

EXHIBIT E-1

BY-LAWS OF TANGLEWOOD @ MANSFIELD HOMEOWNERS' ASSOCIATION, INC.

ARTICLE 1 NAME, PRINCIPAL OFFICE, DEFINITIONS

Section 1.1 **Name**. The name of the Association shall be Tanglewood @ Mansfield Homeowners' Association, Inc. (the "**Association**").

Section 1.2 **Principal Office**. The principal office of the Association in the State of Texas shall be located in Dallas or Tarrant County. The Association may have such other offices, as the Board may determine or as the affairs of the Association may require.

Section 1.3 **Definitions**. Capitalized terms used herein but not defined shall have the same meaning as set forth in the Declaration of Covenants, Conditions and Restrictions for Tanglewood recorded in the Records of Tarrant County, Texas (the "**Declaration**").

ARTICLE 2 ASSOCIATION: MEMBERSHIP, MEETINGS, QUORUM, VOTING, PROXIES

Section 2.1 **Membership**. The Association shall have two classes of membership, as more fully set forth in the Declaration, the terms of which pertaining to membership are specifically incorporated herein by reference.

Section 2.2 **Place of Meeting**. Meetings of the Association shall be held at the principal office of the Association or at such other suitable place convenient to the members as may be designated by the board of directors of the Association (the "**Board**") either within the Property or as convenient thereto as possible and practical.

Section 2.3 **Annual Meetings**. The first meeting of the Association, whether a regular or special meeting, shall be held within one (1) year from the Association's incorporation date. Meetings shall be of the members entitled to vote or their alternates (the "**Voting Members**"). Subsequent regular Annual Meetings shall be set by the Board on a date and at a time so as to occur no more than one hundred and twenty (120) days prior to and no more than one hundred ten twenty (120) days after the anniversary date of the incorporation of the Association. At the Annual Meetings, the quorum for conducting business shall be ten percent (10%) of the total eligible combined Class A and Class B Members in the Association.

Section 2.4 **Special Meetings**. The President may call special meetings. In addition, it shall be the duty of the President to call a special meeting of the Association if so directed by resolution of a majority of a quorum of the Board or upon a petition signed by Voting Members representing at least fifty-one percent (51%) of the total Class A votes of the Association. The notice of any special meeting shall state the date, time, and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice.

EXHIBIT E-2

Section 2.5 Notice of Meetings. Except as otherwise provided in the Declaration, written or printed notice stating the place, day, and hour of the meeting of the Voting Members shall be delivered, either personally or by mail, to each Voting Member, no less than five (5) or more than sixty (60) days before the date of such meeting, by or at the direction of the President or the Secretary or the officers or persons calling the meeting.

In the case of a special meeting or when required by statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. No business shall be transacted at a special meeting except as stated in the notice.

If mailed, the notice of a meeting shall be deemed to be delivered when deposited in the United States mail addressed to the Voting Member at his or her address as it appears on the records of the Association, with postage prepaid.

Section 2.6 Waiver of Notice. Waiver of notice of a meeting of the Voting Members shall be deemed the equivalent of proper notice. Any Voting Member may, in writing, waive notice of any meeting of the Voting Members, either before or after such meeting. Attendance at a meeting by a Voting Member shall be deemed waiver of notice of the time, date, and place thereof, unless such Voting Member specifically objects to lack of proper notice at the time the meeting is called to order. Attendance at a special meeting shall also be deemed waiver of notice of all business transacted at such meeting unless objection to the calling or convening of the meeting, of which proper notice was not given, is raised before the business is put to a vote.

Section 2.7 Adjournment of Meetings. If any meeting of the Association cannot be held because a quorum is not present, a majority of the Voting Members who are present at such meeting, either in person or by alternate, may adjourn the meeting to a time no less than five (5) or more than thirty (30) days from the time the original meeting was called. At the reconvened meeting, a quorum shall constitute twenty-five percent (25%) of the total eligible Class A and Class B votes in the Association, and if such number of votes are present, any business which might have been transacted at the meeting originally called may be transacted. If 25% of the total eligible Class A and Class B votes in the Association are not present at any such reconvened meeting, then a majority of the Voting Members who are present at such reconvened meeting, either in person or by alternate, may adjourn the meeting to a time no less than three (3) or more than ten (10) days from the time the reconvened meeting was called. At the second reconvened meeting, a quorum shall constitute a majority of the Board. If a time and place for reconvening the meeting is not fixed by those in attendance at the original meeting or if for any reason a new date is fixed for reconvening the meeting after an adjournment, notice of the time and place for reconvening the meeting shall be given to Voting Members in the manner prescribed for regular meetings.

Section 2.8 Voting. The voting rights of the members shall be as set forth in the Declaration, and such voting rights provisions are specifically incorporated herein. Except as otherwise specifically provided herein or in the Declaration, the vote allocated to each Lot shall be cast only by the Voting Member.

Section 2.9 Proxies. Voting Members may vote by proxy as permitted by the Texas Non-Profit Corporation Act.

Section 2.10 Majority. As used in these By-Laws, the term "majority" shall mean those votes, Owners, or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number.

EXHIBIT E-3

Section 2.11 **Quorum**. Except as provided in Section 2.7 with respect to adjourned meetings of the Association, the presence in person or by alternate of the Voting Members representing a majority of the total eligible Class A and Class B votes in the Association shall constitute a quorum at all meetings of the Association.

Section 2.12 **Conduct of Meetings**. The President (or, in his absence, the Vice President) shall preside over all meetings of the Association, and the Secretary shall keep the minutes of the meeting and record in a minute book all resolutions adopted at the meeting, as well as a record of all transactions occurring at the meeting.

Section 2.13 **Action without a Meeting**. Any action required by law to be taken at a meeting of the Voting Members, or any action which may be taken at a meeting of the Voting Members, may be taken without a meeting if written consent setting forth the action so taken is signed by a number of Voting Members sufficient to take such action as if all Voting Members were present and voted on such action.

ARTICLE 3 **BOARD: NUMBER, MEETINGS, POWERS**

COMPOSITION AND SELECTION

Section 3.1 **Governing Body; Composition**. The affairs of the Association shall be governed by a Board of directors, each of whom shall have one (1) vote. Except with respect to the initial directors appointed in the Articles of Incorporation, the directors shall be members or spouses of members; provided, however, no person and his or her spouse may serve on the Board at the same time. In the case of a member which is a corporation or partnership, the person designated in writing to the Secretary of the Association as the representative of such corporation or partnership shall be eligible to serve as a director.

Section 3.2 **Number of Directors**. The number of directors in the Association shall be no less than three (3) or more than five (5). The initial Board shall consist of three (3) directors as identified in the Articles of Incorporation. The Board may be increased in size by majority vote of the then-existing board.

Section 3.3 **Election and Term of Office**.

(a) At the first Annual Meeting following the Development Period, which expires on the earlier to occur of the date that Declarant (1) sells its last Lot, or (2) voluntarily terminates its Class B status, the Voting Members shall elect three (3) directors, who need not be Members, to replace the existing ones, who may have been appointed by Declarant. At such election, one director shall be elected for terms of three (3) years, (2) years, and (1) year, respectively, under such procedures as the Board may determine. At the expiration of each director's initial term and at each Annual Meeting thereafter, successors for each director whose term is expiring shall be elected to serve for a term of one (1) year.

(b) Each Voting Member shall be entitled to cast all votes attributable to the Lots which it represents with respect to each vacancy to be filled from each slate on which such Voting Member is entitled to vote. There shall be no cumulative voting. The candidate(s) receiving the most votes shall be elected. The directors elected by the Voting Members shall hold office until their

Exhibit E-4

respective successors have been elected by the Association. Directors may be elected to serve any number of consecutive terms.

Section 3.4 Removal of Directors and Vacancies. Any director elected by the Voting Members may be removed, with or without cause, by a majority of both the Class A votes and the Class B votes of the Association. Any director whose removal is sought shall be given notice prior to any meeting called for that purpose. Upon removal of a director, a successor shall then and there be elected by the remaining directors.

Any director elected by the Voting Members who has three (3) consecutive unexcused absences from Board meetings or who is delinquent in the payment of any Assessment or other charge due the Association for more than thirty (30) days may be removed by a majority of the directors present at a regular or special meeting at which a quorum is present, and a successor may be appointed by the Board to fill the vacancy for the remainder of the term. In the event of the death, disability, or resignation of a director, a vacancy may be declared by the Board, and it may appoint a successor to fill the vacancy for the remainder of the term.

MEETINGS

Section 3.5 Organizational Meetings. The first meeting of the Board following each annual meeting of the membership shall be held within sixty (60) days thereafter at such time and place as shall be fixed by the Board.

Section 3.6 Regular Meetings. Regular meetings of the Board 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 the time and place of the meeting shall be communicated to directors no less than five (5) days prior to the meeting; provided, however, notice of a meeting need not be given to any director who has signed a waiver of notice or a written consent to the holding of such meeting.

Section 3.7 Special Meetings. Special meetings of the Board shall be held when called by written notice signed by the President of the Association or by any two (2) directors. The notice shall specify the time and place of the meeting. The notice shall be given to each director by one of the following methods: (a) by personal delivery; (b) written notice by first class mail, postage prepaid; (c) telephone communication, either directly to the director or to a person at the director's office home who would reasonably be expected to communicate such notice promptly to the director; or (d) by fax, charges prepaid. All such notices shall be given at the director's telephone number or sent to the director's address as shown on the records of the Association. Notices sent by first class mail shall be deposited into a United States mailbox at least five (5) days before the time set for the meeting. Notices given by personal delivery, telephone, or fax, shall be delivered, telephoned or faxed at least seventy-two (72) hours before the time set for the meeting.

Section 3.8 Waiver of Notice. The transactions of any meeting of the Board, however called and noticed or wherever held, shall be as valid as though taken at a meeting duly held after regular call and notice if (a) a quorum is present, and (b) either before or after the meeting each of the directors not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. Notice of a meeting shall also be deemed given to any director who attends the meeting without protesting before or at its commencement about the lack of adequate notice.

EXHIBIT E-5

Section 3.9 **Quorum of Board.** At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the votes of a majority of the directors present at a meeting at which a quorum is present shall constitute the decision of the Board. If any meeting of the Board cannot be held because a quorum is not present, a majority of the directors who are present at such meeting may adjourn the meeting to a time no less than five (5) or more than thirty (30) days from the date the original meeting was called. At the reconvened meeting, if a quorum is present, any business which might have been transacted at the meeting originally called may be transacted without further notice.

Section 3.10 **Compensation.** No director shall receive any compensation from the Association for acting as such unless approved by Voting Members representing a majority of the total votes of the Association at a regular or special meeting of the Association; provided any director may be reimbursed for expenses incurred on behalf of the Association upon approval of a majority of the other directors.

Section 3.11 **Conduct of Meetings.** The President shall preside over all meetings of the Board, and the Secretary shall keep a minute book of meetings of the Board, recording therein all resolutions adopted by the Board and all transactions and proceedings occurring at such meetings.

Section 3.12 **Action Without a Formal Meeting.** Any action to be taken at a meeting of the directors or any action that may be taken at a meeting of the directors may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by a number of directors sufficient to take such action if all directors were present and voted on such action.

POWERS AND DUTIES

Section 3.13 **Powers.** The Board shall be responsible for the affairs of the Association and shall have all of the powers and duties necessary for the administration of the Association's affairs and, as provided by law, may do or cause to be done all acts and things as are not directed to be done and exercised exclusively by the Voting Members or the membership generally by the Declaration, Articles of Incorporation, or these By-Laws.

The Board shall delegate to one of its members the authority to act on behalf of the Board on all matters relating to the duties of the managing agent or manager, if any, which might arise between meetings of the Board.

Section 3.14 **Management.** The Board may employ for the Association a professional management agent or agents at a compensation established by the Board to perform such duties and services as the Board shall authorize. The Board may delegate to the managing agent or manager, subject to the Board's supervision, all of the powers granted to the Board by these By-Laws that can properly be delegated. Declarant, or an affiliate of the Declarant, may be employed as managing agent or manager.

Section 3.15 **Accounts and Reports.** The following management standards of performance shall be followed unless the Board by resolution specifically determines otherwise:

(a) accrual accounting, as defined by generally accepted accounting principles, shall be employed;

EXHIBIT E-6

(b) accounting and controls should conform to generally accepted accounting principles;

(c) cash accounts of the Association shall not be commingled with any other accounts;

(d) no remuneration shall be accepted by the managing agent from vendors, independent contractors, or others providing goods or services to the Association, whether in the form of commissions, finder's fees, service fees, prizes, gifts, or otherwise; anything of value received shall benefit the Association;

(e) any financial or other interest which the managing agent may have in any firm providing goods or services to the Association shall be disclosed promptly to the Board;

(f) financial reports shall be prepared for the Association at least annually containing:

(1) an income statement reflecting all income and expense activity for the preceding period on an accrual basis;

(2) a statement reflecting all cash receipts and disbursements for the preceding period;

(3) a variance report reflecting the status of all accounts in an "actual" versus "approved" budget format;

(4) a balance sheet as of the last day of the preceding period; and

(5) a delinquency report listing all Owners who are delinquent in paying any Assessments at the time of the report and describing the status of any action to collect such Assessments which remain delinquent (any Assessment or installment thereof shall be considered to be delinquent on the fifteenth (15th) day following the due date unless otherwise determined by the Board); and

(g) an annual report consisting of at least the following shall be available to all members within one hundred twenty (120) days after the close of the fiscal year: (1) a balance sheet; (2) an operating (income) statement; and (3) a statement of changes in financial position for the fiscal year.

Section 3.16 Borrowing. The Board shall have the power to borrow money for the purpose of maintenance, repair or restoration of Common Area without the approval of the Voting Members. The Board shall also have the power to borrow money for other purposes; provided, the Board shall obtain Voting Member approval in the same manner provided in the Declaration for Special Assessments in the event that the proposed borrowing is for the purpose of modifying, improving, or adding amenities and the total amount of such borrowing exceeds or would exceed five percent (5%) of the budgeted gross expenses of the Association for that fiscal year.

Section 3.17 Rights of the Association. With respect to the Common Area, and in accordance with the Articles of Incorporation and the Declaration, the Association shall have the right to contract with any person for the performance of various duties and functions. Such agreements shall require the consent of a majority of the total number of directors of the Association.

Section 3.18 Enforcement. The Board shall have the power to impose reasonable fines (which shall not exceed \$500 per occurrence), which shall constitute a lien upon the Lot of the violating Owner, as provided in the Declaration, and to suspend an Owner's right to vote or any person's right to use the Common Area for violation of any duty imposed under the Declaration, these By-Laws, or any rules and regulations duly adopted by the Association. If any occupant, guest or invitee of a Lot violates the Declaration, By-Laws, or a rule or regulation and a fine is imposed, the fine shall first be assessed against the occupant; provided, however, if the fine is not paid by such occupant, guest or

EXHIBIT E-7

invitee within the time period provided by the Declaration, the Owner shall pay the fine upon notice from the Association. The failure of the Board to enforce any provision of the Declaration, By-Laws, or any rule or regulation shall not be a waiver of the right of the Board to do so thereafter.

(a) **Notice.** Prior to imposition of any sanction hereunder, the Board or its delegate shall serve the alleged violator with written notice describing (1) the nature of the alleged violation, (2) the proposed sanction to be imposed, (3) a period of not less than ten (10) days within which the alleged violator may present a written request to the Covenants Committee (defined below), if any, or Board for a hearing and (4) a statement that the proposed sanction shall be imposed as contained in the notice unless a challenge is begun within ten (10) days of the notice. If a timely challenge is not made, the Board may, without further notice, impose the sanction stated in the notice.

(b) **Hearing.** If a hearing is requested within the allotted ten (10) day period, the hearing shall be held in executive session affording the alleged violator a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of proper notice shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer, director, or agent who delivered such notice. The notice requirement shall be satisfied if the alleged violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed. The Board or the Covenants Committee may, but shall not be obligated to, suspend any proposed sanction if the violation is cured within the ten (10) day period. Such suspension shall not constitute a waiver of the right to sanction violations of the same or other provisions and rules by any person.

(c) **Appeal.** Following hearing before the Covenants Committee, the violator shall have the right to appeal the decision to the Board. To perfect this right, a written notice of appeal must be received by the manager, if any, President, or Secretary of the Association within thirty (30) days after the hearing date.

Section 3.19 Additional Enforcement Rights. The Association, acting through the Board, may elect to enforce any provision of the Declaration, these By-Laws, or the rules and regulations of the Association by self-help (specifically including, but not limited to, the towing of vehicles that are in violation of parking rules and regulations) or by suit at law or in equity to enjoin any violation or to recover monetary damages or both or an action to foreclose the lien against any Lot without the necessity of compliance with the procedure set forth above. In any such action, to the maximum extent permissible, the Owner or occupant responsible for the violation of which abatement is sought shall pay all costs, including reasonable attorneys' fees and expenses actually incurred.

ARTICLE 4 **OFFICERS**

Section 4.1 Officers. The officers of the Association shall be a President, Vice President, Secretary, and Treasurer, to be elected from among the members of the Board. The Board may appoint such other officers, including one or more Assistant Secretaries and one or more Assistant Treasurers, as it shall deem desirable, such officers to have the authority and perform the duties prescribed from time to time by the Board. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.2 Election, Term of Office, and Vacancies. The officers of the Association shall be elected annually by the Board at the first meeting of the Board following each annual meeting of the

Exhibit E-8

Voting Members. A vacancy in any office arising because of death, resignation, removal, or otherwise may be filled by the Board for the unexpired portion of the term.

Section 4.3 **Removal**. Any officer may be removed by majority vote of the Board whenever, in the Board's judgment, the best interests of the Association shall be served thereby.

Section 4.4 **Powers and Duties**. The officers of the Association shall each have such powers and duties as generally associated with their respective offices, as well as such powers and duties as may from time to time specifically be conferred or imposed by the Board. The President shall be the chief executive officer of the Association. The Treasurer shall have primary responsibility for the preparation of the budget and reports as provided for herein and may delegate all or part of the preparation and notification duties to a finance committee, management agent, or both.

Section 4.5 **Resignation**. Any officer may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of the receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 4.6 **Agreements, Contracts, Deeds, Leases, Checks, Etc.** All agreements, contracts, deeds, leases, checks, and other instruments of the Association shall be executed by at least two (2) officers or by such other person or persons as may be designated by resolution of the Board.

ARTICLE 5 **COMMITTEES**

Section 5.1 **General**. The Board is authorized to establish committees to perform such tasks and to serve for such periods as may be designated by a resolution adopted by a majority of the directors present at a meeting at which a quorum is present. Each committee established by the Board shall operate in accordance with the terms of the resolution of the Board designating the committee and such rules as are adopted by the Board.

Section 5.2 **Covenants Committee**. The Board may appoint a "**Covenants Committee**" consisting of at least five (5) and no more than seven (7) Voting Members, who shall be appointed to serve a term of one (1) year and may, in the discretion of the Board, be appointed for any number of consecutive terms of one (1) year each. Acting in accordance with the provisions of the Declaration, these By-Laws, and resolutions the Board may adopt, the Covenants Committee, if established, shall be the hearing tribunal of the Association and shall conduct all hearings held pursuant to Section 3.18.

ARTICLE 6 **MISCELLANEOUS**

Section 6.1 **Fiscal Year**. The fiscal year of the Association shall be set by resolution of the Board. In the absence of a resolution, the fiscal year shall be equal to the calendar year.

Section 6.2 **Parliamentary Rules**. Except as may be modified by Board resolution, *Robert's Rules of Order* (current edition) shall govern the conduct of Association proceedings when not in conflict with Texas law, the Articles of Incorporation, the Declaration, or these By-Laws.

EXHIBIT E-9

Section 6.3 **Conflicts.** If there are conflicts between the provisions of Texas law, the Articles of Incorporation, the Declaration, and/or these By-Laws, then the provisions of Texas law, the Declaration, the Articles of Incorporation, and the By-Laws (in that order) shall prevail.

Section 6.4 **Books and Records.**

(a) **Inspection by Members and Mortgagees.** The Declaration, By-Laws, Articles of Incorporation, any amendments to the foregoing, the rules and regulations of the Association, the membership register, books of account, and the minutes of meetings of the members, the Board, and committees shall be made available for inspection and copying by any holder, insurer or guarantor of a first mortgage on a Lot at any reasonable time during reasonable business hours and for a purpose reasonably related to his or her interest in the Lot at the office of the Association or at such other place within the Property as the Board shall prescribe. The Board may impose a reasonable fee for costs of copying any such information, which shall be payable in advance.

(b) **Rules for Inspection.** The Board shall establish reasonable rules with respect to: (1) notice to be given to the custodian of the records; (2) hours and days of the week when such an inspection may be made; and (3) payment of the cost of reproducing copies of documents requested.

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

Section 6.5 **Notices.** Unless otherwise provided in these By-Laws, all notices, demands, bills, statements, or other communications under these By-Laws shall be in writing and shall be deemed to have been duly given if delivered personally or if sent by United States Mail, first class postage prepaid:

(a) if to a member or Voting Member, at the address which the member or Voting Member has designated in writing and filed with the Secretary or, if no such address has been designated, at the address of the Lot of such member or Voting Member; or

(b) if to the Association, the Board, or the managing agent, at the principal office of the Association or the managing agent, if any, or at such other address as shall be designated by notice in writing to the members pursuant to this Section.

Section 6.6 **Amendment.** The Declaration may only be amended pursuant thereto. Except as otherwise specifically provided above and elsewhere in these By-Laws, these By-Laws may be amended only by the affirmative vote or written consent, or combination thereof, of Voting Members representing seventy percent (70%) of the total votes in the Association. Notwithstanding the above, the percentage of votes or other approval necessary to amend a specific clause shall not be less than the prescribed percentage of affirmative votes or other approval required for action to be taken under that clause.

In addition, so long as the Class B membership provided for in Section 5.2(b) of the Declaration exists, Declarant may determine whether any amendment to these By-Laws shall require the prior written approval of HUD or VA.

If an Owner consents to an amendment to these By-Laws, it will be conclusively presumed that such Owner has the authority to so consent and no contrary provision in any mortgage or contract between Owner and a third party will affect the validity of such amendment.

EXHIBIT F-1

By its acquisition and ownership of a Lot in the Property, each Owner acknowledges that:

- (a) due to the topography of its Lot and the Property, water will, at times, flow through and over portions of its Lot from adjacent and surrounding Lots in order to achieve positive drainage away from all applicable Lots. No adverse action may be taken by said Owner(s) to the detriment of this positive drainage on its or adjacent Lots.
- (b) the property adjacent to Tanglewood is not owned or controlled by Declarant and it has hereby been advised to consult with the applicable departments of the City for any changes to and/or specific zoning information regarding its Lot, the Property and the zoning or proposed (re-)zoning of any adjacent property.
- (c) its Lot may have "back-to-front" drainage. There may be a swale or swales over various portions of its Lot due to this drainage situation. The depth and width of the swale will vary depending on the elevations of its and adjacent Lots.
- (d) the rear portion of its Lot will not be level and that no adjustments to the depth or severity of any swales should be made due to cosmetic or aesthetic concerns. Any alterations made after closing to any swales by an Owner may impact the drainage as well as any foundation warranty that it may own.
- (e) each Lot will be serviced by TXU Electric & Gas for electricity and gas, Southwestern Bell for telephone service, and Charter Cable for cable service.
- (f) it understands and agrees that neither Declarant nor Builder have any responsibility as to the present condition or future maintenance of any trees on its Lot. Furthermore, it is understood that neither Declarant nor Builder makes any assurances, implied or stated, in regard to the survival of any trees during the construction process of building and completing a Residence on its Lot. It is also acknowledged that neither Declarant nor Builder has any liability consideration on trees either during construction or after a Residence is purchased and occupied on the Lot. It is further understood that each Owner assumes all responsibility for the maintenance and the condition of any trees on his Lot.
- (g) it should direct any issues, concerns or questions regarding the Common Area or the Association to the Managing Agent, whose name can be obtained by contacting the Builder or Declarant.
- (h) it will incur a working capital contribution fee and a transfer fee per Article 6 of the Declaration, which it understands should be further reviewed for more detailed information regarding Association dues, assessments and restrictions.

EXHIBIT F-2

TANGLEWOOD PROFORMA COMPLETION BUDGET NARRATIVE

INCOME

ANNUAL DUES

Estimated dues from 188 homesites at \$420 per year.

EXPENSES

ELECTRICITY

Estimate for common area electricity service.

WATER/SEWER

Estimate common area water service.

LANDSCAPE MAINTENANCE

Estimate for annual landscape maintenance contract.

LANDSCAPE IMPROVEMENTS

Potential expense for one seasonal color change in the common area and other landscape additions and replacements, if needed.

IRRIGATION REPAIRS

Potential amount for common area sprinkler repairs.

POOL SERVICE

Estimate of cost of pool cleaning service, charged monthly.

POOL SUPPLIES AND MAINTENANCE

Estimate for chemicals, parts and equipment necessary.

ELECTRICAL REPAIRS

Estimate for common area lighting repairs and replacement bulbs.

COMMON AREAS MAINTENANCE/CLEANING

Estimate for common area repairs or maintenance expenses.

PROFESSIONAL MANAGEMENT

Annual contract for professional management services by SBB Management Company.

LEGAL FEES

Estimate for association legal expenses, i.e. collection efforts.

EXHIBIT F-3

AUDIT & ACCOUNTING

Estimate of the cost for an independent audit of the association's balance sheet and the related statements of revenue and expense, as well as preparation of the association's tax return.

ADMINISTRATIVE SUPPLIES/POSTAGE

Estimate of supplies necessary for association business; such as billing statements, homeowner correspondence, newsletters and meeting notices, as well as amounts billed for postage expenses used in association mailings.

HOMEOWNER FUNCTIONS

Estimate of expenses for homeowner meetings and events planned by the Social Committee or Board of Directors, as well as the rental for meeting facilities.

PROPERTY INSURANCE

The estimate annual premium costs for fire, hazard and general liability insurance policy as required by the CC&R's or as requested by the Board of Directors.

DIRECTORS & OFFICERS LIABILITY

The projected annual premium cost for the director's and officer's liability coverage.

CORPORATE FRANCHISE TAX

Estimate cost of the franchise tax for the association.

RESERVE CONTRIBUTION

Amount, if any, to be placed in the association's reserve account.

NET OPERATION SURPLUS (DEFICIT)

Net surplus or net deficit.

EXHIBIT F-4
TANGLEWOOD
PROFORMA COMPLETION BUDGET
DRAFT #3 - 7/14/99

INCOME

Annual Dues (Based on 188 lots @ \$420/year)	\$	78,960
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TOTAL INCOME	\$	78,960
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EXPENSES

UTILITIES

Electricity	\$	3,800
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Water/Sewer	\$	6,500
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TOTAL UTILITIES	\$	10,300
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GROUNDS, BUILDING & POOL

Landscape Maintenance	\$	12,500
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Landscape Improvement/Color	\$	2,500
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Irrigation Repairs	\$	1,200
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Greenbelt Maintenance	\$	7,300
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Pool Service	\$	8,000
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Pool Supplies/Maintenance	\$	2,000
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Electrical Repairs	\$	600
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Common Area Maintenance/Cleaning	\$	4,300
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TOTAL GROUNDS, BUILDING & POOL	\$	38,400
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GENERAL & ADMINISTRATIVE

Professional Management	\$	12,120
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Legal Fees	\$	500
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Audit & Accounting	\$	1,100
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Administrative Supplies/Postage	\$	950
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Homeowner Functions	\$	800
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TOTAL GENERAL & ADMINISTRATIVE	\$	15,470
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EXHIBIT F-5
TANGLEWOOD
PROFORMA COMPLETION BUDGET
DRAFT #3 - 7/14/99

INSURANCE & TAXES

Property & Liability Insurance	\$	4,500
D&O Insurance	\$	1,100
Franchise Tax	\$	200
Corporate Income Tax	\$	100
Property Tax	\$	100
		<hr/>

TOTAL INSURANCE & TAXES	\$	6,000
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TOTAL EXPENSE	\$	<hr/> 70,170
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SURPLUS(DEFICIT) AVAILABLE FOR RESERVES	\$	8,790
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TOTAL EXPENSES AND RESERVES	\$	78,960
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NET SURPLUS (DEFICIT)	\$	<hr/>
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THE CHURCH

W A R N I N G-T H I S I S P A R T O F T H E O F F I C I A L R E C O R D--D O N O T D E S T R O Y

INDEXED -- TARRANT COUNTY TEXAS
SUZANNE HENDERSON -- COUNTY CLERK
OFFICIAL RECEIPT

T O: STEPHEN K HOWARD

RECEIPT NO	REGISTER	RECD-BY	PRINTED DATE	TIME
200116387	DR91	CAP	01/27/2000	14:25

	INSTRUMENT	FEECD	INDEXED	TIME	
1	D200019818	WD	20000127	14:25	CK 4317

T O T A L : D O C U M E N T S : 01 F E E S : 95.00

B Y: _____

ANY PROVISION WHICH RESTRICTS THE SALE RENTAL OR USE
OF THE DESCRIBED REAL PROPERTY BECAUSE OF COLOR OR RACE
IS INVALID AND UNENFORCEABLE UNDER FEDERAL LAW.



The State of Texas

Secretary of State

DEC. 8, 1999

LENNAR HOMES/JOAN WIDBY
12720 HILLCREST ROAD STE 408
DALLAS ,TX 75230-2041

RE:

TANGLEWOOD @ MANSFIELD HOMEOWNERS' ASSOCIATION, INC.

CHARTER NUMBER 01559530-01

IT HAS BEEN OUR PLEASURE TO APPROVE AND PLACE ON RECORD THE ARTICLES OF INCORPORATION THAT CREATED YOUR CORPORATION. WE EXTEND OUR BEST WISHES FOR SUCCESS IN YOUR NEW VENTURE.

AS A CORPORATION, YOU ARE SUBJECT TO STATE TAX LAWS. SOME NON-PROFIT CORPORATIONS ARE EXEMPT FROM THE PAYMENT OF FRANCHISE TAXES AND MAY ALSO BE EXEMPT FROM THE PAYMENT OF SALES AND USE TAX ON THE PURCHASE OF TAXABLE ITEMS. IF YOU FEEL THAT UNDER THE LAW YOUR CORPORATION IS ENTITLED TO BE EXEMPT YOU MUST APPLY TO THE COMPTROLLER OF PUBLIC ACCOUNTS FOR THE EXEMPTION. THE SECRETARY OF STATE CANNOT MAKE SUCH DETERMINATION FOR YOUR CORPORATION.

IF WE CAN BE OF FURTHER SERVICE AT ANY TIME, PLEASE LET US KNOW.



VERY TRULY YOURS,

A handwritten signature in black ink, appearing to read "Elton Bomer".

Elton Bomer, Secretary of State



The State of Texas
Secretary of State

CERTIFICATE OF INCORPORATION
OF

TANGLEWOOD @ MANSFIELD HOMEOWNERS' ASSOCIATION, INC.
CHARTER NUMBER 01559530

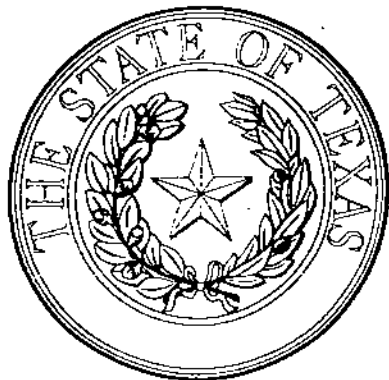
THE UNDERSIGNED, AS SECRETARY OF STATE OF THE STATE OF TEXAS,
HEREBY CERTIFIES THAT THE ATTACHED ARTICLES OF INCORPORATION FOR THE
ABOVE NAMED CORPORATION HAVE BEEN RECEIVED IN THIS OFFICE AND ARE
FOUND TO CONFORM TO LAW.

ACCORDINGLY, THE UNDERSIGNED, AS SECRETARY OF STATE, AND BY VIRTUE
OF THE AUTHORITY VESTED IN THE SECRETARY BY LAW, HEREBY ISSUES THIS
CERTIFICATE OF INCORPORATION.

ISSUANCE OF THIS CERTIFICATE OF INCORPORATION DOES NOT AUTHORIZE
THE USE OF A CORPORATE NAME IN THIS STATE IN VIOLATION OF THE RIGHTS OF
ANOTHER UNDER THE FEDERAL TRADEMARK ACT OF 1946, THE TEXAS TRADEMARK LAW,
THE ASSUMED BUSINESS OR PROFESSIONAL NAME ACT OR THE COMMON LAW.

DATED DEC. 6, 1999

EFFECTIVE DEC. 6, 1999




Edna Bomer, Secretary of State



**Office of the Secretary of State
Statutory Filings Division
Corporations Section**

**P.O. Box 13697
Austin, Texas 78711-3697
(512) 463-5555**

Enclosed is evidence of the business organization filing which you recently made with this office. Although you may have received a certificate stating that a copy of your filing was attached to the certificate, newly enacted legislation effective September 1, 1997, allows us to accept the document for filing when only a single copy is furnished, but directs that the certificate be returned without a duplicate copy attached. In the future, if you wish to receive a file stamped copy, you should enclose a duplicate copy when the filing is delivered to us.