote in person or by proxy

executed in writing by the Director. No proxy shall be valid after three (3) months from the date of its execution. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and unless otherwise made irrevocable by law. Directors present by proxy may not be counted toward a quorum.

4.09. 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 of Directors; but nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

4.10. 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. Such approval in writing may be evidenced by the original signature of a Director, a facsimile thereof transmitted to the Board of Directors, an e-mail transmission from a Director, or any combination thereof. Such approvals may be in multiple counterparts that shall be attached to the minutes of the informal action taken by the Directors.

4.11. Budget. The Board of Directors shall adopt an annual budget for the Association's estimated corporate expenses each year and shall provide the manner of assessing and collecting from the Members their respective shares of such estimated expenses, subject to any limitations contained in the Declaration. The annual budget as estimated by the Board of Directors for each fiscal year shall be approved by the Board of Directors, and copies thereof shall be furnished to each Member at least thirty (30) days prior to the annual meeting of the Members.

4.12. Limitation of Liability. No person shall be liable to the Association for any loss or damage suffered by any other person resulting from any action taken or omitted to be taken by a director or officer of the Association in good faith if such director or officer exercised or used the same degree of care and skill as a prudent man would have exercised or used in the same or similar circumstances in the conduct of his or her own affairs.

ARTICLE 5 OFFICERS

5.01. Officers. The Officers of the Association shall be a President, a Vice President, 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 offices of President and Secretary. An officer need not be a Member of the Association.

5.02. Election and Term of Office. The Officers of the Association 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 possible. New offices may be created and filled at any meeting of the Board of Directors. Each Officer shall hold office until his or her successor shall have been duly elected and shall have qualified.

5.03. 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 Association would be served thereby.

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

5.05. President. The President shall be the principal Executive Officer of the Association and shall in general supervise and control all of the business and affairs of the Association. The President shall preside at all meetings of the Members and of the Board of Directors. The President may sign, with the Secretary or any other proper Officer of the Association 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 where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other Officer or agent of the Association; 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.

5.06. Vice President. In the absence of the President or in the event of his or her inability or refusal to act, the Vice-President 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. The Vice-President shall perform such other duties as from time to time may be assigned to him or her by the President or Board of Directors.

5.07. 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. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for money due and payable to the Association from any source whatsoever, and deposit all such moneys in the name of the Association in such banks, trust companies, or other depositories as shall be selected in accordance with the provisions of these Bylaws; and in general perform all the duties incident to the office of Treasurer 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.

5.08. 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; give all notices in accordance with the provisions of these Bylaws or as required by law; be custodian of the corporate records of the Association; keep a register of the post office address of each Member,

which shall be furnished to the Secretary by each 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.

5.09. Assistant Treasurers and Assistant Secretaries. The Assistant Treasurers and Assistant Secretaries, if any, 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.

5.10. Compensation. Any Officer may receive compensation for his or her services if and to the extent approved by resolution of the Board of Directors.

ARTICLE 6 COMMITTEES

A majority of the Directors present at a meeting at which a quorum is present may by resolution designate one or more committees to report to the Board of Directors and to carry out certain duties on behalf of the Board of Directors. Except as otherwise provided in such resolution, members of each such Committee shall be Members of the Association. Any member of a committee may be removed by the Board of Directors whenever, in the judgment of the Board of Directors, the best interest of the Association shall be served by such removal. The resolution designating such committee shall set forth the term of office of the members of the committee and the procedures for designation of the committee chairperson, method of filling vacancies, designating a quorum and establishing rules for its own government not inconsistent with these Bylaws, statutory law or with rules adopted by the Board of Directors.

ARTICLE 7 CONTRACTS, CHECKS, DEPOSITS, AND FUNDS

7.01. Contracts. The Board of Directors may authorize any Officer(s) or agent(s) of the Association, in addition to the Officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association that is not inconsistent with the Declaration. Such authority may be general or confined to specific instances.

7.02. Checks and Drafts. All checks, drafts or orders for the payment of money, notices, or other evidences of indebtedness issued in the name of the Association shall be signed by such Officer(s) or agent(s) of the Association 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 and countersigned by the President of the Association.

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

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

7.05 Insurance. The Association will maintain liability insurance for the Common Areas, naming the Declarant (as such term is defined in the Declaration) and each principal in Declarant as additional insureds, with a waiver of subrogation in favor of the Declarant and each principal in the Declarant, in the amount of at least One Million and No/100ths Dollars (\$1,000,000.00) per occurrence and at least Two Million and No/100ths Dollars (\$2,000,000.00) in the aggregate, together with an umbrella policy or excess liability policy of at least One Million and No/100ths Dollars (\$1,000,000.00). The Association will also maintain director and officer liability insurance in the amount of at least One Million and No/100ths Dollars (\$1,000,000.00).

ARTICLE 8 BOOKS AND RECORDS

The Association 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 the Association's registered or principal office a record giving the names and addresses of the Members entitled to vote. All books and records of the Association, including the Certificate, the Declaration, and these Bylaws, shall be available and may be inspected by any Member or his or her agent or attorney at the principal office of the Association, for any proper purpose at any reasonable time with at least five (5) business days' prior written notice, and copies may be purchased at a reasonable cost.

ARTICLE 9 CORPORATE SEAL

The Association shall not be required to have a corporate seal.

ARTICLE 10 AMENDMENTS

The Declarant (as such term is defined in the Declaration) may from time to time unilaterally amend or repeal any provision of these Bylaws for any purpose until December 31, 2009, by filing written notice of such amendment or repeal in the real property records of Real County, Texas. Otherwise, the power to amend or repeal any provision of these Bylaws or to adopt new Bylaws is reserved exclusively to the Members. Except with respect to unilateral determination by Declarant before December 31, 2009, these Bylaws may be amended or repealed and new Bylaws may be adopted only (a) with the affirmative vote of at least two thirds (2/3) of the votes entitled to be cast with respect to matters to be voted on by the Members, and (b) at a regular or special meeting of the Members duly called for such purpose at which a quorum of the Members is present in person or by proxy. Notice of all such meetings of the Members shall be given as provided in these Bylaws and shall contain the proposed amendment

to these Bylaws, specify the section or sections of these Bylaws proposed to be repealed, or contain the new Bylaws proposed to be adopted.

ARTICLE 11
WAIVER OF NOTICE

Whenever any notice is required to be given under the provisions of the Texas Business Organizations Code or under the provisions of the Certificate, the Declaration, or these Bylaws, 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 12
FISCAL YEAR

The fiscal year of the Association shall be the calendar year.

ARTICLE 13
CONFLICTS

In the case of any conflict between the Certificate and these Bylaws, the Certificate shall control. In the case of any conflict between the Declaration and these Bylaws, the Declaration shall control. In the case of any conflict between the Certificate and the Declaration, the Certificate shall control.

I, the undersigned, do hereby certify that I am the duly elected and acting President of the Association and that the foregoing Bylaws constitute the original Bylaws of the Association, as duly adopted by unanimous consent of the Directors thereof effective on the 19th day of December, 2007.

Name: David Dalglish
Title: President