

**BY-LAWS
OF THE
KNOLLCREEK HOMEOWNERS ASSOCIATION, INC.**
as amended April 13, 1998

**SECTION I
NAME AND LOCATION**

Section 1.1 Name

The name of this corporation is the Knollcreek Homeowners Association, Inc., hereinafter sometimes referred to as the "Association" or the "Corporation".

Section 1.2 Location

The principal office of the Corporation shall be located at *The Ariel House*, 8118 Datapoint Drive, San Antonio, Bexar County, Texas, 78229-3268, or such other location within Bexar County, Texas, as the Board of Directors may from time to time designate.

**SECTION II
DEFINITIONS**

Section 2.1 Articles

"Articles" shall mean and refer to the Articles of Incorporation of the Association.

Section 2.2 Association

"Association" shall mean and refer to Knollcreek Homeowners Association, Inc., a Texas nonprofit corporation, its successors and assigns.

Section 2.3 Board

"Board" shall mean and refer to the Board of Directors of the Association.

Section 2.4 Common Area

"Common Area" shall mean all real property owned by the Association for the common use and enjoyment of the Members of the Association.

Section 2.5 Declaration

"Declaration" or "Declarations" shall mean and refer to the Declarations of Covenants, Conditions and Restrictions applicable to the property in the following units of the Knollcreek Subdivision of Bexar County, Texas and any additions thereto as may hereafter be brought within the jurisdiction of this Association: Unit 1, filed of record at Volume 3448, Pages 0186 to 0199; Unit 2A, filed of record at Volume 3535, Pages 1658 through 1672; Units 1, 2A & 4 (supplemental covenants), filed of record at Volume 3576, Pages 1804 through 1818; Unit 1,

2A & 4 (amendment to supplemental covenants), filed of record at Volume 3604, Pages 0797 through 0798; Unit 6, filed of record at Volume 6538, Pages 0037 through 0057; Unit 7, filed of record at Volume 6072, Pages 1073 through 1091; and Unit 8, filed of record at Volume 6936, Page 2062 through 2081; of the Deed Records of Bexar County, Texas, and as the same may be amended or extended from time to time as therein provided.

Section 2.6 Developed Lot

"Developed Lot" shall mean and refer to a Lot after such Lot is first occupied for residential purposes.

Section 2.7 Knollcreek

"Knollcreek" shall mean and refer to that area which in the aggregate comprises the Properties as defined herein.

Section 2.8 Lot

"Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the property with the exception of the common area.

Section 2.9 Member

"Member" shall mean and refer to every record owner, whether one or more persons or entities, of fee simple title in one or more Lots which are subject by covenants of record to assessment by the Association and shall include contract sellers but shall not include persons or entities holding an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of property subject to assessment by the Association. Ownership of such property shall be the sole qualification for Membership.

Section 2.10 Properties

"Properties" shall mean and refer to that certain real property described in the Declaration and any amendment or extension thereof.

Section 2.11 Undeveloped Lot

"Undeveloped Lot" shall mean and refer to a Lot provided such Lot has never been occupied for residential purposes.

SECTION III ASSESSMENTS

Section 3.1 Maintenance Assessments

The Association shall have the right to impose annual and special maintenance assessments against each lot which be secured by a lien upon the property and shall become the personal obligation of the owner thereof pursuant to the Declaration. The amounts of such

assessments and the periods of collection shall be established by the Association in accordance with the aforesaid Declaration. The Association shall fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each annual assessment period of January 1st through December 31st.

Section 3.2 Equality of Assessments

The Association shall impose equal assessments against each Developed Lot in accordance with the Declaration. The Association shall impose annual assessments against each Undeveloped Lot equal to one-fourth (1/4) of the annual assessment imposed against each Developed Lot. The Association shall impose special assessments against each Undeveloped Lot equal to the same special assessment imposed against each Developed Lot.

The foregoing notwithstanding, it is specially provided that in the event lots are subdivided or consolidated into building sites, each resulting building site shall be subject to at least one full-lot maintenance charge and the total assessments on all resulting building sites shall be equal to at least the total assessment on the original lots.

Furthermore, it is specially provided that in the event any multiple living unit structure is constructed on a lot or building site, each living unit shall be subject to at least one full-lot maintenance charge.

Section 3.3 Pro Rata Basis

If any Lot shall be subject to an aforesaid assessment for less than a full calendar year, or the amount of assessment changes during the calendar year due to the conversion of the Lot from an Undeveloped Lot to a Developed Lot, then the assessment for any such partial year shall be calculated on a pro rata basis.

Section 3.4 Exempt Property

Only the following property shall be exempt from assessment:

- (a) the Common Area;
- (b) within Units 1 and 2A, all property that is dedicated to and accepted by a local public authority and all property owned by a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; and
- (c) all property dedicated, sold or transferred by the Association to a local public authority or to a charitable or nonprofit organization exempt from taxation by the laws of the State of Texas; provided such property is transferred as exempt property dedicated for a specific use beneficial to the community and provided such property is continuously and exclusively used for the purposes specified.

However, no land or improvements devoted to dwelling use shall be exempt from assessment.

Owners of property exempt from assessment are not entitled to membership in the Association based on ownership of said property. Property exempt from assessment provides no Association voting entitlement to the owners. Other than the Common Area, property

exempt from assessment is subject to all other restrictive covenants outlined in the Declaration.

Section 3.5 Notice of Assessments

Written notice of assessments shall be given by or at the direction of the Chairman or Secretary by mailing postage prepaid or otherwise delivering to each Member, a copy of such notice. The amount of each assessment shall be due payable by the Member in advance on January 1 of the assessment year, but not sooner than the stated due date within said notice nor sooner than thirty (30) days after said notice has been postmarked or otherwise delivered to the member. If mailed, such notice shall be addressed to the Member at his or her address as it appears on the records of the Association at the time of mailing and shall include the amount, due date and location for payment.

Section 3.6 Effect of Nonpayment of Assessments

Any assessment not paid within thirty (30) days after the due date may incur a late charge of not more than fifty dollars (\$50) as established by the Board and declared in the written notice of assessment, interest from the due date at the rate of ten per cent (10%) per annum and all costs of collection including administration, attorney and legal fees. Any unpaid assessment, late charge, interest or collection cost shall subject the Member to loss of all rights as a Member of the Association and shall subject that Member to collection actions by the Association pursuant to the Declaration.

Section 3.7 Purpose of Assessments

Assessments levied by the Association shall be used exclusively for:

- (a) promoting the recreation, health, safety, welfare and property values of the residents of the Properties, including, without limitation, enforcing all restrictive covenants affecting the Properties;
- (b) the acquisition, improvement, maintenance and operation of the Common Area;
- (c) the purchase, construction, installation, operation, maintenance, repair and replacement of any facilities or improvements situated upon the Common Area; and
- (d) any and all other services or things which the Association shall deem necessary or desirable for the maintenance, operation and improvement of the Knollcreek subdivision.

SECTION IV PROPERTY RIGHTS

Section 4.1 Members' Easement of Enjoyment

Every Member shall have a right and easement of enjoyment in and to the Common Area, which right and easement shall be appurtenant to and shall pass with the title to every assessed Lot, subject to the following provisions:

- (a) the right of the Association to limit member access to all or portions of the Common Area, and facilities and improvements situated upon the Common Area, for reasons

- of safety or security, in compliance with demands by public agencies or authorities, and by establishment of operating policies, days and hours;
- (b) the right of the Association to limit the numbers of guests of Members;
 - (c) the right of the Association to charge reasonable admission and other fees, and to establish reasonable rules and regulations covering the use of the Common Area, and facilities or improvements situated upon the Common Area;
 - (d) the right of the Association to impose fines for violation of rules and regulations covering the Common Area, or facilities or improvements situated upon the Common Area;
 - (e) the right of the Association to charge reasonable repair and/or replacement costs for any property damaged, destroyed or removed by the Member, a guest of the member, or any individual delegated the Member's easement of enjoyment;
 - (f) the right of the Association to require Members to purchase and display prescribed individual identification while present upon the Common Area, in facilities or improvements situated upon the Common Area, or while participating in Association sponsored or supported activities;
 - (g) the right of the Association to borrow money and, in accordance with its Articles of Incorporation, mortgage, pledge, deed in trust, or hypothecate any or all of its real or personal property as security for money borrowed or debts incurred, provided the rights of any such mortgagees in said Properties shall be subordinate to the rights of the Members;
 - (h) the right of the Association, in accordance with its Articles of Incorporation, to dedicate, sell or transfer all or any part of the Common Area for such purposes and subject to such conditions as may be agreed to by the Members;
 - (i) the right of the Association to acquire (by gift, purchase, or otherwise), own, hold, improve, build upon, operate, maintain, mortgage, pledge, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property;
 - (j) the right of the Association to suspend the voting rights, the right to use of the Common Area, the right to use of facilities or improvements situated upon the Common Area, and the right to participate in any Association sponsored or supported activity of a Member for any period during which any assessment or other charge remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.
 - (k) the right of the Association to exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration and Articles of Incorporation.

Section 4.2 Delegation of Easement of Enjoyment

Any Member may delegate his easement of enjoyment in and to the Common Area to one of the following classes of individuals, whether one or more persons or entities:

- (a) the members of his immediate family who reside on the Property;
- (b) his tenants who reside on the Property; or
- (c) his contract purchasers who reside on the Property.

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SECTION V

MEETINGS OF MEMBERS

Section 5.1 Place of Meeting

Meetings of the Members shall be held at The Knollcreek Recreation Facility, 4103 Knollcreek Boulevard, San Antonio, Bexar County, Texas, 78247, or such other location within Bexar County, Texas, as the Board of Directors may from time to time designate.

Section 5.2 Annual Meetings

Annual Meetings of Members for the election of Directors and for the transaction of such business as may properly come before the meeting shall be held on the second Monday of the month of April in each year commencing at the hour of 7 PM, or on such other day and time as specified by the Board of Directors in the notice of such meeting.

Section 5.3 Special Meetings

Special meetings of Members may be called at any time by the Chairman of the Board, or upon a petition signed by Members who are entitled to cast one-fourth (1/4) of the votes of the entire Membership.

Section 5.4 Notice of Meetings

Written notice of each meeting of the Members shall be given by or at the direction of the Chairman or Secretary by mailing postage prepaid or otherwise delivering to each Member entitled to vote thereat, a copy of such notice not less than thirty (30) days and not more than fifty (50) days before the date of such meeting. If mailed, such notice shall be addressed to the Member at his or her address as it appears on the records of the Association at the time of mailing. The notice shall include the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also include the purpose of the meeting and the agenda must cover only the specified topic(s).

Section 5.5 Motions

Motions may be made and seconded by any Member.

Section 5.6 Voting Rights

A Member shall be entitled to and limited to one vote for each Lot owned that is subject to assessment by the Association. If any Lot is owned by more than one person or entity, the vote to which such Lot is entitled shall be exercised as the owners of such Lot may determine among themselves. The Association reserves the right to suspend the voting rights of a Member for any period during which any assessment or charge remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.

Section 5.7 Cumulative Voting

Cumulative voting shall not be permitted.

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Section 5.8 Proxies

Members may vote in person or by proxy. The Board of Directors shall be authorized to designate the form of proxy to be used and shall be authorized to include a no-response assignment of proxy to the Election Officer in meeting notices. All Proxies, except no-response proxies, shall be executed in writing by the member or by his or her duly authorized attorney-in-fact, must contain the date of execution, and must be filed with the Election Officer prior to the start of the meeting at which it will be exercised. A proxy shall not be valid after eleven (11) months from the date of its execution nor after the expiration date stated within the proxy. A proxy may be revoked at any time by its maker.

Section 5.9 Quorum

Members holding one-tenth (1/10) of the votes entitled to be cast, represented in person or by proxy, shall constitute a quorum except as otherwise provided herein, in the Articles, or in the Declaration. In the event a quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, and the required quorum at each subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting.

Section 5.10 Presiding Officer

The Chairman of the Board shall preside at meetings of Members. If not present or unable to preside, then either the Vice Chairman, the Secretary, the Treasurer, or the most senior Director present shall, in order, preside. The presiding officer must ask the next most eligible officer to preside if he or she wishes to speak for or against any motion. The presiding officer may vote only if his or her vote is required to decide an issue, but is not required to vote in order to break a tie.

Section 5.11 Majority Vote

A majority of the votes entitled to be cast by the Members present, in person or by proxy, shall be necessary for the adoption of any matter by the members, unless a greater proportion is otherwise required by the Articles or the Declaration.

Section 5.12 Open/Closed Meetings

All Meetings of the Members shall be open to the public, except when a privileged motion is passed to close the meeting until the conclusion of a specific topic of business.

Section 5.13 Rules of Order

Meetings of Members shall be conducted in accordance with the procedures outlined in Parliamentary Procedure at a Glance by O. Garfield Jones, New Enlarged and Revised Edition, published by Penguin Books, ISBN 0 14 01.53284. These procedures neither change nor supersede Robert's Rules of Order, with the exception that the motion "to reconsider and have entered on the minutes for action at the next meeting" is not included.

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SECTION VI **DIRECTORS**

Section 6.1 Number of Directors

The affairs of the Association shall be governed by a Board of Directors which shall consist of six (6) persons. In the event the number of Directors is changed by amendment to these By-Laws, no such change shall have the effect of removing any Director prior to the expiration of his or her term of office.

Section 6.2 Election

Members of the Board of Directors shall be elected to fill expiring terms, or newly created positions, by the Members in attendance at the Annual Meeting of Members or at a special meeting of Members called for such purpose.

Section 6.3 Qualifications of Directors

A Director shall be a Member of the Association in good standing at the time of election.

Section 6.4 Nominating Committee

The Nominating Committee is responsible for ensuring that enough people are nominated to fill every vacancy, for disqualifying from election any nominee not qualified for election or improperly nominated, for preparing and issuing ballots, and for counting votes.

Section 6.5 Nomination

Nomination for election to the Board shall be made by the Nominating Committee. Nominations may also be made from the floor at the meeting of Members, providing the nominee is present at the meeting and agrees to serve if elected.

Section 6.6 Voting

Voting shall be by secret written ballot. The results of balloting shall be determined by the Nominating Committee and the nominee(s) receiving the highest number of votes shall be declared by the Nominating Committee to have been elected before the end of the meeting. Proxies containing voting instructions to be acted upon by the Election Officer shall be secured by the Election Officer with no one other than the Election Officer and the Nominating Committee having access to said forms until after the election, and after the proxy and ballot sections are separated with no cross referencing identification. Only the names of the successful candidate(s) shall be announced. Vote totals shall not be announced or posted.

Section 6.7 Term of Office

Directors shall be elected to staggered terms of office most closely providing for the reelection or replacement of one-third (1/3) of the Board each year. Other than for the purpose of meeting said requirement, the term of office of each Director elected during any year shall

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begin at the conclusion of the meeting at which he or she is elected and shall expire at the conclusion of the Annual Meeting of Members most nearly occurring three (3) years later.

Section 6.8 Resignation

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

Section 6.9 Deemed Resignation

In the event a Director shall be absent from three consecutive regular meetings of the Board, or when absent from any four regular meetings in a six-month period, the Board may declare the office to be vacant and such Director shall be deemed to have resigned from the Board.

Section 6.10 Removal

Any Director may be removed from the Board by majority vote at a meeting of the Members, or for conduct unbecoming a member of the Board by unanimous vote of all other Directors at a meeting of the Board.

Section 6.11 Selection of Successor

In the event of death, resignation, deemed resignation or removal of a Director, a successor shall be selected by the remaining Board members and shall serve for the unexpired term of his or her predecessor.

Section 6.12 Compensation

No Director shall receive compensation for any service he or she may render to the Association. Any Director may be reimbursed for his or her actual expenses incurred in the performance of designated duties.

SECTION VII MEETINGS OF DIRECTORS

Section 7.1 Place of Meeting

Meetings of Directors shall be held at The Knollcreek Recreation Facility, 4103 Knollcreek Boulevard, San Antonio, Bexar County, Texas, 78247, or such other location within Bexar County, Texas, as the Board of Directors may from time to time designate.

Section 7.2 Regular Meetings

Regular meetings of the Board shall be held on the second Monday of the each month, except April, commencing at the hour of 7 PM, and/or on such other days and times as specified by the Board.

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Section 7.3 Special Meetings

Special meetings of the Board shall be held when called by the Chairman or by any two Directors

Section 7.4 Notice of Meetings

No notice is required for regular meetings of the Board, provided the day of month, time and place have not changed since the previous regular meeting. Directors shall be given at least two (2) days notice prior to changes in the scheduling of regular board meetings or the scheduling of special board meetings. The notice shall include the place, date, and hour of the meeting. In the case of a special meeting, the notice shall also include the purpose of the meeting and the agenda must cover only the specified topic(s).

Section 7.5 Motions

Motions may be made and seconded by any Director or a Committee Chairperson.

Section 7.6 Voting Rights

Only Directors shall be entitled to vote and shall be limited to one vote each.

Section 7.7 Cumulative Voting

Cumulative voting shall not be permitted.

Section 7.8 Proxies

Directors may vote only when present at the meeting, either in person or by telecommunications device.

Section 7.9 Quorum

One-half (1/2) of the number of Directors shall constitute a quorum for the transaction of business.

Section 7.10 Presiding Officer

The Chairman of the Board shall preside at meetings of Directors. If not present or unable to preside, then either the Vice Chairman, the Secretary, the Treasurer, or the most senior Director present shall, in order, preside. The presiding officer may speak for or against any motion. The presiding officer may vote only if his or her vote is required to decide an issue, but is not required to vote in order to break a tie.

Section 7.11 Majority Vote

A majority of the votes entitled to be cast by the Directors present shall be necessary for the adoption of any matter by the Board. Every act or decision done or made by a majority of

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the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the entire Board.

Section 7.12 Open/Closed Meetings

Regular meetings of the Board of Directors are open to all Members and, by invitation of a Director or Committee Chairperson, to guests except when a privileged motion is passed to close the meeting until the conclusion of a specific topic of business. Special meetings are open only to Directors, committee members and, by invitation of a Director or Committee Chairperson, to guests except when a privileged motion is passed to close the meeting until the conclusion of a specific topic of business.

Section 7.13 Rules of Order

All meetings of the Board shall be conducted in accordance with the procedures outlined in Parliamentary Procedure at a Glance by O. Garfield Jones, New Enlarged and Revised Edition, published by Penguin Books, ISBN 0 14 01.53284. These procedures neither change nor supersede Robert's Rules of Order, with the exception that the motion "to reconsider and have entered on the minutes for action at the next meeting" is not included.

Section 7.14 Action Taken Without a Meeting

Directors shall have the right to take any action which they could take at a duly constituted meeting without a meeting:

- (a) if required to prevent potential physical injury, loss of life or substantial damage to Association or Member property; or
- (b) if required to maintain or restore operation of the Common Area, or facilities or improvements situated upon the Common Area; or
- (c) by obtaining approval of over one-half (1/2) of the Directors either in person, by mail, by E-mail or by telecommunications device.

Any action so taken shall have the same effect as though taken at a regular meeting of the Board and shall be documented in the minutes of the next regular Board meeting. The Board may limit the financial approval authority of Directors, other than the Chairman of the Board, when acting without a meeting of the Board.

SECTION VIII **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

Section 8.1 Powers

The Board of Directors shall have the power to:

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- (a) Adopt and publish rules and regulations governing the use of the Common Area and facilities, and the personal conduct of the Members and their guests thereon, and to establish penalties for the infractions thereof, which penalties may include fines, or the suspension of the right of a member to use the Common Area and facilities;

- (b) Suspend the voting rights, the right to use of the Common Area, the right to use of facilities or improvements situated upon the Common Area, and the right to participate in any Association sponsored or supported activity of a Member for any period during which any assessment or other charge remains unpaid, and for a period not to exceed sixty (60) days for any infraction of its published rules and regulations.
- (c) Hire such personnel and contractors as are in the opinion of the Board necessary for the efficient and effective operation of the Association and delegate to such personnel such of the rights, powers, and privileges of the Board as the Board may seem necessary and advisable;
- (d) Organize, appoint, and regulate standing and special committees, and delegate to such committees such of the rights, powers, and privileges of the Board as the Board may seem necessary and advisable;
- (e) Exercise the rights, powers, and privileges delegated to the Board herein; and
- (f) Exercise for the Association all powers, duties, and authorities vested in or delegated to this Association and not reserved to the Members in these By-Laws, the Articles, or the Declaration.

Section 8.2 Method of Exercise of Powers

The Board shall exercise its rights, powers and privileges by resolution.

Section 8.3 Organization of Board

The Board shall organize itself to exercise its rights, powers and privileges and to carry out its duties and responsibilities in such a manner as it shall, from time to time, determine and shall be authorized to organize, appoint, and regulate standing and special committees to assist the Board from time to time as seems prudent.

Section 8.4 Duties

It shall be the duty of the Board to:

- (a) Cause to be kept a complete record of all its acts and corporate affairs and to present an annual report thereof to the Members at the Annual Meeting of Members;
- (b) Supervise all Association officers, committees, agents and employees and to see that their duties are properly performed;
- (c) As more fully provided herein and in the Declaration, to fix the amount of the annual assessment on each Lot;
- (d) Cause collection action to be taken to secure and collect delinquent assessments as more particularly set out in the Declaration;
- (e) Procure and maintain adequate liability, property and casualty insurance on Directors, Officers, employees, Common Area and facilities;
- (f) Cause all Directors, Officers and employees to be bonded, as it may deem appropriate;
- (g) Cause the Common Area to be maintained;
- (h) Carry out short term and long range planning and policy development for the Association;
- (i) Supervise and direct the financial management and development of the Association;

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- (j) Direct the provisions of services to Members; and
- (k) Actively communicate with Association Members.

SECTION IX **OFFICERS AND THEIR DUTIES**

Section 9.1 Enumeration of Officers

The Officers of the Association shall be the Chairman of the Board, Vice Chairman, Secretary, Treasurer, and such other Officers as the Board may from time to time by resolution create.

Section 9.2 Qualification of Officers

An Officer shall be a Director of the Association.

Section 9.3 Election of Officers

The election of Officers shall take place at the first regular meeting of the Board of Directors following each Annual Meeting of Members.

Section 9.4 Term of Office

Officers of the Association shall be elected annually by the Board and shall hold office until the next election unless they shall sooner resign or shall be removed.

Section 9.5 Resignation

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

Section 9.6 Deemed Resignation or Removal

In the event an Officer resigns as a Director or is removed from the Board, such Director shall be deemed to have resigned or been removed as an Officer.

Section 9.7 Selection of Successor

In the event of death, resignation, deemed resignation, or deemed removal of an Officer, a successor shall be selected by the remaining Board members, and shall serve for the unexpired term of his or her predecessor.

Section 9.8 Multiple Offices

The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices.

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Section 9.9 Duties

The duties of the Officers are as follows:

Chairman

The Chairman of the Board shall be the Chief Executive Officer of the Association and the President of the Association; shall preside at all meetings of the Board and of the Members; shall set the agenda for all meetings of the Board and of the Members; with the approval of the Board shall appoint Committee Chairpersons and hire Association employees; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, promissory notes, and other financial instruments; and shall be ex officio member of all committees.

Vice Chairman

The Vice Chairman shall be the Vice President of the Association; shall act in the place and stead of the Chairman in the event of his absence, inability or refusal to act; and shall exercise and discharge such other duties as may be required of him or her by the Board.

Secretary

The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep or cause to be kept appropriate current records showing the Members of the Association together with their addresses; and shall perform such other duties as required by the Board.

Treasurer

The Treasurer shall prepare or cause to be prepared a annual calendar year budget to be presented to the Board for approval no later than sixty (60) days in advance of the Association's fiscal year; shall track income, expenses and committed funds against the budget and present this information quarterly to the Board or as directed by the Chairman; shall present the annual Board approved budget and the annual statement of income and expenditures to the Members at the Annual Meeting; shall sign all promissory notes of the Association along with the Chairman; and shall perform such other duties as required by the Board.

SECTION X COMMITTEES

Section 10.1 Required and Optional Committees

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The Board shall appoint and provide for the continued existence of an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-laws. In addition, the Board shall appoint other standing and special committees as deemed appropriate in carrying out its purposes. Each optional Committee shall remain in effect for such period, have such authority, and perform such duties as the Board determines.

Each Committee which is not a standing committee shall cease to exist when its duties are complete and its final report is given, to be re-appointed at a later time, as needed.

Nominating Committee

The Nominating Committee shall consist of a Chairman, also known as the Election Officer, who shall be a member of the Board of Directors and who is not a candidate in the coming election, and two or more Members of the Association who are not Directors and are not candidates for election. The Nominating Committee Chairman shall be appointed no later than one hundred and twenty (120) days prior to an election and shall in turn nominate Nominating Committee members no later than ninety (90) days prior to the election. The Nominating Committee is responsible for ensuring that enough people are nominated to fill every vacancy on the Board, for providing the list of nominees to the Board no later than sixty (60) days prior to the election, for disqualifying from election any nominee not qualified for election or improperly nominated, for preparing and issuing ballots, and for counting votes.

Architecture Control Committee

The Architecture Control Committee, also known as the ACC, shall consist of a Chairman and at least two additional members, all being Members of the Association but not Directors. The ACC is responsible for enforcing architecture controls according to the Declaration as they deem in the best interest of the Association. All decisions of the ACC to approve requested construction, modifications or improvements, or to establish building standards or guidelines, require the agreement of three-fourths (3/4ths) of the committee members, with a unanimous approval required when the committee consists of less than four (4) members and with no approval possible when the committee consists of less than its minimum requirement of three members. If for any reason the ACC is unable to approve an action, the ACC Chairman will either request additional information or will disapprove the action within 30 days of the request.

Section 10.2 Committee Chairmen

Committee Chairmen shall be appointed by the Board and shall serve until their resignation, the dissolution of the committee to which they were appointed or until removed by the Board. The Chairman of each committee shall attend Board meetings, and may be replaced by the Board upon absence from three consecutive regular meetings of the Board, absence from any four regular meetings in a six-month period, for failure to perform their duties or for conduct unbecoming a Committee Chairman.

Section 10.3 Committee Members

Committee members shall be nominated by the Committee Chairman of the committee to which they are seeking appointment and be confirmed by the Board. They shall serve until their resignation, the dissolution of the committee to which they were appointed or until removed by the Board.

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Section 10.4 Interim Appointments

The Chairman of the Board of Directors shall appoint interim Committee Chairmen and interim committee members as required to insure the continued operation of committees. Interim appointments are effective until confirmed or replaced with permanent appointments by the Board.

Section 10.5 Duties

Every Committee shall be answerable to the Board, shall operate as instructed by the Board, shall keep the Board apprised of its activities, and shall keep written reports as necessary to provide a summary of all activities and expenditures. Furthermore, the Architectural Control Committee shall keep records of all actions taken concerning requests brought to their attention and shall cause a record of those aforesaid actions to be entered into the minutes of the next regularly scheduled Board meeting. It shall be the duty of each Committee to receive and resolve complaints and communications from Members on any matter involving Association functions, duties, and activities within its field of responsibility.

SECTION XI **BOOKS AND RECORDS**

Section 11.1 Inspection

The books, records and papers of the Association shall at all times during reasonable business hours be available for inspection by any Member for any proper purpose.

Section 11.2 Copies of Declaration, Articles and Bylaws

Copies of the Declaration, Articles and By-Laws of the Association shall be made available to any member at the principle office of the Association at a reasonable cost to be fixed from time to time by resolution of the Board.

Section 11.3 Minutes

Minutes shall be kept of all meetings of the Board and of the Members. Minutes shall record motions and seconds, resolutions adopted, decisions made, actions taken and shall briefly summarize the discussions and deliberations of the meeting so as to provide appropriate background information.

SECTION XII **CHECKS**

Section 12.1 Checks

All checks shall be countersigned by two (2) authorized signatories. Only Members of the Board, Association employees and Association management contractors may be designated as authorized signatories. No one shall countersign any check on which he or she is the payee.

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SECTION XIII **NON-PROFIT PURPOSE**

Section 13.1 Non-Profit Purpose

In order to preserve the non-profit status of the Association, neither the Board nor any member thereof shall do any act, authorize or suffer the doing of any act by an Officer or employee of the Association on behalf of the Association which is inconsistent with the Declaration, the Articles, or these By-laws, or Section 504(c)(4) of the Internal Revenue Code and any such act shall be ultra vires and void.

SECTION XIV **GENERAL PROVISIONS**

Section 14.1 Corporate Seal

The Board of Directors may, by resolution, adopt a corporate seal.

Section 14.2 Registered Agent

Christopher J. Weber shall be the registered agent of the Association for the service of process, notice or demand upon the Association. The address of said registered agent is *The Ariel House*, 8118 Datapoint Drive, San Antonio, Texas 78229-3268

Section 14.3 Execution of Documents

The Board may, except as otherwise provided in the Declaration, Articles or these By-Laws, authorize any Director, Officer or agent to execute any instrument or document in the name of and on behalf of the Association and affix the corporate seal thereto. Such authority may be general or confined to specific instances. Unless so authorized by the Board or these Bylaws, no Director, 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 liable for any purpose or for any amount.

Section 14.4 Fiscal Year

The fiscal year of the Association shall begin on the 1st day of January and end on the 31st day of December in each year.

Section 14.5 Conflicts

These By-Laws are intended to comply with the Texas Non-Profit Corporation Act, Declaration, and Articles of Incorporation. In case of an irreconcilable conflict, such statute and documents shall control over these Bylaws.

Section 14.6 Amendments

These Bylaws may be amended by a majority vote of a quorum of Members present in person or by proxy at an annual or special meeting of the Members.

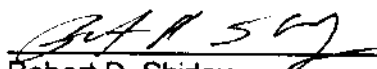
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CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting President of the consolidated KNOLL CREEK HOMEOWNERS ASSOCIATION, INC., a Texas nonprofit corporation; and

THAT the foregoing Bylaws constitute the amended By-Laws of said Association, as duly adopted at a meeting of the Members thereof, held on the 13th day of April, 1998.

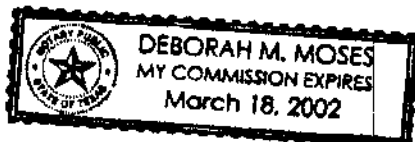


Robert D. Shirley
President, Knollcreek Homeowners Association, Inc.

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

I, Deborah M. Moses, a notary public, do hereby certify that on this 13 day of April, 1998, personally appeared before me, Robert D. Shirley who, being by me first duly sworn, declared that he is a person who signed the foregoing document, and that the statements therein contained are true.

In witness whereof, I have hereunto set my hand and seal this day and year above written.



Deborah M. Moses
Notary Public in and for
Bexar County, Texas

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