

SILVERCREST
BYLAWS OF SILVERCREST HOME OWNERS
ASSOCIATION, INC.

ARTICLE ONE - DEFINITIONS

Subdivision Defined

- 1.01. *Subdivision* shall mean all of the real property located in Silvercrest subdivision in the City of Lumberton, County of Hardin, State of Texas more particularly described as set forth in Exhibit "A" attached hereto.

Restrictions Defined

- 1.02 *Restrictions* shall mean the Restrictions, Covenants, and Conditions applicable to the Subdivision and filed in the Office of the County Clerk of Hardin, State of Texas, on _____ in the Official Public Records of Real Property of Hardin County, Texas, Volume 1367, Page 869 of the Francisco Arriola League, including any amendments to the Restrictions, as may be made from time to time in accordance with the terms of the Restrictions.

Other Terms Defined

- 1.03 Other terms used in these Bylaws shall have the meaning given them in the Restrictions, incorporated by reference and made a part of these Bylaws.

ARTICLE TWO - APPLICABILITY OF BYLAWS

Corporation

- 2.01 The provisions of these Bylaws constitute the Bylaws of the non-profit corporation known as Silvercrest Home Owners Association, Inc., referred to as the "Association."

Subdivision Applicability

- 2.02 The provisions of these Bylaws are applicable to the Subdivision as defined in Paragraph 1.01 of these Bylaws. In the event of a conflict between the Restrictions and these Bylaws, the Restrictions shall control.

Personal Application

- 2.03 All present or future owners, and their successors, heirs, and assigns are subject to the regulations set forth in these Bylaws.

ARTICLE THREE - OFFICES

Principal Office

- 3.01 The principal office of the Association shall be located in the City of Lumberton, County of Hardin, State of Texas.

Registered Office and Registered Agent

- 3.02 The Association shall have and shall continuously maintain in the State of Texas a registered office and a registered agent, whose office shall be identical with the registered office, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the corporation, and the address of the registered office may be changed from time to time by the Board of Directors. At the time of the adoption of these Bylaws, the registered agent shall be:

Charles M. Kibler, Jr.
Strong, Pipkin, Bissell, and Ledyard, L.L.P.
1400 San Jacinto Building
595 Orleans
Beaumont, Texas 77701

ARTICLE FOUR - MEMBERSHIP, DUES AND ASSESSMENTS

Membership

- 4.01 The membership of the Association shall consist of all of the Owners of the lots within the Subdivision.

Proof of Membership

- 4.02 The rights of membership shall not be exercised by any person until satisfactory proof has been furnished to the Secretary of the Association that the person is qualified as a Member. Such proof may consist of a copy of a duly executed and acknowledged deed or title insurance policy evidencing ownership of a Lot in the Subdivision. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.

No Additional Qualifications

- 4.03 The sold qualification for membership shall be the ownership of a Lot in the Subdivision. No initiation fees, costs, or dues shall be assessed against any person as a condition of membership except such assessments, levies, and charges as are specifically authorized under the Articles of Incorporation or the Restrictions.

Certificates of Membership

- 4.04 The Board of Directors may provide for the issuance of certificates evidencing membership in the Association that shall be in such form as may be determined by the Board. All certificates evidencing membership shall be consecutively numbered. The name and address of each Member and the date of issuance of the certificate shall be entered on the records of the Association or Council and maintained by the Secretary at the registered office of the Association.

Annual Assessments and Transfer Fees

- 4.05 Annual assessments will be due and owing by each Owner. Initially, annual assessments are \$ 250.00 per year, per lot, due by January 31 of each year. The Board of Directors may adjust the amount of annual assessments as deemed necessary to meet the reasonable needs of the Association. If an Owner sells or transfers Lot(s) to another person or entity, a transfer fee of \$ 50.00 must be paid to the Association at the time of the transfer. The Board of Directors may adjust the amount of the transfer fee as deemed necessary to meet the reasonable expense of changing the Association's records to account for the transfer. Notwithstanding the foregoing, the Developer of the Subdivision and its affiliates are exempt from the transfer fee, and the annual assessments for the Developer's (and its affiliates) unsold Lots(s) is \$1.00 per year, as set forth in the Restrictions.
- 4.06 Any assessment, of whatever kind or character, not paid within 30 days of the due date thereof shall be delinquent. Any delinquent assessment shall bear interest from the due date thereof at the rate of ten percent (10%) per annum. All unpaid assessments, together with interest thereon as provided above, shall constitute a contractual lien upon the lot (together with all improvements thereon) against which the unpaid assessments were levied by the Association. To evidence such contractual lien, the Association may, but shall not be required to, prepare and file for record in the office of the County Clerk of Hardin County, Texas, a written notice, signed by an officer of the Association, setting forth the amount of unpaid assessments, the name of the lot owner, and a description of the lot upon which such assessments are unpaid.
- 4.07 The Association may bring an action at law against the lot owner personally obligated to pay the same or foreclose the contractual lien upon such lot in the manner hereinafter provided. No owner may exempt himself or otherwise escape liability for the assessments herein provided by non-use or waiver of use of the common area of the addition. Suit to recover a money judgment against a defaulting owner shall be maintainable without foreclosure or waiving the contractual lien securing the assessment owing by such defaulting owner.
- 4.08 The contractual lien assessment may be enforced by foreclosure on the defaulting owner's lot (together with the improvements thereon) in like manner to a deed of trust on real property. The recording notice (in accordance with section 4.06 above) shall be a prerequisite to the commencement of foreclosure proceedings against a lot. Declarant

and each owner by acceptance of a deed to a lot vest in the Association or its agents the right and power to bring all actions against it (him) personally for the collection of all charges herein provided as a debt and to enforce the contractual lien for assessment by all methods available for foreclosure pursuant to Subtitle B, Chapter 51, §51.002 of the Texas Property Code, and any amendments thereto. Declarant and each owner by acceptance of a deed to a lot expressly grant to the Association an expressed contractual lien for assessment upon each lot owned by it (him) in the addition and a power of sale (to be exercised by any trustee or substitute trustee designated or appointed, from time to time by the Board of Directors) for enforcement of such express contractual lien. In any foreclosure proceeding, the defaulting owner shall be required to pay all costs and expenses of such proceeding, including a trustee's fee equal to five percent (5%) of all gross sales proceeds realized for a non-judicial foreclosure on such lot. The Association may be the purchaser of any foreclosure sale hereunder. Recitals in any trustee's deed given pursuant hereto will be presumed to be true.

Subordination of Assessment Lien to Mortgages

4.09 The assessment lien herein provided shall be and remain subordinate to the lien of any perfected first or second mortgage. A "first mortgage" is defined as a mortgage which has first and paramount priority under applicable law. A "second mortgage" is a mortgage which has second priority under applicable law to include, but not limited to home equity loans and "split mortgages." A sale or transfer of a lot shall not affect the assessment lien thereon. However, the sale of a lot pursuant to the foreclosure of a first or second mortgage or any proceeding in lieu thereof shall extinguish the assessment lien as to unpaid charges which accrued prior to such foreclosure sale or transfer in lieu thereof. No such sale or transfer shall relieve such lot from liability for any assessments thereafter becoming due and payable or from the lien thereof. The holder of any first or second mortgage shall be entitled, upon written request made to the Association, to written notification from the Association of any default by such holder's mortgagor (or grantor under a deed of trust or trust deed) in any obligation under this instrument or the Bylaws of the Association which is not cured within sixty (60) days from the date upon which such default occurred. Any mortgagee holding a first mortgage on a lot may pay any unpaid assessment payable with respect to such lot, and upon such payment such mortgagee shall have a lien on such lot for the amounts paid to the Association of the same rank as the lien of its mortgage.

ARTICLE FIVE - VOTING RIGHTS

Voting

5.01 Voting shall be on a percentage basis. The Owner of each Lot is entitled to a percentage of the total vote equal to the percentage interest that the Owner's Lot bears to the entire Subdivision as assigned in the Restrictions. If a Lot has more than one Owner, the aggregate vote of the Owners of the Lot may not exceed the percentage of the total vote assigned to the Lot. Current payment of assessments and dues is a prerequisite to the

right to vote.

Proxies

- 5.02 At all meetings of members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary of the Association. Every proxy shall be revocable and shall automatically cease on conveyance by the Member of the Member's Lot or on receipt of notice by the Secretary of the death or judicially declared incompetence of such Member. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise specifically provided in the proxy.

Quorum

- 5.03 The presence, either in person or by proxy, at any meeting of Members entitled to cast at least 50 percent of the total voting power of the Association shall constitute a quorum for any action, except as otherwise provided in the Governing Instruments. In the absence of a quorum at a meeting of Members, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than five (5) days or more than thirty (30) days from the meeting date.

Required Vote

- 5.04 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 shall be the act of the meeting of Members, unless the vote of a greater number is required by statute or by the Restrictions, by the Articles of Incorporation of this Association, or by these Bylaws.

Cumulative Voting

- 5.05 Cumulative voting is not permitted.

ARTICLE SIX - MEETING OF MEMBERS

Annual Meetings

- 6.01 The first meeting of the Members of the Association shall be held within forty-five (45) days after the closing of the sale of the Lot that represents the 51st percentile interest or within two years after the closing of the sale of the first Lot within the Subdivision, whichever is earlier. After the first meeting, the annual meeting of the Members of the Association shall be held on the second Tuesday of October of each succeeding calendar year at the hour of 6:00 p.m. If the day for the annual meeting of the Members is a legal holiday, the meeting shall be held at the same hour on the first day following that is not a legal holiday, Saturday or Sunday.

Special Meetings

- 6.02 Special meetings of the Members may be called by the President, the Board of Directors, or by Members representing at least twenty (20) percent of the total voting power of the Association. In order for a special meeting to be called by Members representing at least twenty (20) percent of the total voting power of the Association, such Members must provide a written document expressing the desire for such a meeting, signed by those Members requesting the special meeting.

Place

- 6.03 Meetings of the Members shall be held within the Subdivision or at a meeting place as close to the Subdivision as possible, as the Board of Directors may specify in writing.

Notice of Meetings

- 6.04 Written notice of all Members meetings shall be given by or at the direction of the Secretary of the Association or such other persons as may be authorized to call the meeting by the Board of Directors, by mailing or personally delivering a copy of such notice at least ten (10) but not more than fifty (50) days before the meeting to each Member entitled to vote at the meeting. The notice must be addressed to the Member's address last appearing on the registration books of the Association or supplied by such Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting and, in the case of special meetings, the nature of the business to be undertaken.

Order of Business

- 6.05 The order of business at all meetings for the Members shall be as follows:
- (a) roll call;
 - (b) proof of notice of meetings or waiver of notice;
 - (c) reading of the minutes of the preceding meeting;
 - (d) reports of officers;
 - (e) reports of committees;
 - (f) election of directors;
 - (g) unfinished business; and
 - (h) new business.

Action Without Meeting

- 6.06 Any action required by law to be taken at a meeting of the Members or any action that 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, shall be signed by all of the Members and filed with the Secretary of the Association.

ARTICLE SEVEN - BOARD OF DIRECTORS**Number**

- 7.01 The affairs of this Association shall be managed by a Board of Directors consisting of at least three (3) persons.

Term

- 7.02 At the first meeting of the Association, the Members shall elect the initial Directors who shall hold office until the first annual election of Directors by the Members. Only persons owning one or more Lots are eligible to be candidates for Director. After the first meeting of the Association, Directors shall be elected at the annual meeting of the Members and shall hold office for a term of one year or until their successors are elected and qualified.

Removal

- 7.03 Directors may be removed from office by a majority vote of all Members of the Association.

Vacancies

- 7.04 In the event of a vacancy on the Board caused by death, resignation, or removal of a Director, the remaining Directors shall, by majority vote, elect a successor who shall serve for the unexpired term of the predecessor.

Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

Compensation

- 7.05 Directors receive no compensation. However, a Director may be reimbursed by the Board of Directors for actual expenses incurred by the Director in the performance of the Director's duties.

Powers and Duties

- 7.06 The Board of Directors shall have the powers and duties, and shall be subject to limitations on such powers and duties, as enumerated in the Governing Instruments of the Subdivision.

ARTICLE EIGHT - NOMINATION AND ELECTION OF DIRECTORS

Nomination

- 8.01 Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of the Members.

Election

- 8.02 Directors are elected at the annual meeting of Members of the Association. Members, or their proxies, may cast, in respect to each vacant directorship, as many votes as they are entitled to exercise under the provisions of the Restrictions. The nominees receiving the highest number of votes shall be elected.

ARTICLE NINE - MEETING OF DIRECTORS

Regular Meetings

- 9.01 Regular meetings of the Board of Directors shall be held quarterly at a place and at a time as may be fixed from time to time by resolution of the Board of Directors. Notice of the time and place of regular meeting shall be posted at a prominent place or places within the Common Areas of the Subdivision.

Special Meetings

- 9.02 Special meetings of the Board of Directors shall be held when called by written notice, signed by the President of the Association or by any two (2) Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of a special meeting must be given to each Director not less than three (3) days or more than fifteen (15) days prior to the date fixed for such meeting by written notice either delivered personally, sent by mail, or sent by telegram to each Director at the Director's address as shown in the registry of the Association. A copy of the notice shall be posted in a prominent place or places in the Common Areas of the Subdivision not less than three (3) days prior to the date of the meeting.

Quorum

- 9.03 A quorum for the transaction of business by the Board of Directors shall be a majority of the number of Directors constituting the Board of Directors as fixed by these Bylaws.

Voting Requirement

- 9.04 The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless any provision of the Restrictions, the

Articles of Incorporation of this Association, or these Bylaws requires the vote of a greater number.

Open Meetings

- 9.05 Regular and special meetings of the Board shall be open to all Members of the Association; provided however, that Association Members who are not on the Board may not participate in any deliberation or discussion unless expressly authorized to do so by the vote of a majority of a quorum of the Board of Directors.

Executive Session

- 9.06 The Board of Directors may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, contract negotiations, enforcement actions, other business of a confidential nature involving a Member, and matters requested by the involved parties to remain confidential. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE TEN - OFFICERS

Enumeration of Officers

- 10.01 The Officers of this Association shall be a President, a Vice-President, a Secretary, and a Treasurer who shall at all times be members of the Board of Directors. The Board of Directors may, by resolution, create such other offices as it deems necessary or desirable.

Term

- 10.02 The Officers of this Association shall be elected annually by the Board of Directors, and each shall hold office for one (1) year, unless the Officer shall sooner resign, be removed, or be otherwise disqualified to serve.

Resignation and Removal

- 10.03 Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect at the date of receipt of the notice or at any later time specified by the notice. Any Officer may be removed from office by the Board whenever, in the Board's judgment, the best interests of the Association would be served by such removal. Such a removal requires a majority vote of all Directors currently serving on the Board of Directors.

Multiple Offices

10.04 Any two or more offices may be held by the same person.

Compensation

10.05 Officers shall receive no compensation for services rendered to the Association. However, an Officer may be reimbursed by the Board of Directors for actual expenses incurred by the Officer in the performance of the Officer's duties.

ARTICLE ELEVEN - PRESIDENT**Election**

11.01 At the first meeting of the Board of Directors immediately following the annual meeting of the Members, the Board of Directors shall elect one of their number to act as President.

Duties

11.02 The President shall perform the following duties:

- (a) preside over all meetings of the Members and of the Board of Directors;
- (b) sign as President all deeds, contracts, and other instruments in writing that have been first approved by the Board, unless the Board, by duly adopted resolution has authorized the signature of another Officer;
- (c) Call meetings of the Board of Directors whenever he or she deems it necessary in accordance with the rules and on notice agreed to by the Board of Directors. The notice period shall, with the exception of emergencies, in no event be less than three (3) days; and
- (d) have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him or her by the Board.

ARTICLE TWELVE - VICE-PRESIDENT**Election**

12.01 At the first meeting of the Board of Directors immediately following the annual meeting of the Members, the Board shall elect one of its Members to act as Vice-President.

Duties

12.02 The Vice-President shall perform the following duties:

- (a) act in the place and in the stead of the President in the event of the President's absence, inability, or refusal to discharge his or her duties;

- (b) exercise and discharge such other duties as may be required of the Vice-President by the Board of Directors. In connection with any such duties, the Vice-President shall be responsible to the President.

ARTICLE THIRTEEN - SECRETARY

Election

13.01 At the first meeting of the Board immediately following the annual meeting of the Members, the Board shall elect a Secretary.

Duties

13.02 The Secretary shall perform the following duties:

- (a) keep a record of all meetings and proceedings of the Board and of the Members;
- (b) keep the seal of the Association, if any, and affix it on all papers requiring the seal;
- (c) serve notices of meetings of the Board of Directors and the Members required either by law or by the Bylaws;
- (d) keep appropriate records or registries showing the Members of the Association together with their addresses; and
- (e) 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 Association signature, unless the Board of Directors has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.

ARTICLE FOURTEEN - TREASURER

Election

14.01 At the first meeting of the Board immediately following the annual meeting of the Members, the Board of Directors shall elect a Treasurer.

Duties

14.02 The Treasurer shall perform the following duties:

- (a) receive and deposit in a bank or banks, as the Board of Directors may from time to time direct, all of the funds of the Association;
- (b) be responsible for and supervise the maintenance of books and records to account for the Association funds and other Association assets;
- (c) disburse and withdraw funds as the Board of Directors may from time to time direct, in accordance with prescribed procedures;
- (d) prepare and distribute the financial statements for the Association required by the

Restrictions.

ARTICLE FIFTEEN - BOOKS AND RECORDS

Maintenance

15.01 Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees (if so enacted) shall be kept at the registered office of the corporation. A record containing the names and addresses of all Members entitled to vote shall be kept at the registered office or principal place of business of the Association.

Inspection

15.02 The Governing Instruments of the Subdivision, the membership register, the books of account, and the minutes of proceedings shall be available for inspection and copying by any Member of the Association or any Director for any proper purpose at any reasonable time.

ARTICLE SIXTEEN - ARCHITECTURAL CONTROL COMMITTEE

Number

16.01 An Architectural Control Committee ("ACC"), comprised of no less than three (3) officers shall be established.

Purpose

16.02 The purpose of the ACC shall be to review and approve all building plans for Silvercrest subdivision to insure compliance with the Covenants, Conditions, and Restrictions governing the subdivision.

Policies

16.03 The ACC shall review each proposal of improvements upon each lot in Silvercrest subdivision. The ACC shall provide an "approved" or "disapproved" ruling upon such proposals within no more than ten (10) working days. Should the ACC fail to "disapprove" such a proposal within this time frame, the proposal is considered "approved."

Proposals

16.04 Each proposal shall be provided in writing to the ACC, together with the appropriate

drawings, blueprints, or other plans for the said improvement.

Election, Removal, and Vacancies

16.05 The officers of the ACC shall be elected at the annual meeting of the Members and shall hold office for a term of one year or until their successors are elected and qualified. ACC officers may be removed from office by a majority vote of all Members of the Association. In the event of a vacancy on the ACC caused by death, resignation, or removal of an officer, the Board of Directors for Silvercrest subdivision shall, by majority vote, elect a successor who shall serve for the unexpired term.

Compensation

16.06 ACC officers shall receive no compensation for services rendered to the Association. However, an officer may be reimbursed by the Board of Directors for actual expenses incurred by the officer in the performance of the officer's duties.

ARTICLE SEVENTEEN - GENERAL PROVISIONS

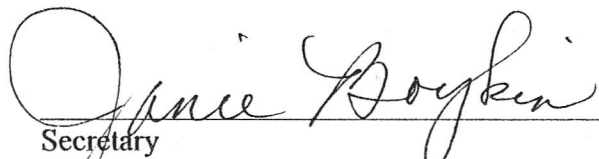
Amendment of Bylaws

17.01 These Bylaws may be amended, altered, or repealed at a regular or special meeting of the Members of the Association by the affirmative vote in person or by proxy of Members representing a majority of a quorum of the Association. Notwithstanding the above, the percentage of affirmative votes necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Attestation

17.02 Adopted by the Board of Directors on the 21st day of June, 2006

Attest:


Secretary

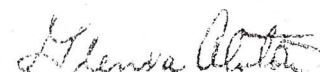
STATE OF TEXAS

COUNTY OF HARDIN

I hereby certify that this instrument was filed on the date and time stamped hereby by me and was duly recorded in the Official Public Records of Hardin County Texas on

JUN 21 2006




COUNTY CLERK,
HARDIN COUNTY, TEXAS