

AMENDED AND RESTATED BY-LAWS
OF
INDIGO LAKE ESTATES PROPERTY OWNERS ASSOCIATION, INC.

ARTICLE ONE
Registered Office

1.01 The registered office and registered agent of the Association shall be as set forth in the records of the Secretary of the State of Texas, as same may be changed from time to time.

ARTICLE TWO
Definitions and Voting Rights

2.01 As used in these By-Laws the following definitions shall apply:

A. INDIGO LAKE ESTATES Subdivision:

Those portions of the property included in any of the sections of the INDIGO LAKE ESTATES Subdivision are section 1, 2, 3, 4, 5, 5A and 6 as such sections are shown by plats of record among the Plat Records of Montgomery County, Texas.

B. Members:

1. Every person or entity, including contract sellers, who is an owner of a lot or lots in INDIGO LAKE ESTATES Subdivision that is subject to the Maintenance Charge and other assessments passed by the Board Of Directors and in any of the subdivision restrictions affecting such lot or lots in the INDIGO LAKE ESTATES Subdivision is a member of the Corporation. The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation or those having only a security interest in the mineral estate. There shall be one membership for each lot, regardless of the number of persons who may own a lot (such as a husband and wife, or joint tenants, etc.). Membership shall be appurtenant to and may not be separated from the ownership of the lots. Ownership of a lot or lots shall be the sole qualification for membership. Members of the Corporation include all persons or entities who are Voting Members, or Nonvoting Members of the Corporation as provided below.

2. For purposes of these provisions, those persons who have purchased any of the lots in INDIGO LAKE ESTATES Subdivision under the provision of any Contracts of Sale and Purchaser with the Veterans

Land Board of the State of Texas shall be considered a member of the Corporation.

3. A person shall be considered as an owner of a lot in the INDIGO LAKE ESTATES Subdivision only after such person has received legal title to such lot, or after legal title to such lot has been transferred by PROPERTIES OF THE SOUTHWEST, INC. (its successors or assigns) to the individual, the entity, or the Veterans Land Board of the State of Texas.

C. Voting Members:

All those persons or entities owning a lot or lots in the INDIGO LAKE ESTATES Subdivision are Voting Members who are (a) current in the payment of any and all maintenance assessments due to the Corporation pursuant to the Bylaws and restrictions; (b) not otherwise in violation of any of the subdivision restrictions affecting such member's lot or lots; and (c) current in all other dues or other obligations to the Corporation. PROPERTIES OF THE SOUTHWEST, INC., its successors or assigns, shall not be considered a Voting Member of this Corporation.

D. Nonvoting Members:

1. Nonvoting Members of the Corporation shall be those members who are in default or violation of any obligation to the Corporation.

2. A member shall be in default, as provided for herein, if such member has failed to pay any assessments to the Corporation, as provided for in any subdivision restrictions of the INDIGO LAKE ESTATES Subdivision, for more than thirty (30) days after the same shall become due. A member shall be considered to be in default if he or she has violated any of the terms, conditions, or stipulations of the restrictions affecting the INDIGO LAKE ESTATES Subdivision. However, no member shall be considered to be in default in the payment of any other dues or accounts, to the Corporation, nor will they be considered to be in default in the performance of any other obligations under the subdivision restrictions of the INDIGO LAKE ESTATES Subdivision, unless such member has been notified of such default by a written statement for at least thirty (30) days. Notice shall be conclusively deemed as having been given if the notice has been deposited in the U.S. mails, with postage properly prepaid, addressed to the last known address of the members as shown by the records of the Corporation.

2.02 Voting Rights of Members

A. Only persons listed as Voting Members on the date of the meeting shall be entitled to vote at such meeting. A Nonvoting Member may elevate his status to a Voting Member by curing any default prior to the stated time of the meeting.

B1. Voting Members are entitled to cast one vote per lot owned on any matter coming before the members.

B2. In the case that a special assessment is being voted upon, that assessment will be made to each lot owned.

C. A Voting Member may execute a written proxy granting to another Voting Member the right to cast such Voting Member's vote(s) at any meeting. A Voting Member may not grant a proxy to a Nonvoting Member as defined in Article 2.01 D.

D. When more than one person holds an ownership interest in a lot (such as husband and wife, joint tenants, etc.), all such persons are eligible to vote. The vote shall be exercised as they determine, but in no event shall more than one vote be cast with respect to each such lot.

ARTICLE THREE Members Meetings

3.01 All meetings of the members shall be held at the registered office of the Corporation or at any other place as may be designated for that purpose from time to time by the Board of Directors.

3.02 The annual meetings of the members shall be held each year on the first Saturday in May.

3.03 Notice of the meeting, stating the place, date and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given in writing to each member (whether voting or nonvoting) at least ten (10) but not more than thirty (30) days before the date of the meeting either personally or by mail or other means of written communication addressed to the member at his address appearing on the books of the Corporation or given by him to the Corporation for the purpose of notice. Notice of adjourned meetings is not necessary until the meeting is adjourned for thirty (30) days or more, in which case notice of the adjourned meeting shall be given as in the case of any special meeting.

3.04 Special meetings of the members for any purpose or purposes whatsoever may be called at any time by the President, or the Board of Directors, or by any

three or more directors, or by signed petition of ten percent (10%) of Voting Members. Any special meeting must be called for specific purposes, which purposes shall be identified in the call of the meeting and notice of the meeting.

3.05 Ten percent (10%) of the Voting Members constitute a quorum for transaction of business at annual or special meetings. Once the presence of a quorum has been confirmed, business may continue despite any failure to maintain a quorum during the remainder of the meeting.

3.06 The President of the Corporation shall normally preside over all meetings of the membership. If the President is unavailable, the Vice-president shall preside.

All meetings shall be conducted in accordance with Parliamentary Procedure or Robert's Rules of Order.

3.07 Town Hall Open Forum Meetings can be held at any place designated by the Board of Directors. Any Town Hall Open Forum Meeting is not to be construed as the Association's annual members meeting or as a special members meeting and no business is to be conducted at any Town Hall Open Forum Meeting.

ARTICLE FOUR Board of Directors

4.01 The management of the Corporation shall be vested in a Board of Directors which board shall have full power and authority to carry out the purposes of the Corporation and to do any and all lawful acts necessary or profitable thereto. The directors shall act only as the board, and an individual director shall have no power as such. The powers of the CORPORATION shall be exercisable by the Board of Directors or under its authority, and the action of the President of the Corporation shall be controlled by the Board of Directors, subject, however, to such limitations as are imposed by law, the Articles of Incorporation, or these By-laws as to the actions to be authorized or approved by the members. The Board of Directors may, by contract or otherwise, give general or limited special power and authority to the officers and employees of the Corporation to transact the general business, or any special business of the Corporation, and may give powers of attorney to agents of the Corporation to transact any special business required by such authorization.

4.02 The Directors shall be Voting Members of the Corporation. The number of Directors may be increased from time to time by amendment to these By-laws, but no decrease shall have the effect of shortening the term of any incumbent director. Any Directorship to be filled by reason of an increase in the number of

directors shall be filled by election at an annual meeting or at a special meeting of the members called for that purpose.

4.03 The Board of Directors of the Association ("Board") shall consist of five (5) members ("Directors"). At the annual members meeting in May, the Voting Members shall elect the number of directors to fill expiring or otherwise vacant positions. Directors shall hold office until their successors are elected, or until their death, resignation, or removal.

Those candidates for election as Director receiving the greatest percentage of the votes either in person or by proxy shall be elected.

Directors shall be elected to a term of two years except when one or more Directors are being elected to fill the unexpired term of Directors who will not be serving their full term(s).

4.04 Any Director may be removed from office, with or without cause, by the membership at any annual or special meeting of members. In the case of a special meeting of members, notice of the intent to vote on removing a Director from office must be included in the notice of the meeting. Replacement(s) for any Director so removed (i) shall be filled by the membership at the meeting where the Director was removed from office, and (ii) shall serve for the unexpired term of his or her predecessor in office.

Any Director may also be removed from office by a majority of the remaining members of the Board of Directors in the event (i) any Director is absent without cause from three or more consecutive meetings of the Board of Directors, (ii) the Director falls delinquent in the payment of any money due the Association or is in continued violation of the Deed Restrictions, or (iii) a majority of the remaining Directors determine there is "just cause" for the removal of a Director. In this Section 4.04, "absent from meetings without cause" excludes examples such as illness, business travel, death in the family, or vacation. The remaining Directors will assess the validity of the absences. In this Section 4.04, "continued violation of the deed restrictions" allows the Director in question the same appeal rights as any other property owner. In this Section 4.04 "just cause" shall be determined as the failure of the Director in question to fulfill the responsibilities of office, which responsibility includes the duty of the Director to discharge his or her duties in good faith, with ordinary care, and in a manner the Director reasonably believes to be in the best interest of the Association. "Just cause" examples can include serious breach of confidentiality, misuse of Association funds, and continued failure to support the majority decisions of the Board. Prior to removing any Director from office for just cause in accordance with (iii) above, the Board shall give notice of its intent to vote on removing the Director in question to all members of the Board at least three (3) days prior to the meeting of the Board where the vote will be taken.

Notice to the Board must be in writing and accomplished by mail, delivery, facsimile transmission, or electronically. Should a majority of the remaining members of the Board vote to remove a Director for just cause, the Director so removed must, within ten (10) days after the meeting where the Director was removed, be given written notice of his or her removal from the Board. Any Director so removed may appeal the Board's decision to the membership. The President of the Association, or the Association's managing agent must receive written notice of the removed Director's intent to appeal within twenty (20) days of the Board's vote to remove the Director or the removed Director's right to appeal shall be automatically terminated. Notice of the vote on appealing the Board's decision to remove a Director shall be given to the membership in the same manner as a special meeting of the membership. The party losing the appeal shall bear all the costs of the appeal. Should the Director removed by the Board lose the appeal to the membership, all costs of the appeal (including copies, postage, etc.) shall be added to the assessment account of the removed Director.

Successors to any Director removed from office by (i) the Board, or (ii) due to death, or resignation shall be elected by the remaining members of the Board (even if less than a quorum of remaining Directors exists) to hold office until the next annual meeting of the members of the Association. Successors so elected at the annual meeting of the membership, shall serve for the remaining unexpired term of the office in question.

4.05 All meetings of the Board of Directors shall be held monthly and at such other times as the directors may determine. Meetings shall be held at such place as may be designated from time to time by resolution of the Board or by written or verbal consent of all members of the board.

4.06 A majority of the authorized number of directors shall be necessary to constitute a quorum for the transaction of business, except to adjourn as hereinafter provided. Every act or decision done or made by a majority of the directors present shall be regarded as an act of the Board of Directors, unless a greater number is required by law or by the Articles of Incorporation.

4.07 Any action required or permitted to be taken by the Board of Directors may be taken without a meeting and with the same force and effect as the unanimous vote of the Directors, if all of the members of the board shall collectively consent in writing to the action.

4.08 A quorum of the directors may adjourn any Board of Directors meeting to meet again at a stated hour on a stated day.

4.09 The President, or in the President's absence, any director selected by the directors present, shall preside at the meetings of the Board of Directors. The Secretary of the Corporation or, in the Secretary's absence, any person appointed by the presiding officer, shall act as Secretary of the Board of Directors.

4.10 Directors, officers, and members of any committees shall not receive any compensation for their services. They may receive reimbursements for actual expenses incurred only upon the submission of appropriate written evidence of such expenses incurred.

4.11 The Board of Directors may authorize the Corporation to pay expenses incurred by, or to satisfy a judgment or fine rendered or levied against, present or former Directors, officers or employees of the Corporation as provided by Article 1396-2.22A of the Nonprofit Corporation Act of the State of Texas.

ARTICLE FIVE Officers

5.01 The officers of the Board of Directors shall also be the officers of the Corporation and shall be a President, Vice-president, a Secretary, a Treasurer, and such assistants and other officers that the Board of Directors shall from time to time determine. Any two offices may be held by one board member. All officers shall be elected by and hold office at the pleasure of the Board of Directors.

5.02 The officers of the Corporation shall have the power and duties generally ascribed to the respective offices, and such additional authority or duty as may from time to time be established by the Board of Directors.

ARTICLE SIX Execution of Instruments

6.01 The Board of Directors may, in its discretion, authorize an officer or officers, or other person or persons, to execute any corporate instrument or document, or to sign the Corporate name without limitation except where otherwise provided by law, and such execution or signature shall be binding on the Corporation.

ARTICLE SEVEN Miscellaneous

7.01 The Board of Directors, on behalf of the Corporation, shall have the authority to employ such agents or employees as the Board of Directors shall deem appropriate for carrying out the purpose of this Corporation.

7.02 There shall be no initiation fees for members in the Corporation. The Board of Directors shall have discretion over the disposition of any and all assessments paid as provided for in any of the subdivision covenants, restrictions,

and requirements imposed on any lot in the INDIGO LAKE ESTATES Subdivision except as provided in Section 7.03. All of the provisions relating to such increases or decreases, and to such assessments, which are shown by recorded instruments affecting any lot of the INDIGO LAKE ESTATES Subdivision are hereby incorporated herein by reference as if stated in full.

7.03 The Board of Directors shall have the authority by a majority vote to approve capital expenditures not to exceed \$40,000.00 per incident. Any expenditure in excess of this amount shall be presented to the Association membership for approval at the annual meeting or at a special meeting called by the Board of Directors pursuant to the procedures for special meetings defined within the By-laws.

7.04 The Board of Directors shall have the authority to appoint such committees to assist it in the managing of the Corporation as it shall deem appropriate, and to appoint to such committees either member or nonmembers of the Corporation. Such committees shall be of such number and serve such functions as the Board of Directors may determine, however, there shall always be created an Architectural Control Committee as is described in the subdivision restrictions, restrictive covenants, and conditions affecting any and all lots of the INDIGO LAKE ESTATES Subdivision as shown by recorded instruments in Montgomery County, Texas.

7.05 The Corporation shall not enter into any contract to pay and shall not pay, any salary or other remuneration to any officer, director, member, or committee member for their services as such, nor in any other capacity regardless of the capacity in which they may act. However, nothing in this section shall prevent the Corporation from reimbursing any officer or director for actual expenses incurred by such director or officer in the performance of his duties upon submission of appropriate written evidence of such expenses incurred.

7.06 Any and all funds of the Corporation shall be deposited in one or more bank accounts owned by the Corporation. All demand withdrawal instruments and checks on such bank account(s) shall bear the signature of at least two (2) authorized persons, the identity of whom shall be designated by a resolution of the Board of Directors, and who may, but do not have to be members of the Corporation.

7.07 All books and records provided for by the Texas statutes shall be open to inspection by the members at any reasonable and mutually agreed upon time.

7.08 Pursuant to the Covenants, Conditions and Restrictions, all variances must be granted in writing by the Architectural Control Committee describing the reason for the variance.

7.09 Any amendment(s) to these By-laws must be mailed to the members of the Association within 15 days of their adoption and such amendment(s) go into effect 60 days after the date of such mailing.


7.10 The power to alter, amend, or repeal these By-laws is vested in the Board of Directors. A majority of the Voting Members present at a members meeting in person or by proxy may repeal or change the Board of Directors' decision.

Any amendment(s) to these By-laws, once adopted by the Board of Directors or changed by the members, will be signed by all directors and filed in the Real Property Records of Montgomery County, Texas.

ADOPTED by the Directors on this the 25th day of July, 2001.

INDIGO LAKE ESTATES PROPERTY OWNERS ASSOCIATION


Robert Battey, President


Jennifer Bailey, Vice President



Lynne Scheiderer, Secretary


Gerald Strenk, Treasurer


Jeff Miller, Director

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COUNTY CLERK
MONTGOMERY COUNTY, TEXAS

STATE OF TEXAS
COUNTY OF MONTGOMERY
I hereby certify this instrument was filed in
File Number Sequence on the date and at the time
stamped herein by me and was duly RECORDED in
the Official Public Records of Real Property at
Montgomery County, Texas.

AUG 28 2001




County Clerk
Montgomery County, Texas