

SUMMARY OF  
BY-LAWS  
OF DEMOSS VILLAGE (NO. 1)

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BY-LAWS OF DEMOSS VILLAGE (No. 1)

LEONA KELLEY BUILDING COMPANY, a Texas corporation (hereinafter called "Developer"), being the sole owner in fee simple of the project and project property submitted to the provisions of the Condominium Act of the State of Texas by the recordation of the Declaration to which these By-laws are attached, as such sole owner hereby adopt the following By-laws which shall govern the administration of such condominium regime as provided for and in compliance with said Act.

ARTICLE I - NAME

This Condominium Apartment Project and Regime shall be known and designated as DEMOSS VILLAGE (No. 1).

ARTICLE II - DEFINITIONS

The definitions set out in the foregoing Declaration are adopted for the purposes of these By-laws.

ARTICLE III - ADMINISTRATIVE BODY

1. Council of Co-owners. - Each owner of an apartment unit in this condominium project and regime shall automatically be a member of the "Council of co-owners" (hereinafter called the "Council") and shall remain a member thereof until such time as his ownership ceases for any reason. Upon any transfer of ownership of any apartment unit, howsoever accomplished, the new owner acquiring or succeeding to such ownership interest shall likewise automatically succeed to such membership in the Council. The Council shall be the governing and administrative body for all unit owners for the protection, preservation, upkeep, maintenance, repair and replacement of the Common Elements and the government, operation and administration of this Condominium regime.

2. Organizational and Annual Meetings. - As soon as practical after Developer has sold and conveyed fifteen (15) apartment units or the expiration of eighteen (18) months from the date the Declaration is filed for record, whichever shall first occur, the Developer shall give each unit owner written notice of the date, time and place of a meeting to organize the Council of co-owners. Thereafter annual meetings of the Council shall be held on such dates and at such times and places as the Board of Administration or its representative shall annually determine in the absence of a date, time and place as the Council may decide upon at any meeting. At any annual meeting the Council may transact any business which may be properly brought before the meeting.

3. Special Meetings. - Special meetings of the Council may be called by the President or by a majority of the members of the Board of Administration, or by unit owners representing at least 25% ownership interest in the common elements. Notices of special meetings shall be in writing and may be mailed or personally delivered, and shall state the date, time, place and general purpose of the meeting. No business shall be transacted at any special meeting which is not generally stated in said notice unless unit owners representing at least 51 votes, either in person or by proxy, consent to the transaction of such other business.

4. Votes. - The aggregate number of votes for all unit owners at all meetings of the Council shall be one hundred (100), which votes shall be divided proportionately among the unit owners in accordance with and in proportion to their respective ownership interests in the common elements as allocated to each apartment in the Declaration. Votes at any meeting may be cast in person or by proxy. The Developer, through any officer, agent or representative in person or by proxy may cast the votes allocated to apartment units owned by it.



5. Quorum. - A quorum of unit owners for any meeting of the Council shall be constituted by Unit Owners represented in person or by proxy and holding 51% or more of the total votes of all unit owners. If any meeting of the Council cannot be organized because a quorum is lacking, then by majority vote of the unit owners present, either in person or by proxy, the meeting may be adjourned to the same hour of a date not less than ten (10) nor more than thirty (30) days from the date on which such meeting was to have been originally held, and at any such adjourned meeting a quorum shall be constituted by unit owners present in person or by proxy and holding more than 50% of the total votes of all unit owners. Notice of such adjourned meeting shall be given in the same manner as for the originally scheduled meeting. The term "majority vote" as used in these by-laws shall mean more than 50% of the votes cast on any question. The term "majority of unit owners" or "majority of owners" as used in these by-laws means the owner or owners of apartments whose aggregate interest in the common elements is 51% or more.

6. Order of Business. - The order of business at all meetings of the Council shall be determined by the presiding officer at each meeting, unless the Council by majority vote at such meeting determines otherwise, in which case the Council shall fix the order of business.

#### ARTICLE IV - BOARD OF ADMINISTRATION

1. Composition and Election. - At the organizational meeting of the Council it shall elect a Board of Administration (hereinafter referred to as the "Board") which shall be composed of not less than five (5) members. If the owner of any apartment unit is a corporation, partnership, trust or other legal entity, a Board member may be an officer, director, partner, shareholder, agent or other representative of such unit owner. At each subsequent annual meeting of the Council it shall elect new members to the Board in place of those whose terms have expired. For the election of Board members each unit owner may exercise his vote as many times as there are Board members to be elected, and the persons receiving the most votes shall be deemed elected.

2. Duties and Authority. - The Board shall manage and administer the affairs of the Council and shall have all such duties, rights, powers and authority given to it by the Act; the Declaration or these By-laws, and as may be from time to time delegated by the Council, in addition to the following:

(a) To elect officers of the Council as hereinafter provided.

(b) To administer the affairs of the Council and the common elements and common interests of the project property and the unit owners.

(c) To keep or cause to be kept sufficient books and records with a detailed account of the receipts and expenditures affecting the project property and buildings and its administration, and specifying the maintenance and repair expenses of the common elements. Both the Books and vouchers accrediting the entries thereon shall be available for examination by all the co-owners at convenient hours on working days that shall be set and accounted for general knowledge. All books and records shall be kept in accordance with good accounting procedures and shall be audited at least once a year by an auditor outside of the organization, as provided by the Act.

(d) To engage the services of a manager or managing agent who shall manage and operate the common elements for all unit owners, upon such terms and conditions and for such compensation, and with such duties and authority, as the Board may specify.

(e) To formulate and enforce policies, rules and regulations from time to time to govern the use, management and operation of



the Common elements, without depriving any unit owner of the rights and privileges given to him by the Act or Declaration.

(f) To plan and adopt from time to time an annual budget for the estimated annual common expenses for the maintenance, repair, upkeep, protection, insurance, replacement, management, and administration of the common elements as well as for the common insurance and other common services or benefits, and to provide the manner of assessing and collecting from the unit owners each month their prorata share of such estimated common expenses.

(g) To make and enter into arrangements, contracts or agreements with the Boards of Administration of other condominium regimes for common services, benefits or purposes.

(h) To provide for the designation, hiring and removal of employees and other personnel, including bookkeepers and accountants, and to engage or contract for the services of others, and in general to make purchases of labor, materials and/or services for the repair, upkeep, maintenance, replacement, protection, insurance, management or administration of the common elements and other common interests, and in general to perform such other acts which are not required to be done exclusively by the Council for the orderly and efficient management and administration of this condominium regime.

3. Term of Office. - At the first meeting of the Council at which Board members are elected, the term of office of three (3) members shall be fixed at two (2) years and the term of office of all other members shall be fixed at one (1) year; and at the expiration of the initial term of office of each respective member, his successor shall be elected to serve a term of two (2) years. The Board members shall hold office for their respective terms and until their successors have been duly elected and hold their first meeting.

4. Vacancies. - Vacancies in the Board caused by any reason other than the removal of a Board member by vote of the Council shall be filled for the unexpired term by vote of the majority of the remaining Board members, even though they may not constitute a quorum, and each person so elected shall be a Board member until a successor is elected at the next annual Board meeting or special meeting called for that purpose following expiration of his term.

5. Resignation. - Any member of the Board may resign at any time by giving written notice of resignation to the President or any other officer of the Council.

6. Automatic Resignation and Removal. - If any member of the Board was the owner of an apartment unit or interest therein at the time of his election, then at such time as such ownership ceases, whether voluntarily or involuntarily, he shall be automatically removed from the Board unless he owns another apartment unit or interest therein in this condominium project. Such automatic removal shall be equivalent to a resignation from the Board at the time said ownership ceases.

7. Removal by Council. - At any regular meeting or special meeting called for that purpose, the Council by majority vote at such meeting may remove any member or members from the Board, with or without cause, provided that a successor or successors shall then and there be elected by the Council to fill the unexpired terms of those removed.

8. First Meeting. - The first meeting of the newly elected Board members shall be held within ten (10) days after election at such place as they shall fix at the meeting at which they were elected, and no notice shall be necessary to the newly elected members in order to legally constitute such meeting, provided that a majority of the whole Board shall be present.

9. Regular Meetings. - Regular meetings of the Board may be held at such time and place as a majority of the Board members may determine from time to time, but at least two (2) meetings shall be held during each fiscal year. Notices of regular meetings may be given by mail, in person, by telephone or telegraph, at least three days prior to the meeting date.

10. Special Meetings of the Board may be called by the President on three (3) days notice as in the case of regular meetings, stating the time, date, place and general purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on written request of at least 60% of the Board members.

11. Waiver of Notice. - Before or at any meeting of the Board any member may orally or in writing waive the required notice for such meeting, and such waiver shall be deemed equivalent to the giving and receipt of such notice. Attendance by a member at any meeting shall be deemed as a waiver of the required notice. If all members of the Board are present, no notice thereof shall be required and any business may be transacted thereat.

12. Quorum. - At all meetings of the Board the presence of 60% of the Board members shall constitute a quorum for the transaction of business, and the acts and decisions of a majority of the members present at a meeting at which a quorum is present shall be decisive of all questions.

#### ARTICLE V - OFFICERS.

1. Designation. - The principal officers of the Council shall be a president, one or more vice-presidents, a secretary and a treasurer. The office of secretary and treasurer may be held by the same person at the same time. The Board may appoint an assistant secretary and an assistant treasurer and such other officers as in their judgment may be desirable.

2. Election of officers. - The officers of the Council shall be elected and appointed annually by the Board, at the organizational meeting of each new Board, and they shall hold office at the pleasure of the Board.

3. Removal of officers. - Any officer may be removed at any time, with or without cause, by majority vote of the Board or of the Council at any regular meeting or special meeting called for that purpose.

4. President. - The President shall also be a member of the Board. He shall be the chief executive officer of the Council and shall preside over meetings of the Board and of the Council. He shall have all the general powers and duties which are usually vested in the office of president of an organization.

5. Vice-President. - The vice-president shall take the place of the president and perform his duties whenever the president is absent or unable to act.

6. Secretary. - The secretary shall keep the minutes of all meetings of the Board and of the Council. He shall in general perform all the duties incident to the office of secretary. The secretary may be the manager or managing agent, if one is employed.

7. Treasurer. - The Treasurer shall have responsibility for the Council funds and securities and shall be responsible for keeping the financial records and books of account.



8. Vacancies. - Vacancies in any office may be filled by the Board at any meeting.

9. No Compensation. - The officers shall serve without any pay or compensation for their services as such, except that if the managing agent hold any office he may be paid for his services as managing agent, including performance of the duties of his office.

#### ARTICLE VI - ASSESSMENTS

1. Budget. - The Board shall prepare or caused to be prepared an estimated annual budget for each fiscal year of the Council. Such budget shall take into account the estimated common expenses and cash requirements for the year, including salaries, wages, payroll taxes, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, management fees and other common expenses. The annual budget shall also take into account and provide for a reserve for contingencies for the year and a reserve for replacements of the common elements, in reasonable amounts as fixed by the Board. Any surplus or deficit in regards to previous budgets shall also be considered.

Copies of the annual budget shall be furnished to each unit owner not later than thirty (30) days prior to the beginning of each fiscal year. The annual budget as estimated by the Board shall serve as the basis for the regular monthly assessments against the unit owners, unless such budget is changed, altered or modified by the Council at any regular meeting or special meeting called for that purpose, in which case such budget as so changed, altered or modified by the Council shall be the basis for the regular monthly assessments.

2. Obligation of Unit Owners. - On or before the first day of the first month and of each succeeding month of the fiscal year covered by the annual budget, each unit owner shall pay to the Board or such person as the Board may designate, as his respective regular monthly charge and assessment for the common expenses, one-twelfth (1/12th) of his proportionate share of the estimated annual common expenses as shown by such annual budget. Such proportionate share for each unit owner shall be in the ratio and proportion to his respective ownership interest in the common elements as assigned and set out in the Declaration. The Board or other person authorized to collect the monthly assessments shall receive, hold and disburse the same as Trustee, for the use and benefit of each unit owner, and shall use, expend and disburse the same for the purposes authorized in these by-laws, the Declaration or the Act. All assessments so collected shall be deposited in and constitute the "Maintenance Fund" of this condominium regime. The monthly assessments shall be due and payable monthly whether or not a statement for same is sent or received, and failure to send or receive a statement shall not excuse the payment of any monthly assessment as it becomes due and payable each month.

In the event the Board shall not approve an estimated budget for any year, then the Council may approve and adopt such budget at any regular meeting or special meeting called for such purpose; in any event until such time as the Board or Council adopts a new budget for a new fiscal year and notifies each unit owner of such, each unit owner shall continue to pay each month the amount of his monthly assessment as last determined.

3. Supplemental Budget. - In the event it shall appear to the Board that the estimated budget for any fiscal year shall be inadequate to cover the estimated common expenses in respect to the common elements or other expenses lawfully agreed upon in accordance with the provisions of the Act, the Declaration or these By-laws, then the Board shall prepare or caused to be prepared a supplemental estimated budget to cover the estimated deficiency for the remainder of the fiscal year and each unit owner shall be assessed and pay his pro rata part and share of the same in the ratio to his percentage of



ownership interest in the common elements.

4. Capital expenditures. - The Board shall not approve any special expenditure for new improvements on any part of the common elements, excluding repairs or replacement of existing improvements, in excess of \$1000.00 without the approval of the Council.

5. Assessments During Period of Administration by Developer as Temporary Administrator:

(a) Assessments against apartment units owned by persons other than Developer: - No budget or estimated budget for the common expenses shall be prepared or adopted during the period of time this condominium regime is being governed and administered by Developer as Temporary Administrator. Instead, during this period of time the purchaser and each subsequent owner of an apartment unit sold and conveyed by Developer shall be assessed and obligated to pay each month as his share and part of the usual and ordinary common expenses for the maintenance, upkeep, repair, replacement, operation, protection, government and administration of the common elements, and for the common insurance and other common services or benefits, a fixed sum each month as set out below; the owner of each apartment, other than Developer, shall pay as his said monthly assessment during said period of time above mentioned the amount set out below opposite the amount of his percentage of ownership interest in the common elements, to-wit:

<u>PERCENTAGE INTEREST IN COMMON ELEMENTS</u>	<u>AMOUNT OF MONTHLY ASSESSMENT</u>
4.70%	\$17.86
4.79%	18.20
5.23%	19.87
6.06%	23.03
6.31%	23.99

It is agreed, however, that the fixed monthly assessments above set out and to be paid by each unit owner, other than Developer, during said period are only for the usual and ordinary common expenses as above mentioned, and do not include payment for any special assessments which Developer, as Temporary Administrator, might make for special purposes, such as, but not limited to, assessments for the purchase, lease or rental of any apartment unit pursuant to exercise of the right of first refusal as set out in the Declaration, or for the cost and expense of repairing or reconstructing any damage or destruction due to fire, storm, flood, rising waters or other casualty, in excess of the insurance indemnity, if any, or for the cost and expense of prosecuting any action to enforce compliance with the Act, the Declaration or these By-laws or to collect any sums or damages in default. Each unit owner, including Developer, shall pay his prorata part of any such special assessments in the ratio of his undivided ownership interest in the common elements. Developer, as Temporary Administrator, shall make no special assessments for construction of any new improvements or facilities, excluding cost of repairing or reconstructing damaged or destroyed existing improvements or facilities in excess of the insurance indemnity, if any.

(b) Assessments Against Apartments Owned by Developer. - During said period of administration by Developer as Temporary Administrator there shall be no assessments against Developer or Apartments owned by Developer for said usual and ordinary common expenses above mentioned, instead, however, Developer shall and agrees to pay during such period such amounts over and above the fixed amounts collected from the other unit owners as may be needed to pay said usual and ordinary common expenses actually incurred each month; it being agreed that Developer as Temporary Administrator shall first use and expend the sums collected each month from the other unit owners towards payment of said usual and ordinary common expenses actually incurred each month, and if said sums so collected shall be insufficient to pay such actual costs and expenses, then Developer as its own obligation shall and agrees to pay the deficiency. However, in the case of special assessments, as above