BY-LAWS
OF
CARTER HEIGHTS HOA

ARTICLE I
NAME AND LOCATION

The name of the Corporation is CARTER HEIGHTS HOA, hereinafter referred to as the "Community Association." The principal office of the Community Association shall be 4060 State Highway 6 South, College Station, Texas 77845, but meetings of Members and Directors may be held at such places within the State of Texas, County of Brazos, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Section 1. "Association" shall mean and refer to CARTER HEIGHTS HOA, a Texas non-profit corporation, its successors and assigns.

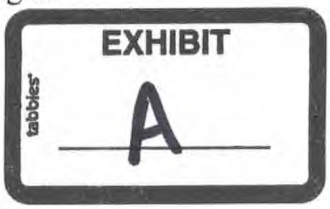
Section 2. "Properties" shall mean and refer to that certain property or properties described in the Declaration of Covenants, Conditions and Restrictions for Carter Heights Subdivision ("Carter Heights") as per the plat recorded in Volume 15795, Page 276, Official Records of Brazos County, Texas, and any additional properties which may hereinafter be brought within the jurisdiction of the Association by supplemental declarations, amendments or supplements thereto.

Section 3. "Lot" shall mean any parcel or parcels of land within the Property shown as a subdivided lot on the recorded Plat of the Property, together with all Improvements located thereon.

Section 4. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any lot which is a part of the Properties subject to a maintenance charge assessment by the Association including contract sellers, but excluding those having such interest merely as security for the performance of any obligations. Only one Owner per Lot shall have the right to cast a vote at any one time and it shall be at the discretion of multiple Owners to designate which of them shall have that right.

Section 5. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Carter Heights in Bryan, Brazos County, Texas, and for additional contemplated sections of the same, made subject to such easements, covenants, and declarations by Declarant. The Declaration is of record in Clerk's File No. Volume 17369, Page 261, Official Records of Brazos County, Texas, together with any amendments thereto.

Section 6. "Developer" and/or "Declarant" shall mean and refer to TDG MANAGEMENT, LP, or its successors and assigns.



Section 7. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration of Covenants, Conditions and Restrictions for Carter Heights HOA as recorded the Official Records of Brazos County, Texas, together with any other persons brought under an Amended or Supplemental Declaration, if any.

Section 8. "Declarant Control" shall mean that period during which a Declarant, or persons designated by the Declarant, may appoint and remove Board Members and the officers of the Association other than Board Members or officers elected by Members of the Association.

ARTICLE III
MEETING OF MEMBERS

Section 1. Annual Meeting. An annual meeting of the Members of the Association shall be held. Such Annual Meeting shall be held on the date, time and place within the County of Brazos, Texas, as may be designated by the Board of Directors in its Notice of Meeting provided to Members pursuant to Section 3 hereinbelow.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon the written request of the Members who are entitled to vote one-tenth (1/10) of all of the votes of the membership.

Section 3. Notice of Meetings. Written notice of each annual or special meeting of the Members shall be given by, or at the direction of, the Secretary or any person or persons authorized to call a meeting. Written notice is considered to be given on the date notice is deposited in the United States mail with postage paid in an envelope addressed to the person at the person's address as it appears on the ownership or membership records of the Association or on the date notice is provided by electronic message to the person's electronic message address provided by the person, or to which the person consents, for the purpose of receiving notice. Such notice shall specify the place, day and time of the meeting and, if a Special Meeting, notice shall include the purpose of the meeting.

Section 4. Quorum. The presence in person or by proxy of one-tenth (10%) of the total votes entitled to be cast at any meetings of Members, shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws. If a Quorum shall not be present, those Members present and entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented. If a quorum is present, the affirmative vote of a majority of the votes represented at the meeting in person and by proxy shall be deemed the act and vote of the Members, unless the vote of a greater number or voting by classes is required by the Articles of Incorporation, the Declaration or these By-Laws. When calculating if a quorum is present and when calculating the number of votes each Member is entitled to cast, those calculations shall be calculated in accordance with the Declaration.

Section 5. Proxies. A Member may vote in person or, unless otherwise provided by the Certificate of Formation or By-Laws, by proxy executed in writing by the Member or the

Member's attorney-in-fact. All proxies shall be filed with the Secretary before or at the time of the meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

Section 6. Action Taken Without a Meeting. The Members shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Members. Any actions so approved shall have the same effect as though taken at a meeting of the Members.

ARTICLE IV
BOARD OF DIRECTORS

Section 1. Board of Directors. The affairs of the Association shall be managed by the Board of Directors and composed of not less than three (3) nor more than seven (7) Directors. Directors need not be Members of the Association nor reside in the Subdivision.

Section 2. Period of Declarant Control. On or before the 120th day after the date Seventy-Five Percent (75%) of the eleven (11) lots that will be created and made subject to the Declaration are conveyed to Owners other than a Declarant or a builder in the business of constructing homes who purchased the Lots from Declarant for the purpose of selling completed homes built on the Lots, at least one-third (1/3) of the Board Members must be elected by Owners other than Declarant.

Section 2. Term of Office. The initial Directors of the Association, set forth in the Articles of Incorporation, shall hold office until the first Annual Meeting of Members. Directors other than the initial Directors are elected, appointed or designated for a term of two (2) years.

Section 3. Resignation. Any Director may resign at any time by providing written notice to the President or Secretary of the Association. Such resignation shall take effect at the time specified in said written notice, and acceptance of such resignation shall not be necessary to be effective.

Section 4. Removal. Any Director may be removed from the Board, with or without cause, by a vote of the Members of the Association. In the event a vacancy in the Board of Directors is due to the removal of any Director, said vacancy shall be filled by a vote of the Members of the Association. In the event any Director shall be absent from three (3) consecutive regular meetings of the Board of Directors, he may be removed from the Board.

Section 5. Vacancies. Any vacancy occurring in the Board of Directors, other than by Removal, may be filled by the affirmative vote of a majority of the remaining Directors though less than a quorum. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any Directorship to be filled by reason of an increase in the number of Directors shall be filled by a vote of the Members of the Association.

Section 6. Compensation. No Director shall receive compensation for any service he may render to the Association; provided, however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 7. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 8. Act of the Board. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a Quorum is present shall be regarded as the Act of the Board.

ARTICLE V
MEETINGS OF DIRECTORS

Section 1. Regular Meeting. Regular meetings of the Board of Directors are waived unless otherwise required by resolution of the majority of the number of Directors.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President of the Association or by any Director after not less than three (3) days' notice to each Director, which such notice may be waived at or prior to such meeting.

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business, but if less than such majority is present at a meeting a majority of the Directors present may adjourn the meeting from time to time without further notice. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the Act of the Board.

Section 4. Presumption to Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on a corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered into 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. Informal Action by Directors. Any action required or permitted to be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors entitled to vote with respect to the subject matter thereof. Such consent shall have the same force and effect as a unanimous vote of the Directors.

ARTICLE VI
POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have the power to:

(a) suspend the right to the use of any facilities or services provided by the Association of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the Association, file a suit against a Member; charge a Member for property damage and/or levy a fine for a violation of the Restrictions or By-Laws or rules of the Association; however, these powers are subject to notice being provided to the Owner pursuant to the Texas Property Code;

(b) exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Declaration;

(c) declare the office of a Member of the Board of Directors to be vacant in the event such Member shall be absent from three (3) consecutive regular meetings of the Board of Directors;

(d) employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties and the terms of employment or services;

(e) exercise such other rights and powers granted to this Association and not reserved to the membership by the Declaration, the Articles of Incorporation of the Association or other provisions of these By-Laws.

Section 2. 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 to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is required in writing by Members who are entitled to vote;

(b) supervise all officers, agents and employees of the Association, and to see that their duties are properly performed;

(c) fix the amount of the Regular Annual Assessment against Properties pursuant to the provisions contained in the Declaration and to take such actions as it deems appropriate to collect such assessments and to enforce the liens given to secure payment thereof;

(d) take such actions as it deems appropriate to collect the amount of any Special Assessment approved by the Members pursuant to the provisions contained in the Declaration and to enforce the liens given to secure payment thereof;

(e) issue, or to cause an appropriate office to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may

be made by the Board or its agent for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) procure and maintain such liability and hazard insurance as it may deem appropriate on any property or facilities owned by the Association;

(g) cause any officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE VII
OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president, who shall be, at all times, a Member of the Board of Directors, a vice president, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of the Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve. The officers shall continue to serve until their successors are duly elected and qualified.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine. In all cases where the duties of any officer are not prescribed by the By-Laws or by the Board, such officer shall follow the order and instructions of the President.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the President 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 herein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. No person shall simultaneously hold both the offices of president and secretary.

Section 8. Duties. The duties of the officers of the Association are as follows:

(a) President. The President shall preside at all meetings of the Board of Directors and of the Association; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and may co-sign all checks and promissory notes.

(b) Vice President. The Vice President shall act in the place and stead of the President 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 by the Board.

(c) Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association together with their addresses, and shall perform such other duties as required by the Board.

(d) Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; and keep accurate books and records of the fiscal affairs of the Association and make the same available for inspection by Members of the Association during normal business hours.

ARTICLE VIII
COMMITTEES

The Board of Directors may appoint any committees as deemed appropriate in carrying out the purposes of the Association.

ARTICLE IX
BOOKS AND RECORDS

The books, records and papers of the Association shall at all times during reasonable business hours be subject to inspection by any Member. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE X
ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association certain annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. No Owner may waive or otherwise escape liability for the assessments

provided for herein by non-use of any of the facilities or services provided by the Association or by abandonment of his lot.

ARTICLE XI
AMENDMENTS

Section 1. Amendment. These By-Laws may be altered, amended or repealed by the Board or at a regular or special meeting of the Members by a vote of a majority of a quorum of Members present in person or by proxy. The quorum shall be determined upon votes present, not Members using the voting formula established in the Supplemental Declaration.

Section 2. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XII
MISCELLANEOUS

Section 1. Waiver of Notice. Whenever notice is required by law, by the Articles of Incorporation, or by these By-Laws, waiver thereof in writing signed by the Director, Member or other person entitled to said notice, whether before or after the time stated therein, or his appearance at such meeting in person or (in the case of a Member's meeting) by proxy, shall be equivalent to such notice. The presence of a Director, Member or other person at any meeting shall constitute a waiver of notice of such meeting except where such person attends such meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 2. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 3. Use of Funds. No part of the net earnings of the Association shall inure to the benefit or be distributable to its Members, Directors or officers, except that the Association shall be authorized and have the power to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the Articles of Incorporation.