

BY-LAWS
OF
NORTHWOOD RESIDENTIAL HOMEOWNERS ASSOCIATION, INC.

ARTICLE I

NAME AND LOCATION. The name of the corporation is NORTHWOOD RESIDENTIAL HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the corporation shall be located at 899 Oyster Creek Drive, Lake Jackson, Texas 77566, but meetings of members and directors may be held at such places as may be designated by the Board of Directors.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to NORTHWOOD RESIDENTIAL HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Lot" shall mean and refer to any plat of land identified as a Lot or tract on the plat of the Subdivision.

Section 3. "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 Lots which is a part of the Subdivision, including contract sellers, but excluding persons or entities who hold a lien, easement, mineral interest or royalty interest burdening the title thereto.

Section 4. "Declarant" shall mean and refer to Benchmark Investing, Inc. and its successors and assigns.

Section 5. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions and Restrictions for Northwood Estates, Section One, and recorded in the Official Records of Real Property of Brazoria County, Texas under Clerk's File No. 02-037172.

Section 6. "Member" shall mean and refer to those persons entitled to membership as provided in the Declaration.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Annual Meetings. The first annual meeting of the Members shall be held one year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held in the same month of each year thereafter, on a day and at an hour determined by the Board of Directors.

Section 2. Special Meetings. Special meetings of the Members may be called at any time by the President or by the Board of Directors, or upon written request of the Members who are entitled to vote one-fourth (1/4) of all of the votes of the Class A membership.

Section 3. Notice of Meetings. Written notice of the annual meeting and each Special Meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least 15 days before such meeting to each member entitled to vote, addressed to the member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 4. Quorum. The presence at the meeting of Members and proxies entitled to cast one-third (1/3) of the votes of each class of membership shall constitute a quorum for any action

except as otherwise provided in the Articles of Incorporation, the Declaration, or these By-Laws. If, however, such quorum shall not be present or represented at any meeting, the Members entitled to vote shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum as aforesaid shall be present or be represented.

Section 5. 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. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Lot.

Section 6. Action Without a Meeting of the Members. Any action which may be taken at a meeting of the members may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the members.

ARTICLE IV.

BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 1. Number. The affairs of this Association shall be managed by a Board of three (3) directors, who need not be members of the Association. Member who are in default in excess of thirty (30) days in the payment of any assessment levied by the Association are not eligible to hold office in the Association.

Section 2. Term of Office. At the first annual meeting the members shall elect one Director for a term of one year and two Directors for a term of two years; and at annual meetings thereafter, the Members shall elect Directors for two year terms as needed to restore Board membership to three Directors.

Section 3. Removal, Resignation or Death and Appointment of Successor. Any director may be removed from the Board, with or without cause, by a majority vote of the members of the Association. A meeting to consider the removal of a director may be called and noticed following

the procedures provided in these bylaws. The notice of the meeting shall state that the issue of possible removal of the director will be on the agenda.

In the event of death, resignation or removal of a director, his successor shall be selected by the remaining members of the Board and shall serve for the unexpired term of his predecessor.

Section 4. Compensation. No director shall receive compensation for any service he may render to the Association. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 5. Action Taken Without a Meeting. The directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the directors. Any action so approved shall have the same effect as though taken at a meeting of the directors.

ARTICLE V

NOMINATION AND ELECTION OF DIRECTORS

Section 1. Nomination. Nomination for election to the Board of Directors shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a Chairman, who shall be a member of the Board of Directors, and two 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. The nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine to be appropriate 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 2. Election. Election to the Board of Directors shall be by secret written ballot. 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 Articles of Incorporation and the Declaration. There shall be no cumulative voting. The person receiving the largest number of votes shall be elected.

ARTICLE VI

MEETINGS OF DIRECTORS

Section 1. Regular Meetings. Regular meetings of the Board of Directors shall be held quarterly without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should said meeting fall upon a legal holiday, then the meeting shall be held at the same time on the next day which is not a legal holiday.

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

Section 3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board.

Section 4. Action Without a Meeting. Any action which may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action to be taken, shall be signed by all of the directors.

ARTICLE VII

POWER AND DUTIES OF THE BOARD OF DIRECTORS

Section 1. Powers. The Board of Directors shall have power to do the following:

(a) Adopt, amend, repeal and enforce Rules and Regulations and enforcement provisions as it deems necessary or desirable with respect to the interpretation and implementation of the Declaration, the operation of the Association, and the use of property and Lots within the Subdivision.

(b) Suspend the voting rights of a Member during any period in which such Member shall be in default in excess of thirty (30) days in the payment of any assessment levied by the Association.

(c) Exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved to the membership by other provisions of these By-Laws, the Articles of Incorporation, or the Declaration.

(d) Declare the office of a member of the Board of Directors to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board of Directors.

(e) Employ a manager, an independent contractor, or such other employees as they deem necessary, and to prescribe their duties.

Section 2. Duties. It shall be the duty of the Board of Directors to do the following:

(a) Cause to be kept a complete record of all its acts and corporate affairs.

(b) As more fully provided in the Declaration, to:

(1) fix the amount of the annual assessment against each Lot at least thirty (30) days in advance of each calendar year;

(2) send written notice of each assessment to every Owner subject thereto at least thirty (30) days in advance of each annual assessment period; and

(3) foreclose the lien against any property for which assessments are not paid or to bring an action at law against the owner personally obligated to pay the same, as it may deem appropriate.

(c) Issue, or to 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 these certificates. If a certificate states an assessment has been paid, such certificate shall be conclusive evidence of such payment.

(d) Procure and maintain adequate liability and hazard insurance on any property owned by the Association.

(e) Cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate.

ARTICLE VIII

OFFICERS AND THEIR DUTIES

Section 1. Enumeration of Offices. The officers of this Association shall be a president and vice-president, who shall at all times be members of the Board of Directors, a secretary, and a treasurer, and such other officers as the Board may from time to time by resolution create.

Section 2. Election of Officers. The election of officers shall take place at the first meeting of the Board of Directors following each annual meeting of the Members.

Section 3. Term. The officers of this Association shall be elected annually by the Board and each shall hold office for one (1) year unless he shall sooner resign, or shall be removed, or otherwise disqualified to serve.

Section 4. Special Appointments. The Board may elect such 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, from time to time, determine.

Section 5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the president or the secretary. Such resignation shall take effect on the date of 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. Vacancies. A vacancy in any office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 7. Multiple Offices. The offices of secretary and treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 4 of this Article.

Section 8. Duties. The duties of the officers are as follows:

President

(a) The president shall preside at all meetings of the Board of Directors; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds and other written instruments and shall co-sign all checks and promissory notes.

Vice-President

(b) The vice-president shall act in the place and stead of the president in the event of his absence, inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.

Secretary

(c) The secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the members; serve notice of meetings of the Board and of the members, keep appropriate current records showing the members of the Association together with their addresses, and shall perform such other duties as required by the Board.

Treasurer

(d) 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; shall sign all checks and promissory notes of the Association; keep proper books of account; cause a periodic review of the Association books to be made by a public accountant; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting.

ARTICLE IX

COMMITTEES

The Board of Directors may serve as the Architectural Control Committee or appoint an Architectural Control Committee, as provided in the Declaration, and a Nominating Committee, as provided in these By-Laws. The Board may designate one of the members of the Architectural Control Committee to act for the Committee without consulting the other member. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

ARTICLE X

BOOKS AND RECORDS

The books, records and papers of the Association shall, during reasonable business hours, be subject to reasonable inspection by any Member pursuant to such rules as the Board may from time to time adapt. The Declaration, the Articles of Incorporation and the By-Laws of the Association shall be available for inspection by any Member at the principal office of the Association, where copies may be purchased at reasonable cost.

ARTICLE XI

INDEMNIFICATION

The Association shall indemnify every officer and director of the Association against any and all expenses, including counsel fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including the settlement of any such suit or proceeding if approved by the then Board of Directors of the Association) to which he may be made a party by reason of being or having been an officer or director at the time such expenses are incurred. The officers and directors of the Association shall not be liable to the members of the Association for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The officers and directors of the Association shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association (except to the extent that such officers or directors may also be owners of units), and the Association shall indemnify and forever hold each such officer and director free and harmless against any and all liability to others on account of such contract or commitment. Any right to

indemnification provided for herein shall not be exclusive of any other rights to which any officer or director of the Association, or former officer or director of the Association, may be entitled.

The Corporation may purchase and maintain insurance on behalf of any person who is or was an officer or director of the Corporation against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the preceding provisions of this Article or applicable provisions of law.

Notwithstanding the provisions of the preceding paragraph, no person shall be entitled to indemnification pursuant thereto in relation to any matter as to which indemnification shall not be permitted by law.

ARTICLE XII

ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association annual and special assessments which are secured by a continuing lien upon the property against which the assessment is made. Any assessments which are not paid when due shall be delinquent. If the assessment is not paid within thirty (30) days after the due date, a late charge may be imposed; the assessment shall bear interest from the date of delinquency at the rate of the lesser of the rate seventeen per cent (17%) per annum or the maximum rate permitted by law; and interest, costs, and attorney's fees of any collection effort shall be added to the amount of such assessment. The Association may bring an action at law against the Owner personally obligated to pay the same or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by nonuse of the Common Area or abandonment of his Lot.

ARTICLE XIII

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 members present in person or by proxy.


Section 2. In the case of any conflict between the Articles of Incorporation and these By-Laws, the Articles shall control; and in the case of any conflict between the Declaration and these By-Laws, the Declaration shall control.

ARTICLE XIV

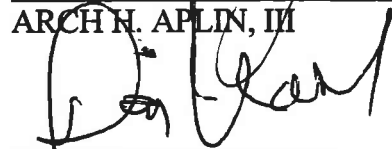
MISCELLANEOUS

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

IN WITNESS WHEREOF, we, being all of the directors of the NORTHWOOD RESIDENTIAL HOMEOWNERS ASSOCIATION, INC., have hereunto set our hands this ____ day of _____, 2004.


REG APLIN


ARCH H. APLIN, III


DON WASEK