

BY-LAWS
OF
FALCON POINT HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
Name and Location

The name of the corporation is Falcon Point Homeowners Association, Inc. The principle office of the Association shall be located at 5050 Westheimer, Suite 407, Houston, Texas 77056, but 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 Falcon Point Homeowners Association, Inc. a Texas non-profit corporation, its successors and assigns.

Section 2. "Declarant" shall mean and refer to RainAm Investment Properties Ltd. or its successor as set forth in the Declaration.

Section 3. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions of Falcon Point, recorded in the Real Property Records of Fort Bend County and Harris County, Texas (as amended or restated from time to time, the "Declaration").

Section 4. "Founding Documents" shall mean and refer to the Articles of Incorporation of the Association, the Declaration, supplemental declarations, and these By-Laws, all as may be duly amended or restated from time to time.

Section 5. "Lot" shall mean and refer to any Lot as defined in the Declaration.

Section 6. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

Section 7. "Owner" shall mean and refer to any Owner as defined in the Declaration.

Section 8. "Properties" shall mean and refer to the Properties defined as such in the Declaration.

Section 9. All other capitalized terms used herein, if not otherwise defined, shall have the same meaning as attributable to such terms in the Declaration.

ARTICLE III
Meetings of Members

Section 1. Annual Meetings. Each regular annual meeting of the Members shall be held on or about August 1 of each year, at the principal office of the Association unless written notice is provided otherwise. If the day for the annual meeting of the Members is a Saturday, Sunday or legal holiday, the meeting will be held at the same hour of the first day following which is not a Saturday, Sunday or legal holiday.

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-tenth (1/10) of all the votes entitled to be cast by all 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 the person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, not less than ten (10) nor more than fifty (50) 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 such other address that is supplied in writing by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and 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 tenth (1/10) of the votes of all 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, the Members entitled to vote thereat shall have power to adjourn the meeting, until a quorum as aforesaid shall be present or be represented.

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 or, prior to the election of a secretary, the party conducting such meeting. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

ARTICLE IV
Board of Directors

Section 1. Board of Directors. The affairs of this Association shall be managed by a Board of five (5) Directors (each, a "Director"), who need not be Members of the Association.

Section 2. Term of Office. At the meeting wherein these By-Laws are adopted, the Members shall elect five (5) new Directors, each to serve until the annual meeting of Members. Thereafter, Directors shall be elected on an annual basis at the annual meeting until the Class A Members are entitled to a majority of the eligible votes of Members. Beginning on the first annual meeting at which the Class A Members are entitled to cast a majority of the votes entitled to be cast, the Members shall elect two (2) Directors for a term of two (2) years, two Directors for a term of three (3) years and one (1) Director for a term of one (1) year; and at each annual meeting thereafter the Members shall elect that number of Directors equal to the number of Directors whose terms then expire for a term of three (3) years.

Section 3. Nomination. Nomination for election to the Board of Directors may be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting or at an initial meeting called for the purpose of electing the Board of Directors. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two or more other persons who are either officers or Members of the Association. The Nominating Committee may be appointed by the Board of Directors prior to 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 to be filled. Such nominations may be made from among Members or non-Members.

Section 4. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies, may cast, in respect of each vacancy, as many votes as they are entitled to cast under the provisions of the Declaration. The persons receiving the largest number of votes for each position to be filled shall be elected. Cumulative voting shall not be permitted.

Section 5. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, or removal of a Director, his successor shall be appointed by the Declarant if Declarant then owns one-sixth (1/6) or more of all Lots, or if Declarant owns less than one-sixth (1/6) of all Lots, then his successor shall be elected by the remaining members of the Board (though less than a quorum), and in all cases shall serve for the unexpired term of his predecessor.

Section 6. Vacancies. Any Director may resign at any time by giving written notice to the President or Secretary of the Association. Such resignation shall take effect at the time specified therein; and unless otherwise specified therein the acceptance of such resignation shall not be necessary in order for it to be effective. Any vacancy occurring because of resignation shall be filled by appointment of the Declarant if Declarant then

owns one-sixth (1/6) or more of all Lots, or if Declarant owns less than one-sixth (1/6) of all Lots, then by election pursuant to the affirmative vote of a majority of the remaining Directors though less than a quorum. A Director elected or appointed to fill a vacancy shall serve for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of Directors shall be filled by the affirmative vote of a majority of the Directors then in office or by an election at the annual meeting or at a special meeting of Members called for that purpose, as may be determined and set out in the resolutions effecting the increase in the number of Directors.

Section 7. Compensation. No Director shall receive compensation for any service he may render to the Association; provided, however, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 8. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all of the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Board.

ARTICLE V Meetings of Directors

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held with a minimum of five (5) days notice of such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a Saturday, Sunday or legal holiday, then that meeting shall be held at the same time of the next day which is not a Saturday, Sunday or legal holiday.

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 Director after not less than three (3) days notice to each Director, which such notice may be waived at or prior to such meeting.

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, either in person or by proxy, at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors at which action on a corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered into the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall

forward such dissent by registered mail to the Secretary of the Association within forty-eight (48) hours after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

ARTICLE VI
Powers and Duties of the Association

Section 1. Powers. The Association, by and through its Board of Directors, shall have the following rights and powers:

(a) to suspend the voting rights and right to the use of any facilities or services provided by the Association of a Member during any period in which such Member shall be in default in the payment of any assessment levied by or any other amount payable to the Association. Such rights may also be suspended after notice and hearing, for a period not to exceed sixty (60) days, for infraction of published rules and regulations;

(b) 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;

(c) 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 or services;

(d) to adopt and publish rules and regulations which may change from time to time governing the use of the Common Area and common facilities, and the personal conduct of the Members and their guests thereon; and

(e) to exercise such other rights and powers granted to the Association and not reserved to the membership under the Declaration, the Articles of Incorporation of the Association, or these By-Laws.

Section 2. Duties. It shall be the duty of the Association, by and through its 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 any special meeting when such statement is requested in writing by one-fourth (1/4) of the Class A Members who are entitled to vote;

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

(c) fix the amount of the annual or other assessment against each Lot and take such actions as it deems appropriate to collect such assessments and enforce the liens given to secure payment thereof;

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

(e) issue, or cause an appropriate officer, manager, contractor or employee 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 for the issuance of these certificates. If a certificate states that an assessment has been paid, such certificate shall be conclusive evidence of such payment;

(f) procure and maintain such liability, workers compensation, directors and officers liability, and other insurance as it may deem appropriate to protect the position of the Association;

(g) cause any officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and

(h) cause the Common Area or other areas used for the common benefit of the Members to be maintained.

ARTICLE VII Officers and Their Duties

Section 1. Enumeration of Offices. The officers of this Association shall be a President, who shall at all times be a member of the Board of Directors; one or more Vice Presidents; 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: (i) the meeting of Members adopting these By-Laws, or (ii) each annual meeting of the Members thereafter.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year (or until the first Board of Directors meeting after the annual meeting of the Members, if earlier) unless he shall sooner resign, or shall be removed, or otherwise be disqualified to serve.

Section 4. Special Appointment. 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. In all cases when the duties of any office are not prescribed by these By-Laws or by the Board, such officer shall follow the order and instructions of the President.

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 in order for it to be 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. No person shall simultaneously hold both the offices of President and Secretary. The offices of Vice President, Secretary and Treasurer or any combination of such offices may be held by the same person.

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

President

(a) The President shall preside at all meetings of the Board of Directors of the Association; 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 promissory notes.

Vice President(s)

(b) The Vice President(s) 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 them by the Board.

Secretary

(c) 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 property address and any alternate address as may be provided in writing by such Member; and shall perform such other duties as required by the Board.

Treasurer

(d) 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; co-sign all promissory notes of the Association; keep proper books of account; and keep accurate books and records of the fiscal affairs of the Association and make the same available for inspection by

Members of the Association during normal business hours by appointment.

ARTICLE VIII
Committees

The Board of Directors may appoint such committees as it may from time to time deem appropriate to carry out the purposes of the Association.

ARTICLE IX
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 principle office of the Association, where copies may be purchased at a reasonable cost.

ARTICLE X
Assessments

As more fully described in the Declaration, each Member is obligated to pay the Association annual and special 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 the rate set forth in the Declaration on the unpaid balance, and the Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property or exercise any other right provided by the Declaration or at law; and interest, costs, and reasonable attorney's fees of any action shall be added to the amount of such assessments. No Owner may waive or otherwise escape liability for the assessments provided for in the Declaration by non-use of the facilities or services provided by the Association or by abandonment of his Lot.

ARTICLE XI
Corporate Seal

The Association may have a seal in circular form having within its circumference the words "Falcon Point Homeowners Association, Inc." and within the center the word "Texas".

ARTICLE XII
Amendments

Section 1. Amendment. These By-Laws may be altered, repealed or amended, at a regular or special meeting of the Board of

Directors by a vote of a majority of a quorum of Directors present, or by action taken by unanimous consent of the Directors.

ARTICLE XIII
Conflicts

Section 1. Conflict. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control, and in the case of conflict between the Declaration, the Articles and/or these By-Laws, the Declaration shall control.

ARTICLE XIV
Miscellaneous

Section 1. Fiscal Year. 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.

Section 2. Waiver of Notice. Whenever notice is required by law, by the Articles of Incorporation or by the By-laws, waiver thereof in writing signed by the person entitled to said notice, whether before, or after the time stated therein, or his appearance at such meeting in person or (in the case of a Member's meeting) by proxy, shall be equivalent to such notice. The presence of a person at any meeting shall constitute a waiver of notice of such meeting except where such person attends such meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called.

Section 3. Use of Funds. No part of the net earnings of the Association shall inure to the benefit of or be distributable to its Members, trustees, or officers, except that the Association shall be authorized and have the power to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in its Articles of Incorporation.

ARTICLE XV
Indemnification of Officers and Directors

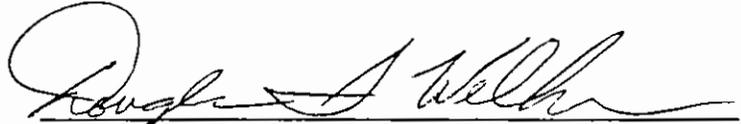
The Association shall indemnify its officers and Directors to the maximum extent allowable pursuant to Texas Civil Statutes Art. 1396-2.22A (Sec. B), as the same now exists or may be hereafter amended; and, to the extent said Art. 1396-2.22A or similar legislation may now allow or hereafter be amended to allow, the Association shall also indemnify its managers and contractors providing professional management services for the Association pursuant to written management agreements executed by the Association, to the same extent as the Association indemnifies the officers of the Association.

CERTIFICATION

I, the undersigned, do hereby certify:

That I am the duly elected and acting secretary of Falcon Point Homeowners Association, Inc., a Texas non-profit corporation, and,

THAT the foregoing By-Laws constitute the By-Laws of said Association, as duly adopted by the Members, on the 19th day of AUGUST, 1993.


Secretary