

HORIZON COUNTRY CLUB TOWNHOUSE ASSOCIATION, INC.

BY-LAWS

ARTICLE I - DEFINITIONS

Section 1:

The following words when used in these by-laws (unless the context shall prohibit) shall have the following meanings;

a. "Association" shall mean and refer to the Horizon Country Club Townhouse Association.

b. "The Properties" shall mean and refer to all such existing properties as are subject to the Declaration for Horizon Country Club Townhouse Association under the provisions of Article II thereof.

c. "Common Properties" shall mean and refer to those areas of land shown on any recorded subdivision plat of the properties and intended to be devoted to the common use and enjoyment of the owners of the properties.

d. "Lot" shall mean and refer to any plot of land shown upon any recorded subdivision map of the properties with the exception of common properties as heretofore defined.

e. "Living Unit" shall mean and refer to any portion of a building situated upon the properties designed and intended for use and occupancy as a residence by a single family.

f. "Owner" shall mean and refer to the record owner whether one or more persons or entities, of the fee simple title to any lot or living unit situated upon the properties but, notwithstanding any applicable theory of the mortgage, shall not mean or refer to the mortgagee unless and until such mortgagee has acquired title pursuant to foreclosure to any proceeding in lieu of foreclosure.

ARTICLE II - LOCATION

Section 1:

The principle office of the Association shall be located at the registered legal address.

ARTICLE III - MEMBERSHIP

Section 1:

Every person or entity who is a record owner of a fee or undivided fee, interest in any lot (or living unit) which is subject by the covenants of record to assessment by the Association shall be a member of the Association, provided that any such person or entity who holds such interest merely as a security for the performance of an obligation shall not be a member.

Section 2:

The rights of membership are subject to the payment of annual and special assessments levied by the Association, the obligation of which assessments is imposed against each owner of and becomes a lien upon the property against which such assessments are made as provided by Article V of the Declaration of Covenants and Restrictions to which the properties are subject and recorded in Volume 38, pages 16-16C, Deed Records of El Paso County, Texas, and which is made a part hereof.

Section 3:

The membership rights of any person whose interest in the properties is subject to assessments under Article III, Section 2, whether or not he be personally obligated to pay such assessments, may be suspended by action of the Directors during the period when the assessments remain unpaid; but, upon payment of such assessments, his rights and privileges shall be automatically restored. If the Directors have adopted and published rules and regulations governing the use of common properties and facilities, and the personal conduct of any person thereon, as provided in Article IX, Section 1, they may, in their discretion, suspend the rights of any such person for violation of such rules and regulations for period not to exceed thirty (30) days.

Section 4: (Approval voted by shareholders at a General Meeting on May 4th, 1977)

The Rights of Membership are subject to each individual member of the Association maintaining insurance on his Townhouse Unit for fire and extended coverage in accordance with Texas State Homeowners and Extended Coverage policies. Should such member fail to maintain such insurance and the roof of the Townhouse Unit or the exterior wall of the Townhouse Unit is damaged in some manner or by some event that would normally be covered by such insurance were it in force, then the Townhouse Association shall have no responsibility whatsoever for the repair and/or replacement of the roof or exterior wall of the unit and the member shall be responsible completely for said repair. However, should it become necessary for the Townhouse Association to incur expense for the purpose of repairing a roof or exterior wall so that such damaged roof or exterior wall does not effect a member in good standing with this Townhouse /Association, and such expense is incurred because of the failure of a member to maintain insurance as provided for in this section, then that member shall be assessed for all

costs incurred in the repair of said roof and/or exterior wall. The Townhouse Association shall be authorized to pursue all civil actions necessary to collect said assessment against said member.

ARTICLE IV - VOTING RIGHTS

Section 1: (Approval voted by shareholders at a General Meeting on 5 April, 1988)

The Association shall have one (1) class of voting membership;

CLASS A: To be known as "Members", shall be all those owners as defined in Section 1, Article III. Members shall be entitled to one (1) vote per each lot (or living unit) in which they hold the interest required for membership by Section 1, Article III. When more than one person holds such interest or interests in any one lot (or living unit), all such persons shall be members. and the vote for such lot (or living unit) shall be exercised as they among themselves determine, but in no event shall more than one (1) vote be cast with respect to such lot (or living unit).

ARTICLE V - PROPERTY RIGHTS AND RIGHTS OF ENJOYMENT OF COMMON PROPERTIES

Section 1:

Each member shall be entitled to the use and enjoyment of the common properties and facilities as provided by deed of dedication and Article IV, Declaration of Covenants applicable to the properties.

Section 2:

Any member may delegate his rights of enjoyment in the common properties and facilities to the members of his family who reside upon the properties or to any of his tenants who reside thereon under a leasehold interest. Such member shall notify the Secretary, in writing, of the name of any such person and of the relationship of the member to such person. The rights and privileges of such person are subject to suspension under Article III, Section 3, to the same extent as those of the member.

ARTICLE VI - ASSOCIATION PURPOSES AND POWERS

Section 1:

The purpose or purposes for which the Association has been organized is to promote and develop the common good and social welfare of the people of the community of Horizon

Country Club Townhouses and its environs; Horizon Country Club Townhouses being defined as the community to be developed on all or a portion of that tract of land in El Paso county, Texas, presently consisting of 11.430 acres of land more or less, the fee of which is presently owned by Horizon Properties Corporation, a Delaware Corporation, and more particularly described as follows:

All of Horizon Country Club Townhouses Unit No 1, being a second replat of Lot 43 of Block 28 of Horizon Heights Unit 4, El Paso County, Texas, a subdivision in El Paso County according to the plat thereof of record in the Office of the El Paso County Clerk in volume 38 of the Deed of Records on pages 16-16C thereof.

and such additions thereto as may hereafter be brought within the jurisdiction of this Association by annexation as provided in Article 7 of the Articles of Incorporation.

Without limiting the foregoing general statements of purposes, the Association shall have the following specific purposes:

- a. Own, acquire, build, operate, and maintain recreation parks, playgrounds, swimming pools, commons, streets, footways, including building, structures, personal properties incident thereto, hereinafter referred to as "the common properties and facilities";
- b. Provide exterior maintenance for the lots and homes within the properties;
- c. Provide garbage and trash collection;
- d. Maintain unkempt lands and trees;
- e. Supplement municipal services;
- f. Fix assessments (or charges) to be levied against the properties;
- g. Enforce any and all covenants, restrictions and agreements applicable to the properties;
- h. Pay taxes, if any, on the common properties and facilities; and,
- i. Insofar as permitted by law, to do any other thing that, in the opinion of the Board of Directors, will promote the common benefit and enjoyment of the residents of the properties.

Section 2:

Additions to Properties and Membership; Additions to the properties described in section 1 may be made only in accordance with the provisions of the recorded covenants and restrictions applicable to said properties. Such additions, when properly made under the

applicable covenants, shall extend the jurisdiction, functions, duties, and membership of this Association to such properties. Where the applicable covenants require that certain additions be approved by this Association, such approval must have the assent of two-thirds of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 3:

Mergers and Consolidations; Subject to the provision of the recorded covenants and restrictions applicable to the properties described in Section 1, and to the extent permitted by law, the Association may participate in mergers and consolidations with other non-profit corporations organized for the same purposes, provided that any such merger or consolidation shall have the assent of two-thirds of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which, shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 4:

Mortgages, Other Indebtedness; The Association shall have power to mortgage its properties only to the extent authorized under the recorded covenants and restrictions applicable to said properties.

The total debts of the Association including the principal amount of such mortgages, outstanding at any time, shall not exceed the total of two (2) years' assessment current at that time, provided that authority to exceed said maximum in any particular case may be given by an affirmative vote of two-thirds of the votes of the members who are voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be mailed to all members at least thirty (30) days in advance and shall set forth the purpose of the meeting.

Section 5:

Dedication of Properties or transfer of function to Public Agency or Utility; The Association shall have power to dispose of its real properties only as authorized under the recorded covenants and restrictions applicable to said properties.

ARTICLE VII - BOARD OF DIRECTORS

Section 1:

The affairs of the Association shall be managed by a Board of nine (9) Directors who need not be members of the Association. The initial Board of Directors shall consist of nine (9) Directors who shall hold office until the selection of their successors for the terms stated in Article 17 of the Articles of Incorporation. Beginning with the first annual meeting to be held

during the month of September, 1973, the members, at each annual meeting, shall elect three (3) Directors each for a term of three (3) years.

Section 2:

Vacancies in the Board of Directors shall be filled by the majority of the remaining Directors, any such appointed Director to hold office until his successor is elected by the members, who may make such election at the next annual meeting of the members or at any special meeting duly called for that purpose.

ARTICLE VIII - ELECTION OF DIRECTORS; NOMINATING COMMITTEE; ELECTION COMMITTEE

Section 1:

Election to the Board of Directors shall be by written ballot as hereinafter provided. At such election, the members or their proxy may cast, in respect of each vacancy, as many votes as they are entitled to exercise under the provisions of the recorded covenants applicable to the properties. The names receiving the largest number of votes shall be elected.

Section 2:

Nominations for elections to the Board of Directors shall be made by a Nominating Committee which shall be one of the standing committees of the Association.

Section 3:

The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two (2) or more members of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the members, 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.

Section 4:

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, as the Committee in its discretion shall determine, provided that the Committee shall seek suggestions from all corporate Mortgage lenders who hold home mortgages within the properties and shall so exercise its discretion in the matter of nominations that there shall be, at all times, at least one member of the Board of Directors who represents the interests of such mortgage lenders. Nominations shall be placed on a written ballot as provided in Section 5 and shall be made in advance of the time fixed in Section 5 for the mailing of such ballots to the members.

Section 5:

All elections to the Board of Directors shall be made on written ballot which shall: (a) Describe the vacancy to be filled; (b) Set forth the names of those nominated by the Nominating Committee for each vacancy; and (c) Contain a space for a write-in vote by the members for each vacancy. Such ballot shall be prepared and mailed by the Secretary to the members at least fourteen (14) days in advance of the date set forth therein for a return (which shall be a date not later than the day before the annual meeting or special meeting called for elections).

Section 6: (Amendment approval voted by shareholders at a General Meeting on 5 April, 1988)

Each member shall receive as many ballots as he has votes. Notwithstanding that a member may be entitled to several votes, he shall exercise on any one ballot only one (1) vote for each vacancy shown thereon. The completed ballots shall be returned to the Secretary at the registered legal address.

Section 7:

Upon receipt of each return, the Secretary shall immediately place it in a safe place until the day set for the annual meeting or other special meeting at which the elections are to be held. On that day the "Ballot" shall be turned over to an Election Committee which shall consist of five (5) members appointed by the Board of Directors. The Election Committee shall then adopt a procedure which shall;

a. Establish that the number of "ballots" correspond to the number of votes allowed to the member or his proxy; and,

b. That the signature of the member or his proxy on the "ballot" is genuine; and,

c. If the vote is by proxy, that a proxy has been filed with the Secretary as provided in Article XIV, Section 2, and that such proxy is valid.

ARTICLE IX - POWERS AND DUTIES OF THE BOARD OF DIRECTORS

Section 1:

The Board of Directors shall have power;

a. To call special meetings of the members whenever it deems necessary and it shall call a meeting at any time upon written request of one-fourth of the voting membership, as provided in Article XIII, Section 2.

b. To appoint and remove at pleasure all officers, agents and employees of the Association, prescribe their duties, fix their compensation, and require of them such security or fidelity bond as it may deem expedient. Nothing contained in these by-laws shall be construed to prohibit the employment of any member, officer or Director of the Association in any capacity whatsoever.

c. To establish, levy and assess, and collect the assessments or charges referred to in Article III, Section 2.

d. To adopt and publish rules and regulations governing the use of common properties and facilities and the personal conduct of the members and their guests thereon.

e. To exercise for the Association all powers, duties and authority vested in or delegated to this Association, except those reserved to the meeting or to members in the covenants.

f. In the event that any member of the Board of Directors of this Association shall be absent from three (3) consecutive regular meeting of the Board of Directors, the Board may by action taken at the meeting during which said third absence occurs, declare the office of said absent Director to be vacant.

Section 2:

It shall be the duty of the Board of Directors;

a. To cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the members at the annual meeting of the members or at any special meeting when such is requested in writing by one-fourth of the voting membership, as provided in Article XIII, Section 2.

b. To supervise all officers, agents and employees of this Association, and to see that their duties are properly performed.

c. As more fully provided in Article V of the Declaration of Covenants applicable to the properties;

(1) To fix the amount of assessments against each lot for each assessment period at least thirty (30) days in advance of such date or period and, at the same time;

(2) To prepare a roster of the properties and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any member, and, at the same time;

(3) To send a written notice of each assessment to every owner subject thereto.

d. To issue, or cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether any assessment has been paid. Such certificate shall be conclusive evidence of any assessment therein stated to have been paid.

ARTICLE X - DIRECTORS' MEETING

Section 1:

A regular meeting of the Board of Directors shall be held on the first Tuesday of each month at 7:00 o'clock p.m. provided that the Board of Directors may, by resolution, change the day and hour of holding such regular meeting.

Section 2:

Notice of such regular meeting is hereby dispensed with. If the day of a regular meeting should fall on a holiday, the meeting shall be held at the same hour on the first day following which is not a holiday, and no notice thereof need be given.

Section 3:

Special meetings of the Board of Directors shall be held when called by any officer of the Association or by any two (2) Directors after not less than three (3) days notice to each Director.

Section 4:

The transaction of any business at any meeting of the Board of Directors, however called and noticed, or wherever held, shall be as valid as though made at a meeting duly held after regular call and notice if a quorum is present and, if either before or after the meeting, each of the Directors not present signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

Section 5:

The majority of the Board of Directors shall constitute a quorum thereof.

ARTICLE XI - OFFICERS

Section 1:

The officers shall be a president, a vice president, a secretary, and a treasurer. The president and vice president shall be members of the Board of Directors.

Section 2:

The officers shall be chosen by majority vote of the Directors.

Section 3:

All officers shall hold office during the pleasure of the Board of Directors.

Section 4:

The president shall preside at all meeting of the Board of Directors, shall see that orders and resolutions of the Board of Directors are carried out and signs all notes, checks, leases, mortgages, deeds, and all other written instruments.

Section 5:

The vice president shall perform all duties of the president in his absence.

Section 6:

The Secretary shall be ex-officio of the Board of Directors. The Secretary shall record the votes and keep minutes of all proceedings in a book to be kept for the purpose. He shall sign all certificates of membership. He shall keep the records of the Association. He shall record in a book kept for that purpose the names of all members of the Association together with their address as registered by such members (see Article XIII, Section 3).

Section 7:

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, provided however, that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board. The Treasurer shall sign all checks and notes of the Association, provided that such checks and notes shall also be signed by the president or the vice president or designated Board member.

Section 8: (Amendment approved by the General Membership, 5 September, 1979)

The Treasurer shall keep proper books of account. With the approval of the Board of Directors, the Audit Committee shall select a Certified Public Accountant to prepare audited financial statements and tax returns. The audited financial statements shall be mailed to the general membership. The budget shall be presented to the membership at its regular annual meeting.

ARTICLE XII - COMMITTEES

Section 1:

The Standing Committees of the Association shall be:

The Nominations Committee
The Recreation Committee
The Maintenance Committee
The Architectural Committee
The Publicity Committee
The Audit Committee

Unless otherwise provided herein, each committee shall consist of a chairman and two or more members and shall include a member of the Board of Directors for Board contact. The Committees shall be appointed by the Board of Directors prior to each annual meeting 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 such annual meeting. The Board of Directors may appoint such other committees as it deems desirable.

Section 2:

The Nominating Committee shall have the duties and functions described in Article VIII.

Section 3:

The Recreation Committee shall advise the Board of Directors on all matters pertaining to the recreational program and activities of the Association and shall perform such other functions as the Board, in its discretion, determine.

Section 4:

The Maintenance Committee shall advise the Board of Directors on all matters pertaining to the maintenance, repair or improvement of the common properties and facilities of the Association, and shall perform such other functions as the Board, in its discretion, determines.

Section 5:

The Architectural Control Committee shall have the duties and functions described in Article VII, Declaration of Covenants and Restrictions applicable to the properties. It shall watch for any proposals, programs, or activities which may adversely affect the residential value of the properties and shall advise the Board of Directors regarding Association action on such matters.

Section 6:

The Publicity Committee shall inform the members of all activities and functions of the Association and shall, after consulting with the Board of Directors, make such public releases and announcements as are in the best interests of the Association.

Section 7:

The Audit Committee shall supervise the annual audit of the Association's books and approve the annual budget and balance sheet statement to be presented to the membership at its regular annual meeting as provided in Article XI, Section 8. The Treasurer shall be an ex-officio member of the committee.

Section 8:

With the exception of the Nominations Committee and the Architectural Committee (but then only as to those functions that are governed by Article VII, Declaration of Covenants and Restrictions applicable to the properties), each committee shall have power to appoint a subcommittee from among its membership and may delegate to any such subcommittee any of its powers, duties and functions.

Section 9:

It shall be the duty of each committee to receive complaints from members on any matter involving Association functions, duties, and activities within its field of responsibility. It shall dispose of such complaints as it deems appropriate or refer them to such other committee, director or officer of the Association as is further concerned with the matter presented.

ARTICLE XIII - MEETING OF MEMBERS

Section 1: (Amendment approved by the General Membership, September 5, 1979)

The regular annual meeting of the membership shall be held on the first Wednesday of September in each year at 7:30 p.m. If the day for the regular meeting of the members shall fall on a holiday, the meeting will be held on the first day following which is not a holiday.

Section 2:

Special meetings of the members for any purpose may be called at any time by the president, the vice president, the Secretary or treasurer, or by any two or more members of the Board of Directors, or upon written request of the members who have a right to vote one-fourth of all votes of the entire membership or who have a right to vote one-fourth of the votes of the Class A membership.

Section 3:

Notice of any meeting shall be given to the members by the Secretary. Notice may be given to the member either personally, or by sending a copy of the notice through the mail, postage thereon fully prepaid to his address appearing on the books of the Association. Each member shall register his address with the Secretary, and notices of meetings shall be mailed to him at such address. Notice of any meeting regular or special shall be mailed at least six (6) days in advance of the meeting and shall set forth in general the nature of the business to be transacted, provided however, that if the business of any meeting shall involve an election governed by Article VIII or any action governed by the Articles of Incorporation or by the Covenants applicable to the properties, notice of such meeting shall be given or sent as therein provided.

Section 4:

The presence at the meeting of members entitled to cast, or of proxies entitled to cast, one-tenth of the votes of membership shall constitute a quorum for any action governed by these by-laws. Any action governed by the Articles of Incorporation or by the Covenants applicable to the properties shall require a quorum as therein provided.

ARTICLE XIV - PROXIES

Section 1:

At all corporate meetings of members, each member may vote in person or by proxy.

Section 2:

All proxies shall be in writing and filed with the Secretary. No proxy shall be extended beyond a period of eleven (11) months, and every proxy shall automatically cease upon sale by the member of his home or other interest in the properties.

ARTICLE XV - BOOKS AND PAPERS

Section 1:

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to the inspection of any members.

ARTICLE XVI - CORPORATE SEAL

Section 1:

The Association shall have a seal in circular form having within its circumference the words: Horizon Country Club Townhouse Association, Inc.

ARTICLE XVII - AMENDMENTS

Section 1:

These by-laws may be amended, at a regular or special meeting of the members, by a vote of a majority of a quorum of the membership present in person or by proxy, provided that those provisions of these By-Laws which are governed by the Articles of Incorporation of this Association may not be amended except as provided in the Articles of Incorporation or applicable law and provided further that any matter stated herein to be or which is in fact governed by the Covenants and Restrictions applicable to the properties may not be amended except as provided in such Covenants and Restrictions.

Section 2:

In the case of any conflict between the Articles of Incorporation and these by-laws, the Articles shall control; and in case of any conflict between the Covenants and Restrictions applicable to the properties referred to in Section 1 and these by-laws, the Covenants and Restrictions shall control.

IN WITNESS WHEREOF, we, being all of the Directors of the Horizon Country Club Townhouse Association, have hereunto set our hands this 29th day of January, 1973.

s/s LaMar Hanson
s/s Robert Neff
s/s Walter E. Clarke

s/s James Quillin
s/s James Stendebach
s/s Lanny Roberts

s/s Johnny Martin
s/s Donald Green
s/s Thomas Diamond