BYLAWS
OF
SAVANNAH HEIGHTS OWNERS
ASSOCIATION, INC.

ARTICLE I.

GENERAL

The Savannah Heights Owners Association, Inc. is the "Association" described within the "Declaration of Covenants, Conditions, Easements and Restrictions" (the "Declaration") pertaining to the Savannah Heights development located in Bexar County and Atascosa County, Texas, such Declaration text originally recorded in Volume 7844, Pages 0648-0662 of the Official Public Records of Bexar County, Texas, and incorporated herein by reference for all purposes. For convenience, several of the provisions of the Declaration will be repeated or summarized within these Bylaws. The remaining terms and provisions of these Bylaws are intended to complement and supplement the Declaration. In the event of any conflict or ambiguity between the Declaration (on the one hand) and these Bylaws (on the other hand) and unless otherwise required by law, the terms and conditions of the Declaration shall control and govern.

ARTICLE II.

NAME, DEFINITIONS, MEMBERSHIP AND VOTING RIGHTS

Section 1. Name. The name of the Association shall be Savannah Heights Owners Association, Inc. (herein sometimes referred to as the "Association").

Section 2. Definitions. Certain words used in these Bylaws shall have the same meaning as set forth in the Declaration, some of which are set forth below either in their entirety or in an abridged format:

"Amended Declaration" shall mean and refer to each and every instrument recorded in the Official Public Records of Bexar County, Texas, and Atascosa County, Texas, which amends, supplements, modifies, clarifies or restates some or all of the terms and provisions of the original Declaration.

"Annual Assessment" shall have the meaning specified in Paragraph 34 of the Declaration.

"Architectural Committee" (sometimes referred to herein as the "ARC") shall mean and refer to that particular committee which is described and explained within Paragraph 30 of the Declaration.

"Articles" shall mean and refer to the Articles of Incorporation (and amendments thereto and restatements thereof) of the Association on file in the Office of the Secretary of State of the State of Texas, Austin, Texas.

"Assessable Property" shall mean and refer to each and every lot, parcel and tract within the entire Properties which: (i) the Declarant has subjected to and imposed upon a set of restrictive covenants calling for, inter alia, the payment of an Annual Assessment to the Association, and (ii) is not designated an "open space" or otherwise a portion of the Common Properties. The Declarant proposes to cause each residential Lot within the Properties to constitute an Assessable Property. However, the Declarant reserves the right and discretion to include or exclude each non-residential Lot from the concept of "Assessable Property" and/or to prescribe a different assessment and/or valuation scheme(s) for any non-residential Lot which is subjected to covenants which require the payment of assessments to the Association.

"Association" shall mean and refer to the Savannah Heights Owners Association, Inc., an existing non-profit Texas corporation.

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

"Bylaws" shall mean and refer to the Bylaws of the Association, as adapted and amended from time to time in accordance with the provisions of the Texas Non-Profit Corporation Act and the Declaration.

"Common Properties" shall mean and refer to any and all areas of land within or adjacent to the Properties which are known, described or designated as common green, common areas, private streets, parks, recreational easements, floodway easement areas, lakes, ponds, dams, perimeter fences and columns, off-site monuments and directional signs, landscape easements, greenbelts, paths and trails, and the like including without limitation those shown on any recorded subdivision plat of portions of the Properties as well as those not shown on a recorded subdivision plat but which are intended for or devoted to the common use and enjoyment of the Members of the Association, together with any and all improvements that are now or that may hereafter be constructed thereon. The Declarant reserves the right to use, during the Development Period, portions of the Common Properties (e.g. a sales information center) for business matters directly and indirectly related to Savannah Ridge Subdivision. One or more portions of the Common Properties may from time to time be reasonably limited to private functions, and conversely, one or more portions of otherwise private property may be utilized for Association functions and activities. Declarant shall convey record title to some or all of the Common Properties to the Association if, as and when deemed appropriate by Declarant or as may be required by governmental officials, and Declarant shall at all times have and retain the right to effect minor redesigns or minor reconfigurations of the Common Properties (particularly along the edges) and to execute any open space declarations applicable to the Common Properties which may be permitted in order to reduce property taxes, and to take whatever steps may be appropriate to lawfully avoid or minimize the imposition of federal and state ad valorem and/or income taxes.

"Covenants" shall mean and refer to all covenants, conditions, restrictions, easements, charges and liens set forth within the Declaration.

"Declarant" shall mean and refer to One Savannah Ridge Development, L.P.

"Declaration" shall mean and refer to the particular instrument entitled "Declaration of Covenants, Conditions, Easements and Restrictions for Savannah Heights Subdivision", together with any and all amendments or supplements thereto.

"Deed" shall mean and refer to any deed, assignment, testamentary bequest, monument of title or other instrument, or intestate inheritance and succession, conveying or transferring fee simple title or a leasehold interest or another legally recognized estate in a Lot.

"Design Guidelines" shall mean and refer to those particular standards, restrictions, guidelines recommendations and specifications applicable to the aspects of construction, placement, location, alteration, maintenance and design of any improvements to or within the Properties, and all amendments, bulletins, modifications, supplements and interpretations thereof.

"Development Period" shall mean a period commencing on the date of the recording of the Declaration in the public real estate records of Bexar County, Texas and continuing thereafter until and ending the earlier to occur of: (i) substantial completion of all development within the Properties, as determined by the Declarant; or (ii) Declarant's recordation in the Real Property Records of Bexar County, Texas of an instrument specifying the end of the Development Period, in Declarant's sole and absolute discretion.

"Dwelling Unit" shall mean and refer to any structure, building or portion thereof situated upon the Properties which is designed and intended for use and occupancy as a residence by a single person, a couple, a family or a permitted family size group o persons.

"Fiscal Year" shall mean each twelve (12) month period commencing on _____ and ending on the following _____, unless the Board shall otherwise select an alternative twelve month period.

"Improvement" shall mean any physical change to raw land or to an existing structure which alters the physical appearance, characteristics or properties of the land or structure, including but not limited to adding or removing square footage area space to or from a structure, painting or repainting a structure, or in any way altering the size, shape or physical appearance of any land or structure.

"Lot" shall mean and refer to each separately identifiable portion of the Assessable Property which is platted, filed and recorded in the office of the County Clerk of Bexar County, Texas and which is assessed by any one or more of the Taxing Authorities and which is not intended to be a portion of the Common Properties.

"Member" shall mean and refer to each Resident who is in good standing with the Association and who has filed a proper statement of residency with the Association and who has complied with all directives and requirements of the Association and the Declaration.

"Owner" shall mean and refer to the holder(s) of record title to the fee simple interest of any Lot whether or not such holder(s) actually reside(s) on any part of the Lot. There shall be only one Owner for each Lot.

"Payment and Performance Lien" shall mean and refer to the lien described within Paragraphs 33 and 39 of the Declaration.

"Properties" shall mean and refer to: (i) the land described within Exhibit "A" of the Declaration; and (ii) other land within the Savannah Heights development.

"Resident" shall mean and refer to:

(a) each Owner of the fee simple title to any Lot within the Properties; and

(b) each individual lawfully domiciled in a Dwelling Unit other than an Owner.

"Structure" shall mean and refer to: (i) any thing or device, other than trees, shrubbery (less than two feet high if in the form of a hedge) and landscaping (the placement of which upon any Lot shall not adversely affect the appearance of such Lot) including but not limited to any manufactured home, modular home, building, garage, porch, shed, covered or uncovered patio, play apparatus, clothesline, fence, curbing, paving, wall or edge more than two feet in height, any temporary or permanent Improvement to any Lot; (ii) any excavation, fill, ditch, diversion dam or other thing or device which affects or alters the flow of any waters in any natural or artificial stream, wash or drainage channel from, upon or across any Lot; (iii) any enclosure or receptacle for the concealment, collection and/or disposition of refuse; and (iv) any change in the grade of any Lot of more than three (3) inches from that existing at the time of initial approval by the Architectural Review Committee.

"Subdivision" shall mean and refer to the Savannah Heights Subdivision, in accordance with the map and plat thereof filed of record in the Map and Plat Records of Bexar County, Texas, as well as any and all revisions, modifications, corrections or clarifications thereto.

"Taxing Authorities" shall mean and refer to Bexar County, the _____ Independent School District, and the State of Texas and any and all other governmental entities or agencies which have, or may in the future have, the power and authority to impose and collect ad valorem taxes on real property, in accordance with the Texas Constitution and applicable statutes and codes.

Section 3. Membership. Each and every Owner of each and every Lot within the Subdivision shall automatically be, and must at all times remain, a Member of the Association in good standing. Each and every Resident (who is not otherwise an Owner) may, but is not

required to, be a non-voting Member of the Association. During the Development Period, the Association shall have two (2) classes of Members: Class A and Class B. The Class A Members shall include: (a) all Owners (other than the Declarant during the Development period); and (b) all Residents (not otherwise Owners) who have properly and timely fulfilled and maintained all registration and related requirements prescribed by the Association. The Class B Member shall be the Declarant. Upon conclusion of the Development Period, the Class B membership shall terminate and the Declarant shall become a Class A Member.

Section 4. Voting Rights. There shall be two (2) classes of voting Members during the Development Period:

Class A: The Owner(s) of each Lot shall be entitled to one (1) vote per Lot. Where more than one (1) Owner owns and holds a record fee interest in a Lot such Owner(s) may divide and cast portions of the one (1) vote as they decide, but in no event shall any one (1) Lot yield more than one (1) vote.

Class B: The Class B Member shall have no more than three (3) votes for each lot it owns.

Any Owner, Resident or Member shall not be in "good standing" if such person or entity is: (a) in violation of any portion of the Covenants, the Design Guidelines, or any rule or regulation promulgated by the Board; (b) delinquent in the full, complete and timely payment of any Annual Assessment, special assessment, or any other fee, charge or fine which is levied, payable or collectible pursuant to the provisions of the Declaration, these Bylaws or any rule or regulation promulgated by the Board. The Board may make such rules and regulations, consistent with the terms of the Declaration and these Bylaws, as it deems advisable for: any meeting of Members; proof of membership in the Association; the status of good standing; evidence of right to vote; the appointment and duties of examiners and inspectors of votes; the procedures for actual voting in person or by proxy; registration of Members for voting purposes; and such other matters concerning the conduct of meetings and voting as the Board shall deem fit.

ARTICLE III.

MEMBERS: MEETINGS, QUORUM, VOTING, PROXIES

Section 1. Place of Meetings. Meetings of the Association shall be at the principal office of the Association or at such other suitable place convenient to the Members as may be designated by the Board of Directors.

Section 2. Annual Meetings. The first meeting of the Members shall be called by the initial Board of Directors within sixty (60) days of the date Declarant has closed the Sale of ninety percent (90%) of the Lots within the Properties or January 31, 2005, which ever last occurs, or earlier at the Declarant's election, for thepurpose of electing successor directors. A quorem of twenty-five percent (25%) of all Owners is required for the initial member organizational meeting. The next annual meeting shall be set by the Board so as to occur within

forty-five (45) days after the close of the Association's fiscal year. Subsequent regular annual meetings of the Members shall be held within forty-five (45) days of the same day of the same month of each year thereafter, at a specific date and hour set by the Board.

Section 3. Special Meeting. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board of Directors or upon a petition signed by at least twenty percent (20%), or 50, whichever is the lesser amount, of the total votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

Section 4. Notice of Meetings. It shall be the duty of the Secretary to cause notices to be prepared concerning each annual or special meeting of the Association, stating the purpose of the special meeting, as well as the time and place where it is to be held. Quorum, notice and voting requirements of and pertaining to the Association shall be in accordance with permitted Texas law.

Section 5. Waiver of Notice. Waiver of notice of any meeting of the Members shall be deemed the equivalent of proper notice. Any Member may, in writing, waive notice of any meeting of the Members, either before or after such meeting. Attendance at a meeting by a Member, whether in person or by proxy, shall be deemed waiver by such Member of notice of the time, date, and place thereof, unless such Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted thereat unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 6. Adjournment of Meetings. If any meetings of the Association cannot be held because a quorum is not present, a majority of the Members who are present at such meeting, either in person or by proxy, may adjourn the meeting to a time not less than five (5) nor more than thirty (30) days from the time the original meeting was called. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted. If a time and place for the adjourned meeting is not fixed by those in attendance at the original meeting, or if for any reason a new date is fixed for the adjourned meeting after adjournment, notice of the time and place of the adjourned meeting shall be given to Members in the manner prescribed for regular meetings. The Members present at a duly called or held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, provided that any action taken shall be approved by at least a majority of the Members required to constitute a quorum.

Section 7. Voting. The voting rights of the Members shall be as set forth in the Declaration and Section 4 of Article II above.

Section 8. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary before the appointed time of each meeting. Every proxy shall be revocable and shall automatically cease upon loss of good standing by any such Member or upon receipt of notice by the Secretary of the Board of the death or judicially declared incompetence of a Member or upon the expiration of eleven (11) months from the date of the proxy. A form of proxy or written ballot may provide an opportunity to specify approval or disapproval with respect to any proposal.

Section 9. Majority. As used in these Bylaws, the term majority shall mean those votes totaling more than fifty (50%) per cent of the total number of votes cast by voting Members in good standing attending any meeting (or represented by proxy) of the Association.

Section 10. Quorum. Except as otherwise provided in these Bylaws or in the Declaration, the presence in person or by proxy of twenty percent (20%), or 50, of the Members, whichever is the lesser amount, shall constitute a quorum at all meetings of the Association.

Section 11. Conduct of Meetings. The President (or, in the absence of the President, a Vice-President) shall preside over all meetings of the Association, and the Secretary or an Assistant Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring thereat.

Section 12. Action Without at Meeting. Any action which may be taken by the vote of the voting Members at a regular or special meeting may be taken without a meeting as and to the extent permitted by applicable Texas law.

ARTICLE IV

BOARD OF DIRECTORS: NUMBER, ELECTION, POWERS, MEETINGS

Section 1. Governing Body; Composition. The affairs of the Association shall be governed by a Board of Directors. Except as provided in Section 2 of this Article, the Directors shall be Members or spouses of such Members; provided, however, no person and his or her spouse may serve on the Board at the same time.

Section 2. Directors During Development Period. During the Development Period, Directors need not be Members.

Section 3. Number of and Voting for Directors. The affairs of the Association shall be managed initially by a board of three (3) individuals elected by the Class B Member. However, beginning with the third annual meeting of the Members of the Association and continuing thereafter, the Board shall be expanded to consist of five individual Directors, three of whom shall be elected by the Class B Member and two of whom shall be elected by the Class A Members. Beginning with the fifth annual meeting and continuing thereafter, the Board shall still consist of five individual Directors, all of whom shall be elected by the Class A Members.

Directors shall be elected for two year terms of office and shall serve until their respective successors are elected and qualified. Any vacancy which occurs in the Board, by reason of death, resignation, removal, or otherwise, may be filled at any meeting of the Board by the affirmative vote of a majority of the remaining Directors representing the same class of Members who elected the Director whose position has become vacant. Any Director elected to fill a vacancy shall serve as such until the expiration of the term of the Director whose position he or she was elected to fill.

Unless otherwise prohibited by the Bylaws, the Board shall be entitled to have one or more private workshop meetings and to have one or more public meetings per Fiscal Year. The Board, no later than 30 days prior to the annual meeting of the Members, shall file with the Declarant and distribute to the Members (by whatever means the Board may deem reasonable and economical) a certification of the Directors to be elected by Class A Members, and the Directors to be elected by the Class B. Member. The actual election of the directors shall take place in accordance with the Bylaws or, to the extent not inconsistent with the Bylaws, the directives of the then-existing Board.

Section 4. Nomination of Directors. Prior to each annual meeting of Members and with respect to those director positions for which Class A Members alone may elect, the Board shall prescribe:

(a) the opening date and the closing date of a reasonable filing period in which each and every Member who has a bona-fide interest in serving as a Class A Director may file as a candidate for such position;

(b) that each and every Member who has properly filed shall be included within the ballot;

(c) that where three (3) or more candidates are vying for one position election may occur by a plurality (rather than a simple majority) of the votes cast;

(d) such other rules and regulations which may then be appropriate to conduct the nomination and election of Directors in a fair, efficient and cost-effective manner. Each candidate shall be given a reasonable, uniform opportunity to communicate their qualifications to the Members and to solicit votes.

Section 5. Election and term of Office. The election process shall occur by secret ballot not less than twenty (20) days before the annual meeting of the Members, in accordance with any reasonable procedure approved (from time to time) by the Board, so that the tabulated results can be announced at the annual meeting. Directors shall be elected for two (2) year terms of office and shall serve until their respective successors are elected and qualified.

Section 6. Removal of Class A Directors. This Section applies with respect to those Director(s) elected by Class A Members as envisioned by Section 3 above. At any regular or special meeting or special voting process (in lieu of a meeting) by secret written ballot of the Association duly called, where the bona-fide signatures of at least 20% or 50 (whichever is the greater number) of the Class A Members appear on an appropriate petition, any one or more of the Class A Directors may be removed, with or without cause, by a majority vote of those Class A Members voting in person or by proxy, and a successor may then and there be elected to fill the vacancy thus created. A Class A Director whose removal has been proposed by the Class A Members shall be given at least five (5) days' notice of the calling of the meeting or the special voting process (in lieu of a meeting) and the purpose thereof and

shall be given an opportunity to be heard at the meeting or to communicate his position in connection with the special voting process (in lieu of a meeting) and the purpose thereof and shall be given an opportunity to be heard at the meeting or to communicate his position in connection with the special voting process in lieu of a meeting. Additionally, any Class A Director who has three (3) consecutive unexcused absences form Board meetings or who is delinquent in the payment of an assessment for more than sixty (60) days may be removed by a majority vote of the remaining Class A Directors at a regular or special Board meeting. In the event of death or resignation of a Class A Director, his or her successor shall be a Class A Member selected by a majority of the remaining Class A Members of the Board and shall serve for the unexpired term of the predecessor.

Section 7. Removal of Class B Directors. This Section applies with respect to those Director(s) elected or appointed by the Class B Member. The Class B Member may, at any time and from time to time, remove any Director theretofore elected or appointed by the Class B Member. Additionally, any Class B Director who has three (3) consecutive unexcused absences from Board meetings may be removed by a majority vote of the remaining Class B Directors. In the event of the death, removal or resignation of a Class B Director, his or her successor shall be elected by the Class B Members and shall serve for the unexpired term of the predecessor.

Section 8. Voting Procedure for Directors. The election of each director position solely by Class A Members shall be conducted on or shortly before the next earliest applicable meeting of the Association. At such election, the members or their proxies may cast, with respect to each such director position, as many votes as they are entitled to exercise under the provisions of the Declaration. The person(s) receiving the largest number of votes (which may be a plurality and not a majority) shall be elected. Voting for Directors shall be by secret written ballot.

Section 9. Organization Meetings. The first meeting of the members of the Board of Directors following each annual meeting of the Membership shall be held within ninety (90) days thereafter at such time and place as shall be fixed by the Board.

Section 10. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined form time to time by a majority of the Directors, but at least four (4) such meetings shall be held during each Fiscal Year with at least one (1) meeting per quarter. Notice of the time and place of the meeting shall be posted at a prominent place within the Properties and shall be communicated to Directors not less than four (4) days prior to the meeting; provided, however, notice of a meeting need not be given to any Director who has signed a waiver of notice or a written consent to holding of the meeting. Advance notice of the meeting(s) at which the annual budget and/or the Annual Assessment are likely to be discussed shall be reasonably publicized.

Section 11. Special Meetings. Special meetings of the Board of Directors shall be held when called by written notice signed by the President, Vice President, or Secretary of the Association, or by any two (2) Directors. The notice shall specify the time and place of the meeting and the nature of any special business to be considered. The notice shall be given to each Director by one of the following methods; (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) by telephone communication, either directly to the Director or to a person at the Director's office of home who would reasonably be expected to communicate such notice promptly to the Director; or (d) by telecopy. All such notices shall be given or sent to the Director's business office and/or home address or telephone number(s) as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least seven (7) days before the time set for the meeting. Notices given by personal delivery, telephone, or telecopy shall be delivered, telephoned, or faxed at least seventy-two (72) hours before the time set for the meeting. Notices should be posted at a prominent place within the Properties not less than seventy-two (72) hours prior to the scheduled time of the meeting.

Section 12. Waiver of Notice. The transactions of any meeting of the Board of Directors, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the Directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

Section 13. Quorum of Board of Directors. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the votes of a majority of the Directors present at a meeting at which a quorum is present shall constitute the decision of the Board of Directors. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for that meeting. At such adjourned meeting at which a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 14. Compensation. Unless otherwise approved in advance by a majority vote of those Class A Members present (or represented by proxy) and by a majority vote of those Class B Members(s) present (or represented by proxy), at a regular or special meeting of the Association, no Director shall receive any compensation from the Association for acting as such.

Section 15. Conduct of Meetings. The President (or, in the President's absence, a Vice-President) shall preside over all meetings of the Board of Directors, and the Secretary or an Assistant Secretary shall keep a minute book of the Board of Directors, recording therein all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings.

Section 16. Open Meetings. All meetings of the Board (excluding workshop meetings and meetings to discuss personnel, litigation and other similar confidential matters) shall to the extent possible be open to all Members, but Members other than Directors may not participate in any discussion or deliberation except as follow sin accordance with a format approved by the Directors form time to time:

(a) the Directors shall publish a meeting agenda and permit Members a reasonable opportunity to express their opinions concerning such agenda matters prior to taking any formal action; and

(b) the Directors shall allow an "open" or "new business" portion of the meeting in which any Member can express his/her opinion concerning any new or previously non-discussed matter.

The Directors shall at all times have the right to reasonably limit the number of speakers, the time limit for each presentation and speaker, and to adopt other rules of efficiency and decorum.

Section 17. Executive Session and Workshops. The Board may, with approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Association is or may become involved, and other business of a similar confidential nature. The nature of any and all business to be considered in executive session shall first be announced in open session. The Board may also attend "workshop" meetings or sessions to discuss long-range concepts, receive educational assistance and training and the like, provided no official action of any sort is taken.

Section 18. Action Without a formal Meeting. Any action to be taken at a meeting of the Directors or any action that may be taken at a meeting of the Directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all the Directors. An explanation of the action taken shall be posted at a prominent place or places within the Properties within three (3) days after the written consents of all the Board members have been obtained.

Section 19. Powers. The Board of Directors shall be responsible for the affairs of the Association and shall have all the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do all acts and things as are not by the Declaration, Articles, or these Bylaws directed to be done and exercised exclusively by the Members. In addition to the duties imposed by these Bylaws or by any resolution of the Association that may be hereafter adopted, the Board of Directors shall have the power to and be responsible for the following, in way of explanation, but not limitation:

(a) preparation and adoption of an annual budget in which there shall be established the Annual Assessment rate charge;

(b) making assessments to defray the common expenses, establishing the means and methods of collecting such assessments, and establishing the period of any installment payments of the Annual Assessment;

(c) providing for the operation, care, upkeep, and maintenance of all the Common Properties;

(d) designating, hiring, and dismissing the personnel necessary for the maintenance, operation, repair, and replacement of the Association, its property, and the Common Properties and, where appropriate, providing for the compensation of such personnel and for the purchase of equipment, supplies, and material to be used by such personnel in the performance of their duties;

(e) collecting the assessments, depositing the proceeds thereof in a depository which it shall approve, and using the proceeds to administer the Association;

(f) making and amending rules and regulations;

(g) opening of bank accounts and/or banking-type accounts on behalf of the Association (giving, at all times, first preference to the Declarant) and designating the signatories required;

(h) making or contracting for the making of repairs, additions, and improvements to or alterations of the Common Properties in accordance with the other provisions of the Declaration and these Bylaws after damage or destruction by fire or other casualty;

(i) enforcing by legal means the provisions of the Declaration, these Bylaws, and the rules and regulations adopted by it and bringing any proceedings which may be instituted on behalf of or against the Members concerning the Association;

(j) obtaining and carrying insurance against casualties and liabilities, as provided in the Declaration, and paying the premium cost thereof;

(k) paying the cost of all services rendered to the Association or its Members; and

(l) keeping books with reasonably detailed accounts of the receipts and expenditures affecting the Association and its administration, specifying the maintenance and repair expenses and any other expenses incurred. The said books and vouchers accrediting the entries thereupon shall be available for examination by the Members and bona-fide mortgagees, their respective duly authorized agents, accountants, or attorneys, during general business hours on working days at the time and in a manner that shall be set and announced by the Board of Directors for the general knowledge of the Members; and

(m) filing all requisite forms, documents and information with Taxing Authorities; and

(n) permit utility suppliers to use portions of the Common Properties reasonably necessary to the ongoing development or operation of the Development Plan.

Section 20. Borrowing. The Board of Directors shall have the power to borrow money, without the specific approval of the Members of the Association, for the purpose(s) of:

(a) operations, capital improvements, repair, replacement or restoration of Common Properties where such proposed borrowing has been theretofore reflected in an annual budget of the Association; and

(b) modifying, improving or adding amenities, where the total amount of such borrowing would exceed twenty-five percent (25%) of the budgeted gross expenses of the Association for that Fiscal Year provided that any such borrowing proposal shall have the affirmative approval of at least three-fourths (3/4) of the individuals comprising the Board.

Section 21. Hearing Procedure. The Board shall, from time to time and at a times, have the right to prescribe the procedures for the conduct of a hearing and other similar "due process" matters. Until and unless further amended, modified, revised, clarified or repealed and replaced by the Board, the following provisions shall be applicable. The Board shall not impose a fine, suspend voting, initiate a legal proceeding (unless extraordinary circumstances exist) or infringe upon any other rights of a Member or Resident for violations of rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violations be given to the alleged violator specifying:

(i) the alleged violation;

(ii) the action required to abate the violation; and

(iii) a time period, not less than five (5) days, during which the violation must be abated without incurring further sanctions, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of a sanction if the violation is not a continuing one.

(b) Notice. At any time within twelve (12) months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty or if the same rule is subsequently violated, the Board or its delegate shall furnish the violator with written notice of a hearing to be held by the Board (in executive session) or its delegate. The notice shall contain:

(i) the nature of the alleged violation;

(ii) the time and place of the hearing, which time shall not be less than five (5) days from the giving of the notice;

(iii) an invitation to attend the hearing and produce any statement, evidence, or witness on behalf of the alleged violator; and

(ii) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to notice and afford the Member or Resident a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, Director, or agent who delivered such notice. The notice requirement shall be deemed satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

(d) Delegation. The Board may, at any time and form time to time, appoint a "Covenants Committee" and delegate to that Committee the powers, duties and responsibilities described within subparagraphs (a), (b) and (c) above. Following a hearing before the Covenants Committee, the violator shall have the right to appeal the decision of the Covenants Committee to the Board in accordance with procedures then prescribed by the Board.

ARTICLE V

OFFICERS

Section 1. Officers. The officers of the Association may include a President, Vice President, Secretary, Treasurer and such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as the Board shall deem desirable, such officers to have the authority and to perform the duties prescribed from time to time by the Board of Directors. Any two or more offices may be held by the same person, excepting the offices of President and Secretary. Any member of the Board or of the Declarant may serve as an officer.

Section 2. Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board of Directors at the first meeting of the Board of Directors following each annual meeting of the Board of Directors following each annual meeting of the Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal. Any officer may be removed by the affirmative vote on a majority of the Board of Directors whenever in their judgment the best interests of the Association will be served thereby.

Section 4. Powers and Duties. The officers of the Association shall each have such powers and duties as generally pertain to their respective offices, as well as such powers and duties as may from time to time be specifically conferred or imposed by the Board of Directors. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the annual budget as provided for hereinabove and may delegate all or part of the preparation and notification duties to a finance committee.

Section 5. Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Agreements, contracts, Deeds, Leases, Checks. All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least one (1) officer or by such other person or persons as may be designated by resolution of the Board of Directors.

ARTICLE VI

COMMITTEES

Committees to perform such tasks and to serve or such periods as may be designated by a resolution adopted by a majority of the Directors present at a meeting at which a quorum is present are hereby authorized. Such committees shall perform such duties and have such powers as may be provided in the resolution. Each committee shall operate in accordance with the terms of the resolution of the Board of Directors designating the committee or with rules adopted by the Board of Directors. The Board shall appoint the chairperson for each committee who shall preside at its meetings and who shall be responsible for transmitting any and all communications to the Board of Directors.

ARTICLE VII

MISCELLANEOUS

Section 1. Fiscal Year. The initial fiscal year of the Association shall commence on _____.

Section 2. Parliamentary Rules. Except as may be modified by Board resolution establishing modified procedures, Robert's Rules of Order (current edition) shall govern the conduct of the Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these Bylaws.

Section 3. Conflicts. If there are conflicts or inconsistencies between the provisions of Texas law, the Articles of Incorporation, the Declaration, and these Bylaws, then the provisions of Texas law, the Declaration, the Articles of Incorporation, and the Bylaws (in that order) shall prevail.

Section 4. Books and Records.

(a) Inspection by Members. The membership register, books of account, and minutes of meetings of the Members, the Board, and committees shall be made available for inspection and copying by any Member of the Association or by his or her duly appointed representative at any reasonable time and for a proper purpose reasonably related to his or her interest as a Member at the office of the Association or at such other place as the Board shall prescribe.

(b) Rules of Inspection. The Board may establish reasonable rules with respect to:

(i) notice to be given to the custodian of the records by the Member desiring to make the inspection;

(ii) hours and days of the week when such an inspection may be made;

(iii) payment (or prepayment) of the cost of reproducing copies of documents requested by a Member; and

(iv) maintenance of confidentiality with respect to records.

(c) Inspection by Directors. Every Director shall have the absolute right at any reasonable time to inspect all books, records, and documents of the Association and the physical properties owned or controlled by the Association. The right of inspection by a Director includes the right to make reasonable extracts and copies of documents at the expense of the Association.

Section 5. Amendments. The power and authority to alter, amend or repeal the Bylaws, or to adopt new Bylaws, has been delegated by the Members to the Board of Directors.

* * * * * * * * * * *

We, the undersigned, being all the existing Directors of Savannah Heights Owners Association, Inc., do hereby certify that we hereby assent to the foregoing Bylaws and hereby adopt the same as the Bylaws of said Association.

IN WITNESS WHEREOF, we have hereunto subscribed our names as of the 4th day of June, 1999.

JOHN HAYES

KEVIN BUCKLEY

BRIAN ANDERSON