



**THE SEAY GROUP**  
**A N ■ I N V E S T M E N T ■ C O M P A N Y**

***6104 Walnut Hills***

***The Seay Group, LLC.***

P.O. Box 151355, Austin TX 78715

512.689.6742 fax 512.857.0301

email: Ron@TheSeayGroup.com

***for***

***Private Investors***

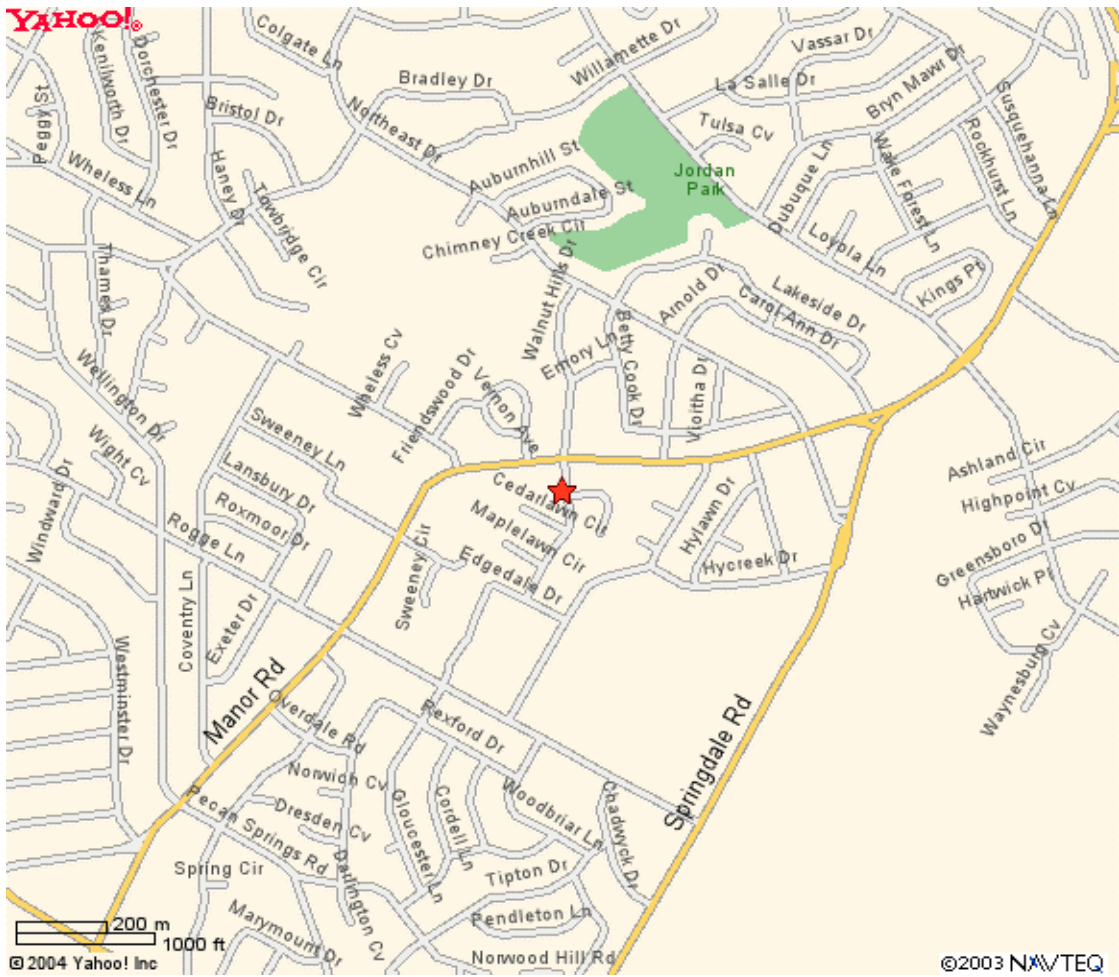
***Confidential Information***

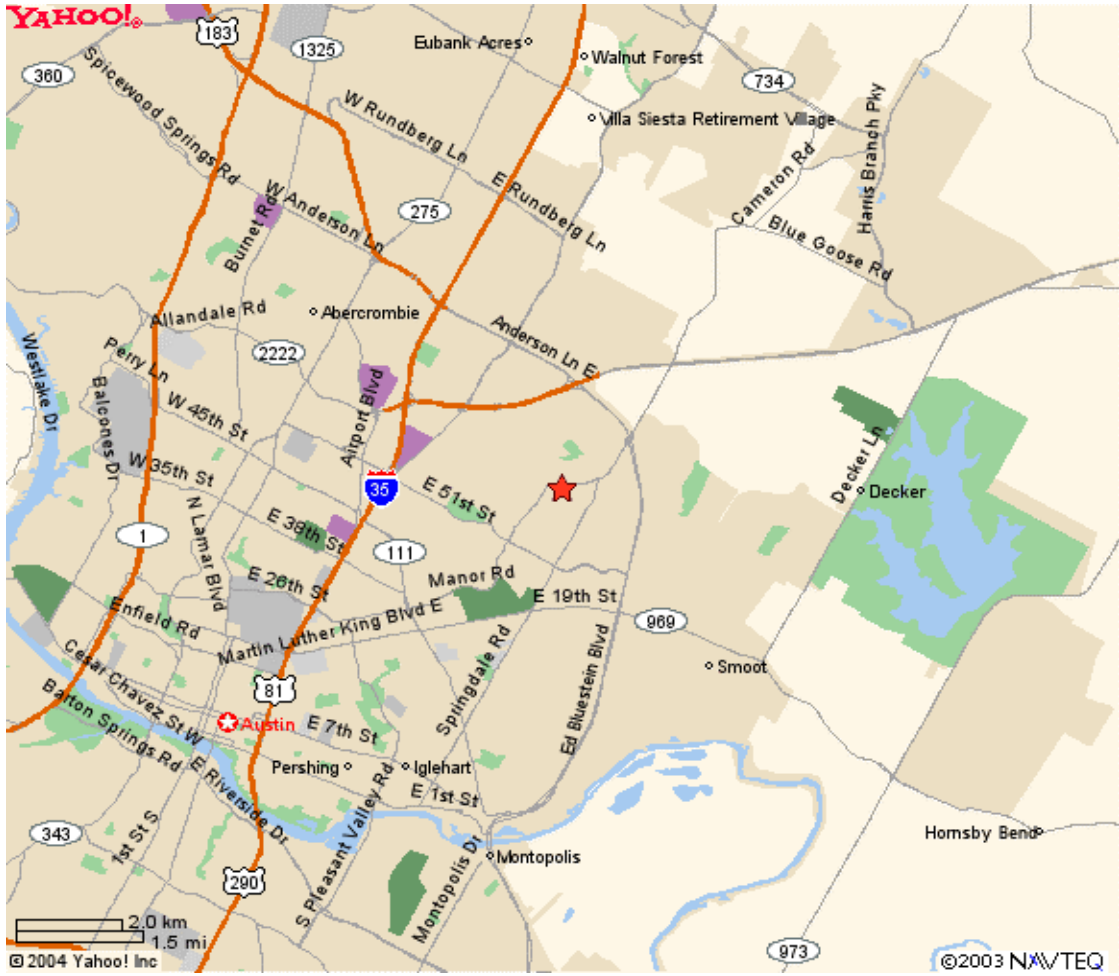
Full View of 6104 Walnut Hills duplex from across the street.



Close up view of the duplex from front yard.







## Investment Summary

---

**Property:** 6104 Walnut Hills

**Investment Manager:** The Seay Group, LLC.  
(a Texas LLC) owned by Ron & Susan Seay

**Investment Vehicle:** 6104 Walnut Hills, LLC.  
(a Texas LLC)  
1/2 owned by The Seay Group, LLC.  
1/2 owned by Money Partners.

**Purpose of Investment:** Purchase, Rehab, & Sell Property

**Investment Amount:** \$44,000

**Requested Terms:** Money Partners invest cash needed for transaction and receive 1/2 of sales proceeds. The Seay Group, LLC has a 60 day option to repurchase shares at a 25% return to the Money Partners (\$40,000 + \$10,000 = \$50,000).

**Description:** 2-Family Residential 1967 Construction

**Projected Operations:**

		<u>Year 1</u>
Sales Price		\$ 130,000
Less		
Purchase Price	\$ (33,333)	
Purchase Closing Costs	\$ (2,567)	
Holding Cost	\$ 814	
Selling Closing Costs	\$ (7,000)	
Project Costs	\$ (43,000)	
Other	\$ (860)	\$ (85,946)
Total Profit		\$ 44,054
1/2 to Investors	\$ 22,027	
Initial Investment by Money Partners	\$ 44,000	
Return on Investment	50.1%	

**Repayment:** From the sales of the property

**Ratios:** Loan to Value Ratio: 31%  
A maximum loan of \$40,000 can be taken out. The loan may contain a \$40,000 repair escrow which will be used to pay the repair contractor in 2-3 draws as approved by the bank.

**Investment Duration:** 12 - 24 Month Estimated Holding Time.

Summary

**Description:**

The Walnut Hills perperty was built in 1957. The property is approx. 2370 Sqft. The property was sold to the previous owner on an FHA loan. The owner lost the property and FHA put it up for sale for 54K and I purchased it for 33.3K and will repair the property. The property has been on the market for about 8 months while several other investors had attempted to purchase it. Most of them attempted to do so much closer to the listed price of 54K. I suspect that when they realized how much was needed in repairs that they gave up on the property.

The property contains two units one has is a 3 bedroom 2 bathroom unit the other is a 2 bedroom 1 bath. The property has a old roof which will be replaced and brick siding on the lower half of the structure . The property is on a slab foundation that has severe cracks and shifting. It is separately metered for all utilities. The property has fireplaces in both units. One of fireplaces is in need of repair due to the foundation and bees have invaded the other fireplace. There will be ceiling fans installed in all the rooms and updated the fixtures in the kitchen and bathrooms. There will be new stoves, refridgerators, countertops, faucets, sinks and garbage disposals installed in the kitchens. The exterior and interior will be painted and the brick portions will have some mortar replaced or patched.

The Travis County Tax Appraisal District says that the home is worth 113.0K for 2004. The property was previously appraised by the Travis Country Tax Appraisal District for 113.0K in 2003, 113.0K in 2002. Using the 2004 Travis County Tax Appraisal the property is worth \$50.90 per square foot. Property in the neighborhood are selling for \$75 to \$90 per square foot. The purchase price plus the required repairs equates to approximately \$35.86 per square foot.

An independent appraisal will be completed when the home is purchased. The 3 bedroom unit will rent for 700 and the 2 bedroom unit will rent for 500. The neighborhood is a working class neighborhood with decent sized older houses. There has been recent infill development in the neighborhood. There is a duplex development within 1 mile of this property. Those duplexes have rental rates of around 1K for 3 bedrooms 2 baths. The duplex next door to this one which is identical in size and design was purchased in 2001. At that time the owner borrowed approximately \$145K.

1 <b><u>List Price</u></b>	\$54,000		
2 <b><u>Price Offered:</u></b>	\$33,333		
3 <b><u>Terms:</u></b>	\$33,333 cash (commissions, fees, points etc.)		
4 <b><u>Gross Income per Month</u></b>	\$1,200		
5 <b><u>Total Expenses per Month:</u></b>	\$525		
6 <b><u>Cash Flow per Month:</u></b>	\$675		
	<b><u>2004</u></b>	<b><u>2005</u></b>	<b><u>2006</u></b>
7 <b><u>Gross Income per Year:</u></b>	\$14,400	\$14,400	\$14,400
8 <b><u>Total Expenses per Year:</u></b>	\$6,300	\$6,300	\$6,300
9 <b><u>Cash Flow per Year:</u></b>	\$8,100	\$8,100	\$8,100
7 <b><u>Investment/Down Payment Required:</u></b>	\$44,000		
8 <b><u>Cashflow Return on Investment: (line 6/line7)</u></b>	18.41%	18.41%	18.41%

<b>Owner/Agent's Name:</b> _____	<b>Phone:</b> _____
<b>Address:</b> 6104 Walnut Hills Austin, TX 7872	<b>Fax:</b> _____
<b>Directions:</b> _____	

<b>Asking Price:</b> \$54,000	<b>Final Sales Price:</b> \$33,333
<b>How we found:</b> Ad ___ FSBO ___ Rent Ads ___ Business Card ___ Flyer ___ Other ___ HUD Foreclosure ___	

<b>Rented</b> ___ <b>Vacant</b> <u>XXX</u> <b>Residence</b> _____ <b>Rent:</b> \$ 1200 <b>per month</b> <b>Market Rents in Area:</b> Ok for area <b>Type:</b> 2-plex <u>XX</u> 4-plex ___ single ___ condo ___ MHome ___ Other: _____ <b>Year Built:</b> 1957 <b>Square Feet:</b> 2370 <b>Beds:</b> 5 <b>Baths:</b> 3 <b>Garage</b> none <b>Appliances:</b> _____ <b>Age:</b> _____ Washer/Dryer: No Refrigerator No Dish Washer No Stove No Trash Compactor No Ceiling Fans No Central A/C Yes Furnace Yes Fireplace No <b>Other Information:</b> New Paint No New Paint No New Carpet No New Roof No Other: _____ Other: _____ <b>How long have they owned the property?</b> _____ <b>Taxes per year:</b> \$ 2836.3 <b>Past due taxes?</b> 0 <b>Taxed Appraised Value?</b> 113000 <b>Estimated Market Value?</b> 130000 <b>HOA fee/Lot Rent (for MH)</b> 0	<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Repairs Needed</th> <th style="text-align: center;">Yes</th> <th style="text-align: center;">No</th> <th style="text-align: right;">Cost:</th> </tr> </thead> <tbody> <tr><td>Washer/Dryer:</td><td></td><td>No</td><td></td></tr> <tr><td>Refrigerator</td><td>Yes</td><td></td><td style="text-align: right;">1000</td></tr> <tr><td>Dish Washer</td><td>Yes</td><td></td><td style="text-align: right;">800</td></tr> <tr><td>Stove</td><td>Yes</td><td></td><td style="text-align: right;">800</td></tr> <tr><td>Trash Compactor</td><td></td><td>No</td><td></td></tr> <tr><td>Ceiling Fans</td><td>Yes</td><td></td><td style="text-align: right;">\$1,200</td></tr> <tr><td>A/C</td><td>Yes</td><td></td><td style="text-align: right;">2000</td></tr> <tr><td>Furnace</td><td></td><td>No</td><td></td></tr> <tr><td>Roof</td><td></td><td>No</td><td style="text-align: right;">3000</td></tr> <tr><td>Foundation</td><td></td><td>No</td><td style="text-align: right;">16000</td></tr> <tr><td>Electrical Sys.</td><td></td><td>No</td><td style="text-align: right;">0</td></tr> <tr><td>Paint Exterior</td><td>Yes</td><td></td><td style="text-align: right;">\$3,000</td></tr> <tr><td>Exterior Siding</td><td></td><td>No</td><td></td></tr> <tr><td>Paint Interior</td><td>Yes</td><td></td><td style="text-align: right;">\$3,000</td></tr> <tr><td>Interior Walls</td><td>Yes</td><td></td><td style="text-align: right;">1000</td></tr> <tr><td>Flooring</td><td>Yes</td><td></td><td style="text-align: right;">3000</td></tr> <tr><td>Concrete</td><td></td><td>No</td><td></td></tr> <tr><td>Repair Bathroom</td><td>Yes</td><td></td><td style="text-align: right;">2800</td></tr> <tr><td>Doors</td><td>Yes</td><td></td><td style="text-align: right;">1200</td></tr> <tr><td>Fireplace</td><td></td><td>No</td><td></td></tr> <tr><td>Yard/Landscape</td><td>Yes</td><td></td><td style="text-align: right;">\$500</td></tr> <tr><td>Termite</td><td>Yes</td><td></td><td style="text-align: right;">1000</td></tr> <tr><td>Junk Removal</td><td>Yes</td><td></td><td style="text-align: right;">500</td></tr> <tr><td>Windows</td><td>Yes</td><td></td><td style="text-align: right;">1000</td></tr> <tr><td>Light fixtures</td><td>Yes</td><td></td><td style="text-align: right;">700</td></tr> <tr><td>Skylight</td><td></td><td>No</td><td></td></tr> <tr><td>Security System</td><td></td><td>No</td><td></td></tr> <tr><td>Sizzle Features</td><td></td><td>No</td><td></td></tr> <tr><td>Other: Misc.</td><td></td><td></td><td style="text-align: right;">500</td></tr> <tr><td>Other:</td><td></td><td></td><td></td></tr> </tbody> </table>	Repairs Needed	Yes	No	Cost:	Washer/Dryer:		No		Refrigerator	Yes		1000	Dish Washer	Yes		800	Stove	Yes		800	Trash Compactor		No		Ceiling Fans	Yes		\$1,200	A/C	Yes		2000	Furnace		No		Roof		No	3000	Foundation		No	16000	Electrical Sys.		No	0	Paint Exterior	Yes		\$3,000	Exterior Siding		No		Paint Interior	Yes		\$3,000	Interior Walls	Yes		1000	Flooring	Yes		3000	Concrete		No		Repair Bathroom	Yes		2800	Doors	Yes		1200	Fireplace		No		Yard/Landscape	Yes		\$500	Termite	Yes		1000	Junk Removal	Yes		500	Windows	Yes		1000	Light fixtures	Yes		700	Skylight		No		Security System		No		Sizzle Features		No		Other: Misc.			500	Other:			
Repairs Needed	Yes	No	Cost:																																																																																																																										
Washer/Dryer:		No																																																																																																																											
Refrigerator	Yes		1000																																																																																																																										
Dish Washer	Yes		800																																																																																																																										
Stove	Yes		800																																																																																																																										
Trash Compactor		No																																																																																																																											
Ceiling Fans	Yes		\$1,200																																																																																																																										
A/C	Yes		2000																																																																																																																										
Furnace		No																																																																																																																											
Roof		No	3000																																																																																																																										
Foundation		No	16000																																																																																																																										
Electrical Sys.		No	0																																																																																																																										
Paint Exterior	Yes		\$3,000																																																																																																																										
Exterior Siding		No																																																																																																																											
Paint Interior	Yes		\$3,000																																																																																																																										
Interior Walls	Yes		1000																																																																																																																										
Flooring	Yes		3000																																																																																																																										
Concrete		No																																																																																																																											
Repair Bathroom	Yes		2800																																																																																																																										
Doors	Yes		1200																																																																																																																										
Fireplace		No																																																																																																																											
Yard/Landscape	Yes		\$500																																																																																																																										
Termite	Yes		1000																																																																																																																										
Junk Removal	Yes		500																																																																																																																										
Windows	Yes		1000																																																																																																																										
Light fixtures	Yes		700																																																																																																																										
Skylight		No																																																																																																																											
Security System		No																																																																																																																											
Sizzle Features		No																																																																																																																											
Other: Misc.			500																																																																																																																										
Other:																																																																																																																													

<b>When does the owner need to sell?</b>	FHA Purchase	Total	\$43,000
<b>Why is the owner selling?</b>	All repairs completed ready for sale 03/7/05		

<b>Terms:</b> Cash <u>XX</u> Owner Fin. ___ Lease/option ___ Foreclosure ___ Non-Qual Assupmt ___ QUAL Assump ___	<b>Existing Financing Information</b>
Down Payment: \$44,000	1st Mtg.   2nd
Interest Rate: 6.50%	Payment: none
Length: 12	Interest Rate:
Loan Amount: \$40,000	Length of Loan:
Payment: \$217	Balance on Loan:
Price: \$33,333	Original Amount:
Ballon: _____	

**Additional Notes**

## Short-Term Investment Worksheet

Subject property 6104 Walnut Hills Proposed purchase date 9/15/2004  
 Proposed sale date 9/10/2005 Prepared for: The Seay Group, LLC.  
 Comments: Assumes buy, rehab, and resell in 360 days

Summary	
Projected "As Repaired" Value	\$ <b>130,000</b> -
Total Project Costs	\$ <u>52,613</u> -
Profit	\$ 44,054 =
<b>Purchase Price</b>	\$ <b>33,333</b>
Required Financing	\$ <u>40,000</u>
Buyer's Cash Required	\$ 44,000
Profit Margin	<b>33.9</b> %
Selling Agent's Commission	<b>4</b> %
Cost Overrun Contingency	<b>2</b> %
Project Management Cost (per hr.)	\$ <u>0.00</u>
Required Management Time (hrs.)	<b>20</b>

Project Financing Information	
Provider	<b>First State Bank</b>
Type	<b>Standard</b>
Term (yrs.)	<b>1</b>
Interest Rate	<b>6.50</b> %
LTV (of after-repaired value)	<b>30.7692</b> %
Loan Fees / Points	<b>2.0</b> %
Monthly Payment	\$ <u>217</u>
Mortgage Insurance Premium	\$ <u>0</u>
Holding Time (months)	<b>12</b>

<b>Purchase Costs</b>		\$	<u>2,567</u>
Loan Fees/Points	800		
Professional Inspection	<b>100</b>		2,567
Appraisal Fee	<b>325</b>		
Credit Report	<b>50</b>		
Flood Cert.	<b>23</b>		
Tax Service Fee	<b>0</b>		
Doc. Prep Fee	<b>0</b>		
Escrow Fees	<b>150</b>		
Lender's Title Policy	<b>290</b>		
Wire & Delivery Fees	<b>85</b>		
Survey	<b>350</b>		
Property Insurance	<b>-</b>		
Recording Fees	<b>65</b>		
Other	<b>329</b>		
<b>Construction/Rehab Costs</b>		\$	<b>43,000</b>
(Attach contractor's estimates)			
<b>Cost Overrun Contingency</b>		\$	<u>860</u>
<b>Project Management Expense</b>		\$	<u>-</u>
<b>Holding Costs &amp; Overhead</b>		\$	<u>(814)</u>
Interest	<u>2,600</u>		
Mortgage Insurance			
Property Insurance	<b>650</b>		
Taxes	<b>2,836</b>		
Utilities	<b>300</b>		
Travel & Auto	<b>-</b>		
Misc. (Rent Received)	<b>(7,200)</b>		
<b>Re-Sale Costs</b>		\$	<u>7,000</u> 5.4%
Brokerage Commission	5,200		
Title Insurance	<b>1,300</b>		
Misc. Closing Cost	<b>500</b>		
Closing Cost Paid for Buyer	<b>-</b>		
<b>Total Project Costs</b>		\$	<b>52,613</b>



**Money Flow Analysis**

Address: 6104 Walnut Hills  
Austin, TX

\$ 50.00 Credit Report  
 \$ 325.00 Appraisal  
 \$ 100.00 Inspection by Lender  
 \$ 33,333.00 Purchase price net of Earnest Money Deposit  
 \$ 500.00 Earnest Money Deposited  
 \$ 350.00 Survey  
 \$ 49,062.00 Property Reserve for Carrying costs, repairs and contingencies.  
 \$ (40,000.00) Bank loan on property  
 \$ 80.00 Loan origination fee  
 \$ 200.00 Filing fee for LLC.  
\$ 44,000.00 Total Cash required to acquire the Property  
 (Initial Investment made by Money Partners)

\$ 130,000.00 Sales Price

Less:

\$ 40,000.00 Loan Payoff  
 \$ 7,000.00 Closing Costs at time of property sale  
\$ 44,000.00 Initial Investment returned to Money Partners

\$ 39,000.00 Total Cash disbursed at Closing

Plus:

\$ 7,200.00 Rental Income estimate during holding period  
 \$ 454.00 Misc Holding Costs/ Project costs ( Estimate)  
\$ (2,600.00) Loan payments  
\$ 44,054.00 Profit to be split among Money Partners and The Seay Group, LLC.

\$ 22,027.00 Return to Money Partners  
 \$ 22,027.00 Return to The Seay Group, LLC.

50.1% Return on Investment for Money Partners

## **Considerations**

Before putting money into any investment , there are several considerations that should be taken into account by any prudent investor:

### **1. Income:**

Does the investment provide spendable income?

### **2. Growth:**

Can the investment be relied upon to produce an acceptable rate of appreciation?

### **3. Tax Shelter:**

How much of the income produced by the investment will be sheltered from income taxes?

### **4. Safety:**

Considering the profit potential, does the investment involve an acceptable risk? Remember, there is NO such thing as a totally risk free investment.

### **5. Management:**

Is it a management-free investment or will it require time, effort or personal expertise?

### **6. Yield:**

After considering all aspects of the investment, is the return adequate? Don't forget to deduct income taxes and the loss of purchasing power of your dollars due to inflation.

### **7. Liquidity:**

Can the money be taken out of the investment upon reasonable notice without taking a loss?

If one could find an investment that completely fulfills all seven criteria, they would have a perfect investment. Since no one has yet devised the "perfect investment", one can only evaluate and compare what is available - and then select those investments coming closest to fulfilling one's needs and desires.

While short of being perfect, we believe the proposed investment will pass the test with high marks. Using the checklist, let's review the important considerations that should be taken into account:

## **Considerations for 6104 Walnut Hills**

### **1. Income:**

Does the investment provide spendable income?

The investors in 6104 Walnut Hills ("Walnut Hills") will receive income from the rental of the property once it is repaired. The gross rents are estimated to be \$1,200 per month.

### **2. Growth:**

Can the investment be relied upon to produce an acceptable rate of appreciation?

The investors can expect to realize growth from the substantial increase in the value of the property as a result from the repairs, good management, and ultimate sale.

### **3. Tax Shelter:**

How much of the income produced by the investment will be sheltered from income taxes?

Depreciation allowances will shelter a portion of our rental income. The appreciation in value can be deferred through the use of a 1031 exchange or the use of a self-directed IRA.

### **4. Safety:**

Considering the profit potential, does the investment involve an acceptable risk? Remember, there is NO such thing as a totally risk free investment.

Several factors serve to minimize our risks:

- a. The purchase price is less than 50% of the market value of the property repairs are completed.
- b. The amount of debt and the resulting loan payments will be considerably lower than usual for a property of this size.
- c. The repairs are expected to almost triple the value of the property.
- d. An important ingredient in the success of this property lies in the hands of management. The Seay Group is experienced in the business, in the local market, and will be investing a substantial amount of their personal time and money in the project.
- e. Ron Seay will be personally guarantying any bank financing on this prop

### **5. Management:**

Is it a management-free investment or will it require time, effort or personal expertise?

Your investment will be completely management-free. Immediately upon acquiring the property, professional management can be turned over to The Seay Group, LLC.

## **6. Yield:**

After considering all aspects of the investment, is the return adequate? Don't forget to deduct income taxes and the loss of purchasing power of your dollars due to inflation.

After reviewing the various projections, you will see that the expected yield return on investment is much higher than we would normally earn on comparable investments. Buy, don't forget to deduct your estimate on the loss in purchasing power caused by inflation and any opportunity costs.

## **7. Liquidity:**

Can the money be taken out of the investment upon reasonable notice without taking a loss?

Since most of the money will be invested in the property, there is no provision for withdrawing it upon short notice. However, the investors will have a number of alternatives:

- a. Should you need to sell, other money partners in the group may be interested in increasing their holdings, once they become accustomed to receiving any cash distributions from the potential rental income. We regularly work with investors, consequently we may be able to assist you in finding a buyer.
- b. Some banks may accept your shares in the property as collateral for a loan.
- c. The property was purchased with the intent to be sold and in the event of the sale all cash proceeds would be distributed immediately.

## **Disadvantages to Consider**

There will be few, if any, cash distributions until the renovations have been completed and occupancy has been increased.

The profits and depreciation deductions will need to be shared with others who are contributing money or doing the work and assuming risks.

As a "limited partner," you cannot officially participate in the daily business decisions without becoming personally liable.

Your funds will be invested in real estate and cannot be withdrawn on short notice.

THE 6104 WALNUT HILLS, LIMITED LIABILITY  
COMPANY

SUBSCRIPTION DOCUMENTS

CONFIDENTIAL PRIVATE OFFERING

## Subscription Agreement / 6104 WALNUT HILLS, LLC.

To: "The 6104 WALNUT HILLS Limited Liability Company"

### **1. Subscription for Limited Liability Company Interests.**

The undersigned hereby subscribes for the amount of Limited Liability Company interest in The 6104 WALNUT HILLS Limited Liability Company, a Texas Limited Liability Company (the "Limited Liability Company"), set forth above the undersigned's signature on the last page hereof. A check in the full amount of the subscription is attached hereto. The undersigned recognizes; that the Manager will advise the undersigned whether all or a portion of the undersigned's subscription has been accepted or rejected and that any subscriptions may be rejected in whole or in part by the Manager in its sole and absolute discretion. If rejected in whole or in part the amount of the undersigned's subscription, or portion thereof will be returned to the undersigned promptly. Any interest on the undersigned's subscription funds earned before the related subscription is accepted will be contributed to the subscriber's Capital Account; any such interest earned before the earned subscription is rejected will be paid to the undersigned. This Subscription Agreement may not be canceled or otherwise revoked.

### **2. Representations and Warranties of Subscriber.**

As an inducement to the Manager, acting on behalf of the Limited Liability Company, to sell the undersigned the Limited Liability Company interest for which the undersigned has subscribed, the undersigned hereby represents and warrants to the Manager and the Limited Liability Company as follows:

- (a) The undersigned has received and carefully read a copy of the Articles and Regulations all exhibits, including the Limited Liability Company Articles attached thereto as Exhibit A (the "Limited Liability Company Articles"), relating to and describing the terms and conditions of the offering of the Limited Liability Company interests.
- (b) The undersigned has such knowledge and expertise in the financial, tax and business matters that it is capable of evaluating the merits and risks of an investment in Limited Liability Company interests in the Fund and of making an informed investment decision with respect thereto. The undersigned has carefully reviewed the various risks of an investment in the Limited Liability Company. The undersigned can afford to bear the risks of an investment in the Limited Liability Company, including the risk of losing the undersigned's entire investment.
- (c) The undersigned understands that the Manager potentially has conflicts of interest with the Limited Liability Company.
- (d) The undersigned understands that Limited Liability Company interests in the Limited Liability Company cannot be assigned, transferred, pledged or encumbered without the prior written consent of the Manager and that no market exists for the resale of such securities. The undersigned understands further that redemption of Limited Liability Company interests is restricted as set forth in the Limited Liability Company Articles. In addition, the undersigned understands that Limited Liability Company interests in the Limited Liability Company have not been registered under the Securities Act of 1933, as amended, or under any applicable state securities or blue sky laws, and cannot be resold unless they are so registered or unless an exemption from registration is available.
- (e) The undersigned is purchasing the Limited Liability Company interest for which the undersigned has subscribed solely for the account of the undersigned, for investment and not with a view to the distribution thereof.
- (f) The undersigned has relied solely on the information in the memorandum, and exhibits attached thereto in making a decision to execute and deliver this Subscription Agreement.
- (g) The undersigned understands and is willing to assume the risks of the Limited Liability Company's business strategies as described by the Manager. The objective of the undersigned is to achieve the greatest amount of net profits over the long term.
- (h) If the undersigned is a natural person, the undersigned has the legal capacity to execute, deliver and perform this Subscription Agreement and the Purchaser Questionnaire. If the undersigned is a corporation, Limited Liability Company, trust or other entity, it is authorized to make an investment in the Limited Liability Company and otherwise to comply with its obligations under the Subscription Agreement; it has fully and accurately completed this Subscription Agreement; the person signing this Subscription Agreement on behalf of such entity has been duly authorized by such entity to do so; and this Subscription Agreement has been duly executed and delivered on behalf of the undersigned and is the valid and binding agreement of the undersigned, enforceable against the undersigned in accordance with its terms. In addition, the undersigned will, upon request of the Limited Liability Company, deliver any documents which may reasonably be requested by the Limited Liability Company, including an opinion of counsel to the undersigned, evidencing the existence of the undersigned, the legality of an investment in the Limited Liability Company and the authority of the person executing on behalf of the undersigned.
- (i) All of the information set forth herein is correct and complete as of the date of this Subscription Agreement, and if there should be any material change in such information, the undersigned will immediately furnish corrected information to the Manager. The undersigned understands that in order for the Limited Liability Company to comply with applicable securities and futures laws and regulations, the undersigned may be requested from time to time by the Limited Liability Company to provide reasonable information regarding the undersigned, including without limitation, opinions of counsel and certifications, and the undersigned agrees to provide all such information. The undersigned consents to the disclosure of any such information, and any other information furnished to the Limited Liability Company, to any governmental authority, self-regulatory organization or, to the extent required by law, to any other person.

### **3. Acceptance of Limited Liability Company Articles.**

- (a) The undersigned agrees that upon receipt by the Limited Liability Company of the subscription amount, acceptance of this Subscription Agreement, and entry of the undersigned's name in the records of the Limited Liability Company as a Member, the undersigned shall become a Member of the Limited Liability Company, and hereby agrees to each and every term of the Limited Liability Company Articles as if its signature were subscribed thereto. The undersigned hereby irrevocably appoints each person from time to time serving as an officer of the Manager as its attorney-in-fact to subscribe its name to the Limited Liability Company Articles and to take all other acts described in the power of attorney contained in paragraph (b) below.

(b) The undersigned hereby irrevocably constitutes and appoints each person from time to time serving as an officer of the Limited Liability Company with power of substitution, as its true and lawful attorney-in-fact in its name, place and stead, to execute, acknowledge, swear to, file and record in its behalf in the appropriate public offices and publish (i) the Limited Liability Company Articles and a Certificate of Limited Liability Company, including amendments thereto; (ii) all instruments which the Manager deems necessary or appropriate to reflect any amendment, change or modification of the Limited Liability Company in accordance with the terms of the Limited Liability Company Articles; (iii) certificates of assumed name; (iv) customer agreements with any dealers, brokerage firms, or banks; (v) such other certificates or instruments as may be required to be filed by the Limited Liability Company or the Members under the laws of the State of Texas or any other jurisdiction; and (vi) such other instruments (including amendments or modifications of any of the foregoing) as the Manager may deem necessary or desirable to carry out the purpose and intent of the Limited Liability Company Articles. The power of attorney granted herein shall be irrevocable and deemed to be a power coupled with an interest and shall survive death, legal incapacity, insolvency or dissolution of a Member or the delivery of any assignment by a Member of the whole or any portion of his or her Limited Liability Company interest, and any assignee of a Member does hereby constitute and appoint each person from time to time serving as an officer of the Limited Liability Company as his or her attorney in the same manner and with the same force and for the same purposes as does the assignor. Each Member hereby agrees to be bound by any representation made by any officer of the Limited Liability Company acting in good faith pursuant to this power of attorney, and each Member hereby waives any and all defenses which may be available to contest, negate or disaffirm the action of the Manager in good faith under this power of attorney. Each Member agrees, if requested, to execute as special power of attorney on a document separate from this Subscription Agreement. In the event of any conflict between this Subscription Agreement and any instruments filed pursuant to the power of attorney granted in this paragraph, this Subscription Agreement shall control.

**4. Indemnification.**

The undersigned understands the meaning and legal consequences of the representations, warranties, agreements, covenants and confirmations set out above and agrees that the subscription made hereby may be accepted in reliance thereon. The undersigned hereby agrees to indemnify and hold harmless the Limited Liability Company and any of its agents from and against any and all loss, damage, liability and expense, including reasonable costs and attorneys' fees and disbursements, which the Limited Liability Company or any of its agents may incur by reason of, or in connection with, any representation or warranty made herein (or in the accompanying Purchaser Questionnaire) not having been true when made, any misrepresentation made by the undersigned or any failure by the undersigned to fulfill any of the covenants or agreements set forth herein, in the Purchaser Questionnaire or in any other document provided by the undersigned to the Limited Liability Company or any of its agents.

**5. Miscellaneous.**

(a) The undersigned agrees that neither this Subscription Agreement, nor any of the undersigned's rights or interest herein or hereunder, is transferable or assignable by the undersigned. The undersigned agrees that it may not cancel, terminate or revoke this Subscription Agreement or any agreement of the undersigned made hereunder, and that this Subscription Agreement shall survive the death or legal disability of the undersigned and shall be binding upon the undersigned's heirs, executors, administrators, and successors.

(b) All of the representations, warranties, covenants, agreements and confirmations set out above and in the Purchaser Questionnaire shall survive the acceptance of the subscription made herein and the issuance of the Limited Liability Company interest. Within 10 days after receipt of a written request therefor from the Manager, the undersigned shall provide such information and execute and deliver such documents as the Manager may deem necessary to comply with any and all laws and regulations to which the Limited Liability Company is or may be subject.

(c) This Subscription Agreement shall be construed in accordance with and governed by the laws of the State of Texas, without regard to the conflict of law principles thereof, to the extent that such laws are not preempted by the laws of the United States of America. This Subscription Agreement, and the documents referred to and incorporated herein, constitute the entire agreement between the parties hereto with respect to the subject matter hereof and may be amended only by a writing executed by the undersigned and the Limited Liability Company.

**Subscription Amount:** \_\_\_\_\_

Subscriber: \_\_\_\_\_  
(Signature)

Manager: \_\_\_\_\_

\_\_\_\_\_  
(Print name)

\_\_\_\_\_  
(name & title)

\_\_\_\_\_  
(date)

\_\_\_\_\_  
(date accepted)

\_\_\_\_\_  
(Street Address)

\_\_\_\_\_  
(City, State, Zip)

\_\_\_\_\_  
(Phone Number)

\_\_\_\_\_  
(Tax ID Number)

**ARTICLES OF ORGANIZATION  
OF  
6104 WALNUT HILLS, LLC**

I, the undersigned, am a natural person eighteen years of age or older. I am acting in the capacity of organizer of a limited liability company pursuant to the Texas Limited Liability Company Act. I hereby adopt the following Articles of Organization for a limited liability company.

**ARTICLE I  
NAME**

1.01 The name of the Limited Liability company is 6104 WALNUT HILLS, LLC.

**ARTICLE II  
DURATION**

2.01 The period of the company's duration is perpetual.

**ARTICLE III  
PURPOSES**

3.01 The Limited Liability Company shall have the powers provided for a corporation under the Texas Business Corporation Act and a limited partnership under the Texas Revised Limited Partnership Act.

3.02 The purposed for which this limited liability company is organized is to transact any and all lawful business for which limited liability companies may be organized under the laws of Texas, including, but not limited to, the following:

- a. To carry on any business or any other legal or lawful activity allowed by law.
- b. To acquire, own, use, convey and otherwise dispose of and deal in real or personal property or any interest therein.
- c. To manufacture, buy, sell, and generally deal in goods, wares and merchandise, of every class and description.
- d. To buy, rent, sell, manufacture, produce, assemble, distribute, repair, and service any and all products or services in which the company desires to engage.
- e. To do such other acts as are incidental to the foregoing or desirable in order to accomplish the purpose for which the company was formed.



f. To have and exercise all rights and powers that are now or may hereafter be granted to a limited liability company by law.

3.03 The foregoing shall be construed as objects, purposes and powers, and enumeration thereof shall not be held to limit or restrict in any manner the powers hereafter conferred on this limited liability company by the laws of the State of Texas.

3.04 The company may, in its Regulations, confer powers, not in conflict with law, on its managers and members in addition to the foregoing and in addition to the powers and authorities expressly conferred on then by statute.

#### **ARTICLE IV PRINCIPAL PLACE OF BUSINESS**

4.01 The address of the company's principal place of business in this state is 2305 Innsbrook Dr. Austin Texas 78747.

#### **ARTICLE V NAME AND ADDRESS OF INITIAL REGISTERED AGENT**

5.01 The company's initial Registered Agent is Ronald D. Seay II.

5.02 The address of the company's initial Registered Office is 2305 Innsbrook Dr. Austin Texas 78747.

5.03 The street address of the principal place of business of the Limited Liability Company is 2305 Innsbrook Dr. Austin Texas 78747.

#### **ARTICLE VI CAPITAL AND ADDITIONAL MEMBERS**

6.01 INITIAL CAPITAL:

The Limited Liability company will not commence business until it has received \$1,000.00 for the issuance of its Certificates of Membership Interest consideration consisting of money, labor done, a promissory note, or property received.

6.02 ADDITIONAL CAPITAL:

Members shall not be required to make additional contributions to the capital of the company.

6.03 ADDITIONAL MEMBERS:

Additional members shall be admitted upon the written consent of all the members.

**ARTICLE VII  
VOTING**

7.01 Each percentage of membership interest has one (1) vote on each matter with the membership interest is entitled to vote.

7.02 Cumulative voting is not allowed.

7.03 There are no preemptive rights on behalf of any member.

**ARTICLE VIII  
MANAGEMENT**

8.01 The company shall be managed by managers

8.02 The number of initial Managers is one.

8.03 The names and addresses of the persons, who are to serve as managers until the first annual meeting of the company's Members or until successors are elected and qualified are:

Ronald D. Seay II  
2305 Innisbrook Dr.  
Austin Texas 78747.

**ARTICLE IX  
ORGANIZER**

The name and address of the organizer is Ronald D. Seay II, 2305 Innisbrook Dr., Austin, Texas 78747.

**ARTICLE X  
INITIAL REGULATIONS**

10.01 The initial Regulations will be adopted by the Managers.

10.02 The powers to alter, amend, or repeal the Regulations or adopt new Regulations is vested in the Managers, subject to repeal or change by action of the Members.

**ARTICLE XI  
MAJORITY VOTING**

11.01 With respect to any matter, other than the election of Managers, for which the affirmative vote of the holders of a specified portion of the membership interest

entitled to vote is required by the Texas Limited Liability Company Act, and notwithstanding that such Act may require a portion of the membership interest entitled to vote that exceeds that specified in this Article, the act of the Members on that matter shall be the affirmative vote of the holders of a majority of the membership interest entitled to vote on that matter, rather than the affirmative vote otherwise required by such Act.

## **ARTICLE XII INDEMNIFICATION**

12.01 The company shall indemnify every manager, and the Manager's heirs, executors and administrators, against expenses actually and reasonably incurred by the Manager, as well as against any amount paid upon a judgment in connection with any action, suit, or other proceeding, civil or criminal, to which the manager may be made a party by reason of having been a Manager of this limited liability company.

12.02 This indemnification is being given because the managers will be requested by the company to act for and on behalf of the company and for the company's benefit.

12.03 This indemnification shall not be exclusive of other rights to which the managers may be entitled.

12.04 The managers shall be entitled to the fullest indemnification allowed by the current law or as the law may be amended hereafter.

12.05 A Manager shall be liable to the company of the following actions:

- a. A breach of his or her duty of loyalty to the company, or to its members;
- b. An act or omission that was taken in bad faith and which constitutes a breach of the Manager's duty to the company by an act that is grossly negligent, malicious, or intentional, as those terms are defined at law;
- c. A transaction in which the Manager benefits to the detriment of the company or its members.
- d. An action for which the Manager is liable at law and for which an indemnification is not allowed.

## **ARTICLE XIII COMPANY ACTIONS**

13.01 Any action required by the Texas Limited Liability Company Act, and any amendments thereto, shall be taken at any annual or special meeting of Members of the Limited Liability Company.

13.02 Or any action which may be taken at any annual or special meeting of Members of the Limited Liability Company, may be taken without a meeting, without prior notice, and without a vote, if a consent of consents in writing, setting forth the action so taken, shall be signed by the holder or holders of membership interest having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all membership interest entitled to vote on the action were present and voted.

13.03 Any such written consent must be dated, signed and delivered in the manner required by, and shall be effective for the period specified by the Texas Limited Liability Company Act, and any amendments thereto, and the taking of any such action by written consent shall be subject to satisfaction of all applicable requirements of such Act.

13.04 Prompt notice of the taking of any action by Members without a meeting by less than unanimous written consent shall be given to those Members who did not consent in writing to the action.

#### **ARTICLE XIV RESTRICTIONS OF ITS TRANSFERABILITY**

14.01 The membership interest of the Limited Liability Company will be subject to restrictions on its transferability as set out in the Regulations of the Limited Liability Company, which Regulations will be kept with the record of the Limited Liability Company.

14.02 The Limited Liability Company will provide a copy of the Regulations without charge to any record holder of a membership interest upon written request addressed to the Limited Liability Company at its principal business office or its registered agent's address.

#### **ARTICLE XV CONTINUITY OF BUSINESS**

15.01 All of the remaining members of the company may agree to continue the business upon the death, retirement, resignation, expulsion, bankruptcy, or other withdrawal of a member. **IN WITNESS WHEREOF**, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_.

\_\_\_\_\_  
Ronald D. Seay II  
ORGANIZER

STATE OF TEXAS  
COUNTY OF TRAVIS

This instrument was acknowledged before me on this \_\_\_\_\_ day of  
\_\_\_\_\_, 2004, by Ronald D. Seay II.

\_\_\_\_\_  
Notary Public, State of Texas  
Notary's Stamp with Printed Name  
and Commission Expiration Date:

**MINUTES OF THE ORGANIZATIONAL  
MEETING OF MANAGERS OF**

**6104 WALNUT HILLS, LLC.**

1. Convening of Meeting.

The organizational meeting of the managers was held pursuant to the provisions of the Texas Limited Liability Company Act at 5:00 P.M., on August 19, 2004, immediately following the Members meeting.

The following were present :

Ronald D. Seay II , being the Manager of 6104 WALNUT HILLS, LLC.

Ronald D. Seay II was appointed chairman of the meeting.

2. Acceptance of Articles of Organization

The secretary then presented and read to the meeting a copy of the Articles of Organization and reported on that on August 10, 2004, the original thereof was filed in the office of the Secretary of State of the State of Texas and that the Secretary of State issued a formal Certificate of Organization to the company on that date.

Upon motion duly made, seconded and carried it was

RESOLVED, that the Articles of Organization of 6104 WALNUT HILLS, LLC be accepted and approved in all respects.

3. Regulations

The Secretary then presented a proposed form of regulations for the regulation and management of the affairs of 6104 WALNUT HILLS, LLC. The proposed regulations were considered and upon motion duly made, seconded and unanimously adopted, it was:

RESOLVED, that the form of Regulations submitted and reviewed at this meeting are adopted as the Regulations of 6104 WALNUT HILLS, LLC.

4. Officers

The chairman of the meeting then called for the election of officers of 6104 WALNUT HILLS, LLC. The following persons were nominated to the office preceding their name:

President: Ronald D. Seay II

Vice President: Ronald D. Seay II

Secretary: Ronald D. Seay

Treasurer: Ronald D. Seay II

No further nominations being made, the nominations were closed and the Managers proceeded to vote on the nominees. The chairman announced that the foregoing nominees were elected to the offices set before their respective name.

5. Membership Interest Certificates

The secretary submitted to the meeting a specimen Membership Interest Certificate proposed for use as 6104 WALNUT HILLS, LLC.'s Certificate for Membership Interest. Upon motion duly made, seconded

and carried, it was:

RESOLVED, that the specimen Membership Interest Certificate presented to this meeting be and hereby is adopted as the form of Certificate for Membership Interest in 6104 WALNUT HILLS, LLC.

It was ordered that the specimen Membership Certificate Interest be appended to the minutes of the meeting.

#### 6. Limited Liability Company Record Book

Secretary presented a record book of 6104 WALNUT HILLS, LLC. containing a copy of the Articles of Organization, the Certificate of Organization, the Regulations previously approved at the meeting, the Membership Interest Certificate stubs, and the Membership Interest transfer ledger. On motion duly made, seconded and unanimously adopted, it was:

RESOLVED, that (1) the record book presented to this meeting by the secretary is approved and adopted, and the action of the Secretary in inserting in it the Articles of Organization, the Certificate of Organization, and the regulations, is ratified and approved, and (2) the Secretary is instructed to authenticate the record book, to retain custody of it, and to insert in it the minutes of this meeting and of other proceeding of the Members, Managers, and any committee established by the Managers, and to keep records pertaining to the issuance and transfer of Membership Interest in the Membership Interest Certificate stubs and Membership Interest transfer book respectively.

#### 7. Membership Interest Issued

Upon motion duly made, seconded and carried, it was:

RESOLVED, that the Managers of 6104 WALNUT HILLS, LLC. be, and they hereby are, authorized to issue from time to time authorized Membership Interests of 6104 WALNUT HILLS, LLC. for money paid, labor done, promissory note, or personal property or real estate or leases thereof actually acquired by, upon such terms as the Managers in their discretion may determine.

The chairman stated that an officer(s) to purchase one hundred percent (100%) of the Membership Interest of 6104 WALNUT HILLS, LLC. be issued to the following in the percentages set opposite their names and for the consideration stated next thereto: Ronald D. Seay II 100% (\$1,000.00).

That the President and Secretary of 6104 WALNUT HILLS, LLC. are authorized to issue additional Membership Interest to appropriately qualified purchasers.

#### 8. Commencing Business

The chairman announced that consideration had been received for the issuance of Membership Interest, and that consequently 6104 WALNUT HILLS, LLC was able to commence and transact business and to incur indebtedness.

#### 9. Organizational Expenses

Upon motion duly made, seconded and carried, it was:

RESOLVED, that the treasurer of 6104 WALNUT HILLS, LLC be and hereby is authorized to pay all charges and expenses incident to or arising out of the organization of and to reimburse any person who has made any disbursement therefor.

#### 10. Bank Account

The chairman then stated that it was desirable to maintain a depository of the funds of 6104 WALNUT HILLS, LLC. Thereupon, on motion duly made, seconded and unanimously adopted, it was :

RESOLVED, that the treasurer be and hereby is authorized to open a bank account on behalf of 6104 WALNUT HILLS, LLC with any bank the president deems appropriate.

#### 11. Office

Upon motion duly made, seconded and carried, it was:

RESOLVED, that an office of 6104 WALNUT HILLS, LLC. be established and maintained at 2305 Innisbrook Dr. Austin, TX 78747, and that meetings of the Managers from time to time may be held either at the principal office or at such other place as the Managers shall from time to time order.

#### 12. Licenses, Permits

Additionally, the officers of 6104 WALNUT HILLS, LLC. were directed to obtain in the name of such other licenses and tax permits as any be required for the conduct of the business of 6104 WALNUT HILLS, LLC. by any federal, state, county, or municipal governmental statute, ordinance, or regulations, and to do all things necessary or convenient to qualify to transact its business in compliance with the laws and regulations of any appropriate federal, state, or municipal governmental authority.

#### 13. Other State

Upon motion duly made, seconded and carried, it was:

RESOLVED, that for the purpose of authorizing to do business in any state, territory or dependency of the United States or any foreign country in which it is necessary or expedient for 6104 WALNUT HILLS, LLC. to transact business, the proper officers of 6104 WALNUT HILLS, LLC. are hereby authorized to appoint substitute all necessary statutory offices, and under the limited liability company seal, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such state, territory, dependency or country to authorized to transact business therein.

#### 14. Fiscal Year

On motion duly made, seconded and carried, it was:

RESOLVED, that the fiscal year of 6104 WALNUT HILLS, LLC. shall be the calendar year ending December 31 subject to change, as appropriate, at the discretion of the Managers by resolution.

#### 15. Carry on Business

Upon motion duly made, seconded and carried, it was:

RESOLVED, that the signing of these minutes shall constitute full consent, confirmation, ratification, adoption and approval of the holding of the above meeting, the actions hereby taken, the resolutions herein adopted and waiver of notice of the meeting by the signatories.

#### 16. Adjournment

There being no further business before the meeting, on motion duly made, seconded and carried, the meeting was adjourned.

Dated this 10<sup>th</sup> day of August 2004



---

---

## **REGULATIONS OF 6104 WALNUT HILLS, LLC**

### **I. COMPANY NAME AND PURPOSE:**

1.01 The company is a domestic limited liability company as that term is defined and regulated by the Texas Limited Liability Company Act.

1.02 The company purpose is to manage real property and carry on all legal business as allowed by law.

1.03 All references herein to this limited liability company shall be the follow designation: the "Company".

### **II. MANAGERS**

#### **2.01 MANAGEMENT:**

The Limited Liability Company shall be managed by a Manager or Managers who are not required to be residents of Texas nor are they required to be Members of this Limited Liability Company.

#### **2.02 NUMBER:**

There shall be no less that one manager and no more than six managers. The number of initial Managers shall be stated in the Articles of Organization, thereafter the number of Managers shall be determined by a resolution of the Managers.

#### **2.03 CLASSIFICATION:**

The Managers shall be divided into two classes. Each class shall be as nearly equal in number as possible. The term of the office of the Managers of the first class shall expire at the first annual meeting of Members after their election. The term of the second class shall expire at the second annual meeting after their election. This process shall be repeated if there are more than two classes.

#### **2.04 MANAGER'S POWERS:**

Every Manager is an agent of this Company.

- a. A Manager is authorized to sign any instrument required for accomplishing the Company's business.
- b. The Company shall be bound by the Manager's actions unless the Manager so acting otherwise lacks the authority to act for this Limited Liability Company and the person whom the Manager is dealing has knowledge of the fact that the Manager has no such authority or limited authority.
- c. No transaction between this Company and one or more of its Managers or officers, and any other person(s) or entity shall be void or voidable solely because of any of the following reasons:
  1. one or more Managers or officers have a financial interest in the transaction, or
  2. because the Manager or officer was present at or participated in the meeting of Managers or of committee that authorized the contract or transaction,

- d. In the event, a manager or member transacts business on behalf of the Company as stated in paragraphs 1 and 2 above, and he or she enters into a contract or transaction is not fair to Company, the Company shall have an action against said member for any damages the Company may suffer. The member or manager's interest in this Company shall then be available for sale as provided hereunder for transfer of stock certificates as security for the aforesaid damages.
- e. In the event, the Company deems the transaction beneficial to itself, then the same may be authorized, approved, or ratified by two-thirds vote of the Members entitle to vote.
- f. This provision shall not be construed to invalidate any contract or transaction which would be valid in the absence of this provision.

### **III. ELECTION OF MANAGERS**

- 3.01 Managers shall be elected by a majority vote of the members of this Company.
- 3.02 Cumulative voting shall not be permitted.
- 3.03 Election of Managers shall occur at any of the following times:
  - a. the annual meeting,
  - b. regular meetings of the members, or
  - c. any special meeting of the members.

### **IV. MANAGERS MEETINGS, COMPENSATION AND COMMITTEES**

- 4.01 Managers' Meetings, regular or special, may be held either within or without the State of Texas.
- 4.02 Managers may participate in such meetings in person or by use of telephone equipment.
- 4.03 The first meeting of the newly elected Managers shall be held without further notice immediately following the annual meeting of Members.
  - a. The meeting shall be held at the same place as the annual meeting, unless by unanimous consent of the Managers then elected and serving, such time or place shall be changed.
- 4.04 A regular meeting of the Managers may be held at such time as shall be determined from time by resolution of the Managers.
- 4.05 The Secretary shall call a special meeting of the Managers whenever requested to do so by the President or by any two Managers.
  - a. Such meeting shall be held at the time stated in the notice of meeting.
  - b. The purpose, place and time of the meeting shall be stated in a notice.
- 4.06 All meetings of the Managers (annual, regular or special) shall be held upon ten (20) days' written notice stating the date, time, place and purpose of the meeting.
  - a. The notice shall be delivered to each Manager either personally or by mail or at the direction of the President or the Secretary or the officer or person calling the meeting.

- b. If all the Managers execute a waiver of notice of the meeting, no notice shall be required. Accordingly the meeting (whether annual, regular or special) shall be held at the time and at the place (either within or without the State of Texas) stated in the waiver of notice.
- c. Attendance of Managers at any meeting shall constitute a waiver of notice of such meeting, except where the Managers attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

4.07 Any action required by statute to be taken at a meeting of Managers, or any action which may be taken at a meeting of the Managers, may be taken without a meeting if a consent in written, setting forth the action so taken, shall be signed by all the Managers.

- a. All consents shall have the same force and effect as a unanimous vote at a meeting.

4.08 A majority of the Managers shall constitute a quorum for the transaction of business at all meetings of the Managers unless a greater number is required by law or by the Article of Organization.

- a. The act of a majority of the Managers present at any meeting at which a quorum is present shall be the act of the Managers unless the act of a greater number is required by statute, by the Articles of Organization or by these Regulations.
- b. If there is no quorum at a meeting of the Managers, then the meeting shall adjourn and a new notice be sent for a new meeting. If there is no quorum present at the successor meeting, then a majority of those present shall constitute a quorum unless this action is prohibited by law.

4.09 The Managers shall keep regular minutes of its proceedings.

- a. The minutes shall be placed in the Company's minute book.

4.10 Managers shall be paid their expenses, if any, for attendance at each manager's meeting.

- a. Managers may be paid a fixed sum for attendance at each manager's meeting or they may receive a stated salary as Manager.
- b. Members of any special or standing committees may, by resolution of the Managers, be allowed like compensation for attending committee meetings.

4.11 Committees:

The Managers may designate from the Managers one or more committees, each of which shall be comprised of one or more of its Managers.

Any such committee, to the extent provided in such resolution or the Articles of Organization or by these Regulations, shall have and may exercise all of the authority of the Managers in the management of the business and affairs of the Company, subject to the limitations set forth in the Texas Company Act, and all amendments thereto.

Each such committee may be removed by the Managers by the affirmative vote of a majority of the Managers, whenever in their judgement the best interests of the Company will be served thereby.

The designation of one or more committees and the delegation of authority to any such committee shall not operate to relieve the Managers of any responsibility imposed upon them by law.

## **V. MANAGER'S RESIGNATIONS, VACANCIES AND REMOVAL**

5.01 Any Manager may resign at any time.

- a. Such resignations shall be made in writing and shall take effect at the time stated in the resignation.
- b. If the resignation does not state the time that the resignation becomes effective, then the resignation shall be effective at the date and time when it is delivered to the Company.

5.02 Any vacancy occurring in the Managers may be filled by the affirmative vote of a majority of the remaining Managers.

- a. A Manager elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.
- b. Any Manager's position filled by reason of an increase in the number of Managers, shall be filled by election at an annual meeting or at a special meeting of Members called for that purpose.

5.03 Any and all Managers may be removed, either for or without cause, at any special meeting of Members by the affirmative vote of a majority of the membership interest entitled to vote.

- a. Notice of the date, time, place and purpose of the meeting shall be given to both the members and the managers.
- b. The vacancy caused by such removal may be filled at such meeting by a majority vote of the membership interest represented at the meeting and entitled to vote for the election of Managers.

## **VI. MEMBERS**

6.01 Admission of Members:

A person acquiring an interest as a member becomes a member on the date he or she receives a stock certificate evidencing membership in the Company.

6.02 Initial members shall be stated in the Articles of Association, all other members shall be designated as new members.

6.03 Any person may be a member unless the person lacks capacity apart from the Texas Limited Liability Company Act, as amended from time to time.

6.02 Classes and Voting:

Unless prohibited by law or the Articles of Organization, one or more classes is established.

- a. The Articles of Organization or any amendments thereof or by a two-thirds vote of the Members of this Limited Liability Company at a duly authorized annual or special meeting may elect to establish two or more classes or groups of one or more Members, then the following provisions shall apply:

- b. The rights, powers, or duties of a class or group may be senior to those of one or more existing classes, or groups of members.
- c. If two or more classes or groups of one or more Members are established, then each class or group of Members, as far as waiver of notices, action by consent without a meeting, establishment of a record, quorum requirements, voting in person or by proxy, or any other matter relating to the exercise of the right to vote, shall be governed by the same provisions of these Regulations as pertain to one class or group of members.
- d. Prompt notice of the taking of an action under these Regulations that require less than unanimous written consent of the Members and that may be taken without a meeting shall be given to the Members who have not consented in writing to the taking of action.
- e. For the purposes of this section, the taking of an action includes amending these Regulations or creating, under provisions of these Regulations, a class of membership interests that was not previously outstanding.

#### 6.03 Place and manner of meeting:

All meetings of the Members shall be held at such time and place, within or without the State of Texas, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

- a. Members may participate in such meetings by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting as provided herein shall constitute presence in person at such meeting except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

#### 6.04 Annual meeting:

The annual meeting of the Members for the election of Managers and for the transaction of all other business which may come before the meeting shall be held in December of each year at the hour specified in the notice of the meeting.

- a. If the annual meeting is not held on the date above specified, or if the election of Managers shall not be held on that date, the Managers shall cause a special meeting of the Members in lieu thereof to be held as soon thereafter as convenient, and any business transacted or election held at the meeting shall be as valid as if held at the annual meeting.
- b. Failure to hold the annual meeting at the designated time shall not work a dissolution of the Limited Liability Company.

#### 6.05 Voting lists:

The officer or agent having charge of the records reflecting the membership interest of each member of each class, if more than one class, shall make, at least ten (10) days before each meeting of Members, a complete list of the Members, entitled to vote at such meeting or any adjournment thereof.

- a. The list shall be arranged in alphabetical order with the address of and percentage of membership interest of each member of each class.
- b. The list shall be kept on file at the registered office of the Company and shall be subject to inspection by any Member at any time during usual business hours.

- c. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any Member during the whole time of the meeting.
- d. The original records reflecting the membership interest of each member of each class, if more than one class, shall be prima-facie evidence as to who are the Members entitled to examine such lists or records or to vote any meeting of Members.
- e. Failure to comply with the requirements of this Article shall not affect the validity of any action taken at such meeting.

6.06 Special meetings:

Special meetings of the Members may be called at any time by the President or the Managers.

- a. Special meetings of Members may also be called by the Secretary upon the written request of the holders of at least ten percent (10%) of the membership interest entitled to be acted on.
- b. The request shall state the purpose or purposes of such meeting and the matters proposed to be acted on.

6.07 Notice:

Written or printed notice stating the place, day, time and purpose of the meeting shall be delivered not less than ten nor more than sixty days before the date of the meeting either personally or by mail, by or at the direction of the president, the secretary or the officer or person calling the meeting, to each Member entitled to vote at the meeting.

- a. This notice may be waived as provided in these Regulations.
- b. If the notice is mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Member at his address as it appears on the records of the Limited Liability Company, with postage thereon prepaid.
- c. Any notice required to be given to any Member hereunder or under the Articles of Organization need not be given to the Member if:
  - 1. Notice of three consecutive annual meetings of the Company and all notices of meetings held during the period between those annual meetings have been mailed to that person, addressed at his or her address as shown on the records of the Company, and have been returned undeliverable.
  - 2. Any action or meeting taken or held without notice to such person shall have the same force and effect as if the notice had been duly given.

6.08 Quorum of members:

The holders of a majority of the membership interest entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of Members.

- a. In no event shall a quorum consist of the holders of less than one-third (1/3) of the membership interest entitled to vote for each class, if more than one class, and thus represented at such meeting.

- b. The vote of the holders of a majority of the membership interest entitled to vote for each class, if more than one class, and thus represented at a meeting at which a quorum is present shall be the act of the Members' meeting, unless the vote of a greater number is required by law, the Articles of Organization or these Regulations.

6.09 Majority vote if no quorum:

When a quorum is present at any meeting, the vote of the holders of a majority of the membership interest, present in person or represented by proxy, having voting power with respect to that matter, shall decide such matter brought before such meeting.

- a. If a matter requires a greater number due to an express provision of the Articles of Organization, these Regulations, or by any law which is applicable to such vote, then the mandatory number shall control the matter.

6.10 Voting of membership interest:

Each outstanding membership interest, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of Members, except to the extent that the voting rights of the membership interest of any class or classes are limited or denied by the Articles of Organization or by law.

6.11 Proxy Voting:

A Member may vote either in person or by proxy executed in writing by the Member or by his duly authorized attorney in fact.

- a. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy.
- b. Each proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest.
- c. At each election for Managers every Member entitled to vote at such election shall have the right to vote, in person or by proxy, the percentage of membership interest owned by him or her for as many persons as there are Managers to be elected and for whose election he or she has a right to vote.

6.11 Closing record books and fixing record date:

For the purpose of determining Members entitled to notice of or to vote at any meeting of Members, the Managers may provide that the record books shall be closed for a stated period not exceeding thirty (30) days.

- a. If the record books shall be closed for the purpose of determining Members entitled to notice of or to vote at a meeting of Members, such books shall be closed for at least ten (10) days immediately preceding such meeting.
- b. In lieu of closing the record books, these Regulations or in the absence of an applicable Regulation, the Managers may fix in advance a date as the record date for any such determination of Members, such date in any case to be not more than thirty (30) days and in the case of a meeting of Members, not less than ten (10) days prior to the day of which the particular action requiring such determination of Members is to be taken.
- c. If the record books are not closed and no record date is fixed for the determination of Members entitled to notice of or to vote at a meeting of Members, or Members entitled to



receive distribution, the date on which notice of the meeting is mail or the date on which the resolution of the Managers declaring such distribution is adopted, as the case may be, shall be the record date for such determination of Members.

- d. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of record books and the stated period of closing has expired.

#### 6.13 Fixing record dates for consents to action:

Unless a record date shall have previously been fixed or determined herein, whenever action by Members is proposed to be taken by consent in writing without a meeting of Members, the Managers may fix a record date for purposes of determining Members entitled to consent to that action.

- a. This record date shall not precede, and shall not be more that ten days after, the date upon which the resolution fixing the record date is adopted by the Managers.
- b. If no record date has been fixed by the Managers and the prior action of the Managers is not required by the Texas Limited Liability Company Act, and any amendments thereto, the record date for determining Members entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company by delivery to its registered office, its principal place of business, or an officer of the Company having custody of the books in which proceedings of meetings of Members are recorded.
- c. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Company's principal place of business shall be addressed to the president or the principal executive officer of Company.
- d. If no record date has been fixed by the Managers and prior action of the Managers is required by the statute, the record date for determining Members entitled to consent to action in writing without a meeting shall be a the close of business on the date on which the Managers adopt a resolution taking such prior action.

#### 6.14 Action without meeting:

Any action which is required to be taken at a meeting of the Members by law or by the Texas Limited Liability Company Act, may be taken by signing a consent to the action in lieu of attending the meeting.

- a. Every written consent pursuant to this Section shall be signed, dated and delivered to the Company's administration offices.

## **VII. ASSIGNMENT OF A MEMBERSHIP INTEREST**

#### 7.01 A membership interest is assignable in whole or in part.

- a. An assignment of a membership interest does not entitle the assignee to become, or to exercise rights or powers of, a member.
- b. An assignment entitles the assignee to receive distributions, to which the assignor was entitled, to the extent those items are assigned.

- c. Until the assignee becomes a member, the assignor member continues to be a member and to have the power to exercise any rights or powers of a member, except to the extent those rights or powers are assigned.

7.02 A Member's membership interest may be evidenced by a certificate of membership interest issued by this Company.

7.03 Right of assignee to become a member.

- a. An assignee of a membership interest may become a Member if and to the extent that all Members consent.
- b. It is the intent of these regulations that the tax status of this Company be the same as for a partnership.
- c. Except as allowed by the Internal Revenue Code and any corresponding rules and regulations, it is intended that this Company shall not allow free transferability of interests, and to the extent possible, these Regulations shall be read and interpreted to prohibit the free transferability of interests of any Member.
- d. An assignee who becomes a Member has, to the extent assigned, the rights and powers and is subject to the restrictions and liabilities of a Member under these Regulations and the Texas Limited Liability Company Act, as amended from time to time.
- e. Unless otherwise provided by these Regulations, an assignee who becomes a Member also is liable for the obligation of the assignor to make contributions but is not obligated for liabilities unknown to the assignee at the time the assignee became a Member and which could not be ascertained from these Regulations.
- f. Whether or not an assignee of a membership interest becomes a member, the assignor is not released from the assignor's liability to this Company.

## **VII. DEATH, RESIGNATIONS, EXPULSION, BANKRUPTCY OR DISSOLUTION OF A MEMBER**

8.01 Any Member may resign at any time.

- a. Such resignation shall be made in writing and shall take effect at the time specified therein, or if no time be specified, then at the time of its receipt by the President or Chairman.
- b. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.
- c. Any Member may be expelled from this Company by an affirmative vote of at least two-thirds of the Members of each class or group to which the Member belongs at any annual or special meeting of the Members.

## **IX. TAXATION:**

10.01 A capital account will be established for each Member and maintained in such a manner to correspond with the capital of the Members as reported for federal income tax purposes.

- a. Each Member's capital account shall be credited with the value of a Member's contribution of cash or other property to the Company, and shall be credited or charged

annually with the member's distributive share of items of income, gain, loss, deduction and credit for federal income tax purposes.

- b. Distributions of cash or other property to Members shall be charged against their respective capital accounts as withdrawals of capital.
- c. The federal income tax basis of a Member's interest in the Company, of property contributed to the Company by a member, and all other matters pertaining to the distributive share and taxation of items of income, gain, loss, deduction and credit will be as otherwise prescribed by Subchapter K of the Internal Revenue Code. The capital accounts will not bear interest.

## **XI. CERTIFICATES AND MEMBERS**

### 11.01 Certificates:

Certificates in the form determined by the Members shall be delivered representing all membership interest to which Members are entitled. Such certificates shall be consecutively numbered, and shall be entered in the books of the Company as they are issued.

Each certificate shall state on the face thereof the holder's name, the class of membership, the membership interest, and such other matters as may be required by the laws of the State of Texas.

They shall be signed by an officer of the Company, and may be sealed with the seal of the Company or a facsimile thereof if adopted. The signature of such officer upon the certificates may be facsimile.

### 11.02 Replacement of lost or destroyed certificate:

The Managers may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Company alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the holder of record thereof, or his duly authorized attorney or legal representative who is claiming the certificate to be lost or destroyed.

When authorizing such issue of a new certificate or certificates, the Managers in their discretion and as a condition precedent to the issuance thereof, may require the owner of such lost or destroyed certificate or certificates or his legal representative to advertise the same in such a manner as it shall require or to give the Company a bond with surety and in form satisfactory to the Company (which bond shall also name the Company's transfer agents and registrars, if any, as obligees) in such sum as it may direct as indemnity against any claims that may be made against the Company or their obligees with respect to the certificate alleged to have been lost or destroyed, or to both advertise and also give such bond.

### 11.03 Transfer of membership interest:

Upon surrender to the Company or the transfer agent of the Company or a certificate for membership interest duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Company to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

### 11.04 Registered members:

The Company shall be entitled to treat the holder of record of any certificate or certificate of membership interest of the Company as the owner thereof for all purposes and shall not be bound to recognize any equitable or other claim to or interest in such membership interest or any rights deriving from such membership interest on the part of any other person, including (but without limitation) a purchaser,

assignee or transferee, unless and until such other person becomes the holder of record of such membership interest, whether or not the Company shall have either actual or constructive notice of the interest of such person, except as otherwise provided by law.

11.05 Preemptive rights:

No Member or any other person shall have any preemptive right whatsoever.

11.06 Contribution:

A member's contribution may be in cash, property, or services rendered, or a promissory note or other obligation to pay cash or transfer property to the Company.

11.07 Liability for contribution obligations:

A promise by a member to make a contribution to, or otherwise pay cash or transfer property to, a Company is not enforceable unless set out in writing and signed by the member.

A member or the member's representative or successor is obligated to the Company to perform an enforceable promise to make a contribution to or otherwise pay cash or transfer property to the Company, notwithstanding the member's death, disability, or other change in circumstances.

If a member's legal representative or successor does not make a contribution or other payment of cash or transfer of property required by the enforceable promise, that member or the member's legal representative or successor is obligated to pay the Company the amount owed.

The interest of a Member who fails to make a payment of cash or transfer of property to the Company, required by an enforceable promise shall forfeit his or her interest to the Company.

11.08 Restriction upon ownership and transfer of ownership interest:

The membership interest and transferability of membership interest in the Company are substantially restricted.

Neither record title nor beneficial ownership of a membership interest may be transferred or encumbered without the consent of the Managers and the consent of at least of the membership interest of the Members.

This Company is formed by a closely-held group who know and trust one another, who know and trust one another, who have surrendered certain management rights (in exchange for limited liability) based upon their relationship and trust.

Capital is also material to the business and investment objectives of the Company and its federal tax status.

an unauthorized transfer of a membership interest could create a substantial hardship to the Company, jeopardize its capital base, and adversely affects its tax structure.

These restrictions upon ownership and transfer are not intended as a penalty, but as a method to protect and preserve existing relationships based upon trust and the Company's capital and its financial ability to continue.

The ownership and transfer of a membership interest is further subject to the following disclosures and conditions:

**THE MEMBERSHIP INTEREST OF THE COMPANY HAS NOT NOR WILL BE REGISTERED OR QUALIFIED UNDER FEDERAL OR STATE SECURITIES LAWS. THE MEMBERSHIP INTEREST OF THE COMPANY MAY NOT BE OFFERED FOR SALE, SOLD, PLEDGED, OR OTHERWISE TRANSFERRED UNLESS OS REGISTERED OR QUALIFIED, OR UNLESS AN EXEMPTION FROM REGISTRATION OR QUALIFICATION EXISTS. THE AVAILABILITY OF ANY EXEMPTION FROM REGISTRATION OR QUALIFICATION MUST BE ESTABLISHED BY AN OPINION OF COUNSEL FOR THE OWNER THEREOF, WHICH OPINION AND COUNSEL MUST BE REASONABLY SATISFACTORY TO THE COMPANY.**

Notwithstanding the foregoing restrictions upon transfer and ownership the following transfers are permitted.

11.09 Death of a Member:

The personal representative of a deceased Member's estate, or his or her contract, beneficiary, may exercise all of the decedent's rights and powers as a Member, and the decedent's membership interest in the Company will continue and pass to those entitled thereto upon the Member's death.

It is specifically provided that a Member may prepare a written acknowledged document in which he or she designates one or more beneficiaries of that person's membership interest, and his or her written designation will be binding upon the Company if delivered to the President before or within at least 60 days of the death of the Member.

11.10 Incapacity of a Member:

The personal representative of a incapacitated member, acting under a durable power of attorney or Letters of Guardianship, may exercise all of a Member's rights and powers and will be entitled to receive distributions of cash or other property from the Company. Neither the Company nor any officer or Manager will have a duty to inquire as to the application or use of funds delivered to a personal representative.

11.12 Estate Planning Transfers:

A Member will also have the right to make estate planning transfers of all or any part of his or her membership interest in the Company.

The term "estate planning interest" will mean any transfer made during the life of a Member without value, or for less than full consideration by way of a marital partition agreement and/or transfer of all or any part of a membership interest to a trust whose beneficiary or beneficiaries are the Member and/or the spouse of a Member, and/or the descendants of a Member, and/or one or more beneficiaries qualified to receive a charitable gift under Section 170(c) of the Internal Revenue Code.

The Articles of Organization and these Regulations will bind the transferee of any estate planning transfer to the exact terms and conditions of the Articles of Organization and these Regulations.

The Company will not be required to recognize the interest of any transferee who has obtained a purported interest as a result of a transfer of ownership which is not an authorized transfer.

If the membership interest is in doubt, or if there is reasonable doubt as to who is entitled to a distribution of the income realized from a membership interest, the Company may accumulate the income until this issue is finally determined and resolved. Accumulated income will be credited to the capital account of the Member whose interest is in question.

11.13 Required transfers:

If any person or agency should acquire the interest of a Member as the result of an order of a court or competent jurisdiction which the Company is required to recognize, or if a Member makes an unauthorized transfer of a membership interest which the Company is required to recognize, the interest of the transferee may then be acquired by the Company upon the following terms and conditions:

The Company will have the option to acquire the membership interest by giving written notice to the transferee of its intent to purchase within 60 days from the date it is finally determined that the Company is required to recognize the transfer.

The Company will have 120 days from the first day of the month following the month in which it delivers notice exercising its option to purchase the membership interest. The valuation date for the membership interest will be the first day of the month following the month in which notice is delivered.

Unless the Company and the transferee agree otherwise, the fair market value of a Member's membership interest is to be determined by the written appraisal of a person or firm qualified to value this type of business. The appraiser selected by the Company must be a member of and qualified by 6104 WALNUT HILLS, LLC. to perform appraisals.

Neither the transferee of an unauthorized transfer nor the Member causing the transfer will have the right to vote during the prescribed option period, or if the option to purchase is timely exercised, until the sale is actually closed.

## **XII. OFFICERS**

### 12.01 Number:

The officers of the Company shall consist of a president and a secretary, each of whom shall be elected by the Managers. Such offices may be held by the same person.

### 12.02 Election:

The Managers, at their first meeting after each annual meeting of Members, shall choose a president and a secretary. No officers need be a Manager, a Member, or a resident of Texas.

### 12.03 Other officers:

The Managers may elect or appoint such other officers and agents as they shall deem necessary, who shall be appointed for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Managers. Any two or more officers may be held by the same person.

### 12.04 Term:

Each officer of the Company shall hold office until his successor is chosen and qualified in his stead or until his death or until his resignation or removal from office.

### 12.05 Removal:

Any officer or agent or member of a committee elected or appointed by the Managers may be removed by the Managers whenever in their judgement the best interest of the Company will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Election or appointment of an officer or agent or member of a committee shall not itself create contract rights.

### 12.06 Vacancies:

If any office becomes vacant for any reason, the vacancy may be filled by the Managers. The officer so elected shall be elected for the unexpired term of his predecessor in office.

#### 12.07 Compensation:

The compensation of all officers and agents shall be fixed by the Managers.

#### 12.08 Powers:

The Managers may designate one or more persons as officers of the Company who are not Managers.

Every officer is an agent of the Company of the purpose of its business and the act of an officer, including the execution in the name of the Company of any instrument for apparently carrying on in the usual way the business of the Company, binds the Company unless the officer so acting otherwise lacks the authority to act for the Company and the person with whom the officer is dealing has knowledge of the fact that the officer has no such authority.

Each officer shall have, subject to these Regulations, in addition to the duties and powers specifically set forth herein, such powers and duties as are commonly incident to his office and such duties and powers as the Managers shall from time to time designate.

All officers shall perform their duties subject to the directions and under the supervision of the Managers. The president may secure the fidelity of any and all officers by bond or otherwise.

#### 12.09 Chairman:

The Chairman, if there shall be such an officer, shall, if present, preside at all meetings of the Managers and exercise and perform such other powers and duties as may from time to time be assigned to the Chairman or prescribed by these Regulations.

#### 12.10 President:

Subject to the supervisory powers, if any, as may be given by the Managers to the Chairman, if these be such an officer, the President shall be the chief executive officer of the Company, and subject to the control of the Managers, shall, in general, supervise and control all of the business and affairs of the Company.

The President shall preside at all meeting of the Members and the Managers in the absence of the Chairman. The President or any Vice President together with the Secretary or any Assistant Secretary may execute certificates of membership of the Company, any deeds, mortgages, bonds, contract or other instrument, in the name of the Company, which the Managers have authorized to be executed, except in cases where the signing and execution thereof shall be delegated by the Managers or by these Regulations to some other officer or agent of the Company, or shall be required by law to be otherwise signed and executed.

#### 12.11 Vice Presidents:

In the absence or disability of the President, the Vice President shall perform all the duties of the President. If there is more than one Vice President, the Senior Vice President (in order of their rank as fixed by the Managers, or if not ranked, the Vice President designated by the Managers) shall perform all the duties of the President. When so acting such person shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Managers or these Regulations.

12.12 The secretary and assistant secretaries:

The Secretary shall attend all meetings of the Managers and all meetings of the Members and shall record all votes and the minutes of all proceedings in a book suitable for that purpose, and shall perform like duties for the standing committees when required. He or she shall give or cause to be given notice of all meetings of the Members and all meetings of the Managers required by these Regulations or law to be given.

If for any reason the Secretary shall fail to give notice of any special meeting of the Managers called by one or more of the persons identified in these Regulations, or if he or she shall fail to give notice of any special meeting of the Members called by one or more of the persons identified in these Regulations, then any such person or persons may give notice of any such special meeting.

It shall also be the duty of the Secretary to execute together all certificates of membership issued by the Company.

The Secretary shall also keep a certificate of membership book in which shall be correctly recorded all transactions pertaining to the membership interest of the Company. If in accordance with these Regulations the Company seal is affixed to an instrument, the Secretary shall attest with his or her signature after such seal has been affixed by the President in accordance with the Regulations

The Secretary shall keep in safe custody the seal of the Company. The Secretary shall have such other powers and perform such other duties as from time to time may be prescribed by him by the Managers of these Regulations. The Assistant Secretaries in order of their seniority shall, in absence or disability of the Secretary, perform the duties and exercise the powers of the Secretary.

The Assistant Secretaries shall perform such other duties as the Managers shall prescribe or as provided in these Regulations. In the absence of the Secretary or an Assistant Secretary, the minutes of all meetings of the Managers and Members shall be recorded by such person as shall be designated by the President or by the Managers.

12.13 The treasure and assistant treasurers:

The Treasurer shall have the custody of the Company funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Company and shall deposit all moneys and other valuable effects in the name and to the credit of the Company in such depositories as may be designated by the Managers.

The Treasurer shall disburse the funds of the Company as may be ordered by the Managers, taking proper vouchers for such disbursements. He or she shall keep and maintain or cause to be kept and maintained, the Company's books of account and shall render to the President and Managers an account of all his transactions as Treasurer and of the financial condition of the Company and exhibit his books, records and accounts to the President or Managers at any reasonable time.

He or she shall disburse funds for capital expenditures as authorized by the Managers and in accordance with the orders of the President, and present to the President for his attention any request for disbursing funds if in the judgement of the Treasurer any such request is not properly authorized.

He or she shall make a detailed annual report of the entire business and financial condition of the Company. If required by the Managers, he or she shall give the Company a bond in such sum and with such surety or sureties as shall be satisfactory to the Managers for the faithful performance of the duties of his office and for the restoration to the Company, in case of his death, resignation, retirement or removal from office, of all books papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Company.



The Treasurer shall have such other powers and perform such other duties as from time to time may be prescribed for him by the Managers or these Regulations.

12.14 Resignations:

Any officer may resign at any time. Such resignations shall be made in writing and shall take effect at the time specified therein, or, if no time be specified then at the time of its receipt by the President or Secretary. The acceptance of a resignation shall not be necessary to make it effective, unless expressly so provided in the resignation.

### **XIII. OTHER PROVISIONS**

13.01 Declaration and Payment:

Distribution to the Members may be authorized by the Managers at any regular or special meeting and made by the Company. Distributions may be paid in cash or in property of the Company.

13.02 The fiscal year of the Company shall end on December 31st in each and every year.

13.03 Amendments:

These Regulations may be altered or repealed at any annual meeting of the Members or at any special meeting of the Members at which a quorum is present or represented. The vote required is a majority of the members present.

13.04 Officers:

The Company's principal office is located at 2305 Innisbrook Drive, Austin, TX 78747. The Managers shall have power to change the Company's principal office in their discretion.

13.05 Registered agent and office:

The registered agent and his or her office for the Company shall be as submitted to the Office of the Secretary of State of the State of Texas as required by law.

The agent and the address may be changed from time to time and the same shall be filed with the Secretary of State's office as required by law.

13.06 The Company may also maintain other offices as the Managers may decide.

### **XIV. INDEMNIFICATION**

14.01 The Company shall indemnify a person who was, is or is threatened to be made a named defendant or respondent in a proceeding because the person is or was a Manager, Member or Officer of the Company if it is determined in accordance with this Article that the person:

- a. acted in good faith and
- b. reasonable believed that his or her conduct was in the Company's best interests.

14.02 A Manager may not be indemnified where the person is found liable on the basis that personal benefit was improperly received by him or her or in which the person is found liable to the Company.

14.03 A person shall be indemnified under this Article against judgements, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses actually incurred by the person in connection with the proceeding.

14.04 A determination of indemnification under any section of this Article must be made by a majority vote of a quorum consisting of Managers who at the time of the vote are not named defendants or respondents in the proceeding.

## **XV. DISSOLUTION**

15.01 This Company shall be dissolved on the first of the following to occur:

Upon the death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member, or upon the occurrence of any other event that terminates the continued membership of a Member in this Company, unless the remaining Members consent unanimously, within ninety (90) days after an event of dissolution, to continue this Company, or

When the period fixed for the duration of this Company expires, or

On the occurrence of events specified in the Articles or Organization or Regulations to cause dissolution, or

Written consent of all Members to dissolution, or

Entry of a decree of judicial dissolution under the Texas Company Act.

a. Judicial Dissolution:

On application by or for a Member, a court of competent jurisdiction may decree dissolution of this Company if it is not reasonably practicable to carry on the business of this Company in conformity with its Articles of Organization and these Regulations.

15.02 Winding Up:

On the dissolution of this Company, this Company's affairs shall be wound up as soon as reasonably practicable. The winding up shall be accomplished by the Managers or Members.

a. On the winding up of the Company, its assets shall be paid or transferred as follows:

1. To the extent otherwise permitted by law, to creditors, including Members who are creditors in satisfaction of liabilities (other than for distributions) of the Company, whether by payment or by establishment of reserves;
2. Unless otherwise provided by the Articles of Organization or these Regulations, to Members and former Members in satisfaction of the Company's liability for distributions; and
3. Unless otherwise provided by the Articles of Organization or these Regulations, to Members in the manner provided in these Regulations.

15.03 Distributions Upon Termination and Dissolution of the Company:

Upon termination and dissolution of the Company, the Managers will proceed to wind up the affairs of the Company.

The liabilities and obligations to creditors and all expenses incurred in its liquidation and dissolution will be paid and will have first priority in winding up as otherwise provided in these Regulations.

The Mangers may retain from available cash and other assets of the Company sufficient reserves for anticipated and contingent liabilities.

Undistributed cash, and other property valued at its fair market value on the date of distribution, will be distributed to the Members in the following order:

- a. Distributions will first be made to repay any loans to the Company by a Member, including the amount of any deferred payment obligation to a Member or a Member's personal representative as the result of a buy-out by the Company of a Member's interest.
- b. Distributions will then be made to the Members in an amount equal to the credit balances in their capital accounts so that the capital account of each Member shall be brought to zero. For the purpose of determining distributions in liquidation, a negative capital account balance will be considered to be a loan from the Company to a Member.
- c. The balance, if any, will be made to the Members in an amount equal to each Member's percentage interest in the Company as determined immediately prior to the distribution of the credit balances of the Member's capital accounts.

The Company may continue beyond its scheduled termination date for a time reasonably necessary to conclude the administration of the Company, pay expenses of termination and to distribute property to those entitled thereto.

Date: August 10, 2004

6104 WALNUT HILLS, LLC.

By: Ronald D. Seay II  
Its Authorized Manager

WAIVER OF NOTICE OF THE ANNUAL MEETING  
OF THE MANAGERS OF

6104 WALNUT HILLS, LLC.

The undersigned, being all the Managers of the Limited Liability Company, hereby agree and consent that an annual meeting of the Managers of the Limited Liability Company be held on the 10th day of August, 2004 at 8:00 A.M. at 2305 Innisbrook Dr., Austin, TX and do hereby waive all notice whatsoever of such meeting and of any adjournment or adjournments thereof.

We do further agree and consent that any and all lawful business may be transacted at such meeting or at any adjournment or adjournments thereof as may be deemed advisable by the Managers present. Any business transacted at such meeting or at any adjournment or adjournments thereof shall be valid and legal as if such meeting or adjourned meeting were held after notice.

Date: August 10, 2004.

Managers:

\_\_\_\_\_  
Ronald D. Seay II

Members:

\_\_\_\_\_  
The Seay Group, LLC.  
Ronald D. Seay II  
  
\_\_\_\_\_

MINUTES OF SPECIAL MEETING OF  
THE MANAGERS OF

6104 WALNUT HILLS, LLC.

A special meeting of the Managers of the Limited Liability Company was held on the date and at the time and place set forth in the written waver of notice signed by the managers, and attached to the minutes of this meeting.

The follow were present, being all the Managers of the Limited Liability Company:

Ronald D. Seay II

The meeting was called to order and it was moved, seconded and unanimously carried that Ronald D. Seay II act as Chairman.

The minutes of the last meeting of the Managers which was held on \_\_\_\_\_, were read and approved by the Managers.

Upon motion duly made, seconded and carried, the following resolution was adopted:

Ronald D. Seay II (either alone or in conjunction with one or more of the members, or managers) is given the authority to legally bind, borrow, in-debt, agree or otherwise commit 6104 WALNUT HILLS, LLC.

There being no further business to coming before the meeting, upon motion duly made, seconded and unanimously carried, it was adjourned.

\_\_\_\_\_  
Secretary

Managers:

\_\_\_\_\_  
Ronald D. Seay II

Members:

\_\_\_\_\_  
The Seay Group, LLC  
Ronald D. Seay II

### TRAVIS CAD Property Information

Appraisal Data Updated 2004-06-14

**TRAVIS Account Number: 02212203310000 Tax Year: 2004**

Owner's Name and Mailing Address	SECRETARY OF HOUSING & URBAN D  SECRETARY OF HOUSING & URBAN DEVELOPMENT ATTN SINGLE FAMILY BRANCH 106 S SAINT MARY'S ST STE 405 SAN ANTONIO TX 78205-3625
Location	6104 WALNUT HILLS DR CITY OF AUSTIN, TX
Legal Description	40% OF LOT 5 CHERRYLAWN SEC 3

PROPERTY INFORMATION			
Land Acre or SF Land Area Improvement Area	Lot 2,370	Tax Exemptions	
Neighborhood Group Neighborhood Code SPTB	D2520 B2	Location Unit Effective Yr. Contr.	1967
Deed Date Docket Number	20030528 2003241711	Structure Code	02 2 FAM DWELLING
Deed Type Deed Year	CD 2003		



This information is intended for reference only and is subject to change. It may not accurately reflect the complete status of the account as actually carried in Travis Central Appraisal District's database and may not be used as a basis of protest or appeal.

#### JURISDICTION and VALUE INFORMATION - 2004

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Capped Value	Exemption Amount	Assessed Value	Tax Rate
AUSTIN ISD	\$2,210.00	\$43,320.00	\$45,530.00	\$45,530.00	\$0.00	\$45,530	1.6137
CITY OF AUSTIN	\$2,210.00	\$43,320.00	\$45,530.00	\$45,530.00	\$0.00	\$45,530	0.4928
TRAVIS COUNTY	\$2,210.00	\$43,320.00	\$45,530.00	\$45,530.00	\$0.00	\$45,530	0.4918
AUSTIN COMMUNITY COLLEGE	\$2,210.00	\$43,320.00	\$45,530.00	\$45,530.00	\$0.00	\$45,530	0.0771

#### JURISDICTION and VALUE INFORMATION - 2003

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$2,210.00	\$43,320.00	\$45,530.00	\$20,723.00	1.61370
02	\$2,210.00	\$43,320.00	\$45,530.00	\$35,723.00	0.49280
03	\$2,210.00	\$43,320.00	\$45,530.00	\$28,578.00	0.49180
68	\$2,210.00	\$43,320.00	\$45,530.00	\$30,723.00	0.07710

**JURISDICTION and VALUE INFORMATION - 2002**

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$2,210.00	\$43,320.00	\$45,530.00	\$17,476.00	1.59640
02	\$2,210.00	\$43,320.00	\$45,530.00	\$32,476.00	0.45970
03	\$2,210.00	\$43,320.00	\$45,530.00	\$25,981.00	0.46600
68	\$2,210.00	\$43,320.00	\$45,530.00	\$27,476.00	0.05000

**JURISDICTION and VALUE INFORMATION - 2001**

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$2,210.00	\$35,842.00	\$38,052.00	\$14,524.00	1.54860
02	\$2,210.00	\$35,842.00	\$38,052.00	\$29,524.00	0.45970
03	\$2,210.00	\$35,842.00	\$38,052.00	\$23,619.00	0.44600
68	\$2,210.00	\$35,842.00	\$38,052.00	\$24,524.00	0.05000

**JURISDICTION and VALUE INFORMATION - 2000**

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$2,210.00	\$29,270.00	\$31,480.00	\$11,840.00	1.54860
02	\$2,210.00	\$29,270.00	\$31,480.00	\$26,840.00	0.46630
03	\$2,210.00	\$29,270.00	\$31,480.00	\$21,472.00	0.46700
68	\$2,210.00	\$29,270.00	\$31,480.00	\$21,840.00	0.05000

**JURISDICTION and VALUE INFORMATION - 1999**

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$1,700.00	\$22,700.00	\$24,400.00	\$9,400.00	1.5486
02	\$1,700.00	\$22,700.00	\$24,400.00	\$24,400.00	0.5034
03	\$1,700.00	\$22,700.00	\$24,400.00	\$19,400.00	0.4988
68	\$1,700.00	\$22,700.00	\$24,400.00	\$19,400.00	0.05

**JURISDICTION and VALUE INFORMATION - 1998**

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$1,700.00	\$22,700.00	\$24,400.00	\$9,400.00	1.4319
02	\$1,700.00	\$22,700.00	\$24,400.00	\$24,400.00	0.5142
03	\$1,700.00	\$22,700.00	\$24,400.00	\$19,400.00	0.5143
68	\$1,700.00	\$22,700.00	\$24,400.00	\$19,400.00	0.05

[Another Search by Account Number](#)  
[Another Search by Owner Name](#)  
[Another Search by Address](#)

### TRAVIS CAD Property Information

Appraisal Data Updated 2004-06-14

**TRAVIS Account Number: 02212203310001 Tax Year: 2004**

Owner's Name and Mailing Address	SECRETARY OF HOUSING & URBAN D  SECRETARY OF HOUSING & URBAN DEVELOPMENT ATTN SINGLE FAMILY BRANCH 106 S SAINT MARY'S ST STE 405 SAN ANTONIO TX 78205-3625
Location	6104 WALNUT HILLS DR CITY OF AUSTIN, TX
Legal Description	60% OF LOT 5 CHERRYLAWN SEC 3

PROPERTY INFORMATION			
Land Acre or SF Land Area Improvement Area	Lot 2,370	Tax Exemptions	
Neighborhood Group Neighborhood Code SPTB	D2520 B2	Location Unit Effective Yr. Contr.	1967
Deed Date Docket Number	20030528 2003241711	Structure Code	02 2 FAM DWELLING
Deed Type Deed Year	CD 2003		



This information is intended for reference only and is subject to change. It may not accurately reflect the complete status of the account as actually carried in Travis Central Appraisal District's database and may not be used as a basis of protest or appeal.

#### JURISDICTION and VALUE INFORMATION - 2004

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Capped Value	Exemption Amount	Assessed Value	Tax Rate
AUSTIN ISD	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	\$0.00	\$68,295	1.6137
CITY OF AUSTIN	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	\$0.00	\$68,295	0.4928
TRAVIS COUNTY	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	\$0.00	\$68,295	0.4918
AUSTIN COMMUNITY COLLEGE	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	\$0.00	\$68,295	0.0771

#### JURISDICTION and VALUE INFORMATION - 2003



Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	1.61370
02	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	0.49280
03	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	0.49180
68	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	0.07710

### JURISDICTION and VALUE INFORMATION - 2002

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	1.59640
02	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	0.45970
03	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	0.46600
68	\$3,315.00	\$64,980.00	\$68,295.00	\$68,295.00	0.05000

### JURISDICTION and VALUE INFORMATION - 2001

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$3,315.00	\$53,762.00	\$57,077.00	\$57,077.00	1.54860
02	\$3,315.00	\$53,762.00	\$57,077.00	\$57,077.00	0.45970
03	\$3,315.00	\$53,762.00	\$57,077.00	\$57,077.00	0.44600
68	\$3,315.00	\$53,762.00	\$57,077.00	\$57,077.00	0.05000

### JURISDICTION and VALUE INFORMATION - 2000

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$3,315.00	\$43,906.00	\$47,221.00	\$47,221.00	1.54860
02	\$3,315.00	\$43,906.00	\$47,221.00	\$47,221.00	0.46630
03	\$3,315.00	\$43,906.00	\$47,221.00	\$47,221.00	0.46700
68	\$3,315.00	\$43,906.00	\$47,221.00	\$47,221.00	0.05000

### JURISDICTION and VALUE INFORMATION - 1999

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$2,550.00	\$34,051.00	\$36,601.00	\$36,601.00	1.5486
02	\$2,550.00	\$34,051.00	\$36,601.00	\$36,601.00	0.5034
03	\$2,550.00	\$34,051.00	\$36,601.00	\$36,601.00	0.4988
68	\$2,550.00	\$34,051.00	\$36,601.00	\$36,601.00	0.05

### JURISDICTION and VALUE INFORMATION - 1998

Jurisdiction Name	Mkt. Val. Land	Mkt. Val. Imp.	Mkt. Val. Total	Assessed Value	Tax Rate
01	\$2,550.00	\$34,051.00	\$36,601.00	\$36,601.00	1.4319
02	\$2,550.00	\$34,051.00	\$36,601.00	\$36,601.00	0.5142
03	\$2,550.00	\$34,051.00	\$36,601.00	\$36,601.00	0.5143
68	\$2,550.00	\$34,051.00	\$36,601.00	\$36,601.00	0.05

[Another Search by Account Number](#)

[Another Search by Owner Name](#)

[Another Search by Address](#)



6104 Walnut Hills Dr  
AUSTIN, TX 78723

- Price: \$45,000
- City: AUSTIN, 78723
- County: Travis
- School District: [AUSTIN](#)
- MLS#: 735744
- MLS Area: 3
- Annual Taxes: \$563
- Year of Tax: 2003
- Status: Active
- [Map Location](#)

HUD PROPERTY.AS IS WITH ALL FAULTS.\*\*REQUIRES HUD KEY TO ACCESS\*\*

Listed by:

Jackie S Keenan  
Company: Jackie Keenan REALTORS  
Phone: (512) 295-7338 Office: 512-295-7338  
E-mail: [jackie@jackiekeen.com](mailto:jackie@jackiekeen.com)  
Personal Web:  
Office Web:

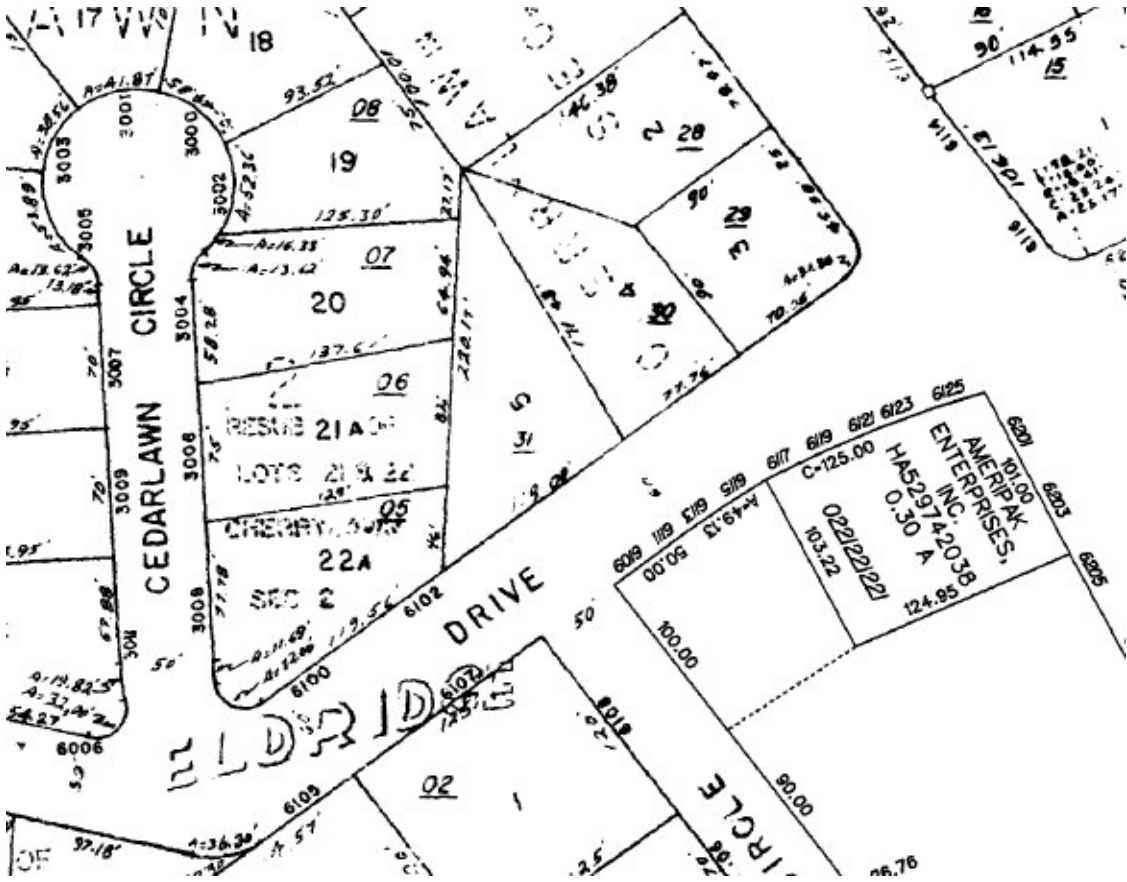
#### Additional Features

Property Type:	Duplex	Stories:	2	Acres:	0
Bedrooms:	5	AC / Heating:	None/None	Lot Size:	N/A
Bathrooms:	2 Full, 1 Half	School District:	AUSTIN	Year Built:	1967
Garage:	0	Square Feet:	2370	View:	N/A
				Water View:	N/A

#### Special Features

Central Air	Breakfast Room
-------------	----------------

The information at this site is provided solely for informational purposes and does not constitute an offer to sell, rent, or advertise real estate outside the state in which the owner of the site is licensed. The owner is not making any warranties or representation concerning any of these properties including their availability. Information at this site is deemed reliable but not guaranteed and should be independently verified.



The property is Lot #5. It is shaped like a triangle.