

**BY-LAWS
OF
INVERNESS HOUSTON PROPERTY OWNERS ASSOCIATION, INC.**

**ARTICLE I.
NAME AND LOCATION**

Section 1.01 Name and Location. The name of the corporation is Inverness Houston Property Owners Association, Inc., a Texas non-profit corporation (hereinafter referred to as "the Association).

**ARTICLE II.
DEFINITIONS**

Section 2.01 "Articles" shall mean and refer to the Articles of Incorporation of the Association filed with the Texas Secretary of State, as they are amended from time to time.

Section 2.02 "Association" shall mean and refer to Inverness Houston Property Owners Association, Inc., a Texas non-profit corporation, its successors and assigns.

Section 2.03 "Board" or "Board of Directors" shall mean and refer to the Board of Directors of the Association.

Section 2.04 "Common Area" shall mean and refer to any real property owned by the Association for the common use and enjoyment of the Members.

Section 2.05 "Declarant" shall mean and refer to 2920 Venture, Ltd., a Texas limited partnership, its successors and assigns so designated in writing by 2920 Venture, Ltd., a Texas limited partnership. No Person or entity merely providing loans to or purchasing (in the ordinary course of such purchaser's business) one or more Lots from 2920 Venture, Ltd., shall be considered a "Declarant".

Section 2.06 "Declaration" The term Declaration as used in these By-Laws shall mean and refer to "Declaration of Covenants, Conditions, Restrictions and Easements of Inverness Estates Section One (1) and Inverness Estates Section Two (2), a Harris County Subdivision" as recorded in County Clerk File No. Y217987 of the Official Public Records of Harris County, Texas (the "Declaration") and any amendments or supplements thereto and the restrictive covenants of any other property brought within the jurisdiction of the Association.

Section 2.07 "Election Date" shall mean and refer to the earliest of the dates when (a) the last vacant Lot in the Subdivision is sold to an Owner, other than Declarant, or (b) Declarant by written notice to the Board notifies the Board of its election to cause the Election Date to occur.

Section 2.08 "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision maps of the Property, as a building location for a single family residential dwelling and with the exception of the Common Area and an Reserves shown thereon.

Section 2.09 "Member" shall mean and refer to every person or entity who is a record owner of a fee or undivided interest in any Lot, including contract sellers. A person or entity who holds an interest merely as security for the performance of an obligation is not a Member. Membership status is appurtenant to and may not be separated from ownership of a Lot that is subject to assessment by the Association.

Section 2.10 "Property" shall mean and refer to the certain real property encumbered by the Declaration and any other real property brought within the jurisdiction of the Association.

ARTICLE III.

PRINCIPAL AND REGISTERED OFFICE OF THE ASSOCIATION

Section 3.01 Principal Office. The Board of Directors shall designate the principal office and place of business of the Association. Such designation from time to time shall replace any prior designation of principal office and place of business.

Section 3.02 Registered Agent/Office. The Association shall have and continuously maintain within the State of Texas, a registered office and a registered Agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The Board of Directors may change from time to time the registered office and the registered agent.

ARTICLE IV.

PURPOSES AND POWERS

Section 4.01 Purposes and Powers. The purposes of the Association are to provide for the maintenance, preservation, and architectural control of the Lots and Common Area. The purposes and powers are further described by law and in the Articles, the Declaration, and these By-Laws.

Section 4.02 Security. IT IS UNDERSTOOD AND AGREED THAT IT SHALL NOT BE ONE OF THE PURPOSES OF THE ASSOCIATION TO PROVIDE SECURITY TO THE RESIDENTS OF THE PROPERTY OR THEIR GUESTS AND INVITEES. EACH MEMBER AND RESIDENT OF THE PROPERTIES, THEIR GUESTS, AND INVITEES ARE RESPONSIBLE FOR HIS OR HER OWN PERSONAL SAFETY. NEITHER THE ASSOCIATION, ITS BOARD OF DIRECTORS, NOR ITS DIRECTORS OR OFFICERS, SHALL IN ANY WAY BE CONSIDERED INSURERS OR GUARANTORS OF SECURITY WITHIN THE PROPERTY, NOR SHALL THEY BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OR ALLEGED FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN, IF ANY.

ARTICLE V.

MEMBERSHIP AND VOTING RIGHTS

Section 5.01 Membership. Every Owner of a Lot which is subject to assessment shall be a member of the Association, however, the Declarant, as provided in the Declaration, shall not be subject to this assessment. Membership shall be appurtenant to and may not be separated from ownership of any Lot, which is subject to assessment.

Section 5.02 Voting Rights. The Association shall have two classes of voting membership:

Class A. Class A Members shall be all those Owners as defined in Article III, Section 3.5 of the Declaration, with the exception of Declarant. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership in Article III, Section 3.3 of the Declaration. When more than one (1) person holds interest in any Lot, all such persons shall be Members. The vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B Member shall be Declarant. The Class B Member shall be entitled to seven (7) votes for each Lot in which it holds the interest required for membership by Article III, Section 3.3 of the Declaration; provided, however, that the Class B membership shall cease and be converted to Class A membership on the Election Date as defined in the Declaration.

ARTICLE VI. **MEMBERSHIP MEETINGS**

Section 6.01 Annual Meeting. An annual meeting must be held each calendar year at a date, time and place designated by the Board. Written notice of the annual meeting, including the date, time and place shall be given to the Members not less than ten (10) days no more than sixty (60) days prior to the date set for such meeting. The notice to a Member is sufficient if it is sent by first class mail, postage prepaid, addressed to the Member's address last appearing in the records of the Association or supplied by the Member to the Association for purpose of notice.

Section 6.02 Special Meetings. A special meeting of the Members may be called at any time concerning any item relevant to the business of the Association, either by the Board or upon written request by at least one tenth (1/10) of the Members. A request for a special meeting that is signed by one tenth (1/10) or more of the Members must (1) be in writing; (2) state the purpose or purposes of the requested meeting; and (3) be delivered to the Secretary or the management company (if one (1) is so employed by the Association). The request may be signed in multiple counterparts by the Members. Written notice of a special meeting, including the date, time, place and purpose shall be given to the Members not less than ten (10) days prior to the date scheduled for such meeting. The notice may be given in the same manner as specified for the annual meeting. The business conducted at a special meeting will be limited to the purpose for which the special meeting was requested.

Section 6.03 Quorum and Actions of the Members. A quorum for the transaction of business at the annual or a special meeting consists of ten percent (10%) of the Members eligible to cast a vote in person or by proxy at the meeting. Any action approved by a majority of the Members present (in person or by proxy) at a duly noticed annual or special meeting at which a quorum is present shall be regarded as an act of the Members, unless a higher percentage is required by law, the Declaration, the Articles, or these By-Laws.

Section 6.04 Member Roster. A roster of the eligible Members shall be available for inspection at an annual or special meeting of the Members.

Section 6.05 Decorum and Order. All Members present at any Association meeting must conduct themselves and address other Members in a manner respectful to all Members present. A Member who desires to debate an item on the meeting agenda shall rise and address the presiding officer once no other Member is speaking. Once recognized by the presiding officer, a Member shall state his or her name and address of the Lot or Lots owned by the Member, before expressing the Member's position on an item open for discussion. When discussing an item, only one Member will be allowed to speak at a time. The Board may set time limits on the discussion of items by the Members. The Board has the right to assign a Sergeant-at-Arms to enforce proper conduct at any meeting of the Members.

Section 6.06 Proxies. Members may only vote by proxy at any annual or special meeting of the members on the proxy approved by the Board for the annual or special meeting.

ARTICLE VII.

BOARD OF DIRECTORS

Section 7.01 Number and Qualifications. The affairs of the Association shall be managed by the Board of Directors, which shall consist of three (3) directors, who until the Election Date need not be Members of the Association. After the Election Date, all directors must be Members of the Association. The number of director may be increased by an amendment to these Bylaws.

Section 7.02

a. Powers. The Board of Directors will have the power to:

1. adopt and publish rules and regulations governing the use of the Common Areas and facilities, including the personal conduct of the Members and their guests thereon, and to establish penalties for infraction thereof;
2. suspend the voting rights and right to use of the recreational facilities of a Member during any period in which such Member shall be in default in the payment of any assessment levied by 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;
3. employ a manager, independent contractor, or such other employees as they deem necessary, and to prescribe their duties;
4. borrow funds;

5. exercise on behalf of the Association all powers, duties, and authority vested in, delegated or afforded to the Association and not reserved to the Membership by law or other provision of these By-laws, Articles of Incorporation, or the Declaration;

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

1. cause to be kept a complete record of all its acts and corporate affairs;
2. supervise all officers, agents, and employees of the Association and see to that their duties are properly performed;
3. as more fully provided in the Declaration, to:
 - a. fix the amount of the annual assessment against each Lot;
 - b. send written notice of each assessment to every owner subject thereto in advance of each annual assessment period; and
 - c. institute and pursue any and all lawful means to collect any past due assessments, including without limitation, foreclosure of the lien against any property for which assessments are not paid or institution of an action at law against the owner personally obligated to pay the same.
4. issue, or 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 those certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment;
5. procure and maintain adequate liability and hazard insurance on all property owned by the Association;
6. cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and
7. cause the Common Area to be maintained.

Section 7.03 Standard of Care. A Director will discharge the Director's duties, including the Director's duties as a member of a committee, in good faith, with ordinary care, and in a manner the Director reasonably believes to be in the best interest of the Association. The judgment of the Board in the expenditure of funds of the Association shall be final and conclusive, so long as such judgment is exercised in good faith. In the discharge of any duty imposed or power conferred on a Director, including as a member of a committee, the Director may in good faith rely on information, opinions, reports, or statements, including financial statements and other financial data, concerning the Association or another person that were prepared or presented by:

- a. one or more officers or agents of the Association;
- b. legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional or expert competence; and
- c. a committee of the Board of which the Director is not a member.

A Director is not relying in good faith, within the meaning of this Section, if the Director has knowledge concerning a matter in question that makes reliance otherwise permitted by this Section unwarranted.

Section 7.04 Compensation. No Director will receive any salary or other compensation for their services as Director. This shall not be deemed to prohibit payment of reasonable compensation to any Director for services, expenses, or facilities furnished to the Association other than as part of the regular duties and functions as Director.

Section 7.05 Nomination. After the Election Date, nomination for election to the Board of Directors shall be made by a Nominating Committee and nominations may also be made from the floor at the annual meeting. No member of the Nominating Committee can be a nominee for a position on 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 persons who may or may not be members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, to serve from the close of such annual meeting until the close of the next annual meeting 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 7.06 Election. Prior to the Election Date, all directors are to be appointed and removed by the Declarant. After the Election Date, election to the Board of Directors shall be by secret written ballot unless the written ballot is waived by unanimous consent of members present. 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.

Section 7.07 Vacancies Before Expiration of Term. After the Election Date, in the event of death, incapacity, resignation, failure, or removal of a Director, the Board shall select a successor to serve the unexpired term of the Director.

Section 7.08 Removal of a Director.

a. After the Election Date, a judgment of conviction of a felony entered against a Director by a court of competent jurisdiction results in the automatic removal of the Director from the Association.

b. Membership:

1. A majority of all the Members who are entitled to vote may remove a Director from the Board, with or without cause, at a special meeting called for such purpose.
2. The Director whose removal is being considered has the right to be heard at the meeting at which the proposed vote for removal is to occur.

c. The Board may remove a Director from the Board for any of the following causes:

1. Failure to pay the annual assessment against any Lot owned by the Director.
2. A willful and continuing violation of any provision of the Declaration with respect to any Lot owned by the Director.
3. A willful violation of any provision of the Articles of Incorporation or the By-Laws of the Association.
4. The willful commission of any unlawful act in connection with any of the functions, activities, or business of the Board or the Association.
5. Failure to attend three (3) consecutive regular meetings of the Board.
6. Institution or participation in a lawsuit against another Director, the Board, or the Association.

If the Board determines that cause for removal exists with respect to any Director, notice of the proposed vote for removal must be given in the notice of the regular or special meeting of the Board at which the proposed vote for removal is to occur. The Director whose removal is being considered has the right to be heard at the Board meeting at which the proposed vote for removal is to occur. Removal of a Director shall be determined by a secret ballot.

Section 7.09. Regular Meetings. Regular meetings of the Board will be held with notice at such time and place as may be determined by the Board, which are intended to be not less than once a year. Notice of all regular Board meetings will be given to each Director not less than three (3) days in advance of the time set for such Board meeting, and may be given orally. Regular meetings of the Board shall, when so required, be sub-divided into two separate components an initial open meeting allowing attendance and input from non-Board Members, and a following closed executive meeting of the Board in order to conduct the pending business of the Association.

Section 7.10 Special Meetings. The President or a majority of the Board may call a special meeting of the Board at any time. Notice of a special Board meeting must be given to each Director not less than three (3) days in advance of the time set for such meeting.

Section 7.11 Quorum and Actions of the Board. A quorum for the transaction of business at any Board meeting consists of a majority of the Directors. Any action approved by a majority of the Directors attending a regular meeting or a duly noticed special meeting at which a

quorum is present shall be regarded as an act of the Board, unless a higher percentage is required by law, the Declaration, the Articles, or these By-Laws. If a quorum is not present, a majority of those Directors who are present shall have the right to adjourn until such time as a quorum may be present.

Section 7.12 Action Taken Without a Meeting. Any action that the Board is required or authorized to take at a meeting may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by all the Directors.

Section 7.13 Telephone Meetings. Directors may participate in and hold a meeting by means of conference telephone or similar communications equipment so that all persons participating in the meeting can hear each other.

Section 7.14 Committees. The Board may appoint and remove committees and members of the committees as deemed appropriate in carrying out the purposes of the Association.

ARTICLE VIII

OFFICERS

Section 8.01 General. The officers of the Association will consist of a President, a Vice-President, a Treasurer, and a Secretary. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than any one of the other offices, except in the case of any special offices that may be created by the Board. The Board will elect the officers of the Association annually from the Board. The election will be held at the first meeting of the Board following the annual meeting. In addition to any duties enumerated below, the Board may assign additional duties to any officer.

Section 8.02 Removal. The Board may remove an officer from office with or without cause. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. In the event of death, incapacity, resignation, failure, or removal of an officer, the Board may select a successor to serve the unexpired term of the officer.

Section 8.03 Other Offices. The Board may elect 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 determine.

Section 8.04 Compensation. No officer will receive any salary or other compensation for their services as such, but this prohibition shall not be deemed to prohibit payment of reasonable compensation to such officer for services or facilities furnished to the Association other than as part of the regular duties and functions of such officer.

Section 8.05 President. The President will preside at all meetings of the Members and the Board; has charge over the affairs of the Association, subject to the approval of the Board; shall freely consult with the Board concerning the business of the Association; will sign all

contracts and other obligations on behalf of the Association; and will establish the agenda for the annual meeting.

Section 8.06 Vice-President. The Vice-President shall act in the place and stead of the President in the event of the President's absence, inability, or refusal to act.

Section 8.07 Treasurer. The Treasurer will endorse on behalf of the Association for collection, checks, notes, and other obligations, and deposit the same to the credit of the Association in such banks or depositories as the Board may designate; will sign all receipts and vouchers made to the Association; will sign, jointly with such other officer as may be designated, all checks and promissory notes made by the Association; will regularly maintain, in books of the Association kept for that purpose, current true and accurate financial records with full and correct entries made with respect to all financial transactions of the Association, including all income and expenditures, in accordance with generally accepted accounting practices; and will prepare an annual budget and statement of income and expenditures to be presented to the Members at the annual meeting.

Section 8.08 Secretary. The Secretary will record the votes and maintain the minutes of all meetings of the Members and the Board; will record and maintain a record of the names and addresses of the Members and the Voting Members, including the Member Roster; will attend to the giving and serving of all notices required of the Association; will have charge of the seal of the Association and affix it on all papers requiring the seal; and will have charge of such books and records as the Board may direct.

ARTICLE IX.

AGENTS AND AUDITOR

Section 9.01 Agents. The Board may employ or appoint any Agent, including without limitation legal counsel and a management company, as it deems appropriate in its sole discretion for carrying out the purposes of the Association and to assist the Board and the officers in carrying out their duties.

Section 9.02 Removal of Agents and Auditor. The Board may remove any Agent, Auditor, or employee by a majority vote, whenever, in its judgment, the best interest of the Association shall be served thereby. Such removal shall be without prejudice to the contract rights of any person so removed, provided, however, that the election or appointment of an Agent, Auditor, or employee, shall not, in itself, create contract rights.

ARTICLE X.

BOOKS AND RECORDS

Section 10.01 Fiscal Year. The fiscal year of the Association shall be with the calendar year.

Section 10.02 Maintenance of Books and Records. All records and books of the activity of the Association must be kept at the registered office or principal office of the Association.

Section 10.03 Inspection of Books and Records. A Member upon written request stating the purpose of the request, may for a proper purpose at that Member's expense, examine during reasonable and normal business hours the books and records of the Association relevant to that purpose.

Section 10.04 Rules for Inspection. The Board may establish reasonable rules with respect to:

- a. notice to be given to the custodian of records by the Member requesting inspection;
- b. hours and days of the week when such an inspection may be made by appointment for a proper purpose; and
- c. payment of the cost of inspecting and reproducing copies of documents requested.

ARTICLE XI. AMENDMENT OF BY-LAWS

Prior to the Election Date, the By-Laws of the Association may be amended by the Board. After the Election Date, the By-Laws of the Association may be amended by a majority of the Members who are voting in person or by proxy at a meeting of Members duly called for such purpose. No amendment of the By-Laws may be approved by either the Members unless notice of the proposed amendment has been included in a notice of such meeting.

ARTICLE XII. LIABILITY AND INDEMNITY

Section 12.01 The words "claim", "action", "suit", or "proceeding" as used in this Article shall apply to all claims, actions, suits or proceedings (civil, criminal, or other, including appeals), actual or threatened, made or commenced. The words "liability" and "expenses" shall include, without limitation, attorneys' fees, costs, judgments, amounts paid in settlement, fines, or penalties, as well as any other liabilities. No Director or officer shall be personally liable to the Association, any Member, or any other person for any action taken or not taken as a Director or officer if the Director or officer acted in compliance with Article VII, Section 7.03 of these By-Laws. Any person seeking to establish liability of a Director or officer must prove that the Director or officer has not acted in good faith; with ordinary care; and in a manner the Director or officer reasonably believes to be in the best interest of the Association.

Section 12.02 Directors, Officers, and Committee Members. Every person who is, or has been a Director, officer, or Member of a committee established by the Board for the conducting of business of the Association shall be indemnified by the Association to the fullest extent permitted by Article 2.22A of the Texas Non-Profit Corporation Act. Such person shall be indemnified against liability, against all expenses reasonably incurred or paid by them, and against amounts paid or incurred by them in the settlement thereof, in connection with any claim,

action, suit or proceeding in which they become involved as a party or otherwise by virtue of their being or having been a Director, officer, or Committee Member. The rights of indemnification herein provided may be insured against by policies maintained by the Association. These rights shall be severable, shall not affect any other rights to which any Director, officer, or Committee Member may now or hereafter be entitled, shall continue as to a person who has ceased to be such Director, officer, or Committee Member and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect any rights to indemnification to which Directors, officers, or Committee Members may be entitled by contract or otherwise under law.


IN WITNESS WHEREOF, we, being all of the members of the Board of Directors of the Inverness Houston Property Owners Association, Inc. specified in the Articles of Incorporation, have hereunto set our hands this 4th day of February, 2005.

**INVERNESS HOUSTON PROPERTY
OWNERS ASSOCIATION, INC.**

By:


Israel Fogiel, Director

By:


David Garrett, Director

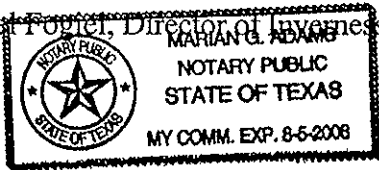
By:


Pearl Fogiel, Director

THE STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on the 4th day of February, 2005 by
Israel Fogiel, Director of Inverness Houston Property Owners Association, Inc.

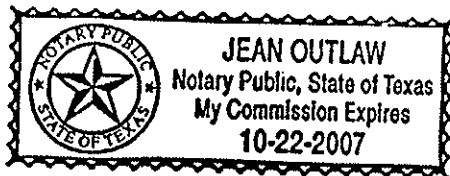


Marian G. Adams
Notary Public for the State of Texas

THE STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me on the 9th day of February, 2005, by
David Garrett, Director of Inverness Houston Property Owners Association, Inc.

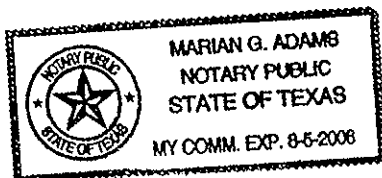


Jean Outlaw
Notary Public for the State of Texas

THE STATE OF TEXAS

COUNTY OF BEXAR

This instrument was acknowledged before me on the 4th day of February, 2005, by
Pearl Fogiel, Director of Inverness Houston Property Owners Association, Inc.



Marian G. Adams
Notary Public for the State of Texas

AFTER RECORDING, RETURN TO:

Inverness Houston Property Owners Association, Inc.
8000 IH-10 West, Suite 700
San Antonio, TX 78230