

RESTATED BY-LAWS
OF
LAKEWOOD FOREST FUND, INC.
(EFFECTIVE DATE: May 1, 1995)

ARTICLE I
NAME AND LOCATION

The name of the corporation is LAKEWOOD FOREST FUND, INC., hereinafter sometimes referred to as the "FUND" or the "Corporation". The principal office of the Corporation shall be located at 12415 Louetta Road, Cypress, Texas 77429, or at such other address as may be designated by the Corporation's Board of Trustees, but meetings of Members and Trustees may be held at such places within the State of Texas, County of Harris, as may be designated by the Board of Trustees.

ARTICLE II
DEFINITIONS

Section 1. "FUND" shall mean and refer to LAKEWOOD FOREST FUND, INC., a Texas non-profit corporation, its successors and assigns.

Section 2. "Properties" shall mean and refer to those certain properties described in the official plats and in the Declaration of Covenants, Conditions and Restrictions for Lakewood Forest, Sections One (1), Two (3), Three (3), Five-A (5-A), Five-B (5-B), Five-C (5-C), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Fourteen (14), Fifteen (15), Seventeen (17), Eighteen (18) and Patio Homes, Sections One (1) and Two (2), a subdivision in Harris County, Texas, of record in the Office of the County Clerk of Harris County, Texas (under County Clerk's File Nos. D644195, E084177, E381975, L744144, L744145, P300213, E692169, F318788, F318791, F318787, L674765, G094925, J159644, J747942, M272221, N971267, R043455 and H539757, respectively) as well as any additional properties which may hereafter be brought within the jurisdiction of the FUND.

Section 3. "Common Area", if any, shall mean all real property owned by the FUND for the common use and enjoyment of the Owners.

Section 4. "Lot" shall mean and refer to that portion of any of the plots of land shown upon any recorded subdivision map of the Properties on which there is or will be built a single family dwelling, with the exception of the Common Area(s) and designated reserves.

Section 5. "Owner" shall mean and refer to the record Owner, whether one or more persons or entities, of the fee simple title to any Lot which is a part of the Properties subject to a maintenance charge assessment by the FUND, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation and those having an interest in the mineral estate.

Section 6. "Covenants" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Lakewood Forest Subdivision, Sections One (1), Two (2), Three (3), Five-A (5-A), Five-B (5-B), Five-C (5-C), Six (6), Seven (7), Eight (8), Nine (9), Ten (10), Eleven (11), Twelve (12), Fourteen (14), Fifteen (15), Seventeen (17), Eighteen (18) and Patio Homes, Sections One (1) and Two (2) per the Maps or Plats thereof and any additions, amendments and/or supplements thereto, as well as the Covenants for any additional Sections which may hereafter be brought within (annexed into) the jurisdiction of the FUND.

Section 7. "Members" shall mean and refer to those persons entitled to membership as provided in the Covenants and these By-Laws. Every person or entity who is a recorded Owner of a fee or undivided fee interest in any Lot which is subject by covenants of record to assessment by the FUND, including contract sellers, shall be a Member of the FUND. The foregoing is not intended to include persons or entities who 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 Lot which is subject to assessment by the FUND. Each Owner shall, upon and by virtue of becoming an Owner, automatically become a Member of the FUND and shall remain a Member thereof until his ownership ceases for any reason, at which time his membership in the FUND shall be appurtenant to and shall automatically follow the legal ownership of each Lot and may not be separated from such ownership. Whenever the legal ownership of any Lot passes from one person to another, by whatever means, it shall not be necessary that any instrument provide for the transfer of membership in the FUND. Membership in the FUND is expressly limited to the Owners of Lots, such ownership being the sole qualification for membership.

Section 8. "Suspended Members" shall mean and refer to those persons who are Members of the FUND whose membership has been suspended as set forth hereinafter. During any period in which a Member shall be in default in the payment of any annual or special assessment levied by the FUND, or should a member for any reason be a judgment debtor of the FUND, the voting rights and right to use the recreational facilities and common areas of such Member may be suspended by the Board of Trustees until such assessment or judgment has been paid in full.

ARTICLE III MEETINGS OF MEMBERS

Section 1. Annual Meetings. The Annual Meeting of the membership shall be held on the second (2nd) Monday of January each year at 7:00 o'clock p.m., for purposes of electing Trustees and for the transaction of such other business as may come before the membership. Upon completion of the voting for Trustees, the Board of Trustees (at its discretion by majority vote) may adjourn the meeting, without notice other than announcement at the meeting, and reconvene the annual meeting on a later date for the purpose of announcing the election results. If the day of the Annual Meeting is a legal holiday in the State of Texas, the Annual Meeting shall be held on the next succeeding

business day. Additional regular meetings of the membership may be scheduled by the Board of Trustees at its discretion, if such meetings are deemed necessary.

Section 2. Special Meetings. Special Meetings of the Members may be called at any time by the President, by at least two (2) members of the Board of Trustees, or upon written request of the Members who are entitled to vote at least ten percent (10%) percent of the membership. Notice of the Special Meeting shall conform to Section 3 hereinafter and shall state the time, place and purpose of the meeting. The business transacted at such Special Meeting shall be restricted to the purpose for which it was called.

Section 3. Notice of Meetings. Except as otherwise provided in the Articles of Incorporation, the Covenants, or these By-Laws, written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) days (but no more than sixty (60) days) before such meeting to each Member entitled to vote thereat, addressed to the Member 's address last appearing on the books of the FUND, or supplied by such Member to the FUND for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and in the case of a Special Meeting, the purpose of the meeting.

Section 4. Place of Meetings. The Board of Trustees may designate any place within Harris County, Texas, as the place of meeting for the Annual and/or Special Meeting called by the Board of Trustees. If no designation is made, or if a Special Meeting be otherwise called, the place of the meeting shall be the principal office of the FUND in the State of Texas.

Section 5. Quorum. The presence, either in person or by proxy, at the meeting of the Members entitled to cast at least ten percent (10%) of the votes as provided herein shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Covenants, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote thereat shall have 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 represented.

Section 6. Vote. One (1) Vote Per Lot/Proxy Voting. When more than one person owns an interest in any Lot, all such persons shall be Members. The Vote of such Lot shall be exercised as they among themselves determine, but in no event shall more than one (1) Vote or ballot be cast with respect to a Lot. A Member may Vote at any meeting of the membership either in person or by proxy executed in writing by the Member, or by a duly authorized attorney-in-fact. Proxies shall be filed with the Secretary of the FUND before or at the time of the meeting and shall automatically cease upon conveyance by the Member of their Lot. Every proxy shall be revocable and shall specify the meeting or action to which it applies. General proxies shall not be permitted.

Section 7. Cumulative voting shall not be allowed.

ARTICLE IV
BOARD OF TRUSTEES

Section 1. Board of Trustees. The affairs of the FUND shall be managed by a Board of seven (7) Trustees, all of whom must be Members in good standing of the FUND and neither of whom reside with any other current Member of the Board of Trustees. Each Trustee elected shall represent one (1) of the following Districts:

District "A"	Section One (1)	430 Lots
District "B"	Section Ten (10)	467 Lots
District "C"	Sections Eight (8) and Eleven (11)	446 Lots
District "D"	Sections Two (2), Five (5), Nine (9) and Twelve (12)	440 Lots
District "E"	Sections Three (3), Six (6), Seven (7), Patio Homes, Sections One (1) and Two (2)	349 Lots
District "F"	Sections Fourteen (14), Fifteen (15), Seventeen (17) and Eighteen (18)	471 Lots
At-Large	At-Large	2,603 Lots

A candidate must own a Lot in the District he seeks to represent. A Member may be considered as a candidate for election by written application delivered to the FUND'S office by the specified date announced by the FUND. Each Trustee elected shall serve until a successor shall have been duly elected and qualified. The person receiving the largest number of votes for that position shall be elected.

Section 2. Staggered Terms of Office. Each Trustee shall be elected for a term of two (2) years. Three (3) Board positions will be filled in even years and four (4) Board positions will be filled in odd years. The Members shall elect the Trustees for a term of two (2) years to fill each expiring term.

Section 3. Election. The election shall be held by written ballot at the Annual Meeting of the membership. The election results shall be announced, including the number of ballots cast for each candidate, segregated between the ballots cast by those present in person and those present by proxy, at the Annual Meeting. The candidate receiving the largest number of votes cast for that Board position is elected.

Section 4. Removal. Any Trustee may be removed from the Board, with or without cause, by a majority vote of a quorum of the Members of the FUND present, in person or by proxy, at a special meeting called for that purpose.

Section 5. Vacancies. In the event of death, resignation or removal of a Trustee, the successor shall be appointed by an affirmative vote of a majority of the remaining Trustees, even though such majority may constitute less than a quorum of the Board of Trustees, and shall serve for the unexpired term of the predecessor should such term expire at the next Annual Meeting of the membership. Should such term not expire at the next Annual Meeting, the designated successor shall serve until the next annual election, at which time the position shall come before the Members for a confirmation vote on the balance of the term of that position.

Section 6. Compensation. No Trustee shall receive compensation for any services rendered to the FUND; provided, however, that any Trustee may be reimbursed for any documented expenses incurred in the performance of his duties.

Section 7. Resignation. Any Trustee may resign at any time. Such resignation should be made in writing and shall take effect at the time specified therein or, if no time is specified, at the time of its receipt by the Board. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

ARTICLE V
MEETINGS OF TRUSTEES

Section 1. Regular Meetings. Regular meetings of the Board of Trustees shall be held on the first (1st) Monday of each month without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting date fall upon a legal holiday, the meeting will be re-scheduled for another date and time as determined by a majority of the Board of Trustees.

Section 2. Special Meetings. Special meetings of the Board of Trustees shall be held when called by the President of the FUND, or by any three (3) Trustees after notice to each Trustee.

Section 3. Quorum. A majority of the number of Trustees shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of a quorum of the Trustees present at a duly held meeting shall be regarded as the act of the Board.

Section 4. Action Without a Meeting (Unanimous Consent). Any action which may be required or permitted to be taken at a meeting of the Board of Trustees may be taken without a meeting if a consent in writing setting forth the action so taken is signed by all of the members of the Board of Trustees. Such consent shall be placed in the minute book of the FUND with the minutes of the Board of Trustees. Any action so approved shall have the same effect as though taken at a meeting of the Trustees.

Section 5. Attendance. Any Trustee who has failed to attend three (3) consecutive meetings may be removed from the Board of Trustees by unanimous vote of the remaining Trustees of the FUND.

Section 6. Proxy. No Trustee may vote by proxy.

ARTICLE VI
POWERS OF THE BOARD OF TRUSTEES

Section 1. Powers. The Board of Trustees shall have the following rights and powers:

- (a) to adopt and publish rules and regulations governing the use of the Common Areas;
- (b) to suspend the voting rights of a Member during any period in which such Member shall be in default in the payment of any assessment levied by the FUND.
- (c) to exercise for the FUND all powers, duties and authority vested in or designated to the FUND and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation or the Covenants;
- (d) to employ a manager, an independent contractor, or such other employees as it deems necessary, and to prescribe their duties and the terms of employment; and
- (e) to exercise such other rights and powers granted under the Covenants, the Articles of Incorporation or these By-Laws.

Section 2. Duties. It shall be the duty of the Board of Trustees to:

- (a) cause to be kept a complete record (i.e., minutes) of all its acts and corporate affairs and to present an annual budget to the Members by written notice;
- (b) supervise all officers, agents, and employees of this FUND and to see that their duties are properly performed;
- (c) as more fully provided in the Covenants, to:
 - (1) fix the amount of the annual assessment against properties subject to the jurisdiction of the FUND at least thirty (30) days in advance of each annual assessment period, and take such actions as it deems appropriate to collect such assessments and to enforce the liens given to secure payment thereof; and
 - (2) send at least thirty (30) days written notice of each assessment to every Owner subject thereto in advance of each annual assessment period;

(d) procure and maintain such liability and hazard insurance as deemed appropriate on any property or facilities owned or maintained by the FUND;

(e) cause any officers or employees having fiscal responsibilities to be bonded, as deemed appropriate; and

(f) Cause the Common Area(s), if any, to be maintained.

ARTICLE VII OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Officers. The officers of this FUND shall be a president and vice-president, who shall at all times be members of the Board of Trustees, 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 Trustees held after the annual membership meeting each year.

Section 3. Term. The officers of this FUND shall be elected annually by the Board and each shall hold office for one (1) year unless said officer shall sooner resign, or shall be removed, or is otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the FUND 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.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by a majority vote of 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 therein, 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 a majority vote of the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer being replaced.

Section 7. Multiple Offices. No person shall simultaneously hold both the offices of president and secretary. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4, of this Article.

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

President

- a. The president shall preside over all meetings of the Board of Trustees and Membership, deciding all questions of procedure and order.
- b. The president shall sign all approved written instruments of the FUND, including, but not limited to contracts, leases, deeds, and mortgages.
- c. The president shall formulate goals and plans for the year and present them to the Board of Trustees or the membership, as appropriate, for approval.
- d. The president shall execute all orders, resolutions and motions of the Board of Trustees and/or the membership.
- e. The president shall serve as Ex-Officio member of all committees.

Vice-President

The vice-president shall act in the place and stead of the president in the event of the president's absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required by the Board of Trustees.

Secretary

- a. The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Trustees and of the members and submit all minutes at subsequent meetings for approval.
- b. The secretary shall serve or cause to be served notice of meetings of the Board of Trustees and of the membership.
- c. The secretary shall keep or cause to be kept appropriate current records showing the members of the FUND together with their addresses.
- d. The secretary shall perform such other duties as required by the Board of Trustees.

Treasurer

- a. The treasurer shall be responsible for maintaining the records of financial accounts of the FUND.
- b. The treasurer shall be responsible for depositing receipts into a Federally insured account and disbursing expenses of the FUND as directed by the Board of Trustees.

c. The treasurer shall be responsible for maintaining a record of physical assets of the FUND that are currently in use and shall notify the Secretary of any change in status.

d. The treasurer shall be responsible for maintaining a depository for physical assets when not in use.

e. The treasurer shall be responsible for preparation of legal returns required by taxing authorities.

f. The treasurer shall be responsible for preparing the budget for approval by the Board of Trustees, including tentative drafts to be presented to the Board of Trustees.

g. The treasurer shall be responsible for preparation of an annual budget and a statement of income and expenditures to be presented to the membership at its regular Annual Meeting, and shall make same available to each Member of the FUND.

ARTICLE VIII COMMITTEES

Section 1. Committee Appointments. At its discretion, the Board of Trustees may appoint committees, as provided in the Declaration and these By-Laws, as deemed appropriate for carrying out its purposes. These committees may include, but are not limited to:

- a) Architectural Control Committee - as provided in the Covenants.
- b) Maintenance Committee - to advise the Board of Trustees on all matters pertaining to the maintenance, repair or improvement of the Properties, and to perform such other functions as the Board in its discretion determines.
- c) Publicity Committee - to inform the members of all activities and functions of the FUND and, after consulting with the Board of Trustees, to make such public releases and announcements as are in the best interest of the FUND.

Section 2. Function of Committees. It shall be a function of each committee to respond to inquiries from Members on any matter involving FUND duties and activities within its field of responsibility. The committee shall handle such inquiries or refer them to the appropriate committee, Trustee or officer of the FUND.

Section 3. Reports. All committees appointed by the Board are required to keep written records of their proceedings and make regular reports as required by the Board.

Section 4. Tenure. Any committee shall serve until its purpose has been accomplished or until dissolved by the Board, whichever occurs first.

ARTICLE IX
INDEMNIFICATION OF TRUSTEES AND OFFICERS

Pursuant to Section 2.22A of the Texas Non-Profit Corporation Act, and subject to the provisions thereof, the Corporation may indemnify any Trustee or officer (or former ones) for expenses and costs, including attorney's fees, which are actually and necessarily incurred in connection with any claim asserted by reason of being or having been a Trustee or officer only if it is determined that the person's actions were conducted in good faith and were reasonably believed to be in the Corporation's best interest relative to conduct in any official capacity and that, in all other cases, the conduct was at least not opposed to the Corporation's best interest. In regard to criminal proceedings, the Corporation must find that there was no reasonable cause to believe the conduct was unlawful. The intent of this By-Law provision is to allow the Corporation, by majority vote of its Board of Trustees, to indemnify its Trustees and officers to the maximum extent allowed by law without the necessity of a vote of the membership.

Further, the Board of Trustees may purchase and maintain insurance against any liability whether or not the Corporation has the power to indemnify against that liability, to the extent that the majority of the Board feels that such insurance is reasonable and necessary.

ARTICLE X
BOOKS AND RECORDS

Upon reasonable written notice stating the specific purpose of the demand to the Secretary of the FUND, and subject to the demand being deemed proper pursuant to Section 2.13 of the Texas Non-Profit Corporation Act, the specific books, records and papers of the FUND (as outlined in the written demand) shall, during reasonable business hours, be subject to inspection and copying (at a reasonable cost to the Member) by any Member or Member's agent, accountant, or attorney. In this regard, the Board of Trustees shall provide for review and copying the Corporation's books, records and papers, within the scope of the request, reasonably calculated to satisfy the purpose of the request; provided, however, that the Board may exercise its discretion whether to release information of a confidential or privileged nature (pertaining to the details of another Member's assessment payment history or deed restriction compliance history, or as provided in the Texas Rules of Evidence, as the case may be) which information is not, in the opinion of the majority of the Board, necessary to satisfy the purpose of the request. The Covenants, the Articles of Incorporation and the By-Laws of the FUND shall be available for inspection by any member at a convenient location to be designated by the Board of Trustees, where copies thereof may be purchased by any Member at a reasonable cost to the Member.

ARTICLE XI
CHECKS AND DISBURSEMENTS

Each check issued upon the account of the FUND must have at least two (2) authorized signatures, one of which must be a Trustee of the FUND. No check shall ever be pre-signed in blank by any agent, Officer, or Trustee authorized to sign checks. The Board of Trustees is authorized, by resolution, to designate the authorized signatures for withdrawal of funds. No funds belonging to the FUND may ever be disbursed without the specific approval of a duly authorized Trustee.

ARTICLE XII
ASSESSMENTS

As more fully described in the Covenants, each Member is obligated to pay to the FUND annual 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. If the assessment is not paid within thirty (30) days after the due date (i.e., by February 1 of the year for which the assessment has been made), the assessment shall bear interest from the due date at the rate of up to a maximum of eighteen percent (18%) per annum or the maximum rate of interest allowed by law, in the discretion of the Board of Trustees, and the FUND may bring an action at law against the Owner personally obligated to pay the same and/or foreclose the lien against the property, and interest, costs, and reasonable attorney's fees for any such action shall be added to the amount of such assessment. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area(s), if any, or services provided by the FUND or by abandonment of his Lot.

ARTICLE XIII
PROPERTY RIGHTS: RIGHTS OF ENJOYMENT

Each Member shall be entitled to the use and enjoyment of the Common Area(s) and recreational facilities, if any, owned by the FUND. Any Member may delegate in writing his rights of enjoyment of the Common Area(s) and recreational facilities to the members of their family who reside on the property. Such Member shall notify the Secretary in writing of the name of any such delegate(s). The rights and privileges of such delegates are subject to the rules and regulations, By-Laws, Articles of Incorporation and Covenants of the Fund to the same extent as the member.

ARTICLE XIV
AMENDMENTS

Section 1. Amendment. These By-Laws may be amended by the affirmative vote of a majority of a quorum of the Members present, in person or by proxy, at a Special Meeting called for that purpose.

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

ARTICLE XV
GENDER AND GRAMMAR

The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

ARTICLE XVI
MISCELLANEOUS

The fiscal year of the FUND shall begin on the 1st day of January and end on the 31st day of December of every year.

IN WITNESS WHEREOF, we, being all the Trustees of the LAKEWOOD FOREST FUND, INC., have hereunto set our hands this 1st day of may, 1995.

Mary Louise Morse
, President and
Trustee

Chester E. Newch
, Vice-President and
Trustee

Cecilia Boxell
, Secretary and
Trustee

Kenwood A. Blarke
, Treasurer and
Trustee