

BY-LAWS
OF
WATERFORD VILLAGE TOWNHOMES ASSOCIATION, INC.

ARTICLE I.

NAME AND LOCATION

The name of the corporation is **Waterford Village Townhomes Association, Inc.**, hereinafter referred to as the "Association". The principal office of the Association shall be located at 6517 Mapleridge, Houston, Texas 77081, but meetings of Members and Directors may be held at such places within the State of Texas, County of Harris or Fort Bend, as may be designated by the Board of Directors.

ARTICLE II.

DEFINITIONS

Section 2.1 All terms used herein shall have the meaning given thereto in the Declaration unless expressly stated to the contrary herein.

Section 2.2 "By-Laws" shall mean these By-Laws of the Association, as amended from time to time.

Section 2.3 "Certificate of Formation" shall mean the Certificate of Formation of the Association, as amended from time to time.

Section 2.4 "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions, as amended from time to time, a copy of which Declaration is recorded in the Official Public Records of Real Property of Fort Bend County, Texas, under Clerk's File No. 2004133283. The Declaration is incorporated herein by this reference for all purposes.

Section 2.5 "Director" shall mean a member of the Association's Board of Directors.

Section 2.6 "Member" shall mean those persons entitled to membership in the Association as provided in the Declaration.

Section 2.7 "Nominating Committee" shall mean a committee formed for the purpose of nominating candidates for election to the Board of Directors as contemplated by Section 4.2 of the By-Laws.

Section 2.8 "Property" shall mean the "Land", as defined in the Declaration.

ARTICLE III

MEMBERS, MEETINGS AND VOTING RIGHTS

Section 3.1 Composition and Powers. Every Owner shall be a Member of the Association and shall continue to be a Member for so long as he owns a Residential Unit, all as more fully set out in the Declaration. If more than one person or entity owns a Residential Unit, then such owners shall designate one of their number as the Member of the Association, all as more fully set out in the Declaration. The foregoing is not intended to include persons or entities holding an interest in a Residential Unit merely as security for the performance of an obligation. Membership shall be appurtenant to, and may not be separated from, the ownership of any Residential Unit. Except as otherwise provided in these By-Laws or in the Declaration, all action to be taken or authorized by the Members shall be deemed validly taken or authorized upon adoption by vote of a majority of the Members present, in person or by proxy, at any properly called meeting at which a quorum is present, in person or by proxy.

Section 3.2 Annual Meetings.

(a) The first annual meeting of the Members shall be held when called, upon ten (10) days prior written notice to the Members, by the initial Board of Directors of the Association. Such meeting shall be called on or before the Election Date.

(b) Thereafter, the annual meetings of the Members shall be held on the third Monday in the month of January of each year at 8:00 p.m.; provided, however, if the first annual meeting is less than six months prior to the month of January, the second annual meeting shall not be held until the second January following the first annual meeting. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

Section 3.3 Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors or upon written request of a majority of the Members.

Section 3.4 Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied in writing by such Member to the Association for the purpose of notice. Such notice shall specify the place, date and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.5 Quorum and Adjournment. The presence at any meeting, in person or by proxy, of Members entitled to cast fifty percent of the votes in the Association shall constitute a quorum for any action, except as otherwise provided in the Articles of Incorporation, the Declaration

or these By-Laws. Any meeting of the Association, whether annual or special, may be adjourned from time to time, whether a quorum be present or not, without notice other than the announcement at the meeting, and such adjournment, may be to such time, date and place as may be determined by a majority of the votes cast at such meeting. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting as originally called.

Section 3.6 Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Residential Unit.

Section 3.7 Voting. Each Member, other than the Developer, shall have one (1) vote in the Association per Residential Unit owned by such Member, as set forth in Section 3.5 of the Declaration. The Developer shall have eight (8) votes per Residential Unit owned by the Developer, as set forth in Section 3.5 of the Declaration.

ARTICLE IV.

BOARD OF DIRECTORS

Section 4.1 Composition. Until the Election Date defined in Section 3.3 of the Declaration, the affairs of the Association shall be managed by a Board of three (3) Directors appointed by the Developer. At the first annual meeting, the Members shall elect three (3) Directors for a term of one (1) year, and at each annual meeting thereafter the Members will elect three (3) Directors for a term of one (1) year each. Directors must be members of the Association.

Section 4.2 Nomination. Nominations for election to the Board of Directors shall be made by the Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nomination Committee shall consist of a chairman, who shall be a member of the Board of Directors, and two or more other persons who shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine.

Section 4.3 Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Declaration and these By-Laws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 4.4 Removal. Prior to the Election Date, no Director shall be subject to removal by the Members. Thereafter, any Director may be removed from the Board of Directors, with or without cause, by an affirmative vote of a majority of all votes in the Association represented at a special meeting called for such purpose. In the event of death, resignation or removal of a Director,

his or her successor shall be elected by the remaining members of the Board of Directors and shall serve for the unexpired term of his or her predecessor, or if all Directors shall have died, resigned or removed from office simultaneously, without the appointment of their successors, their successor shall be elected by the Members at a special meeting to be called by any Member within thirty (30) days of the Directors' removal from office, at which meeting the nominations and election shall be conducted as set forth above.

Section 4.5 Compensation. No Director shall receive compensation for any service he or she may render to the Association; however, any Director may be reimbursed for his or her actual expenses incurred in the performance of his or her duties.

Section 4.6 Quorum. A majority of members of the Board of Directors shall constitute a quorum for transaction of business at any meeting of such Board of Directors. A vote of the Directors shall be valid if concurred in by a majority present at a meeting.

Section 4.7 Action Taken Without a Meeting. The Directors shall have the right to take any action without a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 4.8 Meetings. Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors may determine. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days written notice to each Director, which notice may be waived by attendance at the meeting or by written waiver.

Section 4.9 Powers and Duties. The Board of Directors, for the benefit of the Members, shall have the following powers and duties:

- (a) To exercise for the Association all powers, duties, and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, Articles of Incorporation or the Declaration;
- (b) To take all such lawful action as the Board of Directors may determine to be necessary, advisable or convenient to effectuate the purposes and provisions of the Declaration, the Articles of Incorporation and the By-Laws; and
- (c) To perform any and all duties imposed on or powers allowed to the Board of Directors by applicable law.

ARTICLE V.

OFFICERS AND THEIR DUTIES

Section 5.1 Election of Officers. The officers of the Association shall be the President, one or more Vice Presidents, a Secretary and a Treasurer, and, in addition thereto, in the discretion of the Board of Directors, such other officers with such duties as the Board of Directors shall from time to time determine. All officers shall be elected annually by the Board of Directors as the Board of Directors may determine. All officers shall serve until their successors shall have been elected or until they have been removed or have resigned. All officers shall be subject to removal at any time by the Board of Directors. The Board of Directors may, in its sole discretion, elect acting or temporary officers and elect officers to fill vacancies occurring for any reason whatsoever, and may, in its sole discretion, limit or enlarge the duties and powers of any officer elected by it. Any person may simultaneously hold more than one of any of the offices, except the offices of President and Secretary. The officers must be Members.

Section 5.2 The President. The President shall preside at all meetings of the Board of Directors and the Members; see that orders and resolutions of the Board of Directors are carried out; and, unless otherwise provided by the Board of Directors, sign all leases, mortgages, deeds and other written instruments that have been approved by the Board of Directors or pursuant to the authority granted by the Board of Directors.

Section 5.3 The Vice Presidents. Each Vice President shall have such power and duties as may be assigned to him or her by the Board of Directors. If more than one Vice President is elected, the Board of Directors shall designate who is the First Vice President, who is the Second Vice President, etc. In the absence of the President, the First Vice President shall perform the duties of the President. Such authority to act for the President shall vest to the Vice Presidents in the order of their numerical designation by the Board of Directors.

Section 5.4 The Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meeting in conformity with these By-Laws; keep appropriate current records showing the Members of the Association together with their addresses; and perform such other duties assigned by the Board of Directors.

Section 5.5 The Treasurer. The Treasurer shall received and deposit in appropriate bank accounts all money of the Association and shall disburse such funds as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors; sign all checks of the Association; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members and perform all other duties assigned to him or her by the Board of Directors.

ARTICLE VI.

COMMITTEES

Section 6.1 In addition to the committees provided for in the Declaration and the By-Laws, the Board of Directors may appoint such other committees as may be deemed appropriate by the Board.

ARTICLE VII.

CORPORATE SEAL

Section 7.1 The Association may have a seal in the form prescribed by the Board of Directors.

ARTICLE VIII.

MISCELLANEOUS

Section 8.1 Covenant to Obey Laws, Rules and Regulations. Each Member shall be subject to the Declaration and shall abide by the By-Laws and Rules and Regulations as the same are or may from time to time be established by the Board of Directors. Each Member shall observe, comply with, and perform all rules, regulations, ordinances and laws made by any governmental authority of any municipal, state and federal government having jurisdiction over the Property or any part thereof.

Section 8.2 Fiscal Year. The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 8.3 Amendment. These By-Laws may be amended, at a regular or special meeting of the Members, by an affirmative vote of seventy-five percent (75%) of all votes in the Association represented at such regular or special meeting, in person or by proxy, so long as written notice of the proposed By-Law change was given to the Members at least ten (10) days in advance of the meeting. If any such amendment affects the matters set forth in Section 7.3 of the Declaration, the consent of sixty-six and two-thirds (66-2/3%) of the Mortgagees (based upon one vote for each Mortgage held) shall also be required.

Section 8.4. Conflicts. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these By-Laws or the Articles of Incorporation, the Declaration shall control.


CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting Secretary of WATERFORD VILLAGE TOWNHOMES ASSOCIATION, INC., a Texas non-profit corporation;

That the foregoing By-Laws constitute the original By-Laws of said Association, as duly adopted at a meeting of the Board of Directors thereof held on the 11th day of September, 2006.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of said Association on this 11th day of September, 2006.

A handwritten signature in cursive script, reading "William L. Brown". The signature is written in dark ink and is positioned above a horizontal line.

William L. Brown, Secretary