

BY-LAWS
OF
BLACKHORSE RANCH HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION

The name of the corporation is BlackHorse Ranch Homeowners Association, Inc. (hereinafter referred to as the "Association"). The principal office of the Association shall be located at such place as may be designated from time to time by the Association's Board of Directors. Meetings of Members and directors may be held at such places within the State of Texas as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to BlackHorse Ranch Homeowners Association, Inc., a Texas non-profit corporation, and its successors and assigns.

Section 2. "Common Area" or "Common Property" shall mean and refer to all properties, real or personal, owned, leased or used by the Association for the common use and enjoyment of the Members of the Association.

Section 3. "Declarant" shall mean and refer to 290 Residential, Ltd. a Texas limited partnership, and its successors and assigns, as provided in the Declaration. No assignment shall be effective unless a written assignment is made by Declarant that assigns all, or part, of its rights as Declarant under the Declaration and the assignment is recorded in the Official Public Records of Real Property of Harris County, Texas.

Section 4. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for BlackHorse Ranch Subdivision recorded or to be recorded in the Official Public Records of Real Property of Harris County, Texas, as the same may be amended or supplemented from time to time as therein provided.

Section 5. "Lot" shall mean and refer to any of the numbered lots shown on the recorded plats of the subdivisions within the Properties, intended for the construction of a residence, excluding all reserve tracts shown on a plat, but including lots created by a replat of a reserve tract.

Section 6. "Member" shall mean and refer to every person or entity that is an Owner. No Member of the Association shall have any right or interest in the assets of the Association, including, without limitation, any right to distribution of assets in the event of the liquidation, dissolution or winding up of the Association, whether voluntary or involuntary.

Section 7. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of the fee simple title to any Lot, including contract sellers, but excluding those having an interest

merely as security for the performance of an obligation or those owning only an easement right, a mineral interest, or a royalty interest.

Section 8. "Properties" shall mean and refer to the real property within the jurisdiction of the Association.

Section 9. "Supplemental Declaration" shall mean and refer to any Supplemental Declaration of Covenants, Conditions and Restrictions for BlackHorse Ranch Subdivision, or a portion thereof, recorded or to be recorded in the Official Public Records of Real Property of Harris County, Texas, as the same may be amended from time to time as therein provided.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held within one year after the date of the conveyance of the first Lot in the Properties to a buyer on a date designated by the Association's Board of Directors, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter on date and at a time designated by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the president or by the Board of Directors, or upon written request of the Members who are entitled to vote one-third (1/3) of the aggregate votes of the Members.

Section 3. Notice of Meetings. 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 15 days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member of the Association 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. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast, one-fifth (1/5th) of the votes of each class of the Members shall constitute a quorum for any action except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No subsequent special meeting shall be held more than 60 days following the preceding special meeting.

Section 5. Proxies. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. Number. The affairs of this Association shall be managed by a board of directors containing a minimum of three (3) and a maximum of five (5) members. Members of the Board need not be Members of the Association. The number of directors may be changed at any time, subject to the above specified minimum and maximum numbers, by the Board of Directors, provided that a reduction in the number of directors shall not shorten the term of any director.

Section 2. Term of Office. While there is a Class B membership in the Association, all directors shall be appointed by the Declarant. At the first annual meeting after the expiration of the Class B Membership the Members shall elect one (1) director for a term of one (1) year and two (2) directors for a term of two (2) years. At each annual meeting of the Members thereafter the Members shall elect the number of directors equal to the number of directors whose terms expire at such time for a term of two (2) years.

Section 3. Removal. The Declarant may remove any director without cause while there is a Class B Membership. Thereafter, the Members may remove any director with or without cause by a majority vote at a meeting of the Members called for such purpose provided, however, the removal of a member of the Board without cause prior to the date the Declarant has sold and conveyed all of its Lots in the Properties shall require approval by the Declarant. In the event of the death, resignation or removal of a director, his successor shall be selected by Declarant while there is a Class B Membership and thereafter by a majority vote at a meeting of the Members called for such purpose, and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action which they could take at a meeting by execution of a written consent instrument signed by all of the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nominations for election to the Board of Directors when there is no Class B Membership in the Association shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a Member of the Board of Directors, 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 when there is no Class B Membership, to serve from the close of such annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion

determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members.

Section 2. Election. Election to the Board of Directors shall be by secret written ballot at the annual meeting. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held at such time and place and with such frequency as the Board from time to time deems necessary.

Section 2. Special Meetings. Special meetings of the Board of Directors shall be held when called by the president of the Association, or by any two directors, after no less than three (3) days notice to each director.

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

ARTICLE VII

POWERS AND DUTIES OF THE BOARD OF DIRECTORS

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

(a) adopt and publish rules and regulations governing the use of the Common Area and facilities located thereupon, and the personal conduct of the Members or their guests thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the Association's facilities of a Member during any period in which such Member shall be delinquent in the payment of any assessment levied by the Association in excess of 30 days. Such rights may also be suspended after notice and hearing, for a period not to exceed 60 days for infraction of published rules and regulations;

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

(d) 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; and

(e) employ a manager, an independent contractor, or such other employees as the Board of Directors deems necessary, and to prescribe their duties,

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

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by one-third (1/3) of the Members who are entitled to vote;

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

(c) as more fully provided in the Declaration or any Supplemental Declaration, to:

(1) fix the amount of the annual, special, default or additional assessment against each Lot;

(2) send written notice of each assessment to every Owner subject thereto; and

(3) foreclose the lien against any property for which assessments are not paid or to bring an action at law against the Owner personally obligated to pay the same.

(d) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any assessment has been paid. A reasonable charge may be made by the Board for the issuance of these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(e) procure and maintain adequate liability and hazard insurance on property owned by the Association and, at the option of the Board of Directors, directors and officers liability insurance;

(f) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate;

(g) cause the Common Area to be maintained; and

(h) perform the other duties of the Association set forth in the Declaration.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

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

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

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

Section 4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time by giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified 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 the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer or president 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 are as follows:

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

(b) Vice-President. The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

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

(d) Treasurer. The treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board of Directors; shall sign all checks and promissory notes of the Association; keep proper books of account; if requested by the Board, shall cause an audit of the Association books to be made by a public accountant at the completion

of each fiscal year; and shall prepare an annual budget and a statement of income and expenditures to be presented to the Membership at its regular annual meeting.

ARTICLE IX

COMMITTEES

The Association shall appoint a Nominating Committee as provided in these By-Laws. The Board of Directors may appoint other committees as it deems appropriate in carrying out its purposes.

ARTICLE X

BOOKS AND RECORDS

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

ARTICLE XI

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual assessments, special assessments and default 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, the assessment shall bear interest from the due date at a rate determined by the Board of Directors from time to time not in excess of the maximum lawful rate. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. Interest as provided above, costs, and reasonable attorney's fees of 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 in the Declaration by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XII

CORPORATE SEAL

The Board of Directors shall provide a corporate seal, but affixing of a corporate seal shall not be necessary to authenticate any action of the Association unless otherwise expressly required by the Board of Directors or by these By-Laws.

ARTICLE XIII

AMENDMENTS

Section 1. These By-Laws may be amended at any time by the majority vote of the Board of Directors; provided, however, as long as there is a Class B Membership in the Association, any amendment of these By-Laws must be approved by the U.S. Department of Housing and Urban Development, if such approval is required for the Lots to be eligible for Federal Housing Administration financing.

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

ARTICLE XIV

SECTION ONE: Right to Indemnification

Each person who was or is made a party to or is threatened to be made a party to, or is otherwise involved in any action, suit or proceedings, whether civil, criminal, arbitrative, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Association (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer, or in any other capacity while serving as a director or officer, shall be indemnified and held harmless by the Association to the full extent authorized by the Texas Non-Profit Corporation Act (the "Non-Profit Corporation Act"), as the same exists or may hereafter be amended (provided that no such amendment shall adversely affect any right or protection of a director or officer of the Association existing at the time of such amendment), against all expense, liability and loss (including attorney's fees, judgments, fines, excise or similar taxes, or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director or officer, and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section Two of this Article XIV with respect to proceedings to enforce rights to indemnification, the Association shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Association. The right to indemnification conferred in this Section One of Article XIV shall be a contract right and shall include the right to be paid by the Association the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that an advancement of expenses incurred by a director or officer who is an indemnitee shall be made only (i) upon delivery to the Association of a written affirmation by the director or officer of his or her good faith belief that he or she has met the standard of conduct necessary for indemnification under the Non-Profit Corporation Act (hereinafter an "affirmation") and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such person is not entitled to be indemnified for such expenses under this Article XIV or otherwise (hereinafter an "undertaking"), and (ii) if required by law, following a determination that the facts known to those making the determination would not preclude indemnification under the Non-Profit Corporation Act.

SECTION TWO: Right of Indemnitee to Bring Suit

If a claim under Section One of this Article XIV is not paid in full by the Association within 60 days after a written claim has been received by the Association, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be 20 days, the indemnitee may at any time thereafter bring suit against the Association to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Association to recover an advancement of expenses pursuant to the terms of an affirmation and an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the indemnitee has not met the applicable standard of conduct set forth in the Non-Profit Corporation Act. In any suit by the Association to recover an advancement of expenses pursuant to the terms of an undertaking, the Association shall be entitled to recover such expenses upon a final adjudication that the indemnitee has not met the applicable standard of conduct set forth in the Non-Profit Corporation Act. Neither the failure of the Association (including its Board of Directors, independent legal counsel, or its Members) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Non-Profit Corporation Act, nor an actual determination by the Association (including its Board of Directors, independent legal counsel, or its Members) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct. In any suit brought by the indemnitee to enforce a right hereunder, or by the Association to recover an advancement of expenses pursuant to the terms of an affirmation and undertaking, the burden of proving that the indemnitee is not entitled to be indemnified or to such advancement of expenses under this Article XII or otherwise shall be on the Association.

SECTION THREE: Non-Exclusivity of Rights

The rights to indemnification and to the advancement of expenses conferred in this Article XIV shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Articles of Incorporation of the Association, By-Laws, agreement, vote of Members or disinterested directors or otherwise.

SECTION FOUR: Insurance

The Association may purchase and maintain insurance or another arrangement, at its expense, to protect itself and any director, officer, employee or agent of the Association against any expense, liability or loss, whether or not the Association would have the power to indemnify such person against such expense, liability or loss under the Non-Profit Corporation Act.

SECTION FIVE: Indemnification of Employees and Agents of the Association

The Association may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses, to any employee or agent of the Association

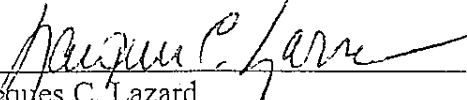
to the full extent of the provisions of this Article XIV with respect to the indemnification and advancement of expenses of directors and officers of the Association.

ARTICLE XV

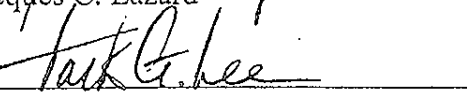
MISCELLANEOUS

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

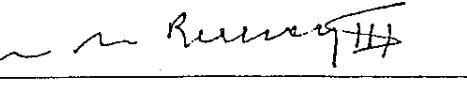
IN WITNESS WHEREOF, we, being all of the directors of the Association have hereunto set our hands as of the 7th day of January, 2000.



Jacques C. Lazard



Jack G. Lee

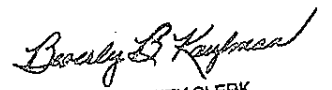


William M. Burney, III

ANY PROVISION HEREIN WHICH RESTRICTS THE SALE, RENTAL, OR USE OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW
THE STATE OF TEXAS
COUNTY OF HARRIS
I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas on

MAR - 7 2001





COUNTY CLERK
HARRIS COUNTY, TEXAS

RECORDER'S MEMORANDUM
AT THE TIME OF RECORDATION, THIS INSTRUMENT WAS FOUND TO BE INADEQUATE FOR THE BEST PHOTOGRAPHIC REPRODUCTION BECAUSE OF ILLEGIBILITY, CARBON OR PHOTO COPY, DISCOLORED PAPER, ETC.