

**BYLAWS
OF
SHILOH DOWNS HOMEOWNERS ASSOCIATION**

**ARTICLE I
OFFICES**

1.01 **Registered Office.** The registered office of the SHILOH DOWNS HOMEOWNERS ASSOCIATION (hereafter the “*Association*”) shall be as designated with the Office of the Secretary of the State of Texas, as it may be changed from time to time by the Board of Directors.

1.02 **Other Offices.** The Association may also have offices at such other places within the Ellis/Fort-Worth Metropolitan area as the Board of Directors may from time to time determine, or the business of the Association may require.

**ARTICLE II
MEMBERSHIP AND VOTING RIGHTS**

2.01 **Membership and Voting Rights.** Membership and voting rights in the Association shall be determined in accordance with the terms and provisions of Article II of that certain Declaration of Shiloh Downs, Area No. 1 (as now or hereafter modified, amended and supplemented hereinafter referred to as the “*Declaration*”) recorded in Volume _____, Page _____, of the Deed Records of Ellis County, Texas, the Declaration being incorporated herein by this reference.

2.02 **Designation of Representative.** If any Lot or other portion of the Properties is owned by more than one person or entity, such Owners shall execute and deliver to the Association, no later than the commencement of each Annual or Special Meeting of the Members of the Association (unless a valid proxy is already on file with the Association) a proxy appointing and authorizing one individual to attend such Annual and Special Meetings and to cast the votes allocated to such Lot or other portion of the Properties. However, if any Lot or other portion of the Properties is owned by two persons who are legally husband and wife, either person may cast the votes allocated to such Lot or other portion of the Properties provided that the person is present at the Annual or Special Meeting.

2.03 **Cumulative Voting.** No cumulative voting shall be allowed at any meeting of the Members of the Association.

2.04 **Association.** The Association shall not be a voting Member by virtue of its ownership of the Common Properties, any Lot or any other portion of the Properties.

ARTICLE III MEETING OF MEMBERS

3.01 Annual Meeting. An Annual Meeting of the Members shall be held on the third Monday in the month of October in each year, beginning with the year, at the hour of 7:30 o'clock, P.M. for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the day fixed for the Annual Meeting shall be a legal holiday in the State of Texas, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any Annual Meeting or at any adjournment thereof, the Board of Directors of the Association (the "*Board*") shall cause the election to be held at a Special Meeting of the Members as soon thereafter as is conveniently possible.

3.02 Special Meeting. Special Meetings of the Members may be called by the President, by a majority vote of the Board or by the Members. The Members shall call a Special Meeting by delivering to the Secretary a petition signed by a minimum of one hundred (100) Members, or ten percent (10%) of the total Members of the Association, whichever may be fewer, requesting the Special meeting.

3.03 Place of Meeting. The Board shall designate a location within the proper boundaries of Ellis County, Texas as the place of meeting of the Annual Meeting, or for any Special Meeting called by the Board.

3.04 Notice of Meetings. Written or printed notice stating the place, day and hour of any meeting of Members shall be delivered, either personally or by mail, to each Member entitled to vote at such meeting, not less than (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President or Secretary, or the officers or the person calling the meeting. In case of a Special Meeting, or when required by statute or by these Bylaws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Association, with postage thereon prepaid.

3.05 Informal Action by Members. 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 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 entitled to vote with respect to the subject matter thereof.

3.06 Quorum. The Members holding one-half of the total eligible votes which may be cast at any meeting shall constitute a quorum at such meeting. If a quorum is not present at any meeting of Members, a majority of the Members present may adjourn the meeting from time to time without further notice.

3.07 Proxies. At any meeting of Members, a Member entitled to vote may vote by proxy executed in writing by the Member or by his duly authorized attorney-in-fact. The Secretary shall mail blank proxy forms to all Members not less than thirty-five (35) days before each Annual or Special Meeting of the Members. The form of the Annual Meeting proxy shall be such that it shall show the date of the Annual Meeting for which the proxy is being solicited and shall allow the Member to appoint any individual to represent the Member at the meeting. The Annual Meeting proxy shall also contain a ballot listing the names of all

candidates for Director who have notified the Secretary of their desire to be a candidate for Director at least forty-five (45) days prior to the Annual Meeting. If the Member signing a proxy does not appoint an individual to represent them, their vote shall be cast by a majority of the Board, except in the case of the election of the Directors, in which case the proxy shall not be voted for any candidate. Unless otherwise provided in the proxy, proxies shall remain in full force and effect until such time as the Annual or Special meeting for which it was executed is held with quorum and then adjourned. The proxy shall be filed with the Secretary prior to the casting of votes at any meeting.

ARTICLE IV DIRECTORS

4.01 General Powers. The affairs of the Association shall be managed by the Board. The Board shall have all powers and duties necessary or appropriate for the administration of the affairs of the Association and the accomplishment of the goals and purposes of the Association. Except for the initial Directors, who shall hold office until October 16, 2000, Directors shall be Members of the Association in good standing and shall reside and live in Shiloh Downs during the entire term of their office.

4.02 Number, Tenure and Qualifications. The number of Directors shall be three (3) until the next Annual Meeting of the Members to be held after October 16, 2000. At the next Annual Meeting, the number of Directors shall be increased to five (5). Three (3) Directors shall be the three (3) Directors who were elected to two (2) year terms on October 16, 2000 and the two (2) new Directors shall be the two (2) persons receiving the most votes in the election of Directors at that next Annual Meeting. The two (2) new Directors shall serve a term of two (2) years. If at any time a person has been elected to a two (2) year term as Director, he shall not be eligible to run for Director again until the Annual Meeting at which his term is scheduled to expire. At the expiration of the initial term of office of each respective Director as set out herein, the successor Director shall be elected to serve a term of two (2) ears. If in any election of Directors, there are more candidates for Director than there are offices available, the two (2) persons not elected who received the most votes for Director shall be named Alternate Directors and shall serve for a term of one (1) year. Alternate Directors shall have all the duties and privileges of regular Directors, except that they shall not have the right to vote as a Director.

4.03 Nominations. Nominations for candidates for Director shall be solicited from the Membership through the Association newsletter at least ninety (90) days prior to each scheduled Annual Meeting of the Members. Any Member may nominate him/herself to be a candidate by notifying the Secretary in writing of his/her desire to be a candidate at least forty-five (45) days prior to the Annual Meeting. Nominations may also be received from the floor during the Annual Meeting of the Members. There shall be no limit to the number of candidates who may be included on the ballot for Director. A list of the names of all candidates for Director who have notified the Secretary of their desire to be a candidate at least forty-five (45) days prior to the Annual Meeting shall be mailed to the Members in the manner specified in Article 3.07.

4.04 Regular Meetings. A regular Annual Meeting of the Board shall be held without other notice than this section 4.03 immediately after, and at the same place as the Annual Meeting of Members. At their regular Annual Meeting, the Board shall provide by resolution the time and place for the holding of regular monthly meetings of the Board and shall publish such meeting schedule within thirty (30) days after the Annual Meeting in the Association newsletter. At the regular Annual Meeting of the Board, the Board shall set and establish the Annual Assessment provided by Article III, Section 3 of the Declaration.

4.05 Special Meetings. Special Meetings of the Board shall be called by or at the request of the President or a majority of the Board. The person or persons authorized to call Special Meetings of the Board may fix any place within the proper boundaries of Ellis County, Texas, as the place for holding any Special Meeting of the Board called by them.

4.06 Notice. Notice of any Special Meeting of the Board shall be given at least two (2) days previously thereto by written notice delivered personally or sent by Overnight Express Mail or telegram to each Director at his 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 noticed be 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 convened or called. The business to be transacted at, and the purpose of, any Special Meeting of the Board must be specified in the notice or waiver of notice of such meeting.

4.07 Quorum. A majority of The Board (excluding Alternate Directors) shall constitute a quorum for the transaction of businesses at any meeting of the Board; but if less than a majority of the Directors are present at any meeting, a majority of the Directors present may adjourn the meeting from time to time without further notice.

4.08 Manner of Acting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, unless the act of a greater number is required by law or by these Bylaws.

4.09 Vacancies. Any vacancy occurring on the Board shall be filled at the next regularly scheduled meeting of the Board from among the Alternate Directors in the order of their finish in the election of Directors. If no Alternate Directors are available, the vacancy shall be filled from the Members by a majority vote of all remaining Directors.

4.10 Compensation. Directors as such shall not receive any stated salaries for their services, but by resolution of the Board expenses of attendance, if any, may be allowed for attendance at each regular or Special Meeting of the Board. No Director shall serve the Association in any other capacity and receive compensation thereof.

4.11 Informal Action by Directors. Any action required by law to be taken at a meeting of Directors, or any action which may be taken at a meeting of Directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors.

4.12 Interested Parties. Each Director shall exercise his powers and duties in good faith and with a view to the interests of the Association. No contract or other transaction between the Association and the Directors, or between the Association or any corporation, firm, or association in which any Director of the Association is pecuniarily or otherwise interested, is either void or voidable because any such Director is present at the meeting of the Board which authorizes or approves the contract or transaction, if (i) the fact of the common interest is disclosed in writing to all Board Members before the vote and noted in the minutes, or (ii) the fact of the common interest is disclosed in writing to at least a majority of the Members and the Members approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose, and (iii) the contract or transaction is commercially reasonable to the Association at the time it is authorized, ratified, approved or executed. However, although an interested Director may participate in the discussion of the contract or other transaction, he may not participate in the vote of Directors involving the contract or transaction. In such a case, the Alternate Director who received the greatest number of votes for Director in the most recent election of Directors, and who is present at the meeting of the Board considering the contract or transaction, shall be empowered to vote on the issue in place of the interested Director.

4.13 Oath of Office. Each Director, whether elected, appointed, or selected to fill a vacancy, and before such Director enters upon the duties of their office, shall take the following oath to be administered by the Secretary of the Association:

“I, (the Director to state his or her name), as a duly elected Director of the Shiloh Downs Homeowners Association, hereby swear and affirm that I will uphold the Bylaws and Declarations of the Shiloh Downs Homeowners Association, and otherwise exercise my powers and duties as a Director of such Association, in accordance with the best interest of the Members of the Association”.

ARTICLE V OFFICERS

5.01 Officers. The officers of the Association shall be President, Vice President, Secretary and Treasurer. No two (2) offices may be held by the same person. All officers must be Directors of the Association.

5.02 Election and Term of Office. The officers of the Association shall be elected annually by the Board at its regular Annual Meeting. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

5.03 Removal. Any officer elected or appointed may be removed for good cause by a majority vote of all the remaining Members of the Board, whenever in its judgement, the best interests of the Association would be served thereby.

5.04 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board for the unexpired portion of the term.

5.05 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. He shall preside at all meetings of the Members and of the Board. He or she shall sign, with the Secretary or any other proper officers of the Association authorized by the Board, any deeds, mortgages, bonds, contracts or other instruments which the Board has authorized to be executed, and in general he shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

5.06 Vice President. In the absence of the President or in the event of his or her inability or refusal to act, the Vice President shall perform the duties of the President and when so acting shall have all the powers of and be subject to all the restriction upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board.

5.07 Treasurer. The Treasurer shall have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for money due and payable to the Association from any source whatsoever, and deposit all such money in the name of the Association in such banks, trust companies or other depositories as shall be selected by the Board; and in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board. The Treasurer shall give a bond for the faithful discharge of this or her duties, in such sum and with such surety or sureties as the Board shall determine, before he or she enters upon the duties of his or her office but no later than ten (10) business days after being elected to the office. The cost of the bond shall be paid by the Association.

5.08 Secretary. The Secretary shall keep the minutes of the meeting of the Members and of the Board in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of the Bylaws, or as required by law; be custodian of the Association 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 the 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 him or her by the President or by the Board.

ARTICLE VI COMMITTEES

6.01 Committees. The Association shall have the following permanent committees: Finance, Architectural Control, Landscape and Maintenance, Bylaws/Declarations, Community Relations, Publications and Recreation. The Board, by resolution adopted by a majority of the Directors, may designate additional committees. Only Members of the Association in good standing may serve on a committee. Such Members shall notify the Secretary of the name of the committees(s) on which they wish to serve at the Annual Meeting of the Members or within thirty (30) days thereafter. All Members who give such notification shall be automatically appointed to the desired committee. After the thirty (30) day committee selection period has expired, additional

committee Members can be appointed by the President. Members may serve on up to three (3) different committees.

6.02 Terms of Office. Each Member of a committee shall continue as such until the next Annual Meeting of the Members of the Association, or until his successor is appointed unless the committee shall be sooner terminated, or unless such Member be removed from such committee, or unless such Member shall cease to qualify as a Member thereof. The Chairman of each committee shall have the authority to remove an Member who is absent from three (3) regularly scheduled meeting of the Committee.

6.03 Chairman. The Members of each committee shall elect a Chairman and Secretary at the first meeting of the committee after the Annual Meeting of the Members. Each officer shall hold office until his successor shall have been duly elected and shall have qualified.

6.04 Vacancies. Vacancies in the membership of any committee may be filled by appointments made in the same manner as provided in the case of the original appointments.

6.05 Quorum. A majority of the whole committee shall constitute a quorum. A quorum must be present for a committee to vote on final recommendations to the Board. However, a quorum is not necessary in order for the committee to meet and conduct other business matters but the minutes of the meeting shall note when the meeting was held, what business was transacted without a quorum, and the exact number and names of those who were present.

6.06 Rules. Each committee may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors. Each committee shall prepare an initial charter outlining the authority and responsibilities of the committee for approval by the Board. Changes in the charter of any committee may be made from time to time by submitting such proposed changes to the Board for approval.

6.07 Board Liaison. The Board shall assign one of its Members to act as a Board liaison with each committee. The Board liaison shall be an ex officio Member of the committee with the full rights and responsibilities of a committee Member except that he shall not serve as Chairman or Secretary of the committee. It shall be the responsibility of the Board liaison Member to report the activities of the committee to the Board during regular Board meetings.

6.08 Committee Reports. The Chairman of each committee shall make a report of the activities of the committee at the Annual Meeting of the Members.

ARTICLE VII INDEMNIFICATION

7.01 Indemnification. The directors, officers, agents and employees of the Association shall not be liable to the Association for any mistake in judgment (except for breach of fiduciary duty or intentional misconduct) or negligence in the performance of their duties. The Association shall indemnify any officer, director, agent or employee thereof, or any former officer, director, agent or employee who was or is a party, or is threatened to be made a party, to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was a director, officer, agent or employee of the Association, against expense (including, but not limited to, attorney fees and cost of the proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interest of the Association; provided, that with respect to: (i) any criminal action or proceeding, such person had no reasonable cause to believe that his conduct was unlawful; or (ii) any civil claim, issue or matter, such person was not guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit or proceeding by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his conduct was unlawful, that such person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interest of the Association, or that such person was guilty of gross negligence or willful misconduct in the performance of his duties to the Association, all such matters being determined solely and exclusively by the Board for the purpose of indemnification, as herein provided.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon determination that indemnification of such person is proper in the circumstances because he has met the applicable standards of conduct as set forth herein. Such determination shall be made by the Board by a majority vote of Directors who were not parties to such action, suit or proceeding, whether or not a quorum. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he is not entitled thereto as provided in this article VII.

To the extent that any such person has been successful on the merits or otherwise in the defense of any action, suit or proceeding, whether civil or criminal, such person shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him in connection therewith.

The indemnification provided herein shall be exclusive of any at all other rights and claims to which those indemnified may be entitled as against the Association, and every director, agent, officer or employee thereof, under any Bylaw, resolution, agreement or law, and any requests for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each director, agent, officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person in entitled thereto under the provisions of this Article VII.

7.02 Other. The Board and the officers and agents of the Association shall enter into contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment and the Association shall indemnify and hold them harmless from and against any and all liability to others on account of such contracts or other commitments, provided, that with respect to: (i) any criminal action or proceeding, such person had no reasonable cause to believe his conduct was unlawful; or (ii) any civil claim, issue or matter, such person was not guilty of breach of fiduciary duty or willful misconduct. All terms and provisions of Section 7.01 shall apply to this Section 7.02 as if set forth herein at length.

7.03 Notice of Claim. The directors, officers, agents, and employees of the Association shall, within ten (10) days of receiving notification of any threatened action, claim, lawsuit, or proceeding, inform the attorney for the Association in writing of such threatened action, claim, lawsuit, or proceeding. If the failure to provide notice prejudices the defense of the threatened action, claim, suit, or proceeding, indemnification may be denied by the Board by a majority vote of Directors who were not parties to the threatened action, claim, suit, or proceeding.

ARTICLE VIII GENERAL PROVISION

8.01 Certificates of Membership. The Board may provide for the issuance of certificates evidencing membership in the Association, which shall be in such form as may be determined by the Board. All certificates evidencing membership of any class 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. If any certificate shall become lost, mutilated or destroyed, a new certificate may be issued therefor upon such terms and conditions as the Board may determine.

8.02 Books and Records. The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its Members, the Board and committees having any of the authority of the Board, and shall keep at the registered or principal office a record giving the names and addresses of the Members certified to vote. All books and records of the Association may be inspected by any Member, or his agent or attorney for any proper purposes at any reasonable time.

8.03 Checks and Notes. All checks or demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons as the Board may from time to time designate.

8.04 Fiscal Year. The fiscal year of the Association shall be fixed by the resolution of the Board.

8.05 Seal. The Association seal shall have inscribed thereon the name of the Association and shall be in such form as the Board may prescribe.

8.06 Dedicated Property. The Association shall have power to dedicate any of its property to an appropriate public authority for public use, *PROVIDED, HOWEVER*, that any such

dedication shall have the assent of sixty percent (60%) of the total eligible votes of the membership of the Association voting in person or by proxy at a meeting duly called for such purpose, written notice of which shall be given to all Members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

8.07 Waiver of Notice. Whenever any notice is required to be given under the provisions of the Texas Non-Profit Corporation Act, or under the provisions of the 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 deemed equivalent to the giving of such notice.

8.08 Resignation. Any director, officer or agent may resign by giving written notice to the President or the Secretary. The resignation shall take effect at the time specified therein. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

8.09 Amendments to Bylaws. These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by a majority vote of all the Members of the Board, if (i) at least thirty (30) days written notice is given to each Member of the Association of the intention to alter, amend or repeal, or to adopt new Bylaws; and (ii) if such committee shall actually exist, the proposed changes shall have been submitted to the Bylaws committee for their review and recommendation at least thirty (30) days before the scheduled meeting. Such vote may take place at any regular meeting or at a Special Meeting. Any Member may attend the regular or Special Meeting and speak for or against the proposed changes. Any Member of the Association in good standing may propose changes to the Bylaws by submitting changes in writing to the Chairman of the Bylaws committee who shall cause the committee to review the proposed changes and submit them with the committee's recommendation to the Board within ninety (90) days after receipt. Notwithstanding the foregoing, until December 2003, any alteration, amendment or repeal of the Bylaws shall require the consent of the Class B Member.

8.10 Headings. The headings used in these Bylaws have been inserted for convenience only and do not constitute matter to be construed in interpretation.

8.11 Construction. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural, and conversely. If any portion of these Bylaws shall be invalid inoperative, then so far as is reasonable and possible, the remainder of these Bylaws shall be considered valid and operative and effect shall be given to the intent manifested by the portion held invalid and inoperative.

8.12 Defined Terms. Any terms capitalized herein and not defined herein shall have the meanings set forth in the Declaration or in the Declaration or in the Articles of Incorporation.

ARTICLE IX EXECUTION FOR IDENTIFICATION

These BYLAWS OF THE SHILOH DOWNS HOMEOWNERS ASSOCIATION are executed for identification by John A. Bass as of 1 June 1999.

John A. Bass