Bylaws of
Fredericksburg Eagles Crest Homeowners' Association, Inc.
A Non-Profit Corporation

Article 1.
General

1.1. Principal Office. The principal office of the Association in the State of Texas shall be located in the City of Fredericksburg, County of Gillespie. The Association may have such other offices, either within or without the State of Texas, as the Board of Directors may determine or as the affairs of the Association may require from time to time.

1.2. Registered Office and 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 in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

Article 2.
Definitions

"Articles" shall mean the Articles of Formation of the Association.

"Association" shall mean and refer to Fredericksburg Eagles Crest Homeowners' Association, Inc. (a Texas non-profit corporation), its successors and assigns.

"Board" or "Board of Directors" shall mean the Board of Directors of the Association.

"Certificate" shall mean the Certificate of Formation of the Association.

"Common Area" shall mean all real property (including the improvements thereto) leased, owned or maintained by the Association for the common use and enjoyment of the Owners. By way of illustration, Common Area may include, but not necessarily be limited to, the following: private streets, signs, street medians, entry gates, landscaping, lighting, entrance signs, walls, bridges, and other similar or appurtenant improvements.

"Declarant" shall mean and refer to CEW VENTURES, LLC, a Texas limited liability company, its successors and assigns, if such successors or assigns should acquire all of the undeveloped and unsold Tracts or acreage from the Declarant for the purpose of development.

"Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions of

the Subdivision recorded in File No. 20100076 of the Official Public Records of Gillespie County, Texas, as such instrument may be amended from time to time.

"Majority Vote" shall mean the vote of more than fifty percent (50%) of all of the votes of the membership of the Association (excluding any votes of Members whose voting rights have been suspended).

"Majority of the Members" shall mean those Members who are entitled to vote more than fifty percent (50%) of all of the votes of the membership of the Association (excluding any votes of Members whose voting rights have been suspended).

"Member" shall mean an Owner who is a Member of the Association as provided for below.

"Owner" shall mean the record owner (including Declarant), whether one or more persons or entities, of a fee simple title to any Tract, including contract Sellers, but excluding those having such interest merely as security for the performance of an obligation.

"Plat" shall mean the map or plat of the Subdivision recorded in Volume 4, Page 139, of the Plat Records of Gillespie County, Texas, as such plat may be modified and amended from time to time.

"Subdivision" shall mean the Eagles Crest Subdivision, according to the Plat, and such additions thereto as may hereafter be brought within the jurisdiction of the Association.

"Tract" shall mean and refer to any plot of land shown upon the plat, with the exception of any plot designated as a Common Area.

"Turnover Date" shall mean the date that the Declarant turns the management of the Association over to the Owners in accordance with Article VII, Section 2 of the Declaration.

Article 3.
Members

3.1. Membership. Every person or entity who is a record owner of a fee or undivided fee interest in any Tract which is a part of the Subdivision shall be a Member of the Association. The foregoing is not intended to include persons or entities that hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of any Tract governed by the terms of the Declaration.

3.2. Class of Members/Voting Rights. The Association shall have two classes of membership.

Class A: Class A Members shall be all Owners of Tracts, with the exception of the Declarant, and shall be entitled to one (I) vote for each Tract owned. When more than one person owns an interest in any Tract, all such persons shall be Members. The vote for such Tract shall be exercised as they determine, but in no event shall more than one (1) vote be cast with respect to any one Tract hereunder.

Class B: Class B Members shall be the Declarant. Declarant shall be entitled to three (3) votes for each Tract owned. Once a Tract is sold to person or persons who would be classified as Class A Members, the three (3) votes attached to that Tract shall be extinguished. Notwithstanding the foregoing, as long as Declarant shall own a Tract, Declarant shall be entitled to a minimum number of votes equal in amount to the number of Tracts in the Subdivision.

When more than one person owns an interest in any Tract, in order for the vote attributable to such Tract to be valid, the Owners of such Tract (or their representatives) shall deliver to the Board of Directors such instruments and documents (including, without limitation, resolutions, authorizations, approvals, and certifications) as the Board of the Directors may reasonably request to confirm that such vote was authorized; such instruments and documents to be delivered prior to the taking of the vote of the members. If such instruments and documents are not delivered, or if the Board of Directors determines, in its sole discretion, that such vote was not properly authorized, the vote submitted for such Tract shall be deemed to be an abstention.

3.3. Transfer of Membership. Membership in the Association is not transferable or assignable. Membership automatically terminates when a Member no longer owns a fee or undivided fee interest in a Tract.

3.4. Suspension of Voting Rights and Rights to Use Common Areas. A Member's voting rights and/or rights to use any Common Areas and facilities may be suspended by the Board of Directors during any period in which such Member shall be in default of the payment of any assessment levied by the Association, or in default of any provisions of the Declaration, or in default of any rules and regulations adopted by the Association.

Article 4.
Meeting of Members

4.1. Annual Meetings. The first annual meeting of the Members shall be held on or before January 31, 2011. Thereafter, an annual meeting of Members shall be held every twelve (12) months for the transaction of such business as may be properly brought before the meeting. The annual meeting shall be held within thirty-one (31) days following the end of the calendar year on a day and hour to be selected by the President, the Board of Directors, or a Majority of

the Members.

4.2. Special Meeting. Unless otherwise prescribed by statute, special meetings of the Members may be called for any purpose or purposes. Special meetings may be called by the President, the Board of Directors, or by a Majority of Members. Only business within the purpose or purposes described in the notice required by Section 4.4. may be conducted at a special meeting of the Members.

4.3. Place of Meeting. The Board of Directors may designate any place in Gillespie County as the place of meeting for any annual meeting. The person or group that called a special meeting may designate any place in Gillespie County, Texas, as the place of meeting for any special meeting of the Members, unless otherwise prescribed by statute. If no designation is made, the place of meeting shall be the principal office of the Association in the State of Texas.

4.4. Notice of Meeting.

A. Except as otherwise provided in Subsection 4.4.B. below, written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than ninety (90) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary, or the person calling the meeting, to each Member entitled to vote at such meeting.

B. With respect to any meeting of the Members called for the purpose of taking any action requiring a vote of Members under Article VII, Section 5 or Section 6 of the Declaration regarding annual assessments and special assessments, written or printed notice stating the place, day and hour of the meeting and the purpose or purposes for which the meeting is called, shall be delivered not less than twenty (20) nor more than ninety (90) days before the date of the meeting, either personally, by facsimile transmission, by electronic message, or by mail, by or at the direction of the President, the Secretary, or the person calling the meeting, to each Member entitled to vote at such meeting.

C. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at such Member's address as it appears on the records of the Association, with postage thereon prepaid. If transmitted by facsimile or electronic message, notice is deemed to be delivered on the date and at the time the facsimile or electronic message is sent to a facsimile number or electronic message address provided by the Member for purposes of receiving notice (provided that, written confirmation that such notice was sent shall be maintained by the Corporation). Notice shall be valid whether or not it is actually received.

4.5. Quorum of and Voting by Members.

A. With respect to a meeting of the Members called for the purpose of taking any action requiring a vote of Members under Article VII, Section 5 or Section 6 of the Declaration regarding annual assessments and special assessments, the presence of Members or proxies entitled to cast sixty percent (60%) of all the votes of the membership of the Association shall constitute a quorum. If the required quorum is not present, another meeting may be called by the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than 90 days following the preceding meeting.

B. With respect to any other matter, a quorum shall be present at a meeting of Members if a Majority of the Members are represented at the meeting in person or by proxy. Once a quorum is present at a meeting of Members, the Members represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any Member or the refusal of any Member represented in person or by proxy to vote shall not effect the presence of a quorum at the meeting. The Members represented in person or by proxy at a meeting of the Members at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by the vote of more than fifty percent (50%) of the votes that may be cast by the Members represented at that meeting in person or by proxy.

C. With respect to any matter, other than a matter for which the affirmative vote of a specified number of Members is required by law, the Articles, the Declaration, or these Bylaws, the affirmative vote of more than fifty percent *(50%)* of the votes that may be cast by the Members represented in person or by proxy at a meeting of Members at which a quorum is present shall be the act of the Members.

4.6. Proxies. A Member may vote in person or by proxy executed in writing by the Member or such Member's duly authorized attorney in fact. The Board of Directors may designate the form of the proxy to be used. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

4.7. Method of Voting. With respect to the election of Directors, voting shall be by secret written ballot. Voting on any other matter may be by voice or show of hands unless the presiding officer shall order, or any Member shall demand, that voting be by written ballot.

4.8. Rules of Procedure. To the extent applicable, the most recent edition of Robert's Rules of Order in effect at the time of the Members' meeting may govern the conduct and procedure at all Members' meetings.

4.9. Action by Written Consent. Any action required by law to be taken or which may be

taken at any annual or special meeting of Members may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by all the Members entitled to vote with respect to the action that is the subject of the consent.

Article 5
Board of Directors

5.1. Management of Association. The affairs of the Association shall be managed by its Board of Directors. The Directors need not be residents of Texas.

5.2. Powers of the Board of Directors. The Board of Directors shall have the power to:

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 infraction thereof;

b. Suspend the voting rights of any Member and/or the right of any Member to use of any Common Area and facilities during any period in which such Member shall be in default of the payment of any assessment levied by the Association, or in default of any provisions of the Declaration, or in default of any rules and regulations adopted by the Association:

c. Hire such personnel 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 of Directors as the Board of Directors may deem to be necessary or advisable;

d. Exercise the rights, powers and privileges delegated to the Board of Directors herein, or in the Articles, the Declaration or by State law; and

e. Exercise for and on behalf of the Association all powers, duties, and authorities vested in or delegated to the Association and not otherwise reserved to the Members of the Association herein, in the Articles, the Declaration or by State law.

5.3. Duties. It shall be the duty of the Board of Directors to:

a. Cause to be kept a complete record of all its acts and corporate affairs and (i) to present an annual report thereof to the members at the annual meeting of the members, and (ii) to provide interim reports thereof to the Members if such interim report is requested in writing by Members who are entitled to vote at least one fourth (1/4) of all of the votes of the membership of the Association;

b. Supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

c. As more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Tract at least ten (10) days in advance of each annual assessment period;

(2) send written notice of each annual assessment to every Owner subject thereto; and

(3) cause collection action to be taken to secure and collect delinquent assessments as more particularly set out in the Declarations.

d. Procure and maintain adequate liability insurance, and hazard insurance on property owned by the Association;

e. Cause all officers or employees of the Association having fiscal responsibilities to be bonded, if the Board of Directors deems such bonding to be reasonable and appropriate; and

f. Cause the Common Area to be maintained.

5.4. Number. The number of Directors shall not be less than three *(3)* nor more than five (5).

5.5. Qualifications of Directors. Prior to the Turnover Date, a Director need not be a Member of the Association. From and after the Turnover Date, a Director shall be a Member of the Association in good standing as of the time of nomination.

5.6. Appointment/Election. Prior to the Turnover Date, the Declarant shall appoint the Directors of the Association. After the Turnover Date, Directors shall be elected by the Members in accordance with Article 4 above.

5.7. Term of Office. Prior to the Turnover Date, each member of the Board of Directors shall serve for a term of three (3) years, unless such Director resigns or is removed by

the Declarant. At the meeting of the Members to elect Directors as a result of the Declarant's "turnover" of the management of the Association to the Owners in accordance with Article VII, Section 2 of the Declaration, the Members shall elect not more than one-third (1/3) of the number of Directors to be elected for a term of one (1) year, not more than one-third (1/3) of the number of Directors to be elected for a term of two (2) years, and the rest of the Directors to be elected for a term of three (3) years. Thereafter, Directors shall be elected for a term of three (3) years.

5.8. Nominations.

A. Nominations for election to the Board of Directors shall be made in writing on a form approved by the Board of Directors for nominations. Nominations shall include the written undertaking of the nominee to serve if elected. Written nominations shall be accepted if delivered to the Secretary of the Board of Directors not less than fifteen (15) days prior to the date of the meeting at which such election is to be held. Nominations may also be made at the floor of the meeting at which an election is to be held.

B. The election officer shall check all nominations and shall disqualify from election any nominee not qualified for election or improperly nominated. In the event a nominee is disqualified, he or she shall be immediately notified in person, by telephone or in writing of such disqualification and shall be entitled to remedy such disqualification within twenty-four (24) hours of such notification, in which case his or her nomination shall be accepted notwithstanding the initial disqualification. The decision of the election officer regarding disqualification shall be final.

C. Notice of election shall be included with the notice of the meeting at which such election is to be held.

D. The Board of Directors shall, by resolution, designate one of its members not standing for re-election to serve as election officer for the election. The election officer shall administer the election. The election officer may appoint such assistants as are in his or her judgment required to conduct the election. An assistant shall not be a candidate for election to the Board of Directors in such election. Neither the election officer, nor any assistants shall receive any compensation for serving in such capacities.

E. 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 such Member has a right to vote. Cumulative voting shall not be permitted.

F. Election to the Board of Directors shall be by secret written ballot. Voting and the counting of ballots cast shall be conducted by the election officer and his or her

assistants. The results of the balloting shall be announced before the close of the meeting. The nominee(s) receiving the highest number of votes shall be declared to have been elected.

5.9. Annual Meeting. An annual meeting of the Directors shall be held within sixty (60) days after the annual meeting of the Members, for the purpose of electing Officers and for the transaction of other business as may come before the meeting

5.10. Special Meeting. Special meetings of the Directors may be called by the President or by two (2) or more of the Directors.

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

5.12. Notice of Meetings. Written or printed notice stating the place, day, and hour of any meeting of Directors shall be delivered, either personally or by mail, to each Director not less than three (3) or more than ninety (90) days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting, 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 Director at such Director's address as it appears on the records of the Association, with postage thereon prepaid.

5.13. Informal Act By Directors. Any action required by law to be taken at a meeting of the Directors, or any action which may be taken at a meeting of the Directors, may be taken without a meeting, if consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof.

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

5.15. 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, the Articles, the Declaration, or these Bylaws.

5.16. Vacancies. Prior to the Turnover Date, any vacancy occurring in the Board of Directors shall be filled by the Declarant. From and after the Turnover Date, any vacancy

occurring in the Board of Directors shall be filled by the remaining Directors, and the person elected to fill such vacancy shall serve for the unexpired term of his or her predecessor.

5.17. 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.

5.18. Removal. Prior to the Turnover Date, any Director may be removed from the Board, with or without cause, by the Declarant. From and after the Turnover Date, any Director may be removed by a Majority Vote of the Members of the Association. In the event of death, resignation or removal of a Director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

5.19. Open Meetings Regular meetings of the Board of Directors shall be open to all Members, provided, however, that Members who are not members of the Board of Directors may not participate in any deliberation or discussion unless recognized by the President to so participate. The Board of Directors may, with the approval of a majority of a quorum of the Directors, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, property matters, orders of business relating to matters which are or maybe the subject of a claim or privilege, or for any purpose deemed appropriate in the discretion of the Board of Directors.

Article 6.
Officers

6.1. Officers. The officers of the Association shall be a President, one or more Vice Presidents (the number thereof to be determined by the Board of Directors), 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. The officers shall have such authority and shall perform such duties as maybe 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.

6.2. Election and Term of Office. The officers of the Association shall be elected annually by the Board of Directors at the 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 successor shall have been duly elected and shall have qualified.

6.3. 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, but such removal shall be without prejudice to the contract rights, if any, of the officer so removed.

6.4. 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 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 contracts or other instruments which the Board of Directors have 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 the President 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.

6.5. Vice President. In the absence of the President or in the event of the President's inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in 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 the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned by the President or Board of Directors.

6.6. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of the Treasurer's duties in such sum and with 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 monies due and payable to the Association from any source whatsoever, and deposit all such monies 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 as from time to time may be assigned by the President or by the Board of Directors.

6.7. Secretary. The Secretary shall keep the minutes of the meetings of the Board of Directors; give all notices in accordance with the provisions of these Bylaws or as required by law; be custodian of the Association records; keep a register of the post office address of each Director which shall be furnished to the Secretary by each Director, and, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the President or by the Board of Directors.

Article 7.
Committees

7.1. Committees of Directors. The Board of Directors by resolution adopted by a majority of the Directors in office, may designate and appoint one or more committees, each of which shall consist of two (2) or more Directors, which committees, to the extent provided in said resolution shall have and exercise the authority of the Board of Directors in the management of the Association. The designation thereto of authority shall not operate to relieve the Board of Directors, or any individual Director, of any responsibility imposed by law.

7.2. Other Committees. Other committees may be designated by a resolution adopted by a majority of the Directors present at a meeting of which a quorum is present.

Article 8.
Contracts, Checks, Deposits and Funds

8.1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents 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 or on behalf of the Association. Such authority may be general or confined to specific instances.

8.2. Checks and Drafts. All checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors.

8.3. 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 select.

Article 9.
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 Board of Directors and committees having any of the authority of the Board of Directors, and shall keep at the registered or principal office a record giving the names and addresses of the Directors. All books and records of the Association may be inspected by any Director or his agent or attorney for any proper purpose at any reasonable time.

Article 10.
Fiscal Year

The fiscal year of the Association shall be determined by the filing of its first return with the Internal Revenue Service.

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 Articles of Incorporation or the Bylaws of the Association, 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.
Indemnification of Directors and Officers

12.1. Definitions. In this Article:

A. "Indemnitee" means (i) any present or former Director, advisory director or officer of the Association, (ii) any person who while serving in any of the capacities referred to in clause (i) hereof served at the Association's request as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, and (iii) any person nominated or designated by (or pursuant to authority granted by) the Board of Directors or any committee thereof to serve in any of the capacities referred to in clauses (i) or (ii) hereof.

B. "Official Capacity" means (i) when used with respect to a Director, the office of Director of the Association, and (ii) when used with respect to a person other than a Director, the elective or appointive office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

C. "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding.

12.2. Indemnification. The Association shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding to which he was, is or is threatened to be named defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his serving or having served, or having been nominated or designated to serve, in any of the capacities referred to in Section 12.I.A., if it is determined in accordance with Section 12.4. that the Indemnitee (a) conducted himself in good faith, (b) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests, and (c) in the case of any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful; provided, however, that in the event a determination is made that a person is entitled to indemnification pursuant to this Section 12.2. in connection with a Proceeding in which the Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee, whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, such indemnification shall be limited to the reasonable expenses (including court costs and attorney's fees) actually incurred by the Indemnitee in connection with the Proceeding. No indemnification shall be made under this Section 12.2. in respect of any judgment, penalty, fine or amount paid in settlement in connection with any Proceeding in which such Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. The termination of any Proceeding by judgment, order, settlement or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (a), (b) or (c) in the first sentence of this Section 12.2. An Indemnitee shall be deemed to have been found liable in respect of any claim, issue or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom.

12.3. Successful Defense. Without limitation of Section 12.2. and in addition to the indemnification provided for in Section 12.2., the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which (i) he is a witness or other participant because he served in any of the capacities referred to in Section 12.1 .B.. at a time when he is not a named defendant or respondent in the Proceeding, or (ii) he is a named defendant or respondent because he served in any of the capacities referred to in Section 12.1 .B., if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

12.4. Determinations. Any indemnification under Section 12.2. (unless ordered by a court of competent jurisdiction) shall be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. The Association shall take all steps necessary to make such determination on its own initiative or upon the request of an Indemnitee. Such determination

shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of Directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (b) if such a quorum cannot be obtained, then by a majority vote of a committee of the Board of Directors, duly designated to act in the matter by a majority vote of all Directors (in which designation Directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two or more Directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (c) by special legal counsel selected by the Board of Directors or a committee thereof by vote as set forth in clauses (a) or (b) of this Section 12.4. or, if the requisite quorum of all of the Directors cannot be obtained therefor and such committee cannot be established, by a majority vote of all of the Directors (in which Directors who are named defendants or respondents in the Proceeding may participate); or (d) by the members in a vote that excludes the Directors that are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (c) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 12.4. that the Director or officer has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

12.5. Advancement of Expenses. Reasonable expenses (including court costs and attorney's fees) incurred by an Indemnitee who was or is a witness or was, is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding and without the determination specified in Section 1 2.4. after the Association receives (a) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association under this Article and (b) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he has not met that standard or if it shall ultimately be determined that indemnification of such Indemnitee against expenses incurred by him in connection with that proceeding is prohibited by Section 12.2. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured and it may be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this Article, the Association may pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

12.6. Other Indemnification and Insurance. The indemnification provided by this Article shall not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Association's Articles of Incorporation, any law, agreement or vote of members or disinterested Directors, or otherwise, or under any

policy or policies of insurance or other arrangement, consistent with law, purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity. The indemnification provided by this Article shall continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, and shall inure to the benefit of the heirs, executors and administrators of such a person.

12.7. Notice. Any indemnification or advance of expenses to a present or former Director of the Association in accordance with this Article shall be reported in writing to the Members of the Association with or before the notice or waiver of notice of the next Members' meeting and, in any case, within the twelve (12) month period immediately following the date of the indemnification or advance.

12.8. Construction. The indemnification provided by this Article shall be subject to all valid and applicable laws, and, in the event this Article or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

12.9. Continuing Offer, Reliance, Etc. The provisions of this Article (i) are for the benefit of, and may be enforced by, each Director and officer of the Association, the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Director or officer and (ii) constitute a continuing offer to all present and future Directors and officers of the Association. The Association, by its adoption of these Bylaws, (i) acknowledges and agrees that each present and future Director and officer of the Association has relied upon and will continue to rely upon the provisions of this Article in accepting and serving in any of the capacities referred to in Section 12.1 .A. of this Article, (ii) waives reliance upon, and all notices of acceptance of, such provisions by such Directors and officers and (iii) acknowledges and agrees that no present or future Director or officer of the Association shall be prejudiced in his right to enforce the provisions of this Article in accordance with their terms by any act or failure to act on the part of the Association.

12.10 Effect of Amendment. No amendment, modification or repeal of this Article or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Director or officer of the Association to be indemnified by the Association, nor the obligation of the Association to indemnify any such Director or officer, under and in accordance with the provisions of this Article as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Article 13.
Amendment To Bylaws

Except as otherwise provided herein, as long as Declarant owns any interest in the Subdivision, these Bylaws may be amended with the approval of the Declarant and the affirmative vote of at least two thirds (2/3rds) of all of the votes of the membership of the Association. Except as otherwise provided herein, from and after the date that Declarant no longer owns any interest in the Subdivision, these Bylaws may be amended by the affirmative vote of at least two thirds (2/3rds) of all of the votes of the membership of the Association.

Article 14.
Dissolution

The Association may be dissolved by the vote of not less than two thirds (2/3rds) of all of the votes of the membership of the Association (excluding any votes of members whose voting rights have been suspended). Upon dissolution of the Association, the Association's interest in the Common Areas and other assets owned by the Association shall be distributed in accordance with a plan of distribution adopted by the board of directors and approved by the vote of not less than two thirds (2/3rds) of all of the votes of the membership of the Association (excluding any votes of members whose voting rights have been suspended).

I, the undersigned, being the Secretary of Eagles Crest Homeowners' Association, Inc., do hereby certify the foregoing to be the Bylaws of the said Association, as adopted by the Board of Directors effective the 21st day of October, 2009.

Secretary

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Mary Lynn Rusche

Mary Lynn Rusche, County Clerk

Gillespie County TEXAS

January 11, 2010 10:17:47 AM

FEE: $103.00 20100078