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**BYLAWS OF CLEARWATER POINT
PROPERTY OWNER'S ASSOCIATION**

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ARTICLE I

Definitions

As used herein, the term "Declaration" shall mean that certain Restrictions and Covenants Governing Clearwater Point Subdivision, Montgomery County, Texas dated April 30, 1985, executed by the Association by and through the Clearwater Point, Ltd. General Partner, recorded under County Clerk's File No. 8517519 in the Official Real Property Records of Montgomery County, Texas, and relating to certain real property located in Montgomery County, Texas, as more particularly described therein; and the terms used herein, unless otherwise indicated, shall have the same meanings as set forth in the Declaration.

ARTICLE II

Offices

Section 2.01. Principal Address. The principal address of Clearwater Point Property Owner's Association (the "Association") shall be at P.O. Box 926, Willis, Texas 77378. The Association may maintain such other business offices within the State of Texas as the Board may from time to time establish.

Section 2.02. Registered Office and Registered Agent. The Association shall have and continuously maintain in the State of Texas, a registered office and a registered agent for service as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the Association in the State of Texas, and the address of the registered office and registered agent may be changed from time to time by the Board of Directors.

ARTICLE III

Members

Section 3.01. Membership. Each and every owner, by virtue of being an owner, automatically shall be a member of the Association and, thereafter, shall remain such for as long as such ownership continues. The voting owners shall include all owners of assessable property and each such voting owner shall be entitled to one vote for each lot owned; provided, however, that there shall not be more than one voting owner on account of ownership in any single lot. If the voting owner consists of more than one person, such persons shall decide who among themselves shall cast the vote.

Section 3.02. Certificate of Membership. The Association may (but shall not be obligated to) issue to each member, certificates, cards or other instruments evidencing membership rights. Such documents, if issued, may be in such form or forms as the Board of Directors may approve, and shall be signed by the President or a Vice President, and by the Secretary or an assistant Secretary, of the Association. If issued, such documents shall be consecutively numbered and a record of such issuance maintained.

Section 3.03. Transfer of Membership. Membership in the Association shall be appurtenant to and pass with the title of any lot and may not be in any manner alienated or encumbered, except as an appurtenance thereto, as part and parcel thereof; provided, however, that no such change in ownership shall be effective for voting purposes, unless and until the Association is given actual notice and is provided satisfactory proof thereof. When more than one person holds satisfactory proof thereof. When more than one person holds an interest in any lot, all such persons shall be members.

Section 3.04. Suspension of Membership Rights. The membership right of a member (and the privileges of other persons claiming through such member) may be suspended by the Board of Directors for (a) any period during which the annual and special assessments or maintenance charges assessed to such member pursuant to the amended declaration remain delinquent and unpaid, or (b) any reasonable period up to but not in excess of ninety (90) days in connection with the enforcement of any of the Association's rules and regulations relating to Association lands.

ARTICLE IV

Members' Meetings

Section 4.01. Annual Meetings. An annual meeting of members for the election of directors and for the transaction of all other business which may come before the meeting shall be held at such time and place designated by the Board of Directors, each year. Failure to hold any annual meeting or meetings shall not work a forfeiture or dissolution of the Association.

Section 4.02. Special Meetings. Except as otherwise provided by law or by the articles of incorporation, special meetings of the members may be called by the President, the Board of Directors or the holders of not less than one-tenth of the votes entitled to be cast at such meeting, special meetings shall be held pursuant to notice at such time and place as may be stated in the notice calling such meeting. Business transacted at any special meeting of members shall be limited to the purpose stated in the notice of such meeting given in accordance with the provisions of Section 4.03.

Section 4.03. Notice of Meetings - Waiver. Written or printed notice of each meeting of members stating the place, day and hour of any meeting and, in case of a special members' meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than fifty (50) days before the date of such meeting, either personally or by mail, by or at the discretion of the President, the Board of Directors, or the persons calling the meeting, to each member entitled to vote at such meeting. If mailed, such notice shall be deemed

to be delivered when deposited in the United States mail addressed to the member at his address as it appears in the records of the Association, with postage thereon prepaid. Such further or earlier notice shall be given as may be required by law. The signing by a member or a written waiver of notice of any member's meeting, whether before or after the time stated in such waiver, shall be equivalent to the receiving by him of all notice required to be given with respect to such meeting. Attendance by a member, whether in person or by proxy, at a members' meeting shall constitute a waiver of notice of such meeting. No notice or any adjournment of any meeting shall be required.

Section 4.04. Fixing of Record Date. For the purpose of determining members entitled to notice of, or to vote at, any meeting of members or any adjournment thereof, the Board of Directors of the Association may provide that as of a certain date not less than ten (10) days nor more than fifty (50) days preceding the meeting, only such date shall be entitled to such notice of, and to vote at, such meeting and any adjournment thereof.

Section 4.05. Quorum and Presiding Officers. Except as otherwise provided by law or these bylaws, the holders of a majority of the votes entitled to be cast at the meeting and represented in person or by proxy shall constitute a quorum at a meeting of members, but the members present at any meeting, although representing less than a quorum, may from time to time adjourn the meeting to some other day and hour, without notice other than announcement at the meeting. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum. The vote of the holders of a majority of the votes entitled to be cast and being present, in person or by proxy, at a meeting at which a quorum is present, shall be the act of the members meeting, unless the vote of a greater number is required by law or the Declaration. The President shall preside at, and the Secretary shall keep the records of, each meeting of members and, in the absence of either such officer, his duties shall be performed by any officer authorized by these bylaws or any person appointed by resolution duly adopted at the meeting.

Section 4.06. Proxies. A member may vote either in person or by proxy executed in writing by such member, or by his duly authorized attorney-in-fact. No proxy shall be valid after eleven months from the date of its execution unless otherwise provided in the proxy. A proxy shall be revocable unless expressly provided therein to be irrevocable (and in no event shall it be irrevocable for more than eleven months) or unless otherwise made irrevocable by law.

Section 4.07. Balloting. Upon the demand of any member, the vote upon any question before the meeting shall be by ballot. At each meeting, inspectors of election may be appointed by the presiding officer of the meeting; and, at any meeting for the election of directors. Inspectors shall be so appointed on the demand of any member present or represented by proxy and entitled to vote in such election of directors. No director or candidate for the office of director shall be appointed as such inspector. The number of votes cast by members in the election of directors shall be recorded in the minutes.

Section 4.08. No Cumulative Voting. No member shall have the right to cumulate his vote in any election of directors.

Section 4.09. Record of Members. The Association shall keep at its principal office, a record of its members, giving the names and addresses of each member.

Section 4.10. Action Without Meeting. Any action required by statute to be taken at a meeting of the members of the Association, or any action which may be taken at a meeting of the 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, and such consent shall have the same force and effect as a unanimous vote of the members. Any such signed consent, or a signed copy thereof, shall be placed in the minute book of the Association.

ARTICLE V

Board of Directors

Section 5.01. Number, Qualifications and Term. The affairs of the Association shall be managed and controlled by the Board of Directors. Subject to any restriction imposed by bylaw, by the articles of incorporation, by the Declaration or by these bylaws, the Board of Directors may exercise all the powers of the Association. Specifically, but without limitation, the Board of Directors shall be entitled to take such actions, and to give and withhold such consents, as may be required of the Association under the provisions of the Declaration. The Board of Directors shall consist of seven (7) persons, each of whom, and each whose representative, or designee of a voting owner. Directors need not be residents of Texas. Except as otherwise provided in Section 5.03 of these bylaws, each position on the Board of Directors shall be filled by election at the annual meeting of members. Each person elected as a Director shall hold office (unless removed in accordance with Section 5.02 of these bylaws) until the next annual meeting of the members, and until his successor shall have been duly elected and qualified.

Section 5.02. Removal. Any director or the entire Board of Directors may be removed from office at any time by a vote of a majority of the voting owners voting in person or by proxy at the annual meeting or at a special meeting of the members called for such purpose, at which a quorum is present.

Section 5.03. Vacancies. In the event a vacancy occurs on the Board of Directors, the remaining directors may appoint a qualified individual to fill the vacancy until the next annual meeting. Any position on the Board of Directors to be filled by reason of an increase in the number of directors will only be filled by an election held at the annual meeting or special meeting of the members called for such purpose.

Section 5.04. Regular Meetings. Regular meetings of the Board of Directors shall be held immediately following each annual meeting of members, at the place of such meeting, and at such other times and places as the Board of Directors shall determine. No notice of any kind of such regular meetings need be given to either old or new members of the Board of Directors.

Section 5.05. Special Meetings. Special meetings of the Board of Directors shall be held at any time by call of the President or any two directors. The Secretary shall give notice of each special meeting to each director at his usual business or residence address by mail at least five (5) days before the meeting. Except as otherwise provided by law, by the articles of incorporation or by these bylaws, such notice need not specify the business to be transacted at, or the purpose of, such meeting. No notice shall be necessary for any adjournment of any such meeting. The signing of a written waiver of notice of any special meeting by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to receiving such notice. Attendance of a director at a meeting shall also constitute a waiver of notice of such meeting, except where a director attends a meeting for the express and announced purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 5.06. Quorum. A majority of the number of directors fixed by these bylaws shall constitute a quorum for the transaction of business and the act of not less than a majority of such quorum of the Directors shall be required in order to constitute the act of the Board of Directors, unless the act of a greater number shall be required by law, by the articles of incorporation or by these bylaws. Directors present by proxy may not be counted toward a quorum.

Section 5.07. Procedure at Meetings. The Board of Directors, at each regular meeting held immediately following the annual meeting of members, shall appoint one of their number as President of Directors. The President shall preside at meetings of the Board. In his absence at any meeting, any officer authorized by these bylaws or any member of the board selected by the members present shall preside. The Secretary of the Association shall act as secretary at all meetings of the Board. In his absence, the presiding officer of the meeting may designate any person to act as secretary. At meetings of the Board of Directors, the business shall be transacted in such order as the board may from time to time determine.

Section 5.08. Presumption of Assent. Any director of the Association who is present at a meeting of the Board of Directors at which action on any Association matter is taken, shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 5.09. Action Without a Meeting. Any action required by statute to be taken at a meeting of the Directors of the Association, or which may be taken at such meeting may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by each director entitled to vote at such meeting, and such consent shall have the same force and effect as a unanimous vote of directors. Such signed consent, or assigned copy thereof, shall be placed in the minute book of the Association.

Section 5.10. Compensation. Directors, as such, shall not receive any compensation for their service but, by resolution of the Board of Directors, reimbursement for reasonable expenses of

attendance, if any, may be allowed for attendance at each regular or special meeting of the Board of Directors or at any meeting of a committee of directors, if any, to which such director may be elected in accordance with the following Section 5.11.

Section 5.11. Committees. The Board of Directors, by resolution adopted by a majority of the number of directors fixed by these bylaws, may designate one or more committees, which committees shall consist of two or more persons, all of whom shall be directors, owners, or representatives of owners. Such committees may exercise such authority of the Board of Directors in the affairs of the Association as the Board of Directors may by resolution duly delegated to it, except as prohibited by law. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon him by law. Any member of the committees may be removed by the Board of Directors by the affirmative vote of a majority of the number of directors fixed by the bylaws whenever in the judgement of the board, the best interests of the Association will be served thereby. The committees shall keep regular minutes of their proceedings and report same to the Board of Directors when required. The minutes of the proceedings of the committees shall be placed into the minute book of the Association.

Section 5.12. Prohibited Transactions. The Board of Directors shall not have the authority to enter into contracts, agreements or to otherwise conduct business on behalf of the Association with any member of the board or any affiliate of such member. Unless there exists 100% unanimous written consent of the Board of Directors.

ARTICLE VI

Officers

Section 6.01. Number. The officers of the Association shall consist of a president, one or more Vice Presidents, a Secretary and a Treasurer and, in addition, such other officers and assistant officers and agents as may be deemed necessary or desirable. Officers shall be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person except that the President and Secretary shall not be the same person. Officers need not be members of the Association.

Section 6.02. Election and Term. Officers shall be chosen by the Board of Directors, annually, at the meeting of the Board of Directors following the annual members' meeting. Each officer shall hold office until his successor has been chosen and qualified, or until his death, resignation or removal.

Section 6.03. Removal. Any officer or agent elected or appointed by the Board of Directors *may be removed by the Board of Directors* whenever, in its judgement, the best interests of the Association will be served thereby; but, such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not, or itself, create any contract rights.

Section 6.04. Vacancies. Any vacancy, in any office, for any cause, maybe filled by the Board of Directors at any meeting.

Section 6.05. Duties. The officers of the Association shall have such powers and duties, except as modified by the Board of Directors, as generally pertain to their offices, respectively, as well as such powers and duties as from time to time shall be conferred by the Board of Directors and by these bylaws.

Section 6.06. The President. The President shall have general direction of the affairs of the Association and general supervision over its several officers, subject however, to the control of the Board of Directors. At each annual meeting, and from time to time, he shall report to the members and to the Board of Director, all matters within his knowledge which, in his opinion, the interests of the Association may require to be brought to the notice of such persons. He may sign, with the Secretary or an Assistant Secretary, any or all certificates or other instruments evidencing membership in the Association. He shall preside at all meetings of the members, shall sign and execute in the name of the Association (i) all contracts or other instruments authorized by the Board of Directors, and (ii) all contracts or instruments in the usual and regular course of the affairs of the Association, pursuant to Section 7.02 hereof, except in cases when the signing and execution there of shall be expressly delegated or permitted by the board or by these bylaws to some other officer or agent of the Association; and, in general, shall perform all duties incident to the office of president, and such other duties as from time to time may be assigned to him by the Board of Directors or as are prescribed by these bylaws.

Section 6.07. Vice Presidents. At the request of the President or, in his absence or disability, 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 restrictions upon, the President. Any action taken by a Vice President in the performance of the duties of the President shall conclusive evidence of the absence or inability to act of the President at the time such action was taken. The Vice Presidents shall perform such other duties as may, from time to time, be assigned to them by the Board of Directors or the President. A Vice President may sign, with the Secretary or an Assistant Secretary, certificates or other instruments evidencing membership in the Association.

Section 6.08. Secretary. The Secretary shall keep the minutes of all meetings of the members, of the Board of Directors, and of the committees of the Board of Directors (if any), in any one or more books provided for such purpose and shall see that all notices are duly given in accordance with the provisions of these bylaws or as required by law. He shall be custodian of the Association's records and of the seal (if any) of the Association and see, if the Association has a seal, that the seal of the Association is affixed to all documents the execution of which on behalf of the Association under its seal is duly authorized; shall have general charge of the books and papers of the Association, all of which shall, at any reasonable time, be open for any proper purpose; and, in general, shall perform all duties and exercise all powers incident to the office of the Secretary and such other duties and powers as the Board of Directors or the President, from time to time, may assign to or confer on him.

Section 6.09. Treasurer. The Treasurer shall keep complete and accurate records of account showing, at all times, the financial condition of the Association. The Treasurer shall be the legal custodian of all money, notes, securities and other valuables which may, from time to time, come into the possession of the Association. The Treasurer shall furnish at meetings of the Board of Directors, or whenever requested, a statement of the financial condition of the Association, and shall perform such other duties as these bylaws may require or the Board of Directors may prescribe.

Section 6.10. Assistant Officers. Any assistant secretary or assistant treasurer appointed by the Board of Directors shall have power to perform, and shall perform, all duties incumbent upon the secretary or treasurer of the Association, respectively, subject to the general direction of such respective officers, and shall perform such other duties as these bylaws may require or the Board of Directors may prescribe.

Section 6.11. Salaries. The salaries or other compensation of the officers for services rendered shall be fixed, from time to time, by the Board of Directors. No officer shall be prevented from receiving such salary or other compensation by reason of the fact that he is also a director of the Association.

Section 6.12. Delegation. The Board of Directors may temporarily delegate the powers and duties of any officer of the Association, in case of his absence or for any other reason, to any other officer, and may authorize the delegation by any officer of the Association of any of his powers and duties to any agent or employee, subject to the general supervision of such officer.

ARTICLE VII

Miscellaneous

Section 7.01. Maintenance Fund. The Board of Directors shall be vested with authority to assess and collect yearly maintenance charges against each lot as authorized in the Declaration. The purpose of the maintenance fund is for maintaining the upkeep and overall appearance of the subdivision. The amount of the yearly assessment may be adjusted from time to time annually by the Board of Directors. Yearly maintenance charges are due and payable in full on January 1 of each year and shall become delinquent on February 1 if unpaid. A late charge will be assessed and enforced for all unpaid maintenance fees owed after February 1 in an amount to be determined by the Board of Directors. The Board of Directors may file a lien against each delinquent lot in which maintenance charges or other assessments remain unpaid on or after April 1 of each year.

Section 7.02. Dividends. No dividend shall be paid, and no part of the income of the Association shall be distributed, to the members, directors or officers of the Association. The Association may pay compensation in a reasonable amount to the members, directors or officers for services rendered.

Section 7.03. Contracts. The President shall have the power and authority to execute, on behalf of the Association, contracts or instruments in the usual and regular course of the Association's affairs and, in addition, the Board of Directors may authorize any officer or officers, agent or agents, of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors or by these bylaws, no officer, agent or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit or to render it pecuniarily liable for any purpose or in any amount.

Section 7.04. Checks, Drafts, etc.. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officers or employees of the Association, as shall from time to time be authorized pursuant to these bylaws or by resolution of the Board of Directors.

Section 7.05. Depositories. All funds of the Association shall be deposited, from time to time, to the credit of the Association in such banks or other depositories as the Board of Directors may, from time to time, designate, and upon such terms and conditions as shall be fixed by the Board of Directors. The Board of Directors may, from time to time, authorize the opening and maintaining within any such depository as it may designate, general and special accounts, and may make such special rules and regulations with respect thereto as it may deem expedient.

Section 7.06. Seal. The Association's seal, if any, shall be in such form as the Board of Directors shall approve, and such seal, or a facsimile thereof, may be impressed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by officers of the Association.

Section 7.07. Fiscal Year. The fiscal year of the Association shall begin and end on such dates as the Board of Directors at any time shall determine.

Section 7.08. Books and Records. The Association shall keep correct and complete books and records of account and shall keep minutes of the proceedings of its members, Board of Directors and committees established pursuant to Section 5.11 hereof, and shall keep at its registered office or principal place of business, a record of its members, giving the names and addresses of all members. All books and records of the Association may be inspected by any member, or his agent or attorney, for any proper purpose at any reasonable time. The Board of Director shall, within sixty (60) day after the end of the Association's fiscal year, deliver to the owners, upon request, annual financial statements (unaudited) of the Association.

Section 7.09. Resignations. Any director or officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time of its receipt by the President or *Secretary*. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

Section 7.10. Indemnification of Officers and Directors. Each person who may have served as director or officer of the Association shall be indemnified by the Association against any liability imposed upon him and for any expense reasonably incurred by him in connection with any claim made against him or by virtue of any action having been brought against him or by virtue of any action having been brought against him by reason of his having been a director or officer, and against such sums as counsel selected by the Board of Directors shall deem reasonable payment made in settlement of any such claim, action, suit or proceedings primarily with a view to avoiding expenses of litigation. No director or officer shall be indemnified, however, with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence or intentional misconduct in performance of his duties, or with respect to any matters which shall be settled by the payment of sums which counsel selected by the Board of Directors shall not deem reasonable payment made primarily with a view to avoiding expenses of litigation, or with respect to matters for which such indemnification would be unlawful or against public policy. Any right of indemnification granted by this Section 7.10 shall be in addition to and not in lieu of any other such right to which any director or officer of the Association may at any time be entitled under the laws of the State of Texas. If any indemnification which would otherwise be granted by this administrative body is determined to be illegal or against public policy, then any director or officer with respect to whom such adjudication was made, and any other officer or director, shall be indemnified to the fullest extent permitted by law and public policy, it being the express intent of the Association to indemnify its officer and directors to the fullest extent possible in conformity with these bylaws, all applicable laws, and public policy. The Association may purchase such general liability insurance to provide such indemnification for officers and directors at the discretion of the Board of Directors, but this provision shall not be construed to be an obligation of the Association to purchase any such coverage.

Section 7.11. Assessments. The Board of Directors of the Association shall establish, levy and assess and collect the assessments, charges and fees more particularly described here in and in the Declaration. In addition to such assessments set forth in the Declaration, the Board of Directors may establish from time to time, special assessments for the purpose of promoting the general welfare of the association or for emergency measures as the need may arise. Special assessments may be assessed and enforced in whole or in part as determined by the Board of Directors, and may include, but are not limited to, general maintenance, mowing or upkeep.

Section 7.12. Rules and Regulation. The Board of Directors shall adopt and publish (or cause to be published) rules and regulations governing the use of the Association's land, and any such rules and regulations so adopted shall be binding upon any and all owners and their respective invitees. Such rules and regulations shall additionally be subject to amendment from time to time by the Board of Directors.

ARTICLE VIII

Amendments

Amendments and other changes to the bylaws shall be approved by two-thirds vote of the voting


975-01-2092

owners, voting in person or by proxy, at a meeting at which a quorum is present.

ADOPTED this 23rd day of April, 1994.


L. Ray Steinman, President


Mason Meyer, Vice President

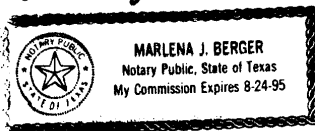

Connie Meyer, Secretary/Treasurer

CERTIFICATION

I, Connie Meyer, Secretary and Treasurer of the Corporation do hereby certify that the foregoing Bylaws of Clearwater Point Property Owner's Association, is a true and correct copy of the bylaws adopted by the Board of Directors and approved by the members at a meeting held on April 23rd, 1994.


Connie Meyer
Secretary and Treasurer

Signed before me on this the 12th day of May, 1994.





975-01-2093

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Roy Harris
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY
I hereby certify that this instrument was filed in the
Number Sequence on the date and at the time
stated herein by me and was duly RECORDED in
the "Official Public Records" of Real Property of
Montgomery County, Texas.

MAY 20 1994



Roy Harris
COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

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