

BY LAWS OF
THE ROSE TREE — A CONDOMINIUM, HOMEOWNER'S ASSOCIATION, INC.

ARTICLE I

Offices and Agent

The Rose Tree - a Condominium, Homeowner's Association, Inc. (hereinafter referred to as the "Association") may have such offices, either within or without the State of Texas, as the Board of Directors may designate or as the business of the Association may require from time to time.

The registered office of the Association required by the Texas Non-Profit Corporation Act to be maintained in the State of Texas may be, but need not be, identical with the principal office in the State of Texas as designated by the Board of Directors. The address of the registered office may be changed from time to time by the Board of Directors. The registered agent of the Association may be changed from time to time by the Board of Directors.

The address of the initial registered office of the Association shall be 4543 Post Oak Place, Suite 220, Houston, Texas 77027, and the name of the initial registered agent of the Association at such address shall be J.R. Sullivan.

ARTICLE II

Members

SECTION 1. Membership. Any person on becoming an Owner of a Condominium Unit shall automatically become a member of the Association and be subject to the By-Laws and to the Rules and Regulations issued by the Association to govern the conduct of its members. Acquisition, rental or occupancy of any Unit in the Condominium Project shall be conclusively deemed to mean that said Owner, tenant or occupant has accepted and ratified these By-Laws and the Rules and Regulations of the Association and will comply with them.

Membership in the Association will terminate without any formal Association action whenever such person ceases to own a Condominium Unit, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with The Rose Tree - A Condominium Project during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Directors of the Association or others may have against such former Owner and member arising out of or in any way connected with such ownership and membership and the covenants and incidents thereto.

In the event that a member should mortgage his Unit, the lien of the mortgage shall be deemed to attach to the member's rights, privileges and obligations in the Association so that if the member shall be in default of any of the terms of the mortgage, and such default shall result in foreclosure thereof, the member's ownership in the Association shall automatically terminate and all of the rights, privileges and obligations of membership shall inure to the mortgagee and its assigns, or purchaser at foreclosure.

No certificate of stock shall be issued by the Association, but the Board of Directors may, if it so elects, issue one membership card to the Owner or Co-Owners of a Unit. Such membership card shall be surrendered to the Secretary whenever ownership of the Unit designated thereon shall terminate.

Every lawful transfer of title to a member's Unit shall include membership in the Association and upon making such transfer, the previous Owner's membership shall automatically terminate and fully vest in the new Owner.

SECTION 2. Annual Meeting. The annual meeting of the members shall be held in the month of January of each year beginning with the year 1979, at a time and place to be determined by the Board of Directors and for the transaction of such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting of the members or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as may be convenient.

SECTION 3. Special Meeting. Special meetings of the members, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of the members with not less than one-quarter ($\frac{1}{4}$) of all the outstanding votes of the Corporation.

SECTION 4. Place of Meeting. The Board of Directors may designate any place, either within or without the State of Texas, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all members entitled to vote at a meeting may designate any place, either within or without the State of Texas, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the registered office of the Corporation in the State of Texas.

SECTION 5. Notice of Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the officer or persons calling the meeting. If 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 books of the Corporation, with postage thereon prepaid. Waiver by a member in writing of notice of a member's meeting, signed by him, whether before or after the time of such meeting, shall be equivalent to the giving of such notice. Attendance by a member, whether in person or by proxy, at a members meeting shall constitute a waiver of notice of such meeting of which he has had no notice.

SECTION 6. Voting Lists. The Secretary 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, arranged in alphabetical order, with the address and the number of votes held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the Association, and shall be subject to inspection by any member at any time during usual business hours. Such list shall also be produced and opened at the time and place of the meeting and shall be subject to the inspection by any member during the whole time of the meeting. The original membership book shall be prima facie evidence as to who are the members entitled to examine such list or transfer books or to vote at any meeting.

SECTION 7. Quorum. A majority of the outstanding votes of the Association, represented in person or by proxy, shall constitute a quorum at a meeting of members. If less than a majority of the outstanding votes are represented at a meeting, a majority of the votes so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted as originally notified. The members present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough members to leave less than a quorum.

SECTION 8. Proxies. At all meetings of members, a member may vote by proxy executed in writing by the members or by his duly authorized attorney in fact. Such proxy shall be filed with the Secretary of the Association before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy. Each proxy shall be revocable unless expressly provided therein to be irrevocable, and in no event shall it remain irrevocable for a period of more than eleven (11) months.

SECTION 9. Cumulative Voting Prohibited. Members of this Corporation shall not have the right to cumulate their votes at any election for directors. At each election for directors, every member entitled to vote at such election shall have the right to vote in person or by proxy, the number of votes allowed to him for as many persons as there are directors to be elected and for whose election he has a right to vote.

SECTION 10. Actions Without a Meeting. Any action required to be taken at a meeting of members, or any action which may be taken at a meeting of the members, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by 75% of all of the members entitled to vote with respect to the subject matter thereof, and such consent shall have the same force and effect as a unanimous vote of the members, except as otherwise prescribed in the Declaration and Master Deed.

ARTICLE III

Board of Directors

SECTION 1. General Power. The business and affairs of the Corporation shall be managed by its Board of Directors except as the Board of Directors shall delegate the power to so manage to the Executive Committee or other committees.

SECTION 2. Number, Tenure and Qualifications. The number of Directors composing the initial Board of Directors shall be three (3). Upon resolution of the Board of Directors, the number of Directors may be increased or decreased, but no decrease shall have the effect of shortening the term of any incumbent directors. Each director shall hold office until the next annual meeting of members unless earlier removed in accordance with the Articles of Incorporation, By-Laws or law, and until his successor shall have been elected and qualified. Each member of the Board of Directors (with the exception of the members of the initial Board of Directors, a member appointed or elected by the initial Board of Directors to fill a vacancy created on the death, resignation, refusal or inability of any member of the Board of Directors to serve) shall be a Unit Owner in the Con-

dominium Project.

SECTION 3. Elections. The Developer herein shall be obligated to appoint the initial Board of Directors of the Association, which initial Board will act until the sale of ninety (90) per cent of the Units at which time the initial Board will arrange for the election of the successor Board of Directors unless done prior thereto as hereinafter stated. The initial Board may, but is not obligated to, arrange for the election of a successor Board any time after seventy (70) per cent of the Units have been sold, but the successor Board so elected will act in an advisory capacity until ninety (90) per cent of the Units have been sold. The initial Board and those holding office prior to the sale of ninety (90) per cent of the Units, may delegate their full authority and power to a "Managing Agent" who shall have all the powers and perform all the duties of the Board or may have limited authority as the initial Board may determine. The "Managing Agent" may receive such compensation as the Board may determine and will be bonded by a fidelity bond the same as any Director. The "Managing Agent" will serve at the will of the initial Board and may be removed with or without cause and a successor appointed at the discretion of the initial Board. All meetings of the initial Board shall be closed to the members of the Association but will be open after the election of an Advisory Board or after the initial Board has been replaced by a successor Board, whichever event occurs first.

SECTION 4. Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this Bylaw immediately after, and at the same place as, the annual meeting of members. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Texas, for the holding of additional regular meetings without other notice than such resolution.

SECTION 5. Special Meeting. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Texas, as the place for holding any special meeting of the Board of Directors called by them.

SECTION 6. Notice. Notice of any special meeting shall be given at least two days previous thereto by a written notice delivered personally or mailed to each director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because that meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

SECTION 7. Quorum. A majority of the number of directors fixed in accordance with Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 8. Manner of Action.

(a) **Actions at a Meeting.** Except as provided in Paragraph (b) of this Section and except as provided in Section 15 of this Article, the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

(b) **Actions Without a Meeting.** Any action required or permitted to be taken at a meeting of the Board of Directors or the Executive Committee or any other committee may be taken without a meeting if a consent in writing, setting forth the action so taken is signed by all of the members of the Board of Directors, Executive Committee or other committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting.

SECTION 9. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of members called for that purpose.

A vacancy shall be deemed to exist by reason of the death, resignation, failure or refusal to act by the person elected, or upon the failure of members to elect directors to fill the unexpired term of directors removed in accordance with the provisions of Section 10 of this Article III.

SECTION 10. Removal. At any meeting of members called expressly for the purpose of removal, any director or the entire Board of Directors may be removed, with or without cause, by a vote of the holders of a majority of the votes. In case the entire board or any one or more of the directors are so removed, new directors may be elected at the same meeting for the unexpired term of the director or directors so removed. Failure to elect directors to fill the unexpired term of the directors so removed shall be deemed to create a vacancy or vacancies in the Board of Directors. This section applies only after the initial ninety (90) per cent of the Units are sold.

SECTION 11. Compensation. No member of the Board of Directors shall receive any compensation for any service he or she may render to the Corporation. However, any Director may be reimbursed for his or her actual expenses incurred in the performances of his or her duties.

SECTION 12. Liability. No member of the Board of Directors shall ever be liable to any person, firm or corporation for any action taken with reference to the matter hereinbefore set out or for any action (other than fraud or theft) taken with respect to the collection and/or administration and/or expenditure of levies and assessments, and the performance of his or her regular duties, and the acceptance by any party of a deed to any Unit in the Condominium Project shall constitute each party's covenant and agreement that such liability shall not exist. Additionally, each Director shall be bonded for \$50,000 by a fidelity bond with a company selected by the Directors. The Directors may require bonding of such other Officers and/or agents as they may determine and not as specifically required herein. The premiums on all such bonds shall be paid by the Association.

SECTION 13. Powers and Duties. The Board of Directors shall have and exercise all lawful powers and duties necessary for the proper conduct and administration of the affairs of the Association and the operation and maintenance of a residential condominium project and may do or cause to be done all such other lawful acts and things as are not by law, by these Bylaws or otherwise, directed or required to be done or exercised by members of the Association or Owners of Units, or by others. In the performance of its duties as the administering body of the Association and of the condominium being administered by said Association, the Board of Directors shall have powers and duties including, but not limited to, the following:

(a) The operation, maintenance, renewal, replacement, care and upkeep of the buildings in the condominium, their general and common elements and services and the community and recreational facilities and all other property, real or personal, of the Association.

(b) The preparation prior to the beginning of each fiscal year of a budget or estimate for the annual expenses of the operation of the Association, the expenses of the operation of the community and recreational facilities, and reasonable reserves for depreciation, retirements and renewals. The total amount of such budget or estimate shall be assessed against all of the dwelling Units and the respective Owners thereof, in the proportionate shares and percentages applicable to the Units owned by them as set forth in the Declaration and Master Deed. The proportionate amounts, thus found applicable to each Unit shall be payable by the Owners thereof to the Association in equal monthly installments, in advance, said billing dates to be determined by the Directors.

(c) By majority vote of the Board, to adjust or increase the amount of any annual assessment and equal installments, and to levy and collect in addition thereto, special assessments in such amounts as the Board may deem proper, whenever the Board is of the opinion that it is necessary to do so in order to meet increased operating and maintenance costs, or additional capital expenses, or because of emergencies; provided, however, that all such increased or special assessments shall be made or levied against such owners and the family Units owned by them respectively in the same proportions or percentages as provided in sub-section (b) of this section.

(d) To use and expend any sums collected from such assessments or levied for the operation, maintenance, renewal, care and upkeep of the owner or elements, community and recreational facilities of the Association and all its real and personal property.

(e) To require all officers and employees of the Association handling or responsible for funds of the Association or funds in its possession or under its control to furnish adequate fiduciary bonds, in form, penalties and with corporate surety to the satisfaction of the Board of Directors. The premiums of such bonds shall be paid by the Association as part of the common expenses.

(f) To pay all taxes and assessments levied or assessed against any property of the Association, exclusive of any taxes or assessments levied against any Unit or otherwise properly chargeable to the Owners thereof.

(g) To employ and dismiss such clerks, stenographers, workmen, janitors, gardeners, watchmen and other personnel, and to purchase or arrange for such services, machinery, equipment, tools, materials and supplies, as in the opinion of the Board of Directors may from time to time be necessary for the proper maintenance and operation of the condominium project, and the community and recreational facilities, except the portions thereof required to be maintained by Owners of Units. The Board of Directors may also employ a manager for the Association, at such compensation as may be established by the Board, to perform such duties and services as the Board may lawfully delegate.

(h) To collect delinquent levies and assessments made by the Association through the Board of Directors against any Unit and

the respective Owner thereof, together with such costs and expenses incurred in connection therewith, including but not limited to court costs and attorney's fees, whether by suit or otherwise, to abate nuisances and enforce observance of the Rules and Regulations relating to the Condominium Project, by injunctions or such other legal action or means as the Board of Directors may deem necessary or appropriate.

(i) To employ or retain legal counsel, engineers and accountants, and to fix their compensation whenever such professional advice or services may be deemed necessary by the Board for any proper purposes of the Association, including but not limited to those hereinbefore or hereinafter referred to in these Bylaws.

(j) To borrow money and sign any Promissory Notes and accompanying documents in connection therewith, with consent of two-thirds of the members in good standing and entitled to vote.

(k) To hire an outside agent and/or management firm to perform all duties and services required by these Bylaws, however, such contract must provide for termination by either party without cause or payment of a termination fee on ninety (90) days or less written notice and a maximum contract term of 3 years.

(l) To enter into any necessary contracts or agreements for the operation and administration of the corporation or the Condominium Project being administered by the Association, with private parties or any governmental agency, however, such contract must provide for termination by either party without cause or payment of a termination fee on ninety (90) days or less written notice and a maximum contract term of 3 years.

(m) To cause such operating accounts and escrow and other accounts, if any, to be established and opened as the Board of Directors may deem appropriate from time to time as may be consistent with good accounting practices.

(n) 1. To cause a financial report of the accounts of the Association to be made by an independent, certified public accountant at the end of each fiscal year, and at such other time or times as may be deemed necessary. The Board of Directors shall also prepare at the end of each fiscal year and furnish to the Owner of each Unit a report of the business and affairs of this Association, showing its transactions and reflecting fully and accurately its financial condition.

2. To keep detailed books of accounts of the receipts and expenditures affecting each condominium Unit and its administration and specifying the maintenance and repair expense of the common elements and all other expenses incurred.

(o) To make and enforce compliance with The Declaration, Bylaws and such Rules and Regulations relative to the operation, use and occupancy of the Units, common elements and Association facilities, and to amend the same from time to time as the Board shall deem necessary or appropriate which Rules and Regulations when approved by appropriate resolution shall be binding on the Owner's and occupants of Units, the successors in title and assigns. A copy of such Rules and Regulations and copies of any amendments thereof shall be delivered or mailed to each Owner of a Unit promptly upon the adoption thereof or posted in a conspicuous place in the Condominium Project.

(p) The Association shall carry a master policy of fire and extended coverage, vandalism and malicious mischief and liability insurance, and, if required by law, workmen's compensation insurance (hereinafter referred to as the "Master Policy"), with respect to the Condominium Project and the Association's administration thereof in accordance with the provisions set forth in the Declaration and Master Deed.

(q) The Board will have complete responsibility for the sub-metering collection and all matters relating to sub-metering, including the enforcement of delinquent accounts.

SECTION 14. Presumption of Assent. A Director of the Association who is present at a meeting of the Board of Directors in which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 15. Executive and Other Committees. There may be established an Executive Committee, and one or more other committees, composed of one or more Directors designated by resolution adopted by a majority of the full number of directors of the Board of Directors as fixed in accordance with Section 2 of this Article. The Executive Committee or such other committees may meet at stated times, or on notice to all members by any one member. Vacancies in the membership of the Executive Committee or such other committees shall be filled by a majority vote of the full number of Directors on the Board of Directors at a regular meeting or at a special meeting called for that purpose. During the intervals between meetings of the Board, the Executive Committee, if it shall have been established, shall advise and aid the officers of the Association in all matters concerning its interest and the management of its business, and generally perform such duties and exercise such powers as may be directed or delegated by the Board of Directors from time to time. The Board of Directors may delegate to the Executive Committee or such other committees the authority to exercise all the powers of the Board of Directors. The designation of and delegation of power to the Executive Committee shall not operate to relieve the Board of Directors, or any members thereof, of any responsibility imposed upon it or him by law. The Architectural Control Committee will be a standing committee.

ARTICLE IV

Officers

SECTION 1. Number. The officers of the Association shall be a President, one or more Vice-Presidents (the number thereof, to be determined by the Board of Directors), a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary, may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person except the offices of President and Secretary.

SECTION 2. Election and Term of Office. The officers of the Association to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor shall have been duly elected and shall have been qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. President. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Association. He shall, when present, preside at all meetings of the members and of the Board of Directors. He may sign, with the secretary or any other proper officer of the Association thereunto authorized by the Board of Directors, certificates of membership in the Association, any deeds, bonds, mortgages, contracts or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; in general to perform all duties incident to the office of President and such other duties as may be assigned to him by the Board of Directors from time to time.

SECTION 6. The Vice Presidents. In the absence of the President or in the event of his death, inability or refusal to act, the Vice President (or should there be more than one Vice President, the Vice Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. Any Vice President shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 7. The Secretary. The Secretary shall: (a) keep the minutes of the members' and the Board of Directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws, or as required by law; (c) be custodian of the corporate records and of the seal of the Association, and see that the seal of the Association is affixed to all documents, the execution of which, on behalf of the Association under its seal, is duly authorized; (d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member; and (e) in general, perform all duties incident to the office of Secretary, and such other duties as from time to time may be designated to him by the President, or by the Board of Directors.

SECTION 8. The Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his duties in such sum, and with such surety or sureties, as the Board of Directors shall determine. He shall: (a) have charge and custody of, and be responsible for, all funds and securities of the Association from any source whatsoever, and deposit all such monies in the name of the Association in such banks,

trust companies, or other depositories as shall be selected by the Board of Directors; and (b) in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

SECTION 9. Assistant Secretaries and Assistant Treasurers. The Assistant Treasurers, shall, respectively, if required by the Board of Directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or by the Board of Directors.

ARTICLE V

Contracts, Checks, Deposits and Funds

SECTION 1. The Board of Directors may authorize any officer or officers, agent or agents of the Association in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association and such authority may be general or confined to specific instances.

SECTION 2. All checks, drafts or orders for the payment of money, notes or other evidences or indebtedness issued in the name of the Association shall be signed by such officer or officers, agent or agents of the Association and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination by the Board of Directors, such instruments shall be signed by the Treasurer or an Assistant Treasurer and countersigned by the President or Vice-President of the Association.

SECTION 3. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI

Books and Records

The Association shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of its members and Board of Directors and shall keep at the registered or principal office a record giving the names and addresses of the members entitled to vote. All books and records of the Association may be inspected by any member, his agent or attorney or any first mortgagee for any proper purpose at any reasonable time.

ARTICLE VII

Fiscal Year

The Board of Directors shall, by resolution, fix the fiscal year of the Association.

ARTICLE VIII

Seal

The Board of Directors shall, if they so desire, provide a corporate seal, which shall, if adopted, be circular in form and shall have inscribed thereon the name of the Association, the state of incorporation, and the five-pointed Texas star.

ARTICLE IX

Waiver of Notice

Whenever any notice is required to be given to any members or Director of the Association under the provisions of these Bylaws, under the provisions of the Articles of Incorporation, or under the provisions of the Texas Non-Profit Corporation Act, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE X

Procedure

Meetings of the members of the Board of Directors shall be conducted in accordance with the procedure as contained in Robert's Rules of Order, to the extent applicable.

ARTICLE XI

Obligations of Members

SECTION 1. Each member shall perform promptly and at his own risk, cost and expense, all maintenance and repair work with respect to the portion of the Unit owned by him which does not comprise a part of the common elements and which, if omitted, would adversely affect or jeopardize the safety of the building in which his Unit is located or any part thereof belonging in whole or in part to other members and each member shall be liable for any damages, liabilities, costs or expenses, including attorney's fees, caused by or arising out of his failure to promptly perform any such maintenance and repair work.

SECTION 2. Each member shall be obligated to reimburse the Association for any expenses incurred by it in repairing or replacing any part or parts of the common elements, and /or limited common elements, damaged solely by his negligence or by the negligence of his tenant, agent, guest, invitee or licensee, promptly upon the receipt of the Association's statement therefore.

SECTION 3. The Owner or Co-Owners of each Unit are bound to contribute pro rata in the percentage of their ownership in the common elements, as set out in the Declaration and Master Deed, toward the expenses of administration, maintenance, repair and replacement of said common elements within the Condominium Project of which it is a part. As to expenses of administering and maintaining the Association and all of its real and personal property in such amount as shall from time to time be found by the Association to be necessary, including but not limited to expenses for the Association maintenance, repair, or replacement of the Condominium Project's buildings, grounds and recreational facilities; or costs of carrying out the duties and powers of the Association; compensation of Association employees, insurance premiums and expenses thereto; taxes which may be assessed against Association property and other expenses of the Association set forth herein, or in the Declaration and Master Deed attached hereto, or which may be designated by the board of Directors of such Association as "common elements", each Owner or Co-Owner of each Unit is bound to contribute pro rata to such expenses as designated proportionate to the ratio as the total expense bears to the percentage of interest in the common elements assigned to each Unit.

SECTION 4. All charges and expenses chargeable to a member and his Unit shall constitute a lien against the Unit in favor of the Association for the use and benefit of the members of the Association prior to all other liens except (1) assessments, liens and charges for taxes past due and unpaid on the Unit, and (2) payments due under purchase money or construction mortgage instruments of encumbrance, if any, duly recorded. The said lien may be foreclosed in the manner provided for the foreclosure and sale of real estate mortgages and in the event of foreclosure, the Association shall, in addition to the amount due, be entitled to recover reasonable expenses of the action including court costs and reasonable attorney's fees. The right of the Association to foreclose the aforesaid lien shall be in addition to any other remedy which may be available to it at law for the collection of the charges and expenses including the right to proceed personally against any delinquent member for the recovery of a personal judgment against him for the amount due, court costs and reasonable attorney's fees.

SECTION 5. Upon the sale, conveyance or other lawful transfer of title to a Unit, all unpaid assessments against a member for his pro rata share in the expenses of administration, maintenance and repair of the common elements and the community and recreational facilities and other expenses agreed upon shall first be paid out of the sales price or by the acquirer in preference over any other assessments or charges of whatever nature except the following:

- (a) Assessments, liens and charges for taxes past due and unpaid on the Unit, and
- (b) Payments due under purchase money or construction mortgage instruments of encumbrance, if any, duly recorded.

SECTION 6. The acquirer of a Unit shall be jointly and severally liable with the seller for the amount owing by the latter to the Association up to the time of conveyance or transfer, without prejudice to the acquirer's right to recover from the seller the amount paid by him as such joint debtor. The Association shall provide for the issuance, and issue to every acquirer, upon his request, a statement of such amounts due by the seller, and the acquirer's liability under this section shall be limited to the amount as set forth in said statement.

SECTION 7. Any first mortgagee who obtains title to a condominium Unit pursuant to the remedies provided in the mortgage, foreclosure of

the mortgage, or deed in lieu of foreclosure of the mortgage shall not be liable for such Unit's unpaid dues or charges which accrue prior to the acquisition of title to such Unit by the mortgagee.

SECTION 8. Unless at least seventy-five per cent (75%) of the first mortgagees (based upon one note for each first mortgaged owned) or owners (other than the developer) of the individual condominium Units have given their prior written approval, the Association shall not be entitled to:

- (a) by act or omission, seek to abandon or terminate the Condominium Project;
- (b) change the pro rata interest or obligation of any individual Condominium Unit for the purpose of: (1) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (2) determining the pro rata share of ownership of each condominium in the common elements;
- (c) partition or subdivide any Condominium Unit;
- (d) by act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the common elements (the granting of easements for public utilities or for the other public purposes consistent with the intended use of the common elements by the Condominium Project shall not be deemed a transfer within the meaning of this clause); and
- (e) use hazard insurance proceeds for losses to any condominium property (whether to Units or to common elements) for other than repair, replacement or reconstruction of such condominium property, except as herein provided in Article XII of these Bylaws in case of substantial loss to the Units and/or common elements of the Condominium Project.

ARTICLE XII

Reconstruction or Repair

SECTION 1. If less than three-fourths (3/4ths) of the Buildings in the Condominium Project (as determined by the vote or written consent of the majority of the percentage of value assigned to the Owners in the exercise of their sole discretion) shall be damaged by fire or other casualty, then the buildings in the Condominium Project shall be rebuilt or repaired. If more than three-fourths (3/4ths) of the buildings in the Condominium Project (as determined by the vote or written consent of a majority of the percentages of value assigned to such Owners in the exercise of such discretion) shall be damaged by fire or other casualty, then reconstruction shall not be compulsory without the unanimous consent of each Owner and each mortgagee. In the event that such Owners decide not to reconstruct the Condominium Project, the land (more particularly described on the Condominium subdivision plan attached hereto as Exhibit "B" and made a part hereof for all purposes) shall be sold and such sale proceeds along with any insurance proceeds shall be distributed to each Owner and his mortgagee, as their interests may appear, in accordance with each Owner's percentage of value in the Condominium Project.

SECTION 2. Any reconstruction or repair of the buildings in the Condominium Project or any Unit located therein shall be substantially in accordance with the Declaration and Master Deed and the original plans and specifications for the buildings in the Condominium Project unless the Owners and their mortgagees shall unanimously decide otherwise.

SECTION 3. Each Owner shall be responsible for the reconstruction, repair or replacement of the interior of his Unit, including but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls, furniture, furnishings, decorative light fixtures, and all appliances located therein irrespective of whether or not such appliances are "built-in" to the Unit. Each Owner shall also be responsible for the costs not otherwise covered by insurance carried by the Association of any reconstruction, repair or replacement of any portion of the Condominium Project necessitated by his negligence or misuse, or the negligence or misuse by his family, tenants, guests, agents, servants, employees, or contractors. In the event damages to all or any part of the interior of an Owner's Unit is covered by insurance held by the Association for the benefit of such Owner, this such Owner shall begin reconstruction or repair of such damages upon receipt of the insurance proceeds or any portion thereof from the Association, subject to the rights of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof. In the event damage to all or part of the interior of an Owner's Unit is not covered by insurance held by this Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of his Unit within sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

SECTION 4. As soon as possible after the occurrence of a casualty which causes damage to any part of the Condominium Project for which the Association has insurance coverage (hereinafter referred to as the "casualty") the Association shall obtain reliable and detailed cost estimates of the following:

- (a) The cost of restoring all damage caused by the Casualty to the general and limited common elements (hereinafter referred to as the "Common Elements Costs"); and
- (b) The cost of restoring that part of the damage caused by the Casualty to each Unit which is or would be covered by insurance held by the Association without regard to the policy limits of such insurance (hereinafter referred to as the "Unit Costs").

All insurance proceeds available to the Association with respect to the Casualty shall first be applied to the payment of the actual Common Element cost and the balance thereof, if any, shall thereafter be applied to the payment of the actual Unit Costs. However, if such insurance proceeds are not sufficient to cover such estimated costs, then an assessment shall be made against the Owners by the Association in the following manner:

- (a) All Owners shall be assessed on the basis of their percentages of value in the Condominium Project for the payment of the estimated Common Elements Costs not otherwise paid for by the insurance held by the Association.
- (b) Each Owner of a damaged Unit shall be assessed an amount equal to the difference between his estimated Unit Costs less a sum calculated by multiplying the amount, if any, of the remaining insurance proceeds held by the Association with respect to the casualty by a fraction, the numerator of which is his estimated Unit Costs and the denominator of which is the total of all of the estimated Unit Costs.

If actual costs exceed such estimated costs, then an additional assessment shall be made against the Owners by the Association in the same manner based upon actual costs.

SECTION 5. In the event of any taking of any Unit in the Condominium Project by eminent domain, or private purchase in lieu thereof, the award of such taking and, after acceptance thereof, if such Owner shall vacate his Unit by virtue of such taking, he and his mortgagee shall be divested of all interest in the Condominium Project. If any repair or rebuilding of the remaining portions of the Condominium Project is required as a result of such taking, a majority of the percentage of value assigned to the remaining Owners shall determine by vote or written consent whether to rebuild or repair the Condominium Project or take such other action as such remaining Owners deem appropriate. If no repair or rebuilding shall be required, or shall be undertaken, then the remaining portion of the Condominium Project shall be resurveyed and the Declaration and Master Deed and Exhibit "B" shall be amended to reflect such taking and to proportionately readjust the percentages of value assigned to the remaining Owners based upon the continuing value of the Condominium Project of one hundred per cent (100%).

ARTICLE XIII

Indemnification of Officers and Directors

The Association shall indemnify every officer or director, his heirs, executors and administrators, against all loss, cost and expense, including counsel fees reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been an officer or director of the Association, except as to such matters as to which he shall be finally adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct. In the event of settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such officer or Director in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such officer or director may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Common Expenses; provided, however, that nothing contained in this Article XIII shall be deemed to obligate the Association to indemnify any member or owner of a Unit, who is or has been an officer or Director of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the Declaration and Master Deed as a member or Owner of a Unit covered thereby. The Managing Agent shall be deemed a Director for purposes hereof.

ARTICLE XIV

Mortgages and Eminent Domain

SECTION 1. Any Owner who mortgages his interest in a Unit shall, within ten (10) days after the execution of such mortgage, give notice to

the Association in writing of the name and address of his mortgagee and the amount secured by said mortgage, and the Association shall maintain such information in a book entitled "Mortgages of Units". Said written notice shall be separately maintained by the Association or by the secretary of the Association. Such Owner shall, in the same manner, notify the Association as to the release or discharge of any such mortgage.

SECTION 2. The Association shall, at the request of any mortgagee of any Unit, report to such mortgagee any unpaid assessments due from the Owner of such Unit to the Association.

SECTION 3. The Association shall notify each mortgagee appearing in the hereinbefore above described book of the name of each company insuring the Condominium Project under the Declaration and Master Deed and the amounts of the coverage thereunder.

SECTION 4. The Association shall notify each mortgagee appearing in the hereinabove described book of any default by any Owner in the performance of such Owner's obligations which is not cured within sixty (60) days from the date of such default.

ARTICLE XV

Taxation

Each Unit shall be assessed and taxed for all purposes as a separate parcel of real estate entirely independent of the building of which such Unit is a part, and independent of the Condominium Project or Common Elements thereof, and each Owner shall be solely responsible for the payment of all taxes, municipal claims, charges and assessments of any nature whatsoever assessed against such Unit. Such payment shall be made prior to the due date of such taxes, municipal claims, charges and assessments.

ARTICLE XVI

Amendment

These Bylaws (as opposed to the Declaration and Master Deed of which they are a part) may be amended by the members of the Association from time to time at a duly constituted meeting called for such purpose, and no amendments shall take effect unless approved by owners representing at least 66 2/3% of the aggregate interest of the undivided ownership of the general common elements. Any such amendment may be evidenced by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying that such amendment has been approved by the vote or written consent of two-thirds of the percentage of values assigned to the Owners in the Condominium Project, and such amendment shall be effective upon its recordation in the Condominium Records of Harris County, Texas. The procedure for proposing amendments hereto shall be the same as provided for proposing amendments to the Bylaws of the Association.

ARTICLE XVII

Default

SECTION 1. Failure to comply with the Declaration and Master Deed, these Bylaws, the Articles of Incorporation or duly adopted rules and regulations of the Association shall constitute an event of default and shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages and injunctive relief, or any combination thereof.

SECTION 2. In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceedings including without limitation reasonable attorney's fees.

SECTION 3. The violation of any rule or regulation promulgated by the Board of Directors, or the breach of any Bylaw, or the breach of any provision of the Declaration, shall give the Board of Directors or the Managing Agent, the right, in addition to any other rights set forth therein, (a) to enter the unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting unit owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors or Managing Agent shall not be deemed guilty in any manner of trespass, and to expel, remove and put out same, using such force as may be necessary in so doing, without being liable to prosecution or in damages therefor; and (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XVIII

Compliance

These Bylaws are set forth to comply with the requirements of the State of Texas Condominium Ownership Act. If any of these Bylaws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the statute will control.

ARTICLE XIX

Payment Obligation

Owners cannot abate any required payment for any reason.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals at Houston, Texas, this the ____ day of ____, 1978.

BOARD OF DIRECTORS

By: _____

By: _____

By: _____