

**NINTH AMENDED BYLAWS
OF
THE NEW PROPERTY OWNERS ASSOCIATION OF NEWPORT, INC.**

These Ninth Amended Bylaws (the "Bylaws") govern the affairs of The New Property Owners Association of Newport, Inc. (the "Corporation"), a nonprofit corporation organized under the Texas Non-Profit Corporation Act (the "Act").

ARTICLE I

OFFICES

Principal Office

1.01 The principal office of the Corporation in the State of Texas shall be located at 17049 El Camino Real, Suite 100, Houston, Texas 77058. The Corporation may have such other offices, either in Texas or elsewhere, as the Board of Directors may determine. The Board of Directors may change the location of the office of the Corporation.

Registered Office and Registered Agent

1.02 The Corporation shall comply with the requirements of the Act and maintain a registered office and registered agent in Texas. The registered office may, but need not, be identical with the Corporation's principal office in Texas. The Board of Directors may change the registered office and the registered agent as provided in the Act.

ARTICLE 2

MEMBERS

Class of Members

2.01 The Corporation shall have one class of members.

Admission of Members

2.02 The members of the Corporation shall be the incorporator hereof, the initial directors and the initial officers of the Corporation, and the owners and purchasers of one or more lots, single family residences, or condominium units in any section of the Newport property development in Harris County, Texas which amends its Declaration of Reservations, Restrictions, Covenants and Liens (deed restrictions) to appoint the Corporation as the entity authorized to enforce the deed restrictions and to collect and expend the monthly maintenance charges for such section(s) or where the rights to enforce the deed restrictions and to collect and expend the monthly maintenance charges have been assigned to the Corporation.

Membership Inseparably Appurtenant

2.03 Membership in the Corporation shall be inseparably appurtenant to the lot(s), single family residence(s), or condominium unit(s), owned or being purchased by any given member, and upon the transfer of such lot(s), single family residence(s), or condominium unit(s), the membership appurtenant thereto shall be deemed to be transferred to the purchaser or grantee of such lot(s), single family residence(s), or condominium unit(s). Membership in the Corporation may not be conveyed or transferred in any other manner whatsoever. Further, no member may withdraw except by transfer of title of the lot(s), single family residence(s), or condominium unit(s) to which such membership is appurtenant.

Membership Fees and Dues

2.04 There shall be no initiation fee for membership in the Corporation, and there shall be no annual dues charged by the Corporation (save and except the monthly maintenance charges authorized by the deed restrictions).

Special Assessments

2.05 In the event additional funds are needed by the Corporation for operations and/or special projects, such additional funds may be raised by special assessment of the membership. Any such special assessment must be authorized by a vote of two-thirds of the members present at a meeting of the members, provided that, notice that there would be a vote on the special assessment was circulated to the membership at least ten (10) days prior to such meeting.

Certificates of Membership

2.06 The Board of Directors may provide for the issuance of certificates evidencing membership in the Corporation. Membership certificates shall be signed by the president or a vice president and by the secretary or an assistant secretary. Certificates shall be sealed with the seal of the Corporation. Membership certificates shall be numbered consecutively. If a certificate is lost, mutilated, or destroyed, a new certificate may be issued.

Voting Rights

2.07 Each member shall be entitled to cast one vote for each lot, single family residence, or condominium unit owned by that member in any section of Newport which has amended its deed so as to qualify for membership in the Corporation, in the election of directors of the Corporation, and in the conduct of such other affairs of the Corporation which requires a vote of the members and which does not specify a method for calculating the votes, the members shall be entitled to only one vote per lot, single family residence or condominium unit that is owned by that member in any section of Newport which has amended its' Declaration so that it qualifies for membership in this Corporation as outlined above.

Transfer of Membership

2.08 Membership in the Corporation is not transferable or assignable, except as provided in paragraph 2.03 hereinabove.

Waiver of Interest in Corporation Property

2.09 All real and personal property, including all improvements located on the property, acquired by the Corporation shall be owned by the Corporation. A member shall have no interest in specific property of the Corporation. Each member hereby expressly waives the right to require partition of all or part of the Corporation's property.

ARTICLE 3

MEETING OF MEMBERS

Annual Meeting

3.01 Beginning in 1997, the Board of Directors shall hold an annual meeting of the members at 7:00 p.m. on the second Thursday of January of each year (or at another time that the Board of Directors designates). If the day fixed for the annual meeting is a legal holiday in the State of Texas, the meeting shall be held on the next business day. At the annual meeting, the members shall elect directors, and transact any other business that may come before the meeting. If, in any year, the election of directors is not held on the day designated for the annual meeting, or at any adjournment of the annual meeting, the Board of Directors shall call a special meeting of the members as soon thereafter as possible to conduct the election of directors. The failure to have an annual meeting will not cause dissolution of the Corporation.

Special Meetings

3.02 Special meetings of the members may be called by the president, a majority of the Board of Directors, or not less than one-tenth of the voting members. The voting members must present a petition to the president, vice president or secretary of the Board of Directors with the names and addresses of the members who are requesting the special meeting. The special meeting will be scheduled by the Board of Directors within twenty (20) days after the petition is received. During the first year after incorporation, and each year thereafter, the Corporation shall also hold regular meetings on a quarterly basis, with such meetings to be held on the second Thursday of April, July and October.

Place of Meeting

3.03 The Board of Directors may designate any place, within the city of Crosby, Texas, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If the Board of Directors does not designate the place of meeting, the meeting shall be held at the registered office of the Corporation in Texas.

Notice of Meetings

3.04 Written or printed notice of any meeting of members, not including the annual meeting or the regular quarterly meetings shall be delivered by mail or hand delivered to each member entitled to vote at the meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. If the Corporation has more than 1,000 members at the time the meeting is scheduled or called, notice may

be given by publication in any newspaper of general circulation in Crosby, Texas. The notice shall state the place, day, and time, of the meeting, who called the meeting, and the general purpose or purposes for which the meeting is called. Notice shall be given by or at the direction of the president or secretary of the Corporation, or the officers or persons calling the meeting. If all of the members meet and consent to the holding of a meeting, any corporate action may be taken at the meeting regardless of a lack of proper notice.

The record date for determining the members entitled to vote at a meeting shall be established in accordance with the provisions of Article 1396-2.1 IA of the Revised Civil Statutes. After a record date is fixed for the notice of a meeting, an alphabetical list of members entitled to receive notice, including their addresses and number of votes each is entitled to cast, will be prepared. The list must contain a listing of members who are entitled to vote at the meeting, although not entitled to receive notice. The list must be available for inspection at the principal office, or other reasonable place in the city in which the meeting will be held, as specified in the meeting notice, during the period from two business days after notice is given until the meeting is held. Any member entitled to vote at the meeting is entitled to access to the list for the purpose of communicating with other members. The member or the member's agent or attorney is entitled to make the inspection on written demand, and to copy the list at a reasonable time and at the member's expense.

Quorum

3.05 The members holding one-tenth of the votes that may be cast at a meeting who attend the meeting in person or by proxy shall constitute a quorum at that meeting. The members present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough members leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of members required to constitute a quorum. If a quorum is present at no time during a meeting, a majority of the members present may adjourn and reconvene the meeting one time without further notice.

Actions of Membership

3.06 The vote of a majority of voting members in good standing, present and entitled to vote at a meeting in person or by proxy at which a quorum is present, shall be sufficient to constitute the act of the membership unless the vote of a greater number is required by law or the Bylaws. Voting shall be a ballot or voice, except that any election of directors shall be by written ballot. A member in good standing is; any member that does not owe any past due maintenance fees/assessments other than deferred maintenance fees; or fees for forced maintenance, and that has no pending legal action against them by the Association; deed restriction violations that are not more than 60 days old; and they are not in violation of 7.04 of the Bylaws.

Governing Rules

3.07 Meetings of the membership shall be conducted in accordance with Roberts Rules of Order, to the extent they are not inconsistent with the Bylaws of the Corporation of the laws of the State of Texas.

Proxies

3.08 Each member of the Corporation may vote by proxy duly filed with the Secretary of the Corporation prior to or at any annual or special meeting. No proxy shall be voted more than eleven (11) months after the date it was signed by the member, unless such proxy specifically provides for a longer period (not to exceed two years maximum).

Voting by Mail

3.09 Members may vote by mail on the election of directors or on any other matter that may be voted on by the members.

ARTICLE 4

BOARD OF DIRECTORS

Management of the Corporation

4.01 The affairs of the Corporation shall be managed by the Board of Directors.

Initial Board of Directors

4.02 The initial Board of Directors shall consist of three (3) individuals-,

Jimmy Ray Hembree,
William T. Fontenot; and
B.J. Johnson

The term of the initial Directors named above shall run until the annual meeting of the members in January 1998, at which meeting their successors shall be elected in accordance with the provisions contained hereinbelow. Four (4) additional Directors shall be added to the Board at or before the annual meeting of the members in January 1997, bringing the total number of Directors on the Board to seven (7). These four additional Directors shall be elected by the members at the first meeting of the members after three (3) or more sections of Newport have amended their deed restrictions to appoint the Corporation as the entity authorized to collect and expend the monthly maintenance charges for such sections. For example, should three (3) or more sections of Newport amend their deed restrictions as specified above at any time during the year 1996, the election of these four (4) additional Directors shall be held at the next regular quarterly meeting of the members, as provided in paragraph 3.02 hereinabove, (provided that these additional Directors are not elected by the members at a Special Meeting of the members called and held during the interim period of time). Should the number of sections of Newport which amend their deed restrictions as specified above during the year 1996 be less than three (3), then in that event, the election of the four additional Directors shall be conducted at the annual meeting of the members in January 1997, regardless of the number of sections which have amended their deed restrictions at that time.

Number, Qualifications and Tenure of Directors

4.03 Following the adoption of the Fourth Amendment to Bylaws of The New Property Owners Association of Newport, Inc., which increased the total number of directors to ten (10), the total number of directors shall be ten (10), though that number may, from time to time, be increased or diminished by amendment of these Bylaws, but in no event shall the number of elected directors be less than three (3) nor more than ten (10). Elected directors shall be members in good standing of the Corporation and residents of Newport. The terms of the elected directors shall be staggered as follows: Beginning in January, 2002, the positions of the five (5) elected directors whose terms expire in January, 2002, shall be filled by an election in January 2002, and two (2) directors elected thereat shall serve for a term of two years, and the other three (3) directors elected thereat shall serve for a term of three years; at the end of those terms those five (5) directors' positions shall be filled by an election every three (3) years thereafter. Beginning in January, 2003, the positions of the four (4) remaining elected directors, whose terms expire in January 2003, shall be filled by an election in January, 2003, and one (1) director elected thereat shall serve for a term of one year and the other three (3) directors elected thereat shall serve for a term of three (3) years; at the end of those terms those four (4) directors' positions shall be filled by an election every three (3) years thereafter.

4.04 In addition to the nine (9) elected Board members, as provided in paragraph 4.02 through 4.03 of this Article, there shall be appointed to the Board a representative of Rampart Properties Corporation, or Newport Fund LLC, their successors and assigns who shall serve on the Board as long as Rampart Properties Corporation its successors or assigns owns more than fifteen (15) acres or five (5) lots within the Newport subdivision. Such director need not be a property owner or resident of Newport. Rampart Properties Corporation, Newport Fund LLC, their successors or assigns shall have the sole authority to appoint and replace such Director.

Nomination of Directors

4.05 At any meeting at which the election of a director occurs, a voting member in good standing, with the second of any other voting member in good standing, may nominate a qualified member to run for director. In addition to nominations made at meetings, a nominating committee shall meet during the month preceding the election to consider possible nominees and make nominations for each election of directors. The secretary shall include the names nominated by the nominating committee, and any report of the committee, with the notice of the meeting at which the election occurs.

Election of Directors

4.06 A member who meets the qualification requirements to be a director and who has been duly nominated may be elected as a director. Directors shall be elected by the vote of the membership of the Corporation, which vote shall be taken by written ballot. Except as otherwise provided hereinabove, Directors shall be elected at the annual meeting of the members. Each director shall hold office until a successor is elected and qualified.

Vacancies

4.07 Any vacancy occurring in the Board of Directors, and any director position to be filled due to an increase in the number of directors, shall be filled by affirmative vote of a majority of directors. A director elected to fill a vacancy shall be elected for the unexpired term of the predecessor in office.

Annual Meeting

4.08 The annual meeting of the Board of Directors may be held without notice. The annual meeting of the Board of Directors shall be held immediately after, and at the same place as the annual meeting of the members.

Regular Meetings

4.09 The Board of Directors may provide for regular meetings by resolution stating the time and place of such meetings. The meetings may be held at any location within Crosby, Texas, which the Board of Directors may designate, and shall be held at the Corporation's principal office in Texas if the resolution does not specify the location of the meetings. No notice of regular meetings of the Board of Directors is required other than a resolution of the Board of Directors stating the time and place of the meetings.

Special Meetings

4.10 Special meetings of the Board of Directors may be called by or at the request of the president or any three directors. A person or persons authorized to call special meetings of the Board of Directors may fix any place within Crosby, Texas, as the place for holding a special meeting. The person or persons calling a special meeting shall notify the secretary of the information required to be included in the notice of the meeting. The secretary shall give notice to the directors as required in the Bylaws.

Notice

4.11 Written or printed notice of any special meeting of the Board of Directors shall be delivered to each director not less than seven (7) nor more than thirty (30) days before the date of the meeting. The date of the notice and date of the meeting can be used to calculate the notice requirement. The notice shall state the place, day and time of the meeting, who called the meeting, and the purpose or purposes for which the meeting is called.

Quorum

4.12 A majority of the number of directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of directors required to constitute a quorum. If a quorum is present at no time during a meeting, a majority of the directors present may adjourn and reconvene the meeting one time without further notice.

Duties of Directors

4.13 Directors shall discharge their duties, including any duties as committee members, in good faith, with ordinary care, and in a manner they reasonably believe to be in the best interest of the Corporation. Ordinary care is care that ordinarily prudent persons in similar positions would exercise under similar circumstances. In the discharge of any duty imposed or power conferred on directors, they may in good faith rely on information, opinions, reports or statements, including financial statements and other financial data, concerning the Corporation or another person that were prepared or presented by a

variety of persons, including officers and employees of the Corporation, professional advisors or experts such as accountants or legal counsel.

Directors are not deemed to have the duties of trustees of a trust with respect to the Corporation or with respect to any property held or administered by the Corporation, including property that may be subject to restrictions imposed by the donor or transferor of the property.

Actions of Board of Directors

4.14 The Board of Directors shall try to act by consensus. A director who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining the decision of the Board of Directors. For the purpose of determining the decision of the Board of Directors, a director who is represented by proxy for a vote is considered present.

Proxies

4.15 A director may vote by proxy executed in writing by the director. No proxy shall be valid after three (3) months from the date of its execution.

Removal of Directors

4.16 The members may vote to remove a director at any time, provided such removal is based upon just cause. For purposes of these Bylaws, just cause is defined as "the violation of a legal or ethical duty, committed by a person in the course and scope of performing his or her official duties as a director of the Corporation". As a necessary prerequisite to going forward with a special meeting to consider the recall of a director, the Board must determine that there is a reasonable factual basis to support the allegation that the director in question has committed a legal or ethical violation in the course and scope of performing his or her official duties as a director of the Corporation. Provided that the Board determines that there is such just cause to proceed, 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. The director shall have the right to present evidence at the meeting as to why he or she should not be removed, and the director shall have the right to be represented by an attorney at and before the meeting. At the meeting, the Corporation shall consider possible arrangements for resolving the problems that are in the mutual interest of the Corporation and the director. A director may be removed by the affirmative vote of a majority of the members present at such meeting.

Authorization to Retain Management Services

4.17 The Board of Directors is specifically authorized to select and contract with one or more persons or entities to serve in the capacity of property management consultants and independent property managers for the purpose of directing and managing the daily affairs of the Newport subdivision, including but not limited to, the acts of billing, collecting, depositing, maintaining, disbursing and accounting for the maintenance fees paid by members, as well as overseeing and supervising the maintenance of common areas and the enforcement of deed restrictions in the Newport subdivision, together with any other legitimate purpose(s) which the Board of Directors may, in its discretion, delegate to such independent third persons or entities.

ARTICLE 5

OFFICERS

Officer Positions

5.01 The officers of the Corporation shall be a president, a secretary, a vice president and a treasurer. The Board of Directors will serve as the officers of the Corporation, and the Board of Directors may create additional officer positions, define the authority and duties of each such position. Any two or more offices may be held by the same person, except the offices of president and secretary.

Powers and Duties of Officers

5.02 The officers of the Corporation shall have the powers 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.

Election of Officers

5.03 The officers must be a member of the Board of Directors. The officers shall be elected by a majority of the Board of Directors at the meeting that occurs immediately after the annual meeting of the members.

Term of Office

5.04 The officers of the Corporation may serve an unlimited term of office, provided said officer continues to be a member of the Board of Directors as required by Section 5.03 of this Article of the Bylaws. Each officer shall hold office until a successor is duly selected and qualified.

Removal

5.05 Any officer of the Corporation may be removed by a majority of the Board of Directors with or without good cause.

Vacancies

5.06 When a vacancy occurs in any office of the Corporation, the office may be filled by the Board of Directors at the next annual meeting of the Board of Directors or at any regular or special meeting of the Board of Directors. The officer filling said vacant office shall be elected by a majority of the Board of Directors and the officer must be a member of the Board of Directors.

President

5.07 The president shall be the chief executive officer of the Corporation. The president shall supervise and control all of the business and affairs of the Corporation. The president shall preside at all meetings of the members and of the Board of Directors. The president may execute any deeds, mortgages, bonds, contracts or other instruments that the Board of Directors have authorized to be executed. However, the president may not execute instruments on behalf of the Corporation if this power

is expressly delegated to another officer or agent of the Corporation by the Board of Directors, the Bylaws or statute. The president shall perform other duties prescribed by the Board of Directors and all duties incident to the office of President.

Vice President

5.08 When the president is absent, is unable to act or refuses to act, a vice president shall perform the duties of the president. When a vice president acts 'in place of the president, the vice president shall have all the powers of and be subject to all the restrictions upon the president. A vice president shall perform other duties as assigned by the president or Board of Directors. There shall be only one (1) vice president of the Corporation.

Treasurer

5.09 The treasurer shall, (except to the extent that any such duty has been delegated to a third party pursuant to paragraph 4.17 hereinabove):

- (a) Have charge and custody of and be responsible for all funds and securities of the Corporation;
- (b) Receive and give receipts for moneys due and payable to the Corporation from any source;
- (c) Deposit all money in the name of the Corporation in banks, trust companies or other depositories as provided in the Bylaws or as directed by the Board of Directors or president;
- (d) Write checks and disburse funds to discharge obligations of the Corporation. Funds may not be drawn from the Corporation or its accounts without the signature of at least two (2) signers authorized by the Board of Directors;
- (e) Maintain the financial books and records of the Corporation;
- (f) Prepare financial reports at least annually;
- (g) Perform other duties as assigned by the president or by the Board of Directors,
- (h) If required by the Board of Directors, give a bond for the faithful discharge of his or her duties in a sum and with a surety as determined by the Board of Directors; and
- (i) Perform all of the duties incident to the office of treasurer.

Secretary

5.10 The secretary shall:

- (a) Give all notices as provided in the Bylaws or as required by law;

- (b) Take minutes of the meetings of the members and of the Board of Directors and keep the minutes as part of the corporate records;
- (c) Maintain custody of the Corporation's records and of the seal of the Corporation;
- (d) Affix the seal of the Corporation to all documents as authorized;
- (e) Keep a register of the mailing address of each member, director, officer and employee of the Corporation;
- (f) Perform duties as assigned by the president or by the Board of Directors; and
- (g) Perform all of the duties incident to the office of secretary.

ARTICLE 6

COMMITTEES

Establishment of Committees

6.01 The Board of Directors may adopt a resolution establishing one or more committees delegating specified authority to a committee, and appointing or removing members of a committee. A committee may include one or more directors and may include persons who are not directors. The Board of Directors may establish qualifications for membership on a committee. The Board of Directors may delegate to the president its power to appoint and remove members of a committee that has not been delegated to any committee. The delegation of authority shall not relieve the Board of Directors, or any individual director, of any responsibility imposed by the Bylaws or otherwise imposed by law. No committee shall have the authority of the Board of Directors to:

- (a) Amend the Articles of Incorporation;
- (b) Adopt a plan of merger or plan of consolidation with another Corporation;
- (c) Authorize the sale, lease, exchange, or mortgage of all or substantially all of the property and assets of the corporation;
- (d) Authorize the voluntary dissolution of the Corporation;
- (e) Revoke proceedings from the voluntary dissolution of the Corporation;
- (f) Adopt a plan for the distribution of the assets of the Corporation;
- (g) Amend, alter, or repeal the Bylaws;
- (h) Elect, appoint, or remove a member of a committee or a director or officer of the Corporation;

- (i) Approve any transaction to which the Corporation is a party and that involves a potential conflict of interest;
- (j) Take any action outside the scope of authority delegated to it by the Board of Directors;
or
- (k) Take final action on a matter that requires the approval of the members.

Notwithstanding anything contained in this paragraph to the contrary, the Architectural Committee members may vote to remove a member at any time provided such removal is based upon just cause. For purposes of this paragraph, just cause is defined as "the violation of a legal or ethical duty, committed by a person in the course and scope of performing his or her official duties as a member of the Architectural Committee". As a necessary prerequisite to going forward with a special meeting to consider the removal of a member of the Architectural Committee, the remaining members of the Architectural committee must determine that there is a reasonable factual basis to support the allegation that the member of the Architectural Committee in question has committed a legal or ethical violation in the course and scope of performing his or her official duties as a member of the Architectural Committee. Provided that a majority of the rest of the Architectural Committee determines that there is such just cause to proceed, a meeting of the Association to consider the removal of an Architectural Committee member of the committee may be called and notice following the procedures provided in the Bylaws for the removal of a Director. The notice of the meeting shall state that the issue of possible removal of the Architectural Committee member of the committee will be on the agenda. The Architectural Committee member shall have the right to be represented by an attorney at and before the meeting. At the meeting, the Corporation shall consider possible arrangements for resolving the problems that are in the mutual interest of the Corporation and the Architectural Committee member. An Architectural Committee member may be removed by the affirmative vote of a majority of the members of the Association present at such meeting. If the majority of the Architectural Committee votes to present a removal vote to the membership, the Architectural Committee member who is sought to be removed may appeal. Likewise, if a vote is made to not remove an Architectural Committee member the Board of Directors of the Association may appeal. All appeals shall be only through binding arbitration, the sole charge of the arbiter being to determine if the Architectural Committee member of the Architectural Committee shall be submitted to a vote of the membership for the removal of that member. No arbitration shall be permitted to take more than 2 hours with the parties to share the allocated time equally. The costs of the arbitration shall be paid by the Association and awarded by the arbiter as a cost along with his or her decision to the prevailing party.

6.02 Authorization of Specific Committee There shall be the following committees: (1) Architectural Committee which shall be composed of five members no more than two of them shall be board members; including the development member. The remaining three committee members must be owners of a lot in the community and may not be affiliated with Newport Development Joint Venture, Rampart Properties LP and their respective affiliates. ; (2) Deed Restriction Committee shall consist of no more than five committee members, three of which shall be directors; (3) Budget Committee shall consist only of directors with no less than three directors being appointed by the Board of Directors; (4) Nominating Committee shall only consist of directors, with at least three directors but no more than five directors. The scope and the responsibilities of the Architectural Committee shall be

as defined in the Declaration of Reservations, Restrictions, Covenants and Liens. The directors shall define the activities and scope of authority of every other committee by resolution of the Board of Directors. The directors shall have the right to appoint such other advisory committees as they shall deem appropriate.

Term of Office

6.03 Members of the Architectural Committee shall be appointed for two year terms beginning 2009, however, the committee members appointed in 2009 – two shall be appointed for one year term and three shall be appointed for two year terms. Each member of a committee other than the Architectural Committee shall continue to serve on the committee until the next annual meeting of the members of the Corporation or until a successor is appointed, whichever occurs first. However, the term of a committee member may terminate earlier if the committee is terminated, or if the member dies, ceases to qualify, resigns or is removed as a committee member by the Board of Directors as per 6.01 in Article 6. A vacancy on a committee may be filled by an appointment made in the same manner as an original appointment. A person appointed to fill a vacancy on a committee shall serve for the unexpired portion of the terminated committee member's term.

Chair and Vice Chair

6.04 Each committee shall have a chair and a vice-chair. The chair and vice-chair shall be directors and shall be appointed by the President of the Corporation. The chair shall call and preside at all meetings of the committee. When the chair is absent, or is unable to act or refuses to act, the vice-chair shall perform the duties of the chair. When a vice-chair acts in place of the chair, the vice-chair shall act as the chair.

Notice of Meetings

6.05 Written notice of a committee meeting shall not be required, provided that each member of the committee receives actual notice of the meeting issued by the Chair or Co-Chair at least three days before the meeting.

Quorum

6.06 One-half of the number of committee members, provided one director is present, shall constitute a quorum for the transaction of business at any meeting of the committee. Committees shall try to take action by consensus. However, the vote of a majority of committee members present and voting at a meeting at which a quorum is present shall be sufficient to constitute the act of the committee unless the act of a greater number is required by the Bylaws. A committee member who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining the act of the committee.

Actions of Committees

6.07 Committees shall try to take action by consensus. However, the vote of a majority of committee members present and voting at a meeting at which a quorum is present shall be sufficient to constitute the act of the committee unless the act of a greater number is required by the Bylaws. A committee member who is present at a meeting and abstains from a vote is not considered to be present and voting for the purpose of determining the act of the committee.

Proxies

6.08 A committee member may vote by proxy executed in writing by the committee member. No proxy shall be valid after three (3) months from the date of its execution.

Rules

6.09 Each committee may adopt rules for its own operation not inconsistent with the Bylaws or with rules adopted by the Board of Directors.

Confidentiality

6.10 All Directors and committee members and Volunteers shall agree that all specific member records produced for the dissemination of information to Board members or committee volunteers, for the purpose of discussion and decision making, be considered confidential and should be treated as such; in that no member information or decisions involving a member be discussed outside the committee or board meeting or with anyone other than committee or board members. At any time these documents copies are no longer retained by the Board member or committee member or Volunteer, such documents will be rendered unreadable before disposal or turned over to the management company to properly dispose of or place with the community records.

ARTICLE 7

TRANSACTIONS OF THE CORPORATION

Contracts

7.01 The Board of Directors may authorize any officer or agent of the Corporation to enter into a contract or execute and deliver any instrument in the name of and on behalf of the Corporation. This authority may be limited to a specific contract or instrument or it may extend to any number and type of possible contracts and instruments.

Deposits

7.02 All funds of the Corporation shall be deposited to the credit of the Corporation in banks, trust companies, or other depositories that the Board of Directors selects.

Gifts

7.03 The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest or devise for the general purposes or for any special purpose of the Corporation. The Board of Directors may make gifts and give charitable contributions that are not prohibited by the Bylaws, the Articles of Incorporation, state law, and any requirements for maintaining the Corporation's federal and state tax status.

Prohibited Acts

7.04 As long as the Corporation is in existence, no member, director, officer or committee member of the Corporation shall:

- (a) Do any act in violation of the Bylaws or a binding obligation of the Corporation;
- (b) Do any act with the intention of harming the Corporation or any of its operations;
- (c) Do any act that would make it impossible or unnecessarily difficult to carry on the intended or ordinary business of the Corporation;
- (d) Receive an improper personal benefit from the operation of the Corporation;
- (e) Use the assets of this Corporation, directly or indirectly for any purpose other than assets for the business of this Corporation;
- (f) Wrongfully transfer or dispose of Corporation property, including intangible property such as good will;
- (g) Use the name of the Corporation (or any substantially similar name) or any trademark or trade name adopted by the Corporation, except on behalf of the Corporation in the ordinary course of the Corporation's business; or
- (h) Disclose any of the Corporation's business practices, trade secrets, or any other information not generally known to the business community to any person not authorized to receive it.
- (i) Serve on the Board of Directors or any Committee if they have distributed any documents or information of the NPOAN which is confidential or privileged, if they have altered any documents that pertain to the NPOAN, and/or if they have distributed or disseminated any documents which pertain to the NPOAN which have been altered from their original condition.

ARTICLE 8

BOOKS AND RECORDS

Required Books and Records

8.01 The Corporation shall keep correct and complete books and records of account. The Corporation's books and records shall include:

- (a) A file-endorsed copy of all documents filed with the Texas Secretary of State relating to the Corporation, including, but not limited to, the Articles of Incorporation, and any articles of amendment, restated articles, articles of merger, articles of consolidation, and statement of change of registered office or registered agent;
- (b) A copy of the Bylaws, and any amended versions or amendments to the Bylaws;
- (c) Minutes of the proceedings of the members, Board of Directors and committees having any of the authority of the Board of Directors;

- (d) A list of the names and addresses of the members, directors, officers and any committee members of the Corporation;
- (e) A financial statement showing the assets, liabilities, and net worth of the Corporation at the end of the three (3) most recent fiscal years;
- (f) A financial statement showing the income and expenses of the Corporation for the three (3) most recent fiscal years;
- (g) All rulings, letters and other documents relating to the Corporation's federal, state and local tax status;
- (h) The Corporation's federal, state and local information or income tax returns for each of the Corporation's three (3) most recent tax years.

Inspection and Copying

8.02 Any member, director, officer or committee member of the Corporation may inspect and receive copies of all books and records of the Corporation required to be kept by the Bylaws. Such a person may inspect or receive copies if the person has a proper purpose related to the person's interest in the Corporation and if the person submits a request in writing. Any person entitled to inspect and copy the Corporation's books and records may do so through his or her attorney or other duly authorized representative. A person entitled to inspect the Corporation's books and records may do so at a reasonable time no later than ten (10) working days after the Corporation's receipt of a proper written request. The Board of Directors may establish reasonable fees for copying the Corporation's books and records by members. The fees may cover the costs of materials and labor, but may not exceed one dollar (\$1.00) per page. The Corporation shall provide requested copies of books or records no later than ten (10) working days after the Corporation's receipt of a proper written request.

Audits

8.03 Any member shall have the right to have an audit conducted of the Corporation's books. The member requesting the audit shall bear the expense of the audit unless the members vote to authorize payment of audit expenses. The member requesting the audit may select the accounting firm to conduct the audit. A member may not exercise these rights to compel audits so as to subject the Corporation to an audit more than once in any fiscal year.

ARTICLE 9

FISCAL YEAR

9.01 The fiscal year of the Corporation shall begin on the first day of January and end on the last day of December of each year.

ARTICLE 10

INDEMNIFICATION

10.01 (a) The Corporation shall indemnify a director, officer, committee member, employee or agent of the Corporation who was, is, or may be named as a defendant or respondent in any proceeding as a result of his or her actions or commissions within the scope of his or her official capacity in the Corporation. For the purposes of this article, an agent includes one who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise. However, the Corporation shall indemnify a person only if he or she acted in good faith and reasonably believed that the conduct was in the Corporation's best interests. In a case of a criminal proceeding, the person may be indemnified only if he or she had no reasonable cause to believe that the conduct was unlawful. The Corporation shall not indemnify a person who is found liable to the Corporation or is found liable to another on the basis of improperly receiving a personal benefit. A person is conclusively considered to have been found liable in relation to any claim, issue, or matter if the person has been adjudged liable by a court of competent jurisdiction and all appeals have been exhausted.

(b) The termination of a proceeding by judgment, order, settlement, conviction, or on a plea of nolo contendere or its equivalent does not necessarily preclude indemnification by the Corporation.

(c) In addition to the situations otherwise described in this paragraph, the Corporation may indemnify a director, officer, member, committee member, employee or agent of the Corporation to the extent permitted by law. However, the Corporation shall not indemnify any person in any situation in which indemnification is prohibited by the terms of paragraph 10.01 (a) above.

(d) The Board of Directors can obtain Directors and Officers insurance and any other insurance that they think is necessary to protect the Association.

ARTICLE 11

NOTICES

Notice by Mail or Telegram

11.01 Any notice required or permitted by the Bylaws to be given to a member, director, officer or member of a committee of the Corporation may be given by mail or telegram or facsimile or email. If mailed, a notice shall be deemed to be delivered when deposited in the United States mail addressed to the person at his or her address as it appears on the records of the Corporation, with postage prepaid. If given by telegram, a notice shall be deemed to be delivered when accepted by the telegraph company and addressed to the person at his or her last known address. It is the members responsibility to notify the Corporation if their mailing address is different from the property address or if their mailing address changes. A person may change his or her address by giving written notice to the secretary of the Corporation.

Signed Waiver of Notice

11.02 Whenever any notice is required to be given under the provisions of the Act or under the provisions of the Articles of Incorporation or the Bylaws, a waiver in writing signed by a person entitled

to receive a notice shall be deemed equivalent to the giving of the notice. A waiver of notice shall be effective whether signed before or after the time stated in the notice being waived

Waiver of Notice by Attendance

11.03 The attendance of a person at a meeting shall constitute a waiver of notice of the meeting unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. If a meeting was not properly called it can be held if all of the Directors execute a Waiver of Notice.

ARTICLE 12

SPECIAL PROCEDURES CONCERNING MEETINGS

Meeting by Telephone

12.01 The members, Board of Directors, and any committee of the Corporation may hold a meeting by telephone conference-call procedures in which all persons participating in the meeting can hear each other. The notice of a meeting by telephone conference must state the fact that the meeting will be held by telephone as well as all other matters required to be included in the notice. Participation of a person in a conference-call meeting constitutes presence of that person at the meeting.

Decision Without Meeting

12.02 Any decision required or permitted to be made at a meeting of the members, Board of Directors, or any committee of the Corporation may be made without a meeting. A decision without a meeting may be made if a written consent to the decision is signed by all of the persons entitled to vote on the matter. The original signed consents shall be placed in the Corporation's minute book and kept with the Corporation's records.

Action by Non-Unanimous Written Consent

12.03 In accordance with the Article of Incorporation, action may be taken by use of signed written consents by the number of members, directors, or committee members whose votes would be necessary to take action at a meeting at which all such persons entitled to vote were present and voted. Each written consent must bear the date of signature of the person signing it. A consent is not effective to take the intended action unless consents signed by the required number of persons are delivered to the Corporation within sixty (60) days after the date of the earliest dated consent delivered to the Corporation. Delivery must be made by hand, or by certified or registered mail, return receipt requested. The delivery may be made to the Corporation's registered office, registered agent, principal place of business, transfer agent, registrar, exchange agent, or an officer or agent having custody of books in which the relevant proceedings are recorded. If the delivery is made to the Corporation's principal place of business, the consent must be addressed to the president or principal executive officer.

The Corporation will give prompt notice of the action taken to persons who do not sign consents. If the action taken requires documents to be filed with the Secretary of State, the filed documents will indicate that the written consent procedures have been followed.

A telegram, telex, cablegram or similar transmission by a member, director, or committee member, or a photographic, facsimile, or similar reproduction of a signed writing, is to be regarded as being signed by the member, director, or committee member.

Voting by Proxy

12.04 A person who is authorized to exercise a proxy may not exercise the proxy unless the proxy is delivered to the secretary or designated officer at the meeting before the business of the meeting begins. The secretary or other person taking the minutes of the meeting shall record in the minutes the name of the person who executed the proxy and the name of the person authorized to exercise the proxy. If a person who has duty executed a proxy personally attends a meeting, the proxy shall not be effective so long as such person remains in attendance at that meeting. A proxy filed with the secretary or other designated officer shall remain in force and effect until the first of the following

- (a) An instrument revoking the proxy is delivered to the secretary or other designated officer;
- (b) The proxy authority expires under the terms of the proxy; or
- (c) The proxy authority expires under the terms of the Bylaws.

ARTICLE 13

AMENDMENTS TO BYLAWS

The Bylaws may be altered, amended, or repealed, and new Bylaws may be adopted either by a majority of the membership or two thirds (2/3) of the Board of Directors. The notice of any meeting at which the Bylaws are altered, amended, or repealed, or at which new Bylaws are adopted shall include the text of the proposed Bylaw provisions as well as the text of any existing provisions proposed to be altered, amended, or repealed. Alternatively, the notice may include a fair summary of those provisions. The following types of Bylaw amendments may be adopted only by the members:

- (a) Setting or changing the authorized number of directors;
- (b) Changing from a fixed number to a variable number of directors or vice versa;
- (c) Increasing or extending the terms of directors;
- (d) Increasing the quorum for membership meetings;
- (e) Repealing, restricting, creating, expanding, or otherwise changing the proxy rights of members; and/or
- (f) Authorizing or prohibiting cumulative voting.

ARTICLE 14

MISCELLANEOUS PROVISIONS

Legal Authorities Governing Construction of Bylaws

14.01 The Bylaws shall be construed in accordance with the laws of the State of Texas. All references in the Bylaws to statutes, regulations, or other sources of legal authority shall refer to the authorities cited, or their successors, as they may be amended from time to time.

Legal Construction

14.02 If any Bylaw provision is held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision and the Bylaws shall be construed as if the invalid, illegal or unenforceable provision had not been included in the Bylaws.

Headings

14.03 The headings used in the Bylaws are used for convenience and shall not be considered in construing the terms of the Bylaws.

Gender

14.04 Wherever the context requires, all words in the Bylaws in the male gender shall be deemed to include the female or neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

Seal

14.05 The Board of Directors may provide for a corporate seal. Such a seal would consist of concentric circles containing the words "The New Property Owners Association of Newport, Inc." in one circle and the word "Texas" in the center of the other circle.

Power of Attorney

14.06 A person may execute any instrument related to the Corporation by means of a power of attorney if an original executed copy of the power of attorney is provided to the secretary of the Corporation to be kept with the Corporation's records.

Parties bound

14.07 The Bylaws shall be binding upon and inure to the benefit of the members, directors, officers, committee members, employees and agents of the Corporation and their respective heirs, executors, administrators, legal representatives, successors and assigns, except as otherwise provided in the Bylaws.

I certify that I am the duly elected and acting secretary of The New Property Owners Association of Newport, Inc. and that the foregoing Bylaws constitute the Ninth Amended Bylaws of the Corporation. These Ninth Amended Bylaws were duly adopted and ratified by the Board of Directors at the meeting held on May 19, 2010.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal Corporation on this the 19th day of May, 2010

Al Owens
Secretary