

BYLAWS OF
SABLE CREEK OWNERS ASSOCIATION, INC.

ARTICLE 1
DEFINITIONS

1.01 "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for Sable Creek, now or hereafter filed in the Real Property Records of Denton County, Texas, and affecting the Property or any portions thereof, including any amendments to the Declaration as may be made from time to time in accordance with the terms of the Declaration. The Declaration is incorporated herein by reference and made a part of these Bylaws.

1.02 "Declarant Control Period" shall mean that period of time during which Declarant controls the operation of the Association. The duration of the Declarant Control Period will be from the date the Declaration is recorded for a maximum period not to exceed the earlier of:

- a) Ten years from date the Declaration is recorded; or
- b) Six months after title to eighty-five percent (85%) percent of the Lots that may be created in the Property and on the Additional Land has been conveyed to Owners other than Builders.

1.03 "Sable Creek" shall mean all of the real property located in Denton County, Texas and defined as the "Property" in the Declaration.

1.04 Other capitalized terms used in these Bylaws, but not defined herein, shall have the meanings given them in the Declaration.

ARTICLE 2
APPLICABILITY OF BYLAWS

Association

2.01 The provisions of these Bylaws constitute the Bylaws of the nonprofit corporation known as SABLE CREEK OWNERS ASSOCIATION, INC., referred to as the "Association."

Applicability

2.02 The provisions of these Bylaws are applicable to Sable Creek as defined in Paragraph 1.03 of these Bylaws.

Personal Application

2.03 All present or future Owners, their employees, guests, or other persons that use the facilities of Sable Creek or its Common Areas, in any manner are subject to the regulations set

forth in these Bylaws. The mere acquisition of any of the Lots in Sable Creek or the mere act of occupancy of any of the Lots or Common Areas will signify that these Bylaws are accepted and ratified and will be complied with by the purchaser or occupant.

ARTICLE 3 OFFICES

Principal Office

3.01 The initial principal office of the Association shall be located at 5153 W. Plano Parkway, Plano, Collin County, Texas 75093.

Registered Office and Registered Agent

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

ARTICLE 4 QUALIFICATIONS FOR MEMBERSHIP

Membership

4.01 The membership of the Association shall consist of all of the Owners of the Lots within Sable Creek.

Proof of Membership

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

No Additional Qualifications

4.03 The sole qualification for membership shall be ownership of a Lot in Sable Creek. Membership is appurtenant to and may not be separated from ownership of the Lot; provided, however, a member who sells a Lot by contract for deed may delegate his membership rights to the contract purchaser, provided a written assignment is delivered to the Association. No initiation fees, costs, or dues shall be assessed against any person as a condition of membership except such assessments, levies, fees, and charges as are authorized or permitted under the Articles of Incorporation or the Declaration.

Certificates of Membership

4.04 The Board of Directors may provide for the issuance of certificates evidencing

membership in the Association that shall be in such form as may be determined by the Board. All certificates evidencing membership, if issued by the Board of Directors, 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 and maintained by the Secretary at the principal office of the Association.

ARTICLE 5 VOTING RIGHTS

Voting and Voting by Co-Owners

5.01 (a) Voting shall be on a Lot basis. Except as provided below during the Declarant Control Period, the Owner of each Lot is entitled to one vote. Each vote is uniform and equal to the vote appurtenant to every other Lot, except during the Declarant Control Period as provided in subsection (b) below. Cumulative voting is not allowed.

(b) During the Declarant Control Period, the vote appurtenant to each Lot owned by Declarant is weighted 6 times that of the vote appurtenant to a Lot owned by another Owner. In other words, during the Declarant Control Period, Declarant may cast the equivalent of 6 votes for each Lot owned by Declarant on any issue before the Association. On termination of the Declarant Control Period and thereafter, the vote appurtenant to Declarant's Lots is weighted uniformly with all other votes.

(c) The one vote appurtenant to a Lot is not divisible. If only one of the multiple co-Owners of a Lot is present at a meeting of the Association, that person may cast the vote allocated to the Lot. If more than one of the co-Owners is present, the Lot's one vote may be cast with the co-Owners unanimous agreement. Co-Owners are in unanimous agreement if one of the co-Owners casts the vote and no other co-Owner makes prompt protest to the person presiding over the meeting. Any co-Owner of a Lot may vote by ballot or proxy, and may register protest to the casting of a vote by ballot or proxy by the other co-Owners. If the person presiding over the meeting or balloting receives evidence that the co-Owners disagree on how the one appurtenant vote will be cast, the vote will not be counted.

(d) If an Owner is delinquent in the payment of any assessment due the Association for at least 30 days, the Owner's right to vote shall be suspended until the assessment is paid in full.

Proxies

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

Quorum

5.03 The presence, either in person or by proxy, at any meeting, of Members entitled to cast at least 51% of the total voting power of the Association shall constitute a quorum for any action, except as otherwise provided in the Articles or Declaration. In the absence of a quorum at a meeting of Members, a majority of those Members present in person or by proxy may adjourn the meeting to a time not less than five (5) days nor more than thirty (30) days from the meeting date.

Required Vote

5.04 The vote of the majority of the votes entitled to be cast by the Members present, or represented by proxy, at a meeting at which a quorum is present shall be the act of the meeting of Members, unless the vote of a greater number is required by statute or by the Articles or Declaration.

ARTICLE 6 MEETINGS OF MEMBERS

Annual Meetings

6.01 The initial organizational meeting ("Initial Meeting") of the Association shall be the meeting at which the Bylaws are adopted by the initial Board of Directors named in the Articles of Incorporation. Within sixty (60) days after the end of the Development Period, Declarant will call an organizational meeting of the Members of the Corporation (the "Members Organizational Meeting") for the purpose of electing, by vote of the Members, Directors to the Board, setting the number of Directors and setting the date and time each year for the annual meeting of the Members. Written notice of the Members Organizational Meeting must be given to an Owner of each Lot at least ten (10) days before the meeting. For the Members Organizational Meeting, Owners of ten percent (10%) of the Lots constitutes a quorum.

Special Meetings

6.02 Special meetings of the Members may be called by the President, the Board of Directors, or by Members representing at least 51% of the total voting power of the Association.

Place

6.03 Meetings of the Members shall be held within Sable Creek or at a convenient meeting place, as the Board may specify in writing in its sole discretion.

Notice of Meetings

6.04 Written notice of all Members' meetings shall be given by or at the direction of the Secretary of the Association (or other persons authorized to call the meeting) by mailing, sending by electronic mail or personally delivering a copy of such notice at least 10 but not more than 50 days before the meeting to each Member entitled to vote at the meeting. The notice must be addressed to the Member's address last appearing on the books of the Association or supplied by

such Member to the Association for the purpose of notice. The notice shall specify the place, day, and hour of the meeting and, in the case of a special meeting, the nature of the business to be undertaken.

Order of Business

6.05 The order of business at all meetings of the Members shall be as follows:

- (a) Roll call.
- (b) Proof of notice of meetings or waiver of notice.
- (c) Reading of Minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of directors.
- (g) Unfinished business.
- (h) New business.

Action Without Meeting

6.06 Any action required by law to be taken at a meeting of the Members or any action that may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Members representing at least fifty one percent (51%) of the total voting power of the Association and filed with the Secretary of the Association.

6.07 The Association is granted the right to borrow money, subject to (1) the consent of owners of a least of majority of lots represented at a properly noticed meeting of the Association, at which a quorum is present, called for the purpose of approving the loan, and (2) the ability of the Association to repay the borrowed funds from assessments. To assist its ability to borrow, the Association is granted the right to encumber, mortgage, pledge, or deed in trust any of its real or personal property, and the right to assign its right to future income, as security for money borrowed or debts incurred, provided that the rights of the lender in the pledged property are subordinate and inferior to the rights of the Owners hereunder.

ARTICLE 7 BOARD OF DIRECTORS

Number

7.01 The affairs of this Association shall be managed by a Board of Directors consisting of not less than three nor more than nine persons, all of whom may be, but need not be, Members

of the Association. Unless the Articles of Incorporation or Declaration expressly reserves a right, action or decision to the Members, Declarant or another party, the Board acts in all instances on behalf of the Association. The initial Board of Directors shall have three (3) Members and shall remain three (3) Members during the Declarant Control Period. The Members at the Members Organizational Meeting shall designate the Board of Directors.

7.02 During the Declarant Control Period, Declarant may appoint, remove and replace any Director without meeting or approval of the Members. At the Members Organizational Meeting of the Association, the Members shall elect Directors who shall hold office until the next annual meeting or a special meeting of the Members called for the purpose of electing directors, at which time the staggering of terms may begin. After the Members Organizational Meeting, Directors shall be elected at the annual meetings of the Members and shall hold office for a term of _____ (___) year(s) and until their successors are elected and qualified. [Note: If terms are more than one year, would you like the terms to be staggered?]

Committees.

7.03 Nomination for election to the Board of Directors shall be made from the floor at the annual meeting of the Members and/or from a nominating committee established by the Board.

Removal

7.04 Directors may be removed from office without cause by a two-thirds (2/3) majority vote of the Members of the Association.

Vacancies

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

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

Compensation

7.06 With the prior approval of Members representing at least fifty-one percent (51%) of the voting power of the Association, a Director may receive compensation in a reasonable amount for services rendered to the Association. A Director may be reimbursed by the Board for actual expenses incurred by the Director in the performance of the Director's duties.

Powers and Duties

7.07 The Board shall have the powers and duties, and shall be subject to limitations on such powers and duties, as enumerated in the Declaration.

Committees

7.08 The Board of Directors may, by resolution passed by a majority of the Board, designate committees, each committee to consist of one or more Directors. Such committee or committees may have members who are not Directors. These committees shall have such power and authority and shall perform such functions as may be provided in such resolution. After the Development Period, the Board of Directors shall appoint and may remove and replace the members of the Architectural Control Committee.

ARTICLE 8 MEETINGS OF DIRECTORS

Regular Meetings

8.01 After the Development Period, regular meetings of the Board of Directors shall be held _____ [monthly, quarterly, semi-annually] at a place and at a time as may be fixed from time to time by resolution of the Board. Notice of the time and place of regular meetings shall be posted on small signs (2' X 3') at the entryways to Sable Creek.

Special Meetings

8.02 Special meetings of the Board of Directors shall be held when called by written notice signed by the President of the Association or by any two Directors other than the President. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. Notice of a special meeting must be given to each Director not less than two (2) days or more than ten (10) days prior to the date fixed for such meeting by written notice either delivered personally, sent by mail, telecopy, or telegram to each Director at the Director's address as shown in the records of the Association.

Quorum

8.03 A quorum for the transaction of business by the Board of Directors shall be a majority of the number of Directors constituting the Board of Directors.

Voting Requirement

8.04 The act of the majority of Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors unless any provision of the Articles or Declaration requires the vote of a greater number.

Open Meetings

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

Executive Session

8.06 The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Association is or may become involved, and other business of a confidential nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

ARTICLE 9 OFFICERS

Enumeration of Officers

9.01 The Officers of this Association shall be a President, Secretary and Treasurer. The Board of Directors may, by resolution, create such other offices as it deems necessary or desirable.

9.02 During the Declarant Control Period, Declarant may appoint, remove and replace any officer without meeting or approval of the Board of Directors. Thereafter, the Officers of this Association shall be elected annually by the Board of Directors and each shall hold office for one (1) year unless the Officer shall sooner resign, be removed, or be otherwise disqualified to serve.

Resignation and Removal

9.03 Any Officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect at the date of receipt of the notice or at any later time specified in the notice. Any Officer may be removed from office by the Board whenever, in the Board's judgment, the best interests of the Association would be served by such removal.

Multiple Offices

9.04 Any two or more offices may be held by the same person, except the offices of President and Secretary.

Compensation

9.05 Officers shall receive such compensation for services rendered to the Association as determined by the Board of Directors and approved by Members have a majority of the voting power of the Association.

ARTICLE 10 PRESIDENT

Election

10.01 Beginning with the Members Organizational Meeting, at the meeting of the Board immediately following the Members Organization Meeting and each annual meeting of the Members thereafter, the Board shall elect one of their number to act as President.

10.02 The President shall:

- (a) Preside over all meetings of the Members and of the Board.
- (b) Sign as President all deeds, contracts, and other instruments in writing that have been first approved by the Board, unless the Board, by duly adopted resolution, has authorized the signature of a lesser Officer.
- (c) Call meetings of the Board whenever he or she deems it necessary in accordance with rules and on notice agreed to by the Board. The notice period shall, with the exception of emergencies, in no event be less than two (2) days.
- (d) Have, subject to the advice of the Board, general supervision, direction, and control of the affairs of the Association and discharge such other duties as may be required of him or her by the Board.

ARTICLE 11 VICE-PRESIDENT

Election

11.01 At the first meeting of the Board immediately following the Members Organizational Meeting and each annual meeting of the Members thereafter, the Board may elect one of its Members to act as Vice-President.

Duties

11.02 The Vice-President shall:

- (a) Act in the place and in the stead of the President in the event of the President's absence, inability, or refusal to act.
- (b) Exercise and discharge such other duties as may be required of the Vice-President by the Board. In connection with any such additional duties, the Vice-President shall be responsible President.

ARTICLE 12 SECRETARY

Election

12.01 At the first meeting of the Board immediately following the Members Organizational Meeting and each annual meeting of the Members thereafter, the Board shall elect a Secretary.

12.02 The Secretary shall:

- (a) Keep a record of all meetings and proceedings of the Board and of the Members.

- (b) Keep the seal of the Association, if any, and affix it on all papers requiring the seal.
- (c) Serve notices of meetings of the Board and the Members required either by law or by these Bylaws.
- (d) Keep appropriate current records showing the Members of the Association together with their addresses.
- (e) Sign as Secretary all deeds, contracts, and other instruments in writing that have been first approved by the Board if the instruments require a second Association signature, unless the Board has authorized another Officer to sign in the place and stead of the Secretary by duly adopted resolution.

ARTICLE 13 ASSISTANT SECRETARY

Election

13.01 At the Organizational Meeting of the Board immediately following the Members Organizational Meeting and each annual meeting of the Members thereafter, the Board may elect one of its Members to act as Assistant Secretary.

Duties

13.02 The Assistant Secretary shall:

- (a) Act in the place and in the stead of the Secretary in the event of the Secretary's absence, inability, or refusal to act.
- (b) Exercise and discharge such other duties as may be required of the Assistant Secretary by the Board. In connection with any such additional duties, the Assistant Secretary shall be responsible to the Secretary.

ARTICLE 14 TREASURER

Election

14.01 At the Organizational Meeting of the Board immediately following the Members Organizational Meeting and each annual meeting of the Members thereafter, the Board shall elect a Treasurer.

Duties

14.02 The Treasurer shall:

(a) Receive and deposit in a bank or banks, as the Board may from time to time direct, all of the funds of the Association.

(b) Be responsible for and supervise the maintenance of books and records to account for the Association's funds and other Association assets.

(c) Disburse and withdraw funds as the Board may from time to time direct, in accordance with prescribed procedures.

(d) Prepare and distribute the financial statements for the Association required by the Declaration.

ARTICLE 15 POWERS AND RESPONSIBILITIES

General Powers and Duties

15.01 The Association shall carry out all of the responsibilities and duties, and shall possess all of the powers, set out in the Declaration, acting by and through its Board and officers. All enforcement of restrictions, assessments, liens, maintenance and other elements of the Declarations shall be diligently and consistently carried out by the Association.

15.02 The Association may deem it appropriate to establish different Rules and Regulations for the separate communities or subdivisions within Sable Creek, but all of such action shall be taken by the Association, and not by any one community or subdivision acting alone. No separate Rules or Regulations for communities within Sable Creek shall alter or amend the Declarations, but may supplement the Declarations for that community or subdivision by more restrictive, but not less restrictive, Rules or Regulations. If the Association desires to do so, subcommittees of the Board may be created to oversee the separate Rules or Regulations for separate communities within Sable Creek.

ARTICLE 16 BOOKS AND RECORDS

Maintenance

16.01 Complete and correct records of account and minutes of proceedings of meetings of Members, Directors, and committees shall be kept in the possession of the officers or at the registered office of the Association. A record containing the names and addresses of all Members entitled to vote shall be kept at the registered office or principal place of business of the Association.

Inspection

16.02 The Declaration, the membership register, the books of account, and the minutes of proceedings shall be available for inspection and copying by any Member of the Association at any reasonable time and at the Member's expense, provided the Member gives a written demand

stating the purpose of such inspection.

ARTICLE 17

INDEMNIFICATION

17.01 To the extent allowed by the Texas Non-Profit Corporation Act, the Association indemnifies every officer, director, committee chair, and committee member (for purposes of this Paragraph, "Leaders") against expenses, including attorney's fees, reasonably incurred by or imposed on the Leader in connection with an action, suit, or proceeding to which the Leader is a party by reason of being or having been a Leader. A Leader is not liable for a mistake of judgment, negligent or otherwise. A Leader is liable for his willful misfeasance, malfeasance, misconduct, or bad faith. This right to indemnification does not exclude any other rights to which present or former Leaders may be entitled. The Association may maintain general liability and directors and officers liability insurance to fund this obligation. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent, or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity. Additionally, the Association may indemnify a person who is or was an employee, trustee, agent, or attorney of the Association, against any liability asserted against him and incurred by him in that capacity and arising out of that capacity.

ARTICLE 18

AMENDMENT OF BYLAWS

18.01 During the Declarant Control Period, these Bylaw may be amended, altered or repealed by the Board of Directors at a regular or special meeting called for such purpose. After the Declarant Control Period, these Bylaws may be amended, altered, or repealed at a regular or special meeting of the Members of the Association by the affirmative vote in person or by proxy of Members representing a majority of a quorum of the Association. Notwithstanding the above, the percentage of voting power necessary to amend a specific clause or provision shall not be less than the prescribed percentage of affirmative votes required for action to be taken under that clause.

Certification

I, M.G. Todd, do hereby certify that I am the duly-elected and acting Secretary of SABLE CREEK OWNERS ASSOCIATION, INC. and that the above and foregoing Bylaws were adopted as the Bylaws of the Corporation by consent action of the initial Board of Directors of the Corporation effective the ____ day of _____, 2005.

M. G. Todd, Secretary