BY-LAWS OF EL DORADO PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE 1
DEFINITIONS

1.1. Declaration. "Declaration" shall mean and refer to that document entitled EL DORADO DECLARATION OF COVENANTS, CONDITIONS, RESERVATIONS AND RESTRICTIONS recorded as #1330, in Volume 156, page 24 of the Deed Records of Franklin County, as subsequently revised, Texas and shall become a part of these By-Laws.

1.2. Manager. "Manager" means any professional manager or management company with whom the Association contracts for the day-to-day management of the Subdivision or the administration of the Association.

1.3. Subdivision. "Subdivision" shall mean and refer to those certain real properties within the County of Franklin, State of Texas, more particularly described as follows, to-wit:

El Dorado Subdivision Volume D, Page 150 Plat Records, Franklin County, Texas

El Dorado Bay Subdivision Volume D, Page 154 Plat Records, Franklin County, Texas

El Dorado Beach Subdivision Volume D, Page 152 Plat Records, Franklin County, Texa**s**

1.4. Owner. "Owner" shall mean and refer to the person or persons holding a leasehold interest in any portion of the property, but does not include the mortgagee of a mortgage unless the mortgagee acquires legal title to the property pursuant to a foreclosure or otherwise.

1.5. Lot. "Lot" shall mean and refer to any parcel of parcels of land within the Subdivision shown as a subdivided lot on any plat of the Subdivision together with all improvements located on the parcel of parcels.

1.5.1. Dues-Paying Lot. "Dues-paying lot" refers to a lot which is burdened by the obligation to pay dues.

1.6. Other Terms. Other defined terms used in these By-laws have the meaning given them in the Declaration, which is incorporated by reference and made a part of these By-laws.

ARTICLE 2
APPLICABILITY OF BY-LAWS

2.1. Corporation. The provisions of these By-laws constitute the By-laws of El Dorado Property Owners Association, Inc., a Texas nonprofit corporation ("Association").

2.2. Applicability. The provisions of these By-laws are applicable to the Subdivision as defined above.

2.3. Personal Application. All present or future Owners, present or future tenants, their employees, or other Persons that use the facilities of the Subdivision in any manner are subject to the regulations set forth in these By-laws. The acquisition or rental of any of the Lots of the Subdivision, or the act of occupancy of any of the Lots, will signify that these By-laws are accepted and ratified and will be complied with by the purchaser, tenant, or occupant.

ARTICLE 3
OFFICES

3.1. Principal Office. The principal office of the Association will be located at the residence of the current Association President. The location of the principal office may be changed from time to time by the Board.

3.2. Registered Office and Registered Agent. The Association will have and will continuously maintain in the State of Texas a registered office and a registered agent whose office will be the same as the registered office, as required by the Texas Business Organizations Code. The registered office may be, but need not be, the same as the principal office of the corporation. The address of the registered office may be changed from time to time by the Board.

ARTICLE 4
QUALIFICATIONS FOR MEMBERSHIP

4.1. Membership. Every Owner of a Lot will automatically be a Member of the Association. Membership in the Association shall be automatic for all Owners. Any person residing on the premises and who is not the Owner thereof shall be entitled to the use and benefits of membership, but shall not have any right to vote or to participate in the business affairs of the association unless he/she does so under written proxy of the owner of such lot. Membership of a Member in the Association will automatically terminate when the Member ceases to be an Owner. The termination, however, will not release or relieve the Member from any liability or obligation under the Restrictions that was incurred during the Member's period of ownership of a Lot.

4.2. No Additional Qualifications. The sole qualification for membership will be the ownership of a Lot. No initiation fees or dues will be assessed against any Person as a condition of membership except the assessments, levies, and charges specifically authorized under the Certificate of Formation or the Declaration.

ARTICLE 5
VOTING RIGHTS

5.1. Allocation. In all matters which shall come before the Members of this Association, the voting power of the Members shall be according to the following rules:

(a) One vote will be assigned to each Dues-Paying Lot.

(b) Neighboring Owners sharing interest in a common lot separating their respective Lots shall be entitled to utilize the one vote for the said lot as agreed by them or, in the absence of an agreement, to one/half vote to each. When a Lot is owned of record in common ownership, joint tenancy or tenancy in common, the several owners or purchasers of said Lot shall collectively be entitled to one vote therefore.

(c) In the case of any original lot which has been subdivided into two separate parcels, each resulting partial Lot will be entitled a partial vote proportional to the percentage of ownership held according to the property records of Franklin County, Texas.

5.2. Manner of Voting. At all meetings of Members, each Member, subject to Section 4.1, may vote in person or by a legitimate proxy in form approved by the Board. All proxies will be valid for only one designated meeting and must be in writing and filed with the Secretary of the Association before any Member may vote by proxy. The Board may expand the manner of voting to include voting by absentee or electronic ballot as provided by applicable law.

5.3. Quorum. The presence in person or by proxy of members representing one-half (1/2) of the total voting power of the Association shall constitute a quorum for the transaction of business. Members present at any duly called or held meeting at which a quorum is present in person or by proxy may continue to do business notwithstanding the withdrawal of enough members to leave less than a quorum, provided however that a quorum will cease to exist for this purpose if the number votes present at any time are less than thirty (30)

5.4. Required Vote. The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present will be the act of the Members, unless the vote of a greater number is required by statute, the Declaration, or the Certificate of Formation;

ARTICLE 6
MEETINGS OF MEMBERS

6.1. Annual Meeting. The annual meeting of the Members of the Association will be held as soon as reasonably possible after October 1 of each year.

6.2. Special Meeting. Special meetings of the members for any purpose may be called at any time by two or more Officer/Directors, or upon written request of the members who have the right to vote at least 51% of all of the votes of the entire membership. Any meeting of the Members other than the Annual Meeting will be considered a Special Meeting.

6.3. Place. Meetings of the Members will be held within the Subdivision or at a meeting place as close to the Subdivision as possible, as the Board may specify in writing.

6.4. Notice of Meetings.

(a) Notices to the members of annual and special meetings shall be given in writing at least 30 days but not more than 60 days prior thereto by the Secretary. Notice may be given to the members either personally, or by sending a copy of the notice postage paid through the mail to his/her address as it appears on the books of the Association. Each member shall register his/her address and any change thereof with the Secretary and notices of meetings shall be mailed to his/her at such address. Notice of each annual or special meeting of the members shall specify the place, date, time and the general nature of the business to be transacted. The Secretary may utilize e-mail notification in lieu of regular mail, and this e-mail notification will be considered valid notice if an e-mail address has been registered with the Secretary by the Member for this purpose.

(b) The proposed agenda for any properly called meeting will be circulated to each member at least 30 days before the date of the meeting. Any member can then submit requested changes to the agenda (including the full, written version of any proposed motion to be voted upon) at any time up to 10 days before the meeting. At that time, the agenda, including all motions to be voted upon, will become final. If the final agenda will include any motions to be voted on that are different from the original motions or that are new, these must be circulated with the final agenda no later than 10 days before the meeting. In order to be voted upon at the meeting, a motion must be included with the agenda in its full, written form. No motions will be taken from the floor.

(c) In the event of either a special meeting (Sec 6.2 above) or an Annual Meeting without a quorum, the business transacted in the meeting will be valid if waivers to notice are subsequently received from:

(1) In the case of an Annual Meeting, 60% of all possible votes less the number of votes actually present at the meeting

(2) In the case of a Special Meeting, 70% of all possible votes less the number of votes actually present at the meeting

(3) Thus, depending on the type and circumstances of the meeting, either 60% or 70% of the total possible votes will be required to sanction any motions enacted therein, either through those votes being cast in the meeting or through a subsequent waiver of notice for the meeting. A vote cast in the meeting may not also be used for a waiver of notice.

6.5. Order of Business. The order of business at all meetings of the Members will be as follows:

(a) Roll call.

(b) Proof of notice of meetings or waiver of notice.

(c) Reading of minutes of preceding meeting.

(d) Election of directors.

(e) Reports of officers.

(f) Reports of committees.

(g) Unfinished business.

(h) New business.

6.6. Action Without Meeting. Any action that must or may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by the requisite number or voting power of the Members and filed with the Secretary of the Association. A Member can consent to an action to be taken by electronic mail (e-mail). Consent by e-mail is considered to be written, signed, and dated for the purposes of this Section if the e-mail sets forth or is delivered with information from which the Association can determine that the e-mail was transmitted by the Member and the date on which the Member transmitted the e-mail. The date of the e-mail is the date on which the consent was signed. Consent given by e-mail may not be considered delivered until the consent is reproduced in paper form and the paper form is delivered to the Secretary. Any photographic, fax, or similarly reliable reproduction of a consent in writing signed by a Member may be substituted or used instead of the original writing for any purpose for which the original writing could be used, if the reproduction is a complete reproduction of the entire original writing.

6.7. General Conduct of the Meeting. Roberts Rules of Order shall be observed at all meetings where not inconsistent with these By-Laws.

ARTICLE 7
BOARD OF DIRECTORS

7.1. Governing Body; Composition. The affairs of the Association will be governed by a Board of Directors ("Board"). Each Director will have one equal vote. The five officers of the Association as authorized in Article 8 below shall serve as its Directors

7.2. Authority. The Directors shall have the authority

(a) To conduct, manage and control the affairs and business of the Association, and to make rules and regulations not inconsistent with the Laws of the State of Texas or the Association's By-Laws and Declaration.

(b) To establish, levy and collect the charges or assessments referred to in these By-Laws.

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

7.3. Meetings.

(a) The annual meeting of the Board of Directors shall be held as soon as reasonably possible after the annual meeting of the members.

(b) Special meetings of the Board of Directors shall be held when called by two or more Directors.

(c) The transactions of any meetings of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though done at a meeting duly held after regular call and notice with a quorum present, if either before or after the meeting any Director not present signs a written waiver of notice, given written consent to the holding of such meeting, or gives written approval of the minutes thereof. As such waivers, consents or approvals shall be filed with the Secretary records and made a part of the minutes of the meeting.

(d) Every act, or decision, done or made by a majority of the directors shall be regarded as the act of the Board of Directors.

7.4. Vacancies. If the office of any Director becomes vacant by reason of death, disability, resignation, or retirement, the remaining Directors will choose a successor to fill the unexpired term of the directorship being vacated at a special meeting called for that purpose. If the office of any Director becomes vacant by reason of disqualification, removal from office, or otherwise, the Members, at a special meeting of the Members duly called for that purpose, will choose a successor to fill the unexpired term of the directorship being vacated. At the expiration of the term of his or her position on the Board, any successor Director chosen by the remaining Directors or by the Members will

be reelected or his or her successor will be elected in accordance with these By-laws. Any directorship to be filled by reason of an increase in the number of Directors will be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

7.5. Standard of Care. Except as otherwise provided in the Declaration, elsewhere in these By-laws, or in the Act, the Board will act in all instances on behalf of the Association if in the good-faith judgment of the Board the action is reasonable. Each member of the Board is liable as a fiduciary of the Owners for the Board member's acts or omissions.

ARTICLE 8
OFFICERS

8.1. Enumeration of Officers. The Officers of the Association will be a President, a Vice President, a Secretary, a Treasurer and the Chairperson of the Architectural Control Committee. Other officers may be included as the membership shall direct. The five officers authorized immediately above shall also constitute the five members of the Association's Board of Directors as stated in Article 7 above.

8.2. Term

(a) The Officers of the Association shall be chosen every two years by a majority of all votes of the membership present at its annual meeting. Each officer shall hold office for two years unless he/she shall sooner resign or shall be removed or otherwise become disqualified to serve.

(b) A vacancy in any office because of death, resignation, removal, disqualification, or other such causes shall be filled in the manner prescribed in these by-Laws for regular appointment to such office. Any vacancy filled shall be for the unexpired term of the officer replaced.

(c) Any officer may be removed from office at any time with or without cause by a vote of 51% of all votes of the membership present at a meeting specifically called fro this purpose or at any annual meeting, or by written approval of the membership filed with the Secretary.

8.3. Resignation; Removal. Any Officer may resign at any time by giving written notice to the Board. A resignation will take effect on the date notice is received or at any later time specified in the notice

8.4. Duties, Obligations, and Authority of the Officers.

(a) President. The President of the Association, or the highest ranking officer present, will perform the following duties:

(1) Shall preside over all meetings of the Members and of the Board of Directors.

(2) Shall sign as the designated representative of the Association, all deeds, contracts, and other instruments in writing that have been first approved in accordance with these By-Laws.

(3) Shall call the Directors together whenever he/she deems it necessary and shall have, subject to the advice of the Board of Directors, general supervision, direction and control of the business affairs of the Association and generally shall discharge such other duties as may be required of him/her by the Members.

(4) Shall serve as the Registered Agent of the Association.

(5) If at any time the President shall be unable to act, the Vice President shall take his/her place and perform his/her duties. If the Vice President, for any reason, shall be unable to act, the Secretary shall take his/her place.

(b) Vice President. The Vice President of the Association will perform the following duties:

(1) All duties and powers conferred by law or by these By-Laws upon the President, in his/her absence or inability to act, shall be performed by the Vice President.

(2) Exercise and discharge any other duties as may be required of the Vice President by the Board, and in connection with any additional duties, the Vice President will be responsible to the President.

(c) Secretary. The Secretary of the Association will perform the following duties:

(1) Keep a record of all meetings and proceedings of the Board and of the Members.

(2) Keep the seal of the Association and affix it on all papers requiring the seal.

(3) Serve notices of meetings of the Board and the Members required either by law or by these By-laws.

(4) Keep appropriate current records showing the Members together with their addresses.

(5) Sign as Secretary all deeds, contracts, and other instruments in writing that have been first approved by the Board if the instruments require a second signature by the Association, unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.

(6) Prepare, execute, certify, and have recorded all amendments to the Declaration required by statute to be recorded by the Association.

(d) Treasurer. The Treasurer of the Association will perform the following duties:

(1) Receive and deposit in a bank or banks, as the Board may from time to time direct, all of the funds of the Association.

(2) Be responsible for and supervise the maintenance of books and records to account for the Association's funds and other Association assets.

(3) Disburse and withdraw funds as the Board may from time to time direct and in accordance with prescribed procedures.

(4) Prepare and distribute the financial statements for the Association required by the Declaration on or before April 15th of the succeeding year.

(5) Maintain a roster of the lots and assessments applicable thereto, which shall be maintained and shall be open to inspection by any Owner. Written notice of the initial assessment and of any subsequent changes therein shall be forthwith sent to every Owner subject thereto.

(6) Upon demand at any time, to furnish to any Owner liable for said assessment a certificate in writing signed by an Officer of the Association, setting forth whether said assessment has been paid. A reasonable charge may be made by the Association for the issuance of such certificate and such certificate shall be conclusive evidence of payment of an assessment therein stated to have been paid.

(e) Chair of Architectural Control Committee. It shall be the duty of the Chair of the Architectural Control Committee (ACC) to:

(1) Receive Plans, Specifications, and other information concerning requests for approval of proposed construction from Members of the Association

(2) Coordinate the review, disposition and reporting concerning such Plans and Specifications

(3) To provide the Secretary of the Association with minutes of such meetings

8.5. Qualification. Only Members will be qualified to serve as Officers of the Association

8.6. Standard of Care. Except as otherwise provided in the Certificate of Formation, these By-laws, or the Declaration, each Officer is liable as a fiduciary of the Owners for the Officer's acts or omissions.

ARTICLE 9

ARCHITECTURAL CONTROL COMMITTEE

9.1. An Architectural Control Committee shall operate as authorized by the Declaration under the rules and guidelines therein.

ARTICLE 10

DUES AND ASSESSMENTS

10.1. Dues and Assessments will be determined from time-to-time in accordance with Article 8 of the Declaration.

10.2. The Board of Directors shall have the right to increase annual dues from one year to the next by an amount not to exceed 5% of the previous year's level in order to meet budgetary requirements. All other changes to annual dues amounts, and all assessments other than annual dues, shall only be made with the approval of a majority of the Members.

ARTICLE 11

NO PERSONAL LIABILITY; INDEMNIFICATION

11.1. No Personal Liability. To the fullest extent permitted by applicable law, a Director or Officer will not be liable to the Association or its Members for monetary damages for any act or omission in the Director's or Officer's capacity as such, except that this Section does not eliminate or limit the liability of a Director or Officer to the extent the Director or Officer is found liable for any of the following:

(a) A breach of the Director's or Officer's duty of loyalty to the Association or its Owners.

(b) An act or omission not in good faith that constitutes a breach of duty of the Director or Officer to the Association or an act or omission that involves intentional misconduct or a knowing violation of the law.

(c) A transaction from which the Director or Officer received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the Director's or Officer's office.

(d) An act or omission for which the liability of a Director or Officer is expressly provided by an applicable statute.

Any repeal or amendment of this Section by the Members of the Association will be prospective only and will not adversely affect any limitation on the personal liability of a Director or Officer arising from an act or omission occurring before the time of the repeal or amendment. In addition to the circumstances in which a Director or Officer is not personally liable as set forth in the foregoing provisions of this Section, a Director or Officer will not be liable to the Association or its Members to the extent as permitted by any law enacted after these By-laws, including, but not limited to, any subsequent amendment to the Texas Business Organizations Code.

11.2. Indemnification. The Association will indemnify any Person who was, is, or is threatened to be made a named defendant or respondent in a proceeding (as defined in Section 9.5) because the Person is or was a Director or Officer of the Association

11.3. Rights Not Exclusive. The rights conferred in Section herein are not exclusive of any other right that any Person may have or later acquire under any statute, these By-laws, the Certificate of Formation, any resolution of Owners or Directors, by agreement, or otherwise.

11.4. Definition of Proceeding. As used in these By-laws, the term "proceeding" means any threatened, pending, or completed action, suit, or proceeding (whether civil, criminal, administrative, arbitrative, or investigative); any related appeal; and any inquiry or investigation that could lead to such an action, suit, or proceeding.

11.5. Other. Contracts or other commitments made by the Board, the Officers, or the Manager will be made by these Persons as agents for the Owners, and the Board, the Officers, and the Manager will have no personal responsibility on any contract or commitment (except as Owners), and the liability of any Owner on a contract or commitment will be limited to the proportionate share of the total liability that each Owner shares with respect to Assessments.

ARTICLE 12
BOOKS AND RECORDS

12.1. Maintenance. Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees will be kept at the Association's registered office or principal office in the State of Texas. A record containing the names and addresses of all Members entitled to vote will be kept at the Association's registered office or principal office in the State of Texas.

12.2. Inspection. The Restrictions and other items listed in Section 6.04(c) of the Declaration will be available for inspection and copying by any Member or any Director for any proper purpose upon the terms and conditions and subject to the requirements of Texas Property Code §209.005 (or any successor statute).

ARTICLE 13
GENERAL PROVISIONS

13.1. Amendment of By-laws. These By-laws may be amended, altered, or repealed at a regular or special meeting of the Members by the affirmative vote in person or by proxy of Members representing two-thirds (2/3) of the Members; however, these By-Laws will not be amended or otherwise changed or interpreted so as to be inconsistent with the Declaration. Despite the preceding sentence, the percentage of affirmative votes necessary to amend a specific clause or provision will not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause or provision. Further, the Members may not meet to adopt an amendment or other change to these By-laws unless the Association or Board has given to each Owner a document showing the specific amendment or other change that would be made to the By-laws no earlier than sixty (60) days and no later than ten (10) days before the date of the meeting. The information is considered to have been given to an Owner on the date the information is personally delivered to the Owner, as shown by a receipt signed by the Owner, or on the date shown by the postmark on the information after it is deposited in the U.S. mail with a proper address and postage paid. If any proposed amendment to these By-laws would affect less than all of the Lots, the amendment will not be effective without the consent of the Owners of those Lots adversely affected by the amendment.

13.2. Notices.

(a) Any notice, demand, or other communication required to be given or to be served on any Person must be in writing and delivered to the Person to whom the notice is directed (1) in person, (2) by U.S. mail, registered or certified, return receipt requested, (3) by a nationally recognized overnight delivery service, or (4) by e-mail. Notices, demands, or other communications delivered by mail will be deemed given and received when deposited in a post office or other depository under the care or custody of the U.S. Postal Service, enclosed in a wrapper, addressed properly, and with proper postage affixed. Any notice, demand, or other communication given other than by certified or registered mail, return receipt requested, will be deemed to have been given and received when delivered to the Person at the Person's current address as reflected in the records of the Secretary.

(b) On the consent of any Person, notice from the Association may be given to the Person by electronic transmission. Any Person may specify the form of electronic transmission to be used to communicate notice. The Person may revoke this consent by written notice to the Association. The consent is deemed to be revoked if the Association is unable to deliver by electronic transmission two (2) consecutive notices, and the Person responsible for delivering notice on behalf of the Association knows that delivery of these two (2) electronic transmissions were both unsuccessful. The inadvertent failure to treat the unsuccessful transmissions as a revocation of consent does not invalidate a meeting or other action. Notice by electronic transmission is deemed given when the notice is (1) transmitted to a fax number provided by the Person for the purpose of receiving notice, (2) transmitted to an e-mail address provided by the Person for the

purpose of receiving notice, (3) posted on an electronic network and a message is sent to the Person at the address provided by the Person for the purpose of alerting the Person of a posting, or (4) communicated to the Person by any other form of electronic transmission consented to by the Person.

13.3. Rules.

(a) The initial Association Rules, if, as, and when adopted, will be effective until amended or supplemented by the Board of Directors, and are in addition to any rules and regulations or other restrictions on use set forth in the Declaration.

(b) Subject to Section 12.1, the Board, under these By-laws and the Declaration, reserves the power to establish, make, and enforce compliance with any additional Association Rules as may be necessary for the operation, use, and occupancy of the Subdivision with the right to amend them from time to time, provided they do not conflict with this Declaration. Copies of these Association Rules must be furnished to each Owner before the date when they become effective. If any proposed amendment to the Association Rules would affect less than all of the Lots, the amendment will not be effective without the consent of the Owners of those Lots adversely affected by the amendment.

13.4. Abatement and Enjoinment. The violation of any Association Rule promulgated by the Board, or the breach of any of these By-laws, or the breach of any provision of the Declaration will give the Board the right, in addition to any other rights set forth in the Declaration or in these By-laws, to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

13.5. Attestation. Adopted by the Board, effective as of _____, 20____.

ATTEST: _____
[NAME OF DIRECTOR]

ATTEST: _____
[NAME OF DIRECTOR]

ATTEST: _____
[NAME OF DIRECTOR]