

**FIRST AMENDMENT TO THE BYLAWS
OF
PRESTON HIGHLANDS HOMEOWNERS ASSOCIATION, INC.**

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF COLLIN §

THIS FIRST AMENDMENT TO THE BYLAWS OF PRESTON HIGHLANDS HOMEOWNERS ASSOCIATION, INC. (this "Amendment") is made this 19th day of November, 2008, by the Board of Directors of **PRESTON HIGHLANDS HOMEOWNERS ASSOCIATION, INC.**, a Texas non-profit corporation (the "Association").

WITNESSETH:

WHEREAS, the Board of Directors of the Association adopted the Bylaws of Preston Highlands Homeowners Association, Inc. dated April 20, 2006, and recorded under Instrument No. 20060420000526960 of the Real Property Records of Collin County, Texas (the "Bylaws") to govern the internal operation of the Association; and

WHEREAS, Article XIV, Section 14.01 of the Bylaws provide for amendment of the Bylaws at a regular or special meeting of the Board by a vote of a majority of the Board; and

WHEREAS, the following amendments to the Bylaws were approved by at least a majority of the members of the Board at a special meeting held on _____, 2008.

NOW, THEREFORE, the Bylaws are hereby amended as follows:

1. Article IV, Section 4.02 of the Bylaws is amended by deleting this section in its entirety and substituting the following in its place:

The number of DIRECTORS shall be seven (7), each of whom must be an Owner and a permanent resident of the Preston Highlands Residential Development. Four (4) of the DIRECTORS shall be the current elected OFFICERS (President, Vice President, Secretary and Treasurer), collectively, who are elected by the Membership as provided herein. The remaining three (3) DIRECTORS shall be appointed by the four other OFFICERS at the Board's regular annual meeting, and each appointee shall be the chairman of one permanent committee created by Section 6.01 hereof. Each DIRECTOR shall hold office for the following terms and until his or her successor shall have been elected and qualified: Commencing with the 2009 annual meeting, the two (2) candidates receiving the greatest number of votes shall be elected to the OFFICES of President and Treasurer for a term of two (2) years each. The candidates elected to the OFFICES of Vice President and Secretary shall be elected for a term of one (1) year each. Upon the expiration of the initial term of office and at each annual meeting thereafter, the Members shall elect to replace those OFFICERS whose terms have expired for a

term of two (2) years.

2. Article IV, Section 14.12 of the Bylaws is amended by adding a new subsection (g) as follows:

(g) A reserve study which provides a current estimate of the costs of repairing and replacing major common area components over the expected life of the components. The study should be periodically reviewed (but not less than once every three years) to determine if current reserves are adequate to fund the expected repairs and replacements.

3. Article V, Section 5.02 of the Bylaws is amended by deleting the first sentence of this section in its entirety and substituting the following in its place:

During the month of September each year, a temporary nominating committee shall be appointed by the BOARD OF DIRECTORS for the purpose of selecting nominees for each office to be filled at the next annual meeting.

4. Article V, Section 5.03 of the Bylaws is amended by deleting this Section in its entirety and substituting the following in its place:

OFFICERS of the Corporation whose offices will expire at the annual meeting shall be elected by the Members at the regular annual meeting of the Members. If the election of OFFICERS shall not be held at such meeting, such election shall be held as soon thereafter as may be conveniently scheduled and notifications delivered; but not later than 60 days from the date of annual meeting. New offices may be created and filled at any meeting of the BOARD OF DIRECTORS. Each OFFICER shall hold office for the term for which he or she was elected and until his or her successor shall have been elected and shall have accepted the office. No person shall be elected to serve more than three (3) consecutive terms in one particular office. Proxies must be submitted to the Secretary prior to the call to order of the meeting. No person shall be entitled to run for election or hold office unless such member is a MEMBER IN GOOD STANDING and a permanent resident of the Preston Highlands Residential Development at the time of the meeting.

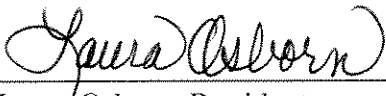
5. Article VIII, Section 8.01 of the Bylaws is amended by adding the following provision at the end of this section as follows:

The BOARD OF DIRECTORS shall adopt and implement a document retention policy which provides for, among other things, a list of documents that are to be maintained by the BOARD OF DIRECTORS and a period of time for the retention of those documents.

6. Except as modified by this Amendment, the Bylaws shall remain in full force and effect.

IN WITNESS WHEREOF, the undersigned officer does hereby certify that the foregoing amendment was approved by the Board in accordance with the Bylaws.

PRESTON HIGHLANDS HOMEOWNERS ASSOCIATION, INC.,
a Texas non-profit corporation

By: 
Laura Osborn, President

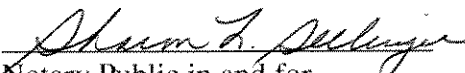
ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF COLLIN §

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Laura Osborn, President of **PRESTON HIGHLANDS HOMEOWNERS ASSOCIATION, INC.**, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that she executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 19th day of November, 2008.




Notary Public in and for
the State of Texas

My Commission Expires: 9-14-2010

AFTER RECORDING RETURN TO:

Riddle & Williams, P.C.
3710 Rawlins Street, Suite 1400
Dallas, Texas 75219

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