

BY-LAWS
OF
ROSEHEART HOMEOWNERS ASSOCIATION

The name of the organization shall be ROSEHEART HOMEOWNERS ASSOCIATION. The following definitions shall apply to these By-Laws:

1. "Association" shall mean and refer to ROSEHEART HOMEOWNERS ASSOCIATION, a non-profit Association chartered under the laws of the State of Texas, its successors and assigns as provided for herein and in the Declaration of Restrictive Covenants and Conditions for Roseheart Unit 1, Planned Unit Development, according to plat thereof recorded or to be recorded in the Deed and Plat Records of Bexar County, Texas. The Association shall operate under such name and/or such other assumed name(s) as may be adopted by the board of directors of the Association.

2. "Residential Units" shall mean and refer to the residential subdivision known as Roseheart Unit 1, Planned Unit Development ("Initial Residential Subdivision") and all other Residential Units within the Project commonly known as Roseheart Subdivision, if any, which may become subject to the jurisdiction of the Association.

3. "Common Areas" and "Common Facilities" shall mean and refer to all property leased, owned, or maintained by the Association for the use and benefit of the Members of the Association. The initial Common Areas will include private streets (including entry gate) and other areas as shown on the subdivision plat for the Initial Subdivision.

4. "Lot" shall mean and refer to any of the separately numbered plots of land as shown on the Subdivision Plat.

5. "Subdivision Plat" shall mean and refer to the map or plat of Roseheart Unit 1, Planned Unit Development, filed for record in the Deed and Plat Records of Bexar County, Texas, or any amendment thereto or replat thereof, and any map or plat of any subdivision or part thereof which may become subject to the jurisdiction of the Association.

6. "Living Unit" shall mean and refer to a single family residence and its attached or detached garage situated upon a Lot.

7. "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 portion of a Lot, within the Properties, including contract sellers but excluding those having interest merely as security for the performance of an obligation.

8. "Member" shall mean and refer to all those Owners who are members of the Association as provided in Article II, Section 1, hereof.

9. "Builder Members" shall mean and refer to those Members approved by Declarant for construction of residences within the Properties and owning one or more Lots for the purpose of such construction and sale to others. The term "Builder Member" specifically includes The Sitterle Corporation, its successors or assigns.

10. "Board of Directors" shall mean and refer to the Board of Directors of the Association as set forth in Article IV hereof.

11. "Secretary" shall mean and refer to the Secretary of the Association as set forth in Article V, Sections 1 and 5, hereof.

12. "Declaration" shall mean and refer to the Declaration of Covenants, Conditions, and Restrictions for Roseheart Unit 1, Planned Unit Development as recorded in the Real Property Records of Bexar County, Texas and to any amendment or supplement thereto and to any similar instrument for residential units of the Project hereafter annexed to the jurisdiction and assessments of the Association.

13. "Declarant" shall mean and refer to The Sitterle Corporation, a Texas corporation, its successors and assigns.

Any defined terms used herein and not defined in this Article shall have the same meaning ascribed in the Declaration.

ARTICLE I

OBJECT

1. The primary purposes of this non-profit Association are to maintain and administer the Common Facilities, to provide those services as may be provided in the Declaration, and to collect and disburse the assessments and charges created in the Declaration with regard to the residential properties and project known as Roseheart Subdivision, Bexar County, Texas, including such additions to the Initial Subdivision as may be brought within the jurisdiction of the Association.

2. All present or future Owners, tenants, future tenants, or any other person that might use the Common Facilities in any manner, are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any Lot or the mere act of occupancy of any Lot will signify that these By-Laws are accepted, ratified, and will be complied with.

ARTICLE II

MEMBERSHIP, VOTING, QUORUM, PROXIES

1. Membership. Any person on becoming an Owner of a fee or undivided interest in any Lot shall automatically become a member of this Association and be subject to these By-Laws, provided, however, that any person or entity holding an interest in any such Lot merely as security for the performance of an obligation, shall not be a Member. Such membership shall terminate without any formal Association action whenever such person ceases to own a Lot, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Properties during the period of such ownership and membership in the Association, or impair any rights or remedies which the Board of Directors of the Association or other may have against such former Owner and Member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue one membership card to the Owner(s) of a Lot. Such membership card shall be surrendered to the Secretary whenever ownership of the Lot designated thereon shall terminate.

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

Class A. Class A Members shall be all those Owners as defined in Section 1, Article II, with the exception of The Sitterle Corporation and Builder Members. Class A Members shall be entitled to one vote for each Lot in which they hold the interest required for membership in Section 1 of Article II. When more than one person holds such interest or interests in any Lot, all such persons shall be Members, and the vote for such Lot shall be exercised as they among themselves determine, but in no event shall more than one vote be cast with respect to any such Lot.

Class B. Class B Members shall be The Sitterle Corporation, its successors or assigns, and Builder Members. Class B Members shall be entitled to three votes for each Lot in which they hold the interest required by Section 1, provided that the Class B membership shall cease and become converted to Class A membership on the happening of the following events, whichever occurs earlier:

- (a) When the total votes outstanding in the Class A membership equal the total votes outstanding in the Class B membership; or
- (b) On January 1, 2027.

From and after the happening of these events, whichever occurs earlier, the Class B Members shall be deemed to be Class A Members entitled to one vote for each Lot in which they hold the interests required for membership under Section 1, Article II. Notwithstanding the foregoing, in the event that Class B membership shall terminate and thereafter there shall be the annexation to the Association of additional lands, and in the event such annexed area shall include Unimproved Lots owned by Declarant or a Builder Member, then in such event the Class B membership shall be revived with respect to such undeveloped Lots owned by Declarant and/or the Builder Member.

3. Quorum and Voting. Except as otherwise provided in the Articles, the Declaration, or these By-Laws, the presence in person or by proxy of Owners representing twenty percent (20%) ownership of the Lots shall constitute a quorum. and any requirement for any particular percentage of votes of the Members of the Association or of the Class A Members of the Association shall mean and be construed to be that percentage of the votes of quorum cast and not that percentage of the membership of the Association or of Class A Members of the Association.

4. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before vote is taken on any matter on which the proxy is to be exercised.

ARTICLE III

ADMINISTRATION

1. Association Responsibilities. The Owners of the Lots will constitute the Association of Lot Owners, hereinafter referred to as "Association", who will have the responsibility of administering the Common Facilities through a Board of Directors.

2. Place of Meetings. Meetings of the Association shall be held at such place as the Board of Directors may define.

3. Annual Meeting. There shall be a meeting of the Association on the second Thursday of October of each year beginning 2003 at 7:00 o'clock p.m., or at such other reasonable time and place [not more than sixty (60) days before or after such date] as the Board of Directors may determine. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Section 5 of Article IV

of these By-Laws. The Owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by thirty percent (30%) of the Owners and having been presented to the Secretary. The notice of any special meeting shall state the 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 unless by consent of four-fifths (4/5) of the Owners present, either in person or by proxy.

5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each Owner, at least five (5) but not more than fifteen (15) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

6. Adjourned Meeting. If any meeting of Owners cannot be organized because a quorum has not attended, the Owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than seventy-two (72) hours from the time the original meeting was called.

7. Order of Business. The order of business at all meetings of the Owners of Lots shall be as follows:

- a. Determination of Quorum
- b. Proof of notice of meeting or waiver of notice
- c. Reading of minutes of preceding meeting
- d. Reports of officers
- e. Reports of committees
- f. Election of Director(s)
- g. Unfinished business
- h. New business

ARTICLE IV

BOARD OF DIRECTORS

1. Number and Qualifications. Subject to the provisions of Section 4 of this Article, the affairs of this Association shall be governed by a Board of Directors composed of from three (3) to nine (9) persons. The Board of Directors shall be initially composed of

five (5) persons and such membership may be increased by amendment to these By-Laws on vote of the membership or by vote of the Board of Directors.

2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class residential development, including, but not limited to, all powers set forth in the Articles. The Board of Directors may do all such acts and things which the Association may do and which are not by these By-Laws or by the Declaration, directed to be exercised and done by the Owners.

3. Other Powers and Duties. The Board of Directors shall be empowered and shall have the duties as follows:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions set forth in any declaration of covenants, conditions, and restrictions, applicable to the Properties, or any part thereof.

(b) To establish, make and enforce compliance with such reasonable rules as may be necessary for the operation, use and occupancy of the Common Facilities with the right to amend same from time to time, including such rules and regulations relating to traffic and parking as may be deemed necessary or convenient. A copy of such rules and regulations shall be delivered to, or mailed to, each Member promptly upon the adoption thereof.

(c) To keep in good order, condition and repair all of the Common Facilities and all items of personal property of the Association used in the maintenance and enjoyment of the Properties.

(d) To ensure and keep insured all of the insurable Common Facilities in an amount equal to their maximum replacement value. Maximum replacement value shall be determined from time to time by one or more written appraisals. Further, to obtain and maintain comprehensive liability insurance covering the entire premises in amounts of not less than \$500,000.00 per person and \$1,000,000.00 per accident and \$500,000.00 property damages. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and its Members and their first mortgagees. To obtain on behalf of the Association insurance providing protection against all errors, omissions, or acts of Directors, Officers, employees, and agents for which the Association might be held liable.

(e) To determine, levy, collect, and disburse annual assessments and fees of Members and the monthly prorated assessments to be paid by each of the Owners.

To levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All special assessments shall be in an itemized statement form and shall set forth the detail of the various expenses for which the assessments are being made. Additionally, the Association shall be empowered to charge reasonable admission and other fees for the use of the Common Facilities.

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an Owner as is provided in these By-Laws.

(h) To prosecute all claims of the Association for damages or otherwise including the authority to contract for the services of attorneys and determine when and whether to file suit. Such power shall extend to all causes of action which the Association may have whether for damages at law or injunctive or other relief.

(i) To protect and defend the entire premises from loss and damage by suit or otherwise.

(j) To borrow funds for the purpose of constructing or improving the Common Facilities and in aid thereof to mortgage said properties and facilities, and to execute such instruments as necessary evidencing such indebtedness which shall be the several obligation of all of the Owners in the same proportion as their interest in the Properties may bear.

(k) To take such steps as are reasonably necessary to protect the Common Facilities against foreclosure.

(l) To suspend the enjoyment rights of any Member for any period during which any assessment remains unpaid, and for any period not to exceed thirty (30) days for any infraction of the published rules and regulations of the Association.

(m) To enter into contracts within the scope of their duties and powers.

(n) To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors.

(o) To dedicate or transfer all or any part of the Common Facilities to any public agency, authority, or utility for such purposes and subject to such conditions as may be approved by a two-thirds (2/3) vote of the Members, provided, however, the

Board of Directors shall be empowered to accept donations of property to the Association on behalf of the Association which donations prohibit such dedications or transfers or are otherwise conditioned.

(p) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners, and to cause to be prepared by a competent certified public accountant an annual financial statement of the Association.

(q) To prepare and deliver annually to each Owner a statement showing all receipts, expenses or disbursements since the last such statement.

(r) To meet at least annually.

(s) To designate the personnel necessary for the maintenance and operation of the Common Facilities.

(t) In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of subdivision ownership.

4. Managing Agent. The Association shall have the right to engage the services of a Managing Agent including Declarant or an affiliate of Declarant and to contract to pay such Managing Agent a reasonable fee for its services. The duties of the Managing Agent shall be to perform or cause to be performed all acts and responsibilities of the Board of Directors which may by law and these By-Laws be delegated, including supervising and directing the day-to-day operations of the Association.

5. Election and Term of Office. At the first annual meeting of the Association, the term of office of two Directors shall be fixed for three (3) years, the term of office of two Directors shall be fixed at two (2) years, and the term of office of one Director shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Director, his successor shall be elected to serve a term of three (3) years. The Directors shall hold office until their successors have been elected and hold their first meeting. In the event the number of Directors shall be increased by amendment to the By-Laws, the additional positions created shall likewise be classified to provide for staggered terms approximating one-third of each class.

6. Vacancies. Vacancies on the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum;

and each person so appointed shall be a Director until the expiration of the term for which he was appointed.

7. Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by vote of more than fifty percent (50%) of the eligible votes of the Association, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

8. Organization Meeting. The first meeting of a newly elected Board of Directors shall be held within ten (10) days of the election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected; and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, provided a majority of the whole Board of Directors shall be present.

9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors; but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telecopy, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days notice to each Director, given personally, or by mail, telecopy, telephone or telegraph, which notice shall state time, place (as hereinabove provided) and purpose of the meeting.

11. Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him at the time and place thereof. If all the Directors are present at any meeting of the Directors, no notice shall be required and any business may be transacted at such meeting.

12. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business; and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such reconvention of an adjourned meeting, any business which might have been transacted at the meeting subject to the requirement of a quorum being present, as originally called may be transacted without further notice.

13. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE V

OFFICERS

1. Designation. The officers of the Association shall be a President, a Secretary and a Treasurer, all of whom shall be elected by and from the Board of Directors. The Board of Directors may appoint or hire such assistant secretaries or assistant treasurers as it deems necessary to conduct the business of the Association.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose.

4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association of the Board of Directors. He shall have all the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5. Secretary. The Secretary shall keep all the minutes of all meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each Member's name the number or other appropriate designation of the Lot(s) owned by such Member. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of, the Association in such depositories as may from time to time be designated by the Board of Directors.

ARTICLE VI

INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every Director, manager, or officer, his heirs, executors, administrators, personal representatives, successors, and assigns against all loss, costs and expense including counsel fees, to the fullest extent permitted by, and subject to the required findings and procedures of, Article 1396-2.22A, Vernon's Texas Revised Civil Statutes Annotated, as it exists on the date of Incorporation of the Association. The foregoing rights shall not be exclusive of other rights to which such Director, manager, or officer may be entitled. The Association shall be entitled to procure insurance to cover all or a portion of the Association's obligation of indemnification.

Nothing in this Article VI contained shall be deemed to obligate the Association to indemnify any Member or Owner of a Lot, who is or has been a Director, manager, or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of any declaration of covenants, conditions, and restrictions related to the Properties, as a Member or Owner of a Lot covered thereby.

ARTICLE VII

OBLIGATIONS OF OWNER

1. Assessments. All Owners shall be obligated to pay to the Association:

(a) Annual assessments or charges; and

(b) special assessments for capital improvements, on Improved Lots only, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The annual and special assessments, together with such interest thereon and costs of collection thereof as are hereinafter provided, shall be a charge on each Lot and shall be a continuing lien upon each Lot against which such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such Lot at the time the obligation accrued.

2. Purpose of Assessments. The assessments levied by the Association shall be used for the purpose of promoting the recreation and welfare of the Members, and in particular, for the improvement, maintenance and operation of Common Facilities devoted to this purpose and related to the use and enjoyment of the Properties by the Members. The initial Common Facilities are defined in the Declaration and include private streets within the Initial Subdivision and the entry gate. Assessments of the Association may also be used to pay/defray the costs of manned guard entries to those residential projects within the Project and subject to the assessments of the Association provided that all such manned guard residential projects shall have assessments set at a level reasonably calculated to pay the additional expense of having manned guard entries. In addition, assessments will be used for the purpose of basic front-yard maintenance on all improved Lots. Front yard maintenance will be provided by the association and/or its selected provider.

3. Basis and Maximum of Annual Assessments. The annual assessment for Unimproved Lots shall be one-fourth (1/4) the annual assessment for Improved Lots, not including assessments for front yard maintenance. The annual assessment for both Improved Lots and Unimproved Lots shall be determined by the Board of Directors in the manner provided for herein after determination of current maintenance costs and anticipated needs of the Association during the year for which the assessment is being made. The maximum annual assessment for Improved Lots and the maximum annual assessment for Unimproved Lots may be increased as provided in Section 5. A Lot shall be deemed to be an "Improved Lot" when construction of a Living Unit thereon is completed and closing of a sale thereof has taken place, or when the Living Unit is occupied by the Owner, whichever first occurs. All Lots that are not Improved Lots shall be deemed to be an "Unimproved Lots".

4. Special Assessments for Capital Improvements. In addition to the annual assessments provided for in Paragraph 3, the Association may levy, in any assessment year, a special assessment on Improved Lots only applicable to that year, only, for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement on or which is a part of the Common Facilities or to finance or defray the cost of any extraordinary expense of the Association provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of Owners of Improved Lots voting in person or by proxy at a meeting duly called for this purpose, written notice of which shall be sent to all Owners of Improved Lots at least thirty (30) days in advance and shall set forth the purpose of the meeting.

5. Change in Basis and Maximum of Annual Assessments. For all annual assessments accruing on or after December 1, 2002, the maximum annual assessment may be adjusted by majority vote of the Board of Directors but shall not be increased by more than ten percent (10%) above that of the previous year without a vote of the

membership. Any increase in the maximum annual assessment of more than ten percent (10%) above that of the previous year shall require approval of two-thirds (2/3) vote of each class of Members voting at a meeting duly called for such purpose.

6. Quorum for Actions Authorized Under Sections 4 and 5. The quorum required for any action by Members authorized by Sections 4 and 5 hereof shall be as follows:

At the first meeting called, as provided in Sections 4 and 5 hereof, the presence at the meeting of Members, or of proxies, entitled to cast sixty (60) percent of all the votes of each class of membership shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Sections 4 and 5, and the required quorum at any such subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting, provided that such reduced quorum requirement shall not be applicable to any such subsequent meeting held more than sixty (60) days following the preceding meeting.

7. Date of Commencement of Annual Assessments: Due Dates. The annual assessments provided for herein shall commence as provided in the Declaration. The assessments for each calendar year shall become due and payable and shall be collected as the Board of Directors shall determine. The amount of the annual assessment which may be levied on a Lot for the balance remaining in the first year of assessment shall be an amount which bears the same relationship to the annual assessment provided for in Section 3 hereof as the remaining number of months in that year bear to twelve. When a Lot becomes an Improved Lot after the annual assessment for it as an Unimproved Lot has been paid, there shall be payable, as of the first day of the month following the month when it becomes an Improved Lot, a sum equal to the difference between the annual assessment for Unimproved Lots and the annual assessment for Improved Lots prorated over the balance of the year then remaining. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

8. Duties of the Board of Directors. Not later than December of each year, the Board of Directors of the Association shall fix the amount of the annual assessment against each Lot for the following year and shall, at that time, prepare a roster of the Lots and assessments applicable thereto which shall be kept in the office of the Association and shall be open to inspection by any Owner. Written notice of the assessment shall thereupon be sent to every Owner subject thereto. The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association or authorized agent, setting forth whether said assessment has been paid or the balance due. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid. A Member shall be deemed to be in good standing and entitled to vote at any annual or special meeting of Members,

within the meaning of these By-Laws, if and only if he shall have fully paid all assessments made or levied against him and the Lot or Lots owned by him.

9. Effect of Non-Payment of Assessments; The Liens; Remedies of the Association. If the assessments are not paid on the date when due (being the dates specified in Section 7 hereof) then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owner, his heirs, devisees, personal representatives, successors, and assigns. If the assessment is not paid within one (1) month after the due date, the assessment shall bear interest from the due date at the rate of ten percent (10%) per annum, and the Association may bring an action at law against the Owner to pay the same or to foreclose the lien against the Lot, and there shall be added to the amount of such assessment all reasonable expenses of collection including the costs of preparing and filing the complaint, reasonable attorney's fees and costs of suit.

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10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to (a) tax liens and (b) all liens secured by a mortgage or deed of trust lien of record which, in either instance, secures sums borrowed for the purchase or improvement of the Lot in question. The foregoing subordination applies only to the assessments which have become due and payable prior to the sale or transfer of such Lot pursuant to a decree of foreclosure, or a conveyance expressly made in lieu of foreclosure. Such sale or transfer shall not relieve such Lot from liability for any assessments thereafter becoming due, nor from the lien of any such subsequent assessment nor shall this subordination relieve any purchaser of a Lot which has not been the subject of foreclosure or conveyance in lieu of foreclosure from liability for assessments arising prior acceptance of a deed to such Lot.

11. Exempt Property. The charges and liens created herein shall apply only to the Lots not owned by the Association, and the remainder of the Properties shall not be subject thereto.

12. General.

(a) Each Owner shall comply strictly with the provisions of the Declaration and any supplemental declaration applicable to the Residential Unit encompassing his Lot. All Owners shall promptly and completely comply with each of the rules and regulations herein contained or hereafter properly adopted.

(b) Each Owner may use the Common Facilities and the limited common elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other owners.

(c) The Common Facilities are intended primarily for the benefit of the Members, for the beautification of the development, and for providing privacy to the residents thereof through landscaping and such other means as shall be deemed appropriate. Developer and/or the Association may permit recreational facilities to be used by owners/tenants within the Annexation Area who are not Members provided such owners/tenants pay a fee for such use. No part of the Common Facilities shall be obstructed so as to interfere with its use for the purposes hereinabove recited nor appropriated for individual use to the exclusion of other Members, nor shall any part of the Common Facilities be used for general storage purposes after the completion of the construction on Lots by the developer, except for a maintenance storage room, nor anything done thereon in any manner which shall increase the rate of hazard and liability insurance covering said area and improvements situated thereon.

- (d) No resident of the Properties shall post any advertisements, signs, or posters, of any kind on the Properties except as authorized by the Association.

ARTICLE VIII

This Association is not organized for profit. No Member, Director, or person from whom the Association may receive any property or funds, shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors; provided, however, always: (1) that reasonable compensation may be paid to any Member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member of the Board of Directors may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE IX

1. These By-Laws may be amended at a regular or special meeting of the Members by vote of a majority of a quorum of the members present in person or acting by proxy. While there is a Class B Member of the Association, The Department of Housing and Urban Development and the Veteran's Administration shall have the right to veto any amendment to these By-Laws.

2. In the event of any conflict between the terms of the Articles of Incorporation of the Association ("Articles") and these By-Laws, the terms of the Articles shall govern and control. In the event of conflict between the provisions of the Declaration and these By-Laws, the provisions of the Declaration shall govern and control.

ARTICLE X

1. Common Area owned by the Association shall not be mortgaged or conveyed by the Association without the prior approval of two-thirds (2/3) of the Owners other than Declarant. If ingress or egress to any Lot is through the common area, any mortgage or conveyance of such common area by the Association shall be subject to an easement of ingress and egress for the Owner of such Lot(s).

2. For so long as the Declarant, its successors and assigns, have a controlling vote of the Association, the following actions will require the prior approval of the Department of Housing and Urban Development and/or the Veterans Administration:

- a. annexation of property other than within the area described in the Declaration;
- b. mortgaging or dedication of any common area;
- c. merger, consolidation, or dissolution of the Association;
- d. amendment of the Articles of Incorporation of the Association and the Declaration other than to correct clerical errors or ambiguities as provided in the Declaration.

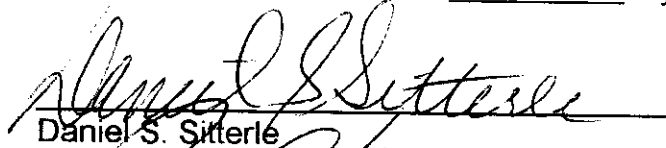
ARTICLE XI

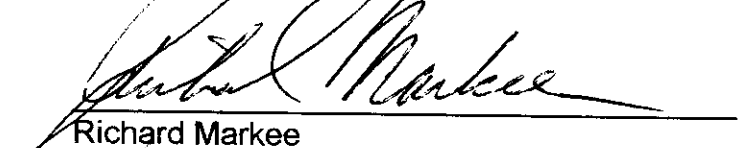
The initial registered office and the principal office of the transaction of business of this Association shall be 2015 Evans Road, Suite 100, San Antonio, Texas 78258, and the initial Registered Agent shall be Frank J. Sitterle at the same address.

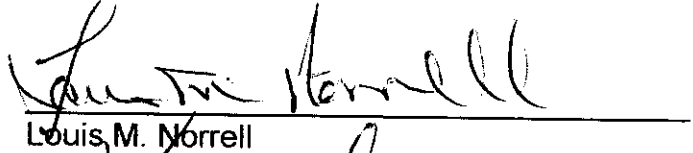
ARTICLE XII

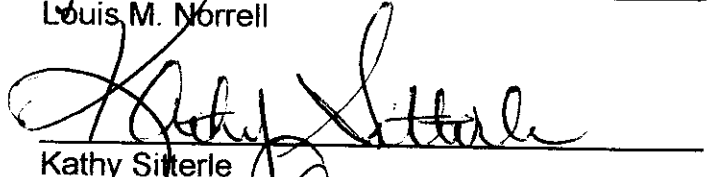
The persons who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and the Secretary of the Association, either or both of whom may sign, with or without the affixing of the Association's seal.

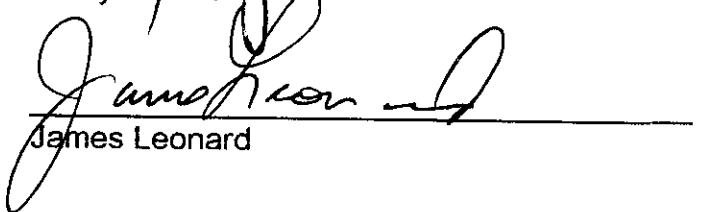
IN WITNESS WHEREOF, the undersigned, being all the Directors of Roseheart Homeowners Association have hereunto set our hands effective the 16 day of April, 2002.


 Daniel S. Sitterle


 Richard Markee


 Louis M. Norrell


 Kathy Sitterle


 James Leonard

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Any provision herein which restricts the sale, or use of the described real property because of race is invalid and unenforceable under Federal law STATE OF TEXAS, COUNTY OF BEXAR

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me and was duly RECORDED in the Official Public Record of Real Property of Bexar County, Texas on:

SEP 23 2003



Gerry Rickhoff
COUNTY CLERK BEXAR COUNTY, TEXAS

Doc# 20030244360
Pages 27
09/23/2003 11:01:51 AM
Filed & Recorded in
Official Records of
BEXAR COUNTY
GERRY RICKHOFF
COUNTY CLERK
Fees \$66.00

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