

BYLAWS
OF
PARKWAY LAKE ESTATES
HOMEOWNERS ASSOCIATION, INC.

ARTICLE I.
ASSOCIATION

The name of the corporation is Parkway Lake Estates Homeowners Association, Inc., hereinafter referred to as the "Association." The principal office of the Association is located at 2445 Midway Road, Suite 106, Carrollton, Texas 75006. The corporation shall have, and continuously maintain, a registered office and a registered agent as required by the Texas Non-Profit Corporation Act. Such registered office and registered agent may be changed from time to time by the Board of Directors.

ARTICLE II.
DEFINITIONS

The words "Association," "Property," "Common Area," "Lot," "Owner," "Member," "Developer," and "Parkway Lake Estates Homeowners Association, Inc.," when used in these Bylaws, unless a different meaning or intent clearly appears from the context, shall have the same meanings as they have in that certain Declaration of Covenants, Conditions and Restrictions dated June 20, 1996, and filed for record in Collin County, Texas, on June 27, 1996, as Instrument No. 96-0053796 (such Declaration of Covenants, Conditions and Restrictions being sometimes hereinafter referred to as the "Declaration"), which Declaration is incorporated herein by reference for all purposes. In the event of any conflict between the language of these Bylaws and the Declaration, the language of the Declaration shall control.

ARTICLE III.
MEMBERSHIP AND VOTING RIGHTS IN THE ASSOCIATION

Section 1. Membership. Every Owner of a Lot shall automatically be and must remain a Member of the Association in good standing. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Memberships shall be appurtenant to, and may not be separated from, ownership of any Lot.

Section 2. Voting Rights. The Association shall have two classes of membership.

Class A: Class A Members shall be all Owners other than the Developer. Class A Members shall be entitled to one (1) vote for each Lot in which they hold the interest required for membership. When two or more persons hold interests in any Lot, all such persons shall be Members, and the

vote for such Lot shall be exercised as they, among themselves, determine, but in no event shall more than one (1) vote be cast with respect to any Lot.

Class B: Class B Members shall consist of the Developer and its successors. Class B Members shall be entitled to ten (10) votes for each Lot owned by the Developer or its successors. The Class B membership shall cease and be converted to a Class A membership on the earlier to occur of the following:

(i) January 1, 2002; or

(i) when the total votes outstanding in the Class A membership equals or exceeds the total votes outstanding in the Class B membership.

Section 3. Assessments. The rights of membership are subject to the payment of annual, special and individual assessments levied by the Association, the obligation of which assessments is imposed against the Owner of, and becomes a lien upon, each Lot against which such assessments are made as provided by Article 5 of the Declaration.

Section 4. Voting Rights and Right to Use or Enjoyment. The voting rights and right to use or enjoy any of the Common Area of any Member whose interest in a Lot is subject to the assessments referred to hereinabove in Article III, Section 3, may be suspended by action of the Directors for any period during which such assessments remain unpaid; but, upon payment of such assessments, the Member's rights and privileges shall be automatically restored. If, at any time, the Directors adopt and publish rules and regulations governing the use of the Common Area and facilities and the personal conduct of Members, their families and their guests thereon, the Directors may, in their discretion, as provided in Article 3, Section 3.1.a of the Declaration, for violation of such rules and regulations by a Member or by his or her family or guests, suspend the rights of such Member and/or the person committing the violation, such suspension to continue for a period not to exceed thirty (30) days.

ARTICLE IV. PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF THE COMMON AREA

Section 1. General. Each Member shall be entitled to the use and enjoyment of the Common Area and facilities in accordance with and subject to the terms and conditions set forth in the Declaration.

Section 2. Delegation of Rights. Any Member may delegate his or her rights of enjoyment in the Common Area and facilities to the members of his or her family who reside upon the Properties. The rights and privileges of such persons are subject to suspension under Article III, Section 4 hereof, to the same extent as those of the Member. Any Member may also delegate the

aforementioned rights of enjoyment to his or her guests, subject to any applicable rules and regulations that may be adopted from time to time by the Board of Directors of the Association. The Member shall remain fully liable for the full performance and compliance with the rules and regulations.

ARTICLE V. DIRECTORS

Section 1. Directors. The initial number of Directors of the Association shall be three (3), none of whom need be a Member of the Association. At such time as there are no longer any Class B Members, the number of Directors of the Association shall be nine (9), none of whom need be a Member of the Association. The Directors shall be elected at the annual meeting of the Members, except the initial Directors and except as provided in Section 2 of this Article. At the first annual meeting held after there are no longer any Class B Members, the Members shall elect three (3) Directors for a term of one (1) year each, three (3) Directors for a term of two (2) years each, and three (3) Directors for a term of three (3) years each. At each annual meeting thereafter, the Members shall elect three (3) Directors for a term of three (3) years each. Each Director elected shall hold office for his or her designated term or until his or her or her successor is elected and qualified. Directors need not be Members of the Association.

Section 2. Vacancy. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining Directors, though less than a quorum of the Board of Directors. A Director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office. Any vacancy to be filled by reason of an increase in the number of Directors shall be filled at an annual meeting of the Members or at a special meeting of the Members entitled to vote called for that purpose. Any Director may be removed from the Board of Directors, with or without cause, by a majority vote of the Members at an annual meeting of the Members or at a special meeting of the Members entitled to vote called for that purpose.

Section 3. Powers and Duties. The business and affairs of the Association shall be managed by its Board of Directors, which may exercise all such powers of the Association and do all such lawful acts and things as are not by statute, by the Articles of Incorporation ("Articles"), by these Bylaws, or by the Declaration directed or required to be exercised and done by the Members. The powers and duties of the Board of Directors shall be as set forth in Article VIII of the Articles and as described in the Declaration. In addition, the Board of Directors shall also have the power and authority to 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.

ARTICLE VI.
MEETINGS OF THE BOARD OF DIRECTORS

Section 1. Annual Meetings. The Board of Directors shall meet each year immediately following the annual meeting of the Members, at the place of such meeting, for the transaction of such business as may be properly brought before it. No notice of annual meetings need be given to either old or new members of the Board of Directors. Regular meetings may be held at such other times as shall be designated by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the President or by any Director. Written notice of special meetings of the Board of Directors shall be given to each Director at least three (3) days before the date of the meeting.

Section 3. Quorum. A majority of the Directors shall constitute a quorum for the transaction of business and the act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless a greater number is required by the Articles or the Declaration. If a quorum is not present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 4. Notices. Notice of special meeting of the Board of Directors shall be given in writing by mail, telegram or by personal delivery to each Director at his or her address as shown by the records of the Association. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. If notice is given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any Director may waive notice of any meeting. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except where a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless specifically required by law, by the Articles, by these Bylaws or by the Declaration.

ARTICLE VII.
NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nominating Committee. Nomination for election to the Board of Directors shall be made by the Nominating Committee established pursuant to Article XI. below. Nominations may also be made from the floor at the annual meeting of the Members. The Nominating Committee shall consist of a chairman and two or more Members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting of the Members, and such appointment shall be announced at each annual meeting of the Members. The Nominating Committee shall make as many nominations for election to the Board of Directors

as it shall in its discretion determine. Such nominations may be made from among Members or non-Members.

Section 2. Elections. Election to the Board of Directors shall be by secret written ballot at the annual meeting of the Members. At such election, the Members or their proxies may cast as many votes as they are entitled to exercise under the provisions of the Declaration. For all annual meetings of the Members after the first such meeting, the three (3) persons receiving the largest number of votes shall each be elected to serve as Directors for a term of three (3) years or until his or her successor is duly elected. The election of Directors for the first annual meeting of the Members shall be conducted pursuant to Article V, Section 1 of these Bylaws.

ARTICLE VIII. COMPENSATION OF DIRECTORS

The Directors of the Association shall serve without compensation. Nothing herein shall preclude any Director from serving the Association in any other capacity and receiving compensation therefor.

ARTICLE IX. NOTICES

Section 1. Delivery of Notice. Notices to Members shall be in writing and delivered personally or mailed to the Members at their addresses appearing on the books of the Association. Notice by mail shall be deemed to be given at the time when deposited in the United States mail addressed to the Member at his or her address as it appears on the books of the Association with postage thereon prepaid. Notice may also be given by telegram and shall be deemed to be given when delivered to the telegraph company.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any Member under the provisions of any statute, the Articles or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be equivalent to the giving of such notice.

Section 3. Attendance as Waiver. Attendance of any Member at a meeting shall constitute a waiver of notice of such meeting.

ARTICLE X. OFFICERS

Section 1. Officers. The officers of the Association shall consist of a President, a Vice President, a Secretary and a Treasurer, each of whom shall be Directors and elected by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one (1) of any of the other offices except in the case of any other officers, assistant officers or agents created pursuant to Section 3 of this Article X.

Section 2. Elections. The Board of Directors at its first meeting after each annual meeting of Members shall elect the officers of the Association.

Section 3. Additional Officers. Such other officers and assistant officers and agents as may be deemed necessary may be elected or appointed by the Board of Directors, none of whom need be Directors.

Section 4. Compensation. All officers of the Association shall serve without compensation.

Section 5. Resignation, Removal or Vacancy. Each officer of the Association shall hold office for one (1) year unless he shall sooner resign, or shall be removed or otherwise disqualified to serve. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors with or without notice whenever in its judgment the best interests of the Association will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any vacancy occurring in any office of the Association by death, resignation, removal or otherwise, shall be filled by the Board of Directors.

Section 6. President. The President shall be the principal executive officer of the Association and shall in general supervise and control all of the business and affairs of the Association. The President shall preside at all meetings of the Members and of the Board of Directors. The President may sign, with the Secretary or any other proper officer of the Association authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws or by statute to some other officer or agent of the Association. The President shall in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

Section 7. Vice President. In the absence of the President or in the event of his or her inability or refusal to act, the Vice President (or, in the event there be more than one (1) Vice President, the Vice Presidents in order of their election) shall perform the duties of the President and, when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to the Vice President by the President or by the Board of Directors.

Section 8. Secretary. The Secretary shall keep the minutes of the meeting of the Members and of the Board of Directors in one (1) or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; be custodian of the Association's corporate records and of the seal of the Association, and see that the seal of the Association is affixed to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws; keep a register of the post office address of each Member, which shall be furnished to the Secretary by such Member; and in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the President or by the Board of Directors.

Section 9. Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association and from any source whatsoever, and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as directed by resolution of the Board of Directors; provided, however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors.

The Treasurer shall (i) keep proper books of account and cause an annual audit of the Association books to be made by a certified public accountant at the completion of each fiscal year; ~~(ii) prepare an annual budget and an annual balance sheet statement which shall be presented to the Members at their annual meeting; and (iii) shall perform such other duties as from time to time may be assigned to the Treasurer by the President or the Board of Directors.~~

Section 10. Management Company. The officers of the Company may appoint a duly qualified management company to handle the day-to-day operations of the Company, to include, without limitation, those duties normally assigned to the Treasurer, and to sign, on behalf of the Company, all checks of the Association necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors.

ARTICLE XI. COMMITTEES

Section 1. Committees. The Standing Committees of the Association shall be the Nominating Committee and the Architectural Control Committee. Unless otherwise provided in the Declaration, each committee shall consist of a chairman and two or more Members and shall include a Member of the Board of Directors for board contact. The Board of Directors may appoint such other committees as it deems advisable.

Section 2. Nominating Committee. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members and shall serve until the close of the next meeting. The Nominating Committee shall have the duties and functions described in Article VII of these Bylaws.

Section 3. Architectural Control Committee. The Architectural Control Committee (the "ACC") shall be appointed and have duties and functions in accordance with Article 8 of the Declaration. In addition, the ACC shall watch for any proposals, programs, or activities which may adversely affect the residential value of the Properties and shall advise the Board of Directors regarding Association action of such matters.

ARTICLE XII.
MEETING OF MEMBERS

Section 1. Place. All meetings of Members shall be held at the principal office of the Association, or at such place within the City of Dallas, Texas, as may be designated by the Board of Directors or officer or Member(s) calling the meeting.

Section 2. Annual Meetings. The first annual meeting of the Members of the Association shall be held within one (1) year following the date of incorporation of the Association on a date to be selected by the Board of Directors. Each annual meeting thereafter shall be held on the same date each year thereafter at the principal office of the Association or at such other location as may be designated by the Board of Directors. If such date for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday. The Board of Directors may postpone the time of holding the annual meeting of Members for such period not exceeding ninety (90) days as they deem advisable (and any annual meeting which is so postponed or for any other reason not held on the date provided above (or on the first day following which is not a legal holiday) is herein referred to as a "delayed annual meeting").

Section 3. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors. Special meetings of Members may also be called by the Secretary upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership. Such request shall state the purpose or purposes of such meeting and the matters proposed to be acted on thereat.

Section 4. Notices. Written notice of all special meetings and delayed annual meetings stating the place, day and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be delivered not less than fifteen (15) or more than fifty (50) days before the meeting to the then Members of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his or her address as it appears in the records of the Association, with postage thereon prepaid. Notice of annual meetings (which are not delayed) shall not be required, but may be given in a like manner.

Section 5. Quorum and Voting. The presence at the meeting of Members entitled to vote, or represented by proxy, of one-tenth (1/10) or more of the votes of each class of membership shall constitute a quorum at a meeting of Members for any action except as otherwise provided in the Articles, the Declaration or these Bylaws; but if a quorum is not present or represented, a majority in interest of the Members 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 represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The vote of the Members holding a majority of the votes entitled to be cast and thus represented at a meeting at which a quorum is present shall be the act of the Members meeting unless the vote of a greater number is required by law, the Articles, the Declaration, or these Bylaws. Any action authorized by Sections 5.3 and 5.4 of Article 5 of the Declaration shall require the vote

of three-fourths (¾) of the votes of each Class of Members of the Association voting in person or by proxy at a meeting duly called for such purpose(s).

Section 6. Proxy. At all meetings of Members, each Member who is entitled to vote may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease should membership in the Association cease.

Section 7. Presiding Officer. Meetings of the Members shall be presided over by the President or, if he or she is not present, by any one of the Vice Presidents. The Secretary shall act as the secretary of the meeting, if present.

Section 8. No Cumulative Voting. Cumulative voting shall not be permitted on any matter including the election of member of the Board of Directors.

Section 9. Consent in Lieu. Any action required by law to be taken at a meeting of the Members, or any action which 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 no less than three-quarters (¾) of all of the Members of each Class entitled to vote with respect to the subject matter thereof. Such consent actions may be obtained by door-to-door canvas efforts.

ARTICLE XIII. GENERAL PROVISIONS

Section 1. Fiscal Year. The fiscal year of the Association shall be fixed by resolution of the Board of Directors.

Section 2. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Association, the words "Texas" and "Non-Profit" and a five-pointed star. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 3. Conduct of Meetings. All meetings of the Board and Members shall be conducted in accordance with Robert's Rules of Order, Newly Revised, except where inconsistent with the express language of the Articles, these Bylaws and/or the Declaration.

ARTICLE XIV. INDEMNIFICATION

Section 1. Officers and Directors. The Association shall have the power to indemnify any director or officer or former director or officer of the Association for expenses and costs (including attorneys' fees) actually and necessarily incurred by him or her in connection with any claim asserted against him or her, by action in court or otherwise, by reason of his or her being or having been such director or officer, except in relation to matters as to which he or she shall have been guilty of gross negligence or misconduct in respect of the matter in which indemnity is sought.

Section 2. Association. If the Association has not fully indemnified him, the court in the proceeding in which any claim against such director or officer has been asserted, or any court having the requisite jurisdiction of an action instituted by such director or officer on his or her claim for indemnity, may assess indemnity against the Association, its receiver, or trustee, for the amount paid by such director or officer in satisfaction of any judgment or in compromise of any such claim (exclusive in either case of any amount paid to the Association), or any expenses and costs (including attorneys' fees) actually and necessarily incurred by him or her in connection therewith to the extent that the court shall deem reasonable and equitable; provided, nevertheless, that indemnity may be assessed under this Section only if the court finds that the person indemnified was not guilty of gross negligence or misconduct in respect of the matter in which indemnity is sought.

ARTICLE XV.
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 and the Bylaws 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 XVI.
ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the Lot against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If any assessment or part thereof is not paid when due, any unpaid amount of such assessment shall bear interest from and after the date when due at the rate of ten percent (10%) per annum or the highest rate permitted by law, and the Association may, at its election, retain the services of an attorney for collection and/or for foreclosure of the lien securing such assessment, and there shall also be added to the amount of such unpaid assessment any and all collection and/or foreclosure costs incurred hereunder by the Association, including reasonable attorneys' fees. No Owner may obtain any waiver or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his or her Lot.

ARTICLE XVII.
AMENDMENTS

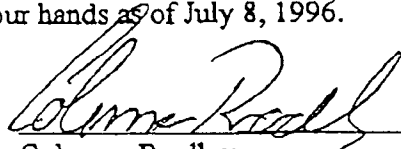
Section 1. Amendments. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of a majority of the Members present in person or by proxy, except that the Federal Housing Administration or the Veterans Administration shall have the right to veto amendments while there is a Class B membership.


Section 2. Conflict. In the case of any conflict between the Articles and these Bylaws, the Articles shall control.


ARTICLE XVIII.
DISSOLUTION

The Association may be dissolved with the assent given in writing and signed by the Members entitled to cast seventy-five percent (75%) of the votes of the Members; provided, however, that no such agreement to dissolve shall be effective unless made at least One Hundred Twenty (120) days in advance of the effective date of such dissolution, and unless written notice of the proposed dissolution is sent to every Member at least thirty (30) days in advance of any action taken. Upon dissolution of the Association, other than incident to a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

IN WITNESS WHEREOF, we, being all of the Directors of Parkway Lake Estates Homeowners Association, Inc., have hereunto set our hands as of July 8, 1996.


Coleman Bradley


Mark Messer


Gina E. Hosea

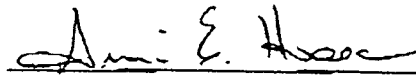
CERTIFICATION

I, the undersigned, do hereby certify:

THAT I am the duly elected and acting secretary of the Parkway Lake Estates Homeowners Association, Inc., a Texas Non-Profit Corporation; and

THAT the foregoing Bylaws constitute the original Bylaws of such Association, as duly adopted by the Board of Directors by unanimous written consent action dated as of July 8, 1996.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of such Association this 8th day of July, 1996.



Gina E. Hosea, Secretary