

EXHIBIT "E"

BY-LAWS
OF
5550 NORTH BRAESWOOD
COUNCIL OF CO-OWNERS

ARTICLE I

NAME AND OFFICES

1.01 Name.

The name of the corporation shall be 5550 North Braeswood Council of Co-Owners, Inc. and shall be referred to throughout these By-Laws as "Council."

1.02 Principal Office.

The principal office of the corporation shall be in Houston, County of Harris, State of Texas. The Council may also have offices at such other places as the Board of Directors may from time to time appoint or the purposes of the Council may require.

1.03 Registered Office and Registered Agent.

The Council shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered offices, as required by the Texas Non-Profit Corporation Act. The registered office may be, but need not be, identical with the principal office of the corporation in the State of Texas, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

As used in the Declaration, the terms set forth below shall have the meaning indicated.

2.01 The "Act" shall mean the Texas Condominium Act, Article 1301a, Tex. Rev. Civ. Stat. Ann.

2.02 The "Declaration" shall mean the Declaration establishing the property as a condominium regime, recorded in the Condominium Records of the County Clerk of Harris County, Texas.

2.03 The "Land" shall mean the land and all easements, rights and appurtenances belonging thereto and described in Exhibits "A" and "C" attached to and forming a part of the Declaration.

2.04 The "Property" shall mean all of the land and all improvements, buildings, structures, facilities, fixtures and equipment erected, constructed, placed or contained thereon or therein. The use of the term "Property" herein being designed and intended to refer to the entire condominium regime.

2.05 The "Buildings" shall mean the ten (10) residential buildings, situated on the land, as more particularly described in Exhibit "C" to the Declaration.

2.06 The "Common Elements" shall mean all portions of the property except the Units as hereinafter more particularly defined. The Common Elements are composed of the General Common Elements and the Limited Common Elements.

2.07 The "General Common Elements" consist of:

- (i) The land in the Condominium property as more particularly described in Exhibit "C" hereto;
- (ii) The foundations, bearing walls and columns (including any windows, doors and chimneys therein), roofs, attics, ceilings and floors, halls, lobbies, or thoroughfares such as stairways, entrances, exits or communication ways and any other portion of the buildings located on the land described above and not included within any Unit;
- (iii) The premises and facilities, if any, used for the offices, common laundry, common storage, maintenance or repair of the Condominium property;
- (iv) All common recreational facilities;
- (v) All other elements desirable or rationally of common use or necessary to the existence, upkeep and safety of the condominium regime.

2.08 The "Limited Common Elements", being those common elements reserved for the use of specified Units to the exclusion of others, consist of:

- (i) compartments or installations of central services such as power, light, electricity, telephone, gas, cold and hot water, plumbing, reservoirs, water tanks and pumps, incinerators, air conditioning and heating, and all similar devices and installations;
- (ii) all covered parking spaces which shall be designated as "Parking" as further described on the condominium plan attached hereto as Exhibit "C"; and
- (iii) patios and balconies as described on the condominium plan attached hereto as Exhibit "C".

2.09 A "Unit" shall mean one of the 187 separate and individual Unit spaces into which the Unit Buildings are divided for individual and separate use and ownership as provided for in the Act and depicted on the plat attached to this Declaration as Exhibit "C", and as such space may be further described and delimited in Article II hereof. A "Unit" shall be an apartment, as that term is defined by the Act.

2.10 The "Patios and Balconies" shall constitute a part of the Limited Common Elements, and shall be designated on the plat attached to this Declaration by the unit number of the Unit to which they are assigned, followed by a "P" or "B" as appropriate.

2.11 The "Co-Owner" or "Unit Owner" means a person, firm, corporation, partnership, association, trust or other legal entity or any combination thereof, including, without limitation, the Developer, who owns a Unit or Units within the condominium property.

2.12 The "Developer" shall mean Chrysalis Financial Corporation, a Texas Corporation, or its successors and assigns.

2.13 The "Council" shall mean the 5550 North Braeswood Council of Co-Owners, Inc., a Texas Corporation, or its successors and assigns. A true and correct copy of the Articles of Incorporation of the 5550 North Braeswood Council of Co-Owners is attached hereto as Exhibit "D" and made a part hereof for all purposes.

2.14 The "By-Laws" shall mean the by-laws of the 5550 North Braeswood Council of Co-Owners.

2.15 The "Member" shall mean a Unit owner who shall be a member of the Council.

2.16 The "Percentage Interest" shall mean the undivided interest in and to the Common Elements associated with and appurtenant to each unit as set forth in Exhibit "B" attached to this Declaration.

2.17 The "Assessment" shall mean the assessment, whether regular or special levied for management of the operation of the property and for repairs, maintenance, insuring and operation of the Common Elements (including reserves for replacements).

2.18 The "Assessment Fund" shall mean the accumulation of the assessments collected by the Council for continuing maintenance, repair and operation of the property.

2.19 A "Mortgage" shall mean a security interest, mortgage or lien granted by a Unit owner in or to or against the Unit and the undivided interest in the common elements appurtenant thereto to secure the repayment of a loan, and duly filed for record in the Office of the County Clerk of Harris County, Texas.

2.20 A "Mortgagee" shall mean the person which holds a mortgage against a Unit and the undivided interest in the common elements appurtenant thereto as security for repayment of a debt.

2.21 The "Rules and Regulations" shall mean the rules adopted from time to time by the Council concerning the management and administration of the project for the use and enjoyment of the owners. The initial set of rules and regulations are attached to the By-Laws as Exhibit "One".

2.22 The "Parking List" shall mean the list upon which the Council shall designate the use of the covered and uncovered parking spaces. The first "Parking List" is attached hereto as Exhibit Two.

ARTICLE III

PURPOSE AND OBJECTIVE

3.01 Non-Profit Basis

The corporation shall operate the property on a not for profit basis in accordance with the provisions set forth in the Articles of Incorporation of the Council.

3.02 Objectives.

The objectives of the Council shall be:

(a) to maintain and operate the general common elements and limited common elements in the property;

(b) to enforce any and all covenants, restrictions and agreements applicable to the general common elements and limited common elements and the Units in the property, particularly those contained in the Declaration and amendments to the Declaration as may be made with respect to the property, and which hereafter may be recorded among the condominium records of Harris County, Texas;

(c) to manage, and administer the condominium regime, in accordance with the said Declaration and any duly adopted rules and regulations of the Council and the laws of the State of Texas; and

(d) to make and perform any contracts and do any acts and things, and exercise any powers suitable, convenient, proper or incidental for the accomplishment of any of the objectives enumerated herein.

ARTICLE IV

MEMBERSHIP AND APPLICABILITY

4.01 Membership.

Membership in the Council and voting by the members of the Council shall be in accordance with the following provisions:

(a) Each Unit owner shall be a member of the Council and no other person or entity shall be entitled to membership. If a Unit is owned by one person, his right to vote shall be established by the record title to his Unit. If a Unit is owned by more than one person, or is under lease, the person entitled to cast the vote for the Unit shall be designated by a certificate signed by all of the record owners of the Unit and filed with the Secretary of the Council. If a Unit is owned by a corporation, the person entitled to cast the vote for the Unit shall be designated by a certificate of appointment signed by the President or Vice-President and attested by the Secretary or Assistant Secretary of the corporation and filed with the Secretary of the Council. Such certificates shall be valid until revoked or until superseded by a subsequent certificate, or until a change in the ownership of the Unit concerned. A certificate designating the person entitled to cast the vote of an Unit may be revoked by any owner thereof.

Voting shall be on a percentage basis and the percentage of the vote to which a Unit owner is entitled is the percentage assigned to that Unit in the Declaration. No Unit owner shall be required to pay any consideration whatsoever solely for his membership in the Council.

- (b) The share of a Unit owner in the funds and assets of the Council (the percentage ownership assigned to his Unit in the Declaration) cannot be assigned, pledged or transferred in any manner except as an appurtenances to his Unit in the project.

4.02 Suspension of Membership.

The rights of membership are subject to the payment of monthly and special assessments levied by the Council. The obligation for payment of assessments is imposed upon each Unit owner and becomes a lien upon his Unit against which assessments are made as provided by ARTICLE V of the Declaration. If a member fails to make payment of any monthly or special assessment levied by the Council within thirty (30) days after same shall become due and payable, the voting rights of such member and each such member's right to use the Council's facilities may be suspended by the Board of Directors until such assessment has been paid. Such rights of a member may also be suspended after notice and hearing for violation of any rules and regulations established by the Board of Directors governing the use of the common areas.

4.03 Applicability.

- (a) Applicability of By-Laws

The provisions of these By-Laws are applicable to the property and to the use of occupancy thereof.

- (b) Personal Application

All present and future Unit owners, mortgagees, lessees, and occupants of the Units, their employees, and any other person who may use the facilities of the property in any manner are subject to these By-Laws, the Declaration, and to the rules and regulations established by the Board of Directors as hereinafter set forth. The acceptance of a deed or conveyance or the entering into of a lease or the act of occupancy of an Unit shall constitute an agreement that these By-Laws, the rules and regulations, and the provisions of the Declaration, as they may be amended from time to time, are accepted, ratified and will be complied with.

ARTICLE V

MEETINGS OF MEMBERS

5.01 Annual Meeting.

An annual meeting of the member shall be held on the first Tuesday in April of each year, beginning with the year 1979, at the hour of 8:00 P.M. for the purpose of electing Directors, the presentation of the annual financial report of the Council and for the transaction of other business as may come before the Meeting. If the day affixed for the annual meeting shall be on a legal holiday in the State of Texas, such meeting shall be held on the next succeeding day. If the election of Directors shall not be held on the day designated herein for any annual meeting, 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 possible, but in no event later than November 30 of that year.

5.02 Special Meetings.

Special meetings of members for any purpose may be called at any time by:

- (i) the President or Vice-President of the Council, or
- (ii) a majority of the Board of Directors; and
- (iii) the Secretary of the Council forthwith upon receipt of the written request of the members of the Council entitled to cast one-third of the voting percentages of the entire membership.

5.03 Special Meetings for the Election of Directors.

- (a) If for a period of one (1) month after the latest date affixed herein for the annual meeting of the members, there is a failure to elect a sufficient number of Directors to conduct the business of the Council, the Board of Directors shall call a special meeting for the election of Directors. If such special meeting is not called by the Board within two (2) weeks after the expiration of such period or if it is called but there is a failure to elect such Directors for a period of two (2) months after the expiration of such period, members entitled to cast ten percent (10%) of the total percentages of votes entitled to be cast in an election of Directors, may, in writing, demand a call of a special meeting for the election of Directors specifying the date and month thereof which shall not be less than two (2) and not more than three (3) months from the date of such written demand. Secretary of the Council, upon receiving such written demand, shall promptly give notice of such meeting, or, if he fails to do so within five (5) days thereafter, any member signing such demand may give such notice. The meeting shall be held at the principal office of the Council or at such other place in Harris County, Texas as may be fixed in the notice of the meeting.
- (b) At any such special meeting called on a demand of the members, notwithstanding the provisions of these By-laws, members attending, in person or by proxy, and entitled to vote in an election of Directors, shall constitute a quorum for the purpose of electing Directors, but not for the transaction of any other business.

5.04 The Place of Meetings.

The meetings of the membership of the Council shall be held at the office of the Council or at such other place within the City of Houston, Harris County, Texas, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

5.05 Notice of Meetings.

Written or printed notice stating the place, day and hour of any meeting of the members shall be delivered, either personally or by mail, to each member entitled to vote at such meeting, not less than ten (10) nor more than fifty (50) days before the date of such meeting, by or at the direction of the President, or the Secretary, or the officers or persons calling the meeting. In case of a special meeting or when required by the statute or these By-Laws, the purpose or purposes for which the meeting is called shall be stated in the notice. If mailed, the notice of the meeting 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 record of the Council, with postage thereon prepaid.

5.06 Informal Action by Members.

Except as otherwise provided by the laws of the State of Texas or in the Declaration, the members entitled to vote one-third of the entire voting percentage which may be cast at any meeting shall constitute a quorum at such meeting. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

5.07 Quorum.

Except as otherwise provided by the laws of the State of Texas or in the Declaration, the members entitled to vote one-third of the entire voting percentage which may be cast at any meeting shall constitute a quorum at such meeting. If, however, such quorum shall not be present or represented at any meeting of the members, the members entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified.

5.08 Proxies.

At any meeting of the members, a member entitled to vote may vote by proxy executed in writing by a member or his duly authorized attorney-in-fact. Such proxy shall be filed with the Board of Directors prior to 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.

5.09 Voting by Mail.

Where Directors are to be elected by members, such election may be conducted by mail in such manner as such Board of Directors may determine.

5.10 Order of Business.

The order of business at annual members' meetings, as far as practical and to all other members' meetings, shall be

- (1) election of Chairman of the meeting;
- (2) calling of the roll and certifying proxies;
- (3) proof of notice of meeting or waiver of notice;
- (4) reading and disposal of any unapproved minutes;
- (5) reports of officers;
- (6) reports of committees;
- (7) election of inspectors of election;
- (8) election of Directors (if necessary);
- (9) unfinished business;
- (10) new business; and
- (11) adjournment.

5.11 Limitation on Initial Meeting of Members.

Anything contained herein above, notwithstanding, until the developer of the property has completed and sold at least one hundred seventy (170) Units in the condominium, or until September 20, 1979, or until the developer elects to terminate its control of the condominiums, whichever shall first occur, there shall be no meeting of members of the Council unless a meeting is called by the Board of Directors.

ARTICLE VI

BOARD OF DIRECTORS

6.01 Number of Qualifications.

The affairs of the project shall be operated by the Council, which in turn shall be governed by a Board of Directors consisting of four (4) persons, each of whom shall have one (1) vote. Until a first meeting at which the members of the Council may vote, the Board of Directors shall consist of four (4) persons who shall be designated or removed at the will of the developer. The terms of at least one of such Board members shall expire annually. From and after the first meeting at which the members may vote, the Board of Directors shall be composed of four (4) persons, all of whom shall be Unit owners, it being understood that should any Unit owned as a tenancy-in-common, joint tenancy with survivorship rights, or be owned by a partnership, a corporation, in a fiduciary capacity, or otherwise, then and in such event, such Unit owner or owners shall designate one (1) person having an ownership interest in such Unit, and such person shall be eligible for election to the Board of Directors, provided, however, that in the case of corporate ownership or ownership by the developer, any designated officer or employee of the corporation, or the developer's organization shall be eligible to represent the ownership interest of such Unit. Upon the first election of the Board of Directors by the members of the Council, such Board of Directors shall be divided into three (3) classes. The members shall elect by majority vote of the quorum present, two (2) Directors to serve for a period of three (3) years, one (1) Directors to serve for a period of two (2) years, and one (1) Director to serve for a period of one (1) year. At the expiration of the initial term of office of each Director, his successor shall be elected to serve for a period of two (2) years. The Directors shall hold office until their successors have been elected.

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6.02 Powers and Duties.

The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Council and shall do all such acts and things as are not by law or by the By-Laws directed to be exercised and done by the Unit owners. Such powers and duties of the Board of Directors shall include, but not be limited to, the following:

- (a) operation, care, upkeep and maintenance of the general and limited common elements;
- (b) the determination of the monthly assessments (on an annual basis) required for the affairs of the project and the determination of any special assessments that may be necessary;
- (c) the collection of the monthly and special assessments and administrative penalties incident thereto;
- (d) the employment and dismissal of personnel necessary for the maintenance, repair, replacement, and operation of the general and limited common elements;
- (e) opening of bank accounts in the name of the Council and designating the signatories required therefor;
- (f) purchasing or leasing or otherwise acquiring in the name of the Council, or its designee, corporate or otherwise, on behalf of all Unit owners, Units offered for sale or lease, or surrendered by the Unit owner to the Board of Directors or the Council;
- (g) purchasing of Units at foreclosure or other judicial sales in the name of the Council, or its designee, corporate or otherwise, on behalf of all Unit owners.
- (h) selling, leasing, mortgaging, voting the votes appurtenant to (other than for the election of members of the Board of Directors) or otherwise dealing with Units acquired by, and subleasing Units leased by the Council or its designee, corporate or otherwise, on behalf of all Unit owners.
- (i) organizing corporations to act as designees of the Council and acquiring title to or leasing Units on behalf of all Unit owners.
- (j) obtaining insurance on the property, including the Units.
- (k) making of repairs, additions, improvements to or alternations to and restorations of the property.
- (l) leasing or otherwise acquiring the right to use, either exclusively or in common with others, recreational or other facilities for the benefit of the Unit owners.
- (m) adopting and amending reasonable rules and regulations governing the conduct of all people on the property in the operations and use of the property. The Board of Directors shall have the power to levy fines against the Unit owners for violation thereof, of which they are responsible, provided that no fine may be levied for more than five dollars (\$5.00) for any one violation; but for each day a violation continues after notice, it shall be considered a separate violation, collection of fines may be enforced against the Unit owner or owners responsible as if the fines were a part of the monthly assessments owed by the particular owner or owners.
- (n) the Board of Directors, on behalf of the Council, may also enforce, by any legal means, the provisions of the Condominium Act, the Declaration, the By-Laws, and rules and regulations.

6.03 Management.

The Board of Directors may employ for the Council and the Unit owners a management agent at a compensation to be established by the Board of Directors and such management agent shall perform management duties and services. The Board of Directors may authorize such manager or management company to perform the duties listed in subsection a, c, d, f, k, l and m of paragraph 6.02 and other duties consistent therewith, but may not delegate to the manager or management company the powers of the Board of Directors set forth in subsection b, e, g, h, i and o of paragraph 6.02.

6.04 Compensation.

No salary or other compensation for services shall be paid to any Director of the Council for services rendered as such Director but this shall not preclude a Director from performing any other service for the Council and receiving compensation therefor.

6.05 Executive Committee.

The Board of Directors, may, by resolution adopted by a majority of the entire Board, appoint from among its members an Executive Committee consisting of three (3) or more persons, which shall have and may exercise during the intervals between the meetings of the Board all powers vested in the Board, with the exception of those forbidden by laws. The Board may at any time change the members of and fill vacancies in the Executive Committee. The Executive Committee shall keep regular minutes of its proceedings and shall report same to the Board of Directors when required. The Executive Committee may make rules for the conduct of its business and may appoint any subcommittees and assistants it considers necessary. A majority of the members of the Executive Committee shall constitute a quorum for transaction of business.

6.06 Other Committees:

From time to time the Board of Directors may appoint from among the Directors, members, and other persons, other committees for any purpose or purposes with such powers as are conferred by the resolution of appointment and as are permitted by law. The President of the Council shall be an ex-officio member of all committees so appointed.

6.07 Annual Report.

The Board of Directors shall present at the annual meeting of members a report of the financial and other affairs of the Council during the preceding year. The Board of Directors shall provide all members, at the expense of the Council and within four (4) months of the end of each year, a copy of an annual audited financial statement of the Council prepared by an independent certified public accountant.

6.08 Nomination of Directors.

Not later than thirty (30) days prior to the date set for each annual meeting of the members in which a Director or Directors are to be elected, the President of the Council shall appoint a committee of members to nominate candidates for election as Directors at the annual meeting. The recommendations of the nominating committee, together with a brief description of each candidate, shall be transmitted to the membership at the same time the notice of annual meeting of members is distributed. Additional nominations may be made from the floor by any member at the annual meeting of members in which a Director or Directors is to be elected.

6.09 Meetings of Directors.

Meetings of the Board of Directors, regular or special, shall be held in the City of Houston, County of Harris, State of Texas. The first meeting of the Board of Directors following the annual meeting of members (in which members shall be allowed to vote) shall be held not later than one (1) week after the annual meeting of the members. Thereafter, regular meetings of the Board of Directors shall be held not less than once every month. Meetings may be held upon such notice, or without such notice, and at such time and place, as shall be determined by the Board. Special meetings of the Board of Directors may be called by the President, at such time and place as he shall determine, on five (5) days notice to each Director, either personally or by mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of three (3) Directors. Notice of the meeting need not be given to any Director who submits a signed waiver of notice, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors may be specified in the notice or waiver of notice of such meeting, except where otherwise required by law or by these By-Laws. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business except as otherwise expressly provided by law or by the Articles of Incorporation of the Council, or by the Declaration or elsewhere in these By-Laws. The act of a majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or by the Articles of Incorporation of the Council, or by the Declaration or elsewhere in these By-Laws. If a quorum shall not be present at any meeting of Directors, the Directors present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum shall be present. At all meetings of the Board of Directors, each Director shall be entitled to one (1) vote.

The presiding officer of the Director's meetings shall be the Chairman of the Board if such an officer has been elected, or if not, the President shall preside. In the absence of the presiding officer, the Directors shall designate one of their number to preside.

The order of business at Director's meetings shall be:

- (1) calling of the roll;
- (2) proof of due notice of meeting or waiver thereof;
- (3) reading and disposal of any unapproved minutes;
- (4) reports of officers and committees;
- (5) election of officers (when necessary);
- (6) unfinished business;
- (7) new business; and
- (8) adjournment.

Until the developer has completed and sold at least one hundred seventy (170) Units in the condominium, or until September 20, 1979, or until the developer elects to terminate its control of the property, whichever shall first occur, the first Directors of the Council shall serve, and in the event of vacancies, the remaining Directors shall fill the vacancies, and if there are no remaining Directors, the vacancies shall be filled by the developer.

6.10 Vacancies.

Vacancies in the Board of Directors resulting from death, resignation or removal may be filled without notice to any member by a vote by the majority of the remaining Directors present at the meeting at which such election is held, even though a quorum is not present, which election may be held at any regular meeting of the Board of Directors or any special meeting thereof called for such purpose. A Director elected to fill a newly created directorship shall serve in office during the unexpired portion of the term of his predecessor and until his successor is elected and qualified.

6.11 Resignation and Removal.

Any Director may resign at any time by written notice delivered or sent by certified mail or registered mail, return receipt requested, to the President or the Secretary of the Council. Such resignation shall take effect at the time specified therein, and unless specifically requested, acceptance of such resignation shall not be necessary to make it effective.

Any Director may be removed by concurrence of two-thirds of the votes of the entire membership at a special meeting of the members called for that purpose. The vacancy of the Board of Directors so created shall be filled by the members of the Council at the same meeting.

6.12 Fidelity Bond.

The Council shall obtain fidelity coverage against dishonest acts on the part of the Directors, managers, trustees, employees or volunteers responsible for handling funds belonging to or administered by the Council. The fidelity bond or insurance must name the Council as the named insured and shall be written in an amount sufficient to provide protection which is in no event less than one and one-half times the insured's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.

6.13 Liability of the Board of Directors.

The members of the Board of Directors shall not be liable to the Council or to the Unit owners for any mistake of judgment, negligence, or otherwise, except for their own individual willful misconduct or bad faith. The Council shall indemnify and hold harmless to the extent permitted by law, each of the members of the Board of Directors against all liability arising out of their conduct on behalf of the Council, unless such conduct shall have been in bad faith. It is intended that the members of the Board of Directors shall have no personal liability with respect to any contract made by them on behalf of the Council (except as Unit owners). It is also intended that the liability of any Unit owner arising out of any contract made by the Council or out of the aforesaid indemnity in favor of the Board of Directors shall be limited to such proportion of the total liability thereunder as his interest in the general common elements bears to the interest of all Unit owners in the general common elements.

ARTICLE VII

OFFICERS

7.01 Election.

The Board of Directors, at its first meeting after its annual meeting of the members in which the members are allowed to vote, shall elect from their number a President and Vice President, and shall elect a Secretary and Treasurer, each officer to hold office until the meeting of the Board of Directors following the next annual meeting of the members and until their successors are elected and qualify. The Board may from time to time appoint such other officers as it considers desirable to hold office at the pleasure of the Board. Any two (2) of such offices, except that of the President and Secretary, may be held by the same person.

7.02 Assistants.

The Board of Directors may, at any time or from time to time, appoint one or more Assistant Secretaries and one or more Assistant Treasurers to hold office at the pleasure of the Board. Such assistants, if any, in order of their seniority or in any other order determined by the Board of Directors shall, in the absence or disability of the Secretary or Treasurer, as the case may be, perform the duties and exercise the powers of the Secretary or Treasurer, as the case may be, and shall perform such other duties as the Board of Directors or the Secretary or Treasurer, as the case may be, shall prescribe.

7.03 Qualifications, Removal and Vacancies.

Officers need not be members of the Council. Any officer elected or appointed by the Board of Directors pursuant to the provisions of paragraph 7.01 and 7.02 of the ARTICLE VII may be removed by the Board of Directors at any time, with or without cause. Vacancies occurring in any office may be filled by the Board of Directors at any time.

7.04 Duties of the President and Vice President.

The President shall be the chief executive and operating officer of the Council and shall preside at all meetings of the members and of the Board of Directors. The President or Vice President may sign the name of the Council on all certificates, contracts and other instruments which are authorized from time to time by the Board of Directors. The President, subject to control of the Board of Directors, shall have the general management of the affairs of the Council and shall perform all duties incidental to the office. If the President is absent from the County of Harris, State of Texas, or is unable to act, the Vice President shall have the powers and perform the duties of the President.

7.05 Duties of Treasurer.

Subject to the control of the Board of Directors, the Treasurer shall have the care and custody of all funds and securities of the Council and all books and records relating thereto and shall deposit such funds in the name of the Council in such bank or trust company as the Board of Directors may determine, and he shall perform all other duties incidental to his office. If so required by the Board of Directors, he shall, before receiving any such funds, furnish the Council with a surety bond with a surety company as surety, in such form and amount as the Board of Directors from time to time shall determine. The premium upon such bonds shall be paid by the Council.

7.06 Duties of Secretary.

The Secretary shall keep the minutes of the meetings of the Board of Directors and the meetings of the members. He shall attend to the giving and serving of all notices of the Council, shall be empowered to affix the corporate seal to all written instruments authorized by the Board of Directors or the By-Laws. He shall also perform all of the duties incidental to his office. He shall cause to be kept a record book containing the names, alphabetically arranged, and addresses of all members and the date they become such.

7.07 Limitation of Authority.

Any single expenditures in excess of One Thousand Dollars (\$1,000.00) or total monthly expenditures in excess of Five Thousand Dollars (\$5,000.00) must be authorized by the Board of Directors of the Council.

ARTICLE VIII

ACCOUNTING

CONDOM

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8.01 The funds and expenditures of the Council shall be credited and charged to accounts under the following classification as shall be appropriate, all of which expenditures shall be expenses:

- (a) "Current expenses," which shall include all funds and expenditures to be made within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves, to additional improvements, or to operations. The balance in this fund at the end of each year shall be applied to reduce the assessments for current expense for the succeeding year.
- (b) "Reserve for deferred maintenance," which shall include funds for maintenance items which occur less frequently than annually.
- (c) "Reserve for replacement," which shall include funds for repair or replacement required because of damage, depreciation, or obsolescence.
- (d) "Additional improvements," which shall include the funds to be used for capital expenditures for additional improvements or additional personal property which will be part of the common elements.

ARTICLE IX

BUDGET

9.01 On or before December 1 of each year, the Board of Directors shall adopt a budget for the following calendar year which shall include the estimated funds required to defray common expenses and to provide funds for the accounts listed in ARTICLE VIII of these By-Laws. The budget shall take into account the following items:

- (a) "Current expense," the amount for which shall not exceed 110% of the actual expenses of this account for the prior year.
- (b) "Reserve for deferred maintenance," the amount for which shall not exceed 110% of this account for the prior year.
- (c) "Reserve for replacement," the amount for which shall not exceed 110% of the budget for this account for the prior year.
- (d) "Additional improvements," the amount for which shall not exceed \$1,000.00; provided, however, that in the expenditures of this fund no sum in excess of \$500.00 shall be expended for a single item or purpose without approval of the members of the Council.

The amount for each budgeted item may be increased over the foregoing limitations when approved by Unit owners entitled to cast not less than 33-1/3% of the votes of the entire membership of the Council. Copies of the budget and the next year's assessments shall be transmitted to each member on or before December 15 of the year preceding the year for which the budget is made. If the budget is subsequently amended, a copy of the amended budget shall be furnished to each member.

ARTICLE X

ASSESSMENTS

- 10.01 (a) Assessments against the Unit owners for their shares of the items of the budget shall be made on or before December 15 of the preceding year for which the assessments are made. Such assessments shall be due in twelve (12) equal payments on the first day of each month of the year for which the assessments are made. If an annual assessment is not made as required, an assessment shall be presumed to have been made in the amount of the last prior assessment. In the event the annual assessment proves to be insufficient, the budget and assessments therefore may be amended at any time by the Board of Directors if the items of the amended budget do not exceed the limits proves to be insufficient, the budget and assessments therefore may be amended at any time for the Board of Directors if the items of the amended budget do not exceed the limits established in Article IX. If the amended budget does exceed these limitations then it shall be subject to the approval of one-third of the member-

ship of the Council as provided by ARTICLE IX of these By-Laws. The unpaid original assessment for the remaining portion of the calendar year shall be due and payable as originally scheduled. The additional monies required by the amended assessment shall be due upon the date of the assessment.

- (b) If an Unit owner shall be in default in the payment of an installment upon an assessment, The Board of Directors may accelerate the remaining installments of the assessment upon notice thereof to the Unit owner, and thereupon the unpaid balance of the assessment shall come due upon the date stated in the notice, but not less than ten (10) days after delivery thereof to the Unit owner, or not less than twenty (20) days after the mailing of such notice to him by registered or certified mail, whichever shall first occur.
- (c) Assessments for common expenses of emergencies which cannot be paid for from the annual assessments for common expenses shall be made only after notice of the need therefor to the Unit owners concerned. After such notice and upon approval in writing by persons entitled to cast more than one-third of the votes of the Unit owners concerned, the assessment shall become effective, and it shall be due after thirty (30) days' notice thereof in such manner as the Board of Directors may require.

10.02 Non-payment of Assessment; the Personal Obligation of the Owner; the Lien and Remedies of the Association.

Every assessment, together with such interest thereon and cost of collection thereof as is hereinafter provided, from the time made and until it is paid, shall constitute and continue as a lien on each Unit, and also shall be a personal obligation of the owner of that Unit on the date when such assessment is due and payable, but the personal obligation for assessments made but unpaid shall not thereafter pass to the owner's successors in title unless responsibility therefor be assumed by them, in writing. If any such assessment is not paid within thirty (30) days after the date upon which it is due and payable, such assessment shall bear interest from the date on which it was due and payable at the rate of ten percent (10%) per annum.

The Council may bring legal action against any owner personally obligated to pay any assessment and/or may enforce or foreclosure the lien retained in favor of the Council against the Unit to secure the payment of any assessment, or interest thereon. In the event a judgment is obtained by the Council, such judgment shall include interest on the assessment as so provided herein and a sum, to be fixed by the court, to reimburse the Council for all cost, disbursements and expenses (including, without limitation, responsible attorney's fees) incurred by the Council in connection with said action.

10.03 Subordination of the Lien to Mortgages.

The assessment lien or any other lien of the assessment provided for herein shall be subordinate to the lien of the first mortgage or mortgages hereafter placed upon any Unit. Any and all assessments which may have become due and payable prior to a sale or transfer of the Unit pursuant to a decree of foreclosure, or by conveyance in lieu of foreclosure, shall be paid by the purchaser, subject to the provisions of paragraph 16.05 below.

10.04 No Exemptions.

No Unit owner may exempt himself from liability for his contribution toward the expenses of the Council and the property by waiver of the use or enjoyment of any of the common elements by the abandonment or sale of his Unit.

10.05 Statement of Assessments.

The Council shall promptly provide any Unit owner or grantee or prospective grantee so requesting the same in writing, a written statement of all unpaid assessments or other charges due from said Unit owner.

ARTICLE XI

INSURANCE

11.01 Purchase of Policies.

- (a) Insurance policies upon the condominium property covering the items described in paragraph 11.02 shall be purchased by the Council for the benefit of the Council and the Unit owners and their mortgagees as their interest may appear. Provisions shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of Unit owners. All insurance provided for in this Article shall be effected with responsible insurers authorized to do business in the State of Texas. All such policies shall be without contribution with regard to any other policies of insurance carried individually by a Unit owner, and shall provide that such policies shall not be terminated for any cause without at least thirty (30) days prior written notice to the Council and the mortgagees. If possible, all policies of insurance of the character described in this Article shall contain an endorsement extending coverage to include the payment of the installments for annual assessments with respect to damaged Units during a period of reconstruction thereof. Such policies and endorsements shall be deposited with the insurance trustee, which shall hold them subject to the provisions of ARTICLE XII of these By-Laws.

11.02 Council Coverage.

Insurance shall cover the following:

- (a) all buildings and improvements upon the land and all personal property included in the common elements, both general and limited, in an amount equal to the maximum insurable value, including foundation and excavation costs, as determined annually by the Board of Directors of the Council. Such coverage shall afford protection against loss or damage by fire and other hazards covered by a standard extended coverage endorsement and such other risks as are customarily covered with respect to buildings, improvements, and personal property similar to the condominium property and common elements, such as vandalism and malicious mischief;
- (b) public liability in such amounts and with such coverage as shall be required by the Board of Directors of the Council, including but not limited to hired automobile and non-owned automobile coverages, with cross-liability endorsement or appropriate provisions to cover liabilities of the Unit owners as a group to an individual Unit owner;
- (c) workmen's compensation as required by law;
- (d) Directors and officers liability insurance for the Directors and officers of the Council against any liability asserted against any such party, or incurred by such party in such capacity, or arising
- (e) such other insurance as the Board of Directors of the Council shall determine from time to time to be desirable.

In the event that an insurance policy specifically designated to meet the insurance needs of condominium regimes hereinafter becomes available in Texas, the Council may be authorized to obtain such policy provided that coverage afforded thereby at least equals the coverage provided by the policies enumerated in this Article.

11.03 Payment of Premiums.

Premiums upon insurance policies described in paragraphs 11.01 and 11.02 above shall be paid by the Council as a common expense. However, the amount of increase over such premiums occasioned the use, misuse, occupancy or abandonment of a Unit or the common elements, general or limited, by a Co-Owner, shall be assessed against such Co-Owner.

11.04 Waiver of Subrogation.

Council and Co-Owners shall use their best efforts to see that all property and liability insurance carried by the Co-Owners or the Council shall contain appropriate provisions whereby the insurer waives the right of subrogation as to any claims against the Co-Owners and guests of the Co-Owners or the Council as the case may be.

11.05 Power of Attorney.

Each Co-Owner by acceptance of deed and by ownership of a Unit in the condominium project shall be deemed to appoint the Council as its true and lawful attorneys-in-fact to adjust all claims arising under insurance policies purchased by the Council and to execute delivery of releases upon payment of claim. Council shall further have the power to purchase and maintain such insurance, to collect and remit the premiums therefor, and to do all things on behalf of such Co-Owners and the Council as shall be necessary or convenient to the accomplishment of the foregoing. The Council shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit nor the liability of any Co-Owner for occurrences therein not caused by or connected with the Council's operation, maintenance or use of the condominium project.

ARTICLE XII

RESPONSIBILITIES OF INSURANCE TRUSTEE

12.01 Payment to Trustee.

All insurance policies purchased by the Council shall provide that proceeds covering property losses in excess of \$2,000.00 shall be paid to the Board of Directors as Trustee or to any bank in Houston, Harris County, Texas, selected by the Board of Directors of the Council as a Trustee and designated by amendment hereof.

12.02 Duties of Trustee.

The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold them in trust for the benefit of the Unit owners and their mortgagees as follows:

An undivided share of such proceeds paid on account of damage to common elements shall be allocated to the Unit owners according to their shares of the common elements set forth in the Declaration. Proceeds paid on account of damage to Units shall be held for the owner of such damaged Unit in proportion to the costs of repairing damage suffered by each Unit owner, which costs shall be determined by the Council. In the event a mortgagee endorsement has been issued as to a Unit, the share of that Unit owner shall be held in trust for the mortgagee and the Unit owner as their interests may appear.

12.03 Distribution of Proceeds.

The proceeds of insurance policies received by the insurance trustee shall be distributed as follows:

- (a) all expenses of the Insurance Trustee shall be first paid or adequate provision made therefor; provided, however, that no such provision shall give any owner, or any other party including the Insurance Trustee, priority over any first mortgagee with respect to any distributions of proceeds.
- (b) if the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be expended as provided in ARTICLE XIII. Any proceeds remaining after defraying such costs shall be delivered to the Council to be held by the Council as a reserve fund to cover future repair or reconstruction costs, if any, in excess of the proceeds paid on the policies purchased by the Council.
- (c) if it is determined as provided in ARTICLE XIII that the damage for which the proceeds are paid shall not be reconstructed or repaired, such proceeds shall be distributed to the beneficial owners, remittances to Unit owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee or a Unit owner and may be enforced by such mortgagee.

- (d) In making distributions to Unit owners and their mortgagees, the Insurance Trustee may rely upon a certificate of the Council as to the names of the Unit owners and their respective shares of the distribution, and as to whether or not the building is to be reconstructed or repaired.

ARTICLE XIII

WHEN DAMAGED PROPERTY IS TO BE RECONSTRUCTED OR REPAIRED

13.01 Damage to Common Elements.

If common elements are damaged, they shall be reconstructed or repaired, unless it is determined under the provisions of paragraph 13.03 that the damage is not to be repaired.

13.02 Damage to be Repaired.

If less than two-thirds (2/3rds) of the building in the condominium project (as determined by the vote or written consent of the majority of the percentage interest assigned to the Owners in the exercise of their sole discretion) shall be damaged by fire or any other casualty, then the buildings in the condominium project shall be rebuilt or repaired.

13.03 Damage Not to be Repaired.

If more than two-thirds (2/3rds) of the buildings in the Condominium Project (as determined by the written consent or vote of seventy-five (75%) percent of the unit owners excluding the Developer) shall be damaged by fire or other casualty, the reconstruction shall not be compulsory without the unanimous consent of the Co-Owners.

13.04 Specifications.

Any reconstruction or repair must be substantially in accordance with the plans and specifications for the original building, or if not, then according to the plans and specifications approved by the Board of Directors of the Council and if the damaged property is the Unit buildings, by the owners of not less than 75% of the common elements, including the owners of all damaged Units, which approval shall not be unreasonably withheld.

13.05 Estimates of Damage.

Immediately after casualty causing damage to property for which the Council has the responsibility of maintenance and repair, the Council shall obtain reliable and detailed estimates of the costs to rebuild or repair so as to place the damaged property in condition as good as that before the casualty.

13.06 Insufficient Proceeds.

If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Council, assessments shall be made against the Unit owners who own the damaged property, and against all Unit owners in the case of damage to common elements, in sufficient amounts to provide funds to pay the estimated costs. Additional assessments may be made at any time during, or following the completion of, construction. Such assessments against the Unit owners for damage to Units shall be in proportion to the cost of reconstruction and repair of their respective Units. Such assessments on account of damage to common elements shall be in proportion to the owner's share in the common elements. The provision of this section may be changed by unanimous resolution of the parties concerned, adopted subsequent to the date on which the fire or other disaster occurs.

13.07 Deposits with Trustee.

If the amount of the estimated costs of reconstruction and repairs for which the Council is responsible is more than \$5,000.00, the sums paid upon assessments to meet such costs shall be deposited by the Council with the Insurance Trustee. In all other cases, the Council shall hold the sums paid upon such assessments and disburse them in payment of costs of reconstruction and repair.

13.08 Disbursement of Proceeds.

The proceeds from assessments and insurance received by the Insurance Trustee shall be disbursed as follows:

- (a) the portion of insurance proceeds representing damage, the reconstruction and repair of which is the responsibility of the Unit owner, shall be paid by the Insurance Trustee to the Unit owner or, if there is a mortgage endorsement, then to the Unit owner and mortgagee jointly, who may use such proceeds as they may be advised.
- (b) the portion of insurance proceeds representing damage, the reconstruction and repair of which is the responsibility of the Council, shall be disbursed in payment of the costs of such repair and reconstruction in the manner required by the Board of Directors of the Council and upon approval of a licensed architect employed by the Council to supervise the work.
- (c) the Insurance Trustee shall not be required to determine whether a disbursement is to be made, the identity of the payee, or the amount to be paid, but may rely upon a certificate of the Council stating such information.

ARTICLE XIV

RESPONSIBILITY OF UNIT OWNER
FOR REPAIR AND RECONSTRUCTION
OF UNIT

14.01 Responsibility.

Each Unit owner shall be responsible for the reconstruction and repair or replacement of the interior of his Unit, including, but not limited to, the 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 Unit owner shall also be responsible for the costs not otherwise covered by insurance carried by the Council 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, guests, agents, servants, employees or contractors. In the event damage to all or any part of the interior of a Unit owner's Unit is covered by insurance held by the Council for the benefit of such unit owner, then such Unit owner shall begin construction or repair of such damage upon receipt of the insurance proceeds or any portion thereof from the Council, subject to the rights of the Council to supervise, approve and disapprove such reconstruction or repair during the course thereof. In the event damage to all or part of the interior of a Unit owner's Unit is not covered by insurance held by the Council for the benefit of such Unit owner, then such Unit owner shall begin reconstruction or repair of the interior of his Unit home within sixty (60) days after the date of such damage, subject to the right of the Council to supervise, approve and disapprove such reconstruction, replacement or repair during the course thereof.

ARTICLE XV

RESTRICTIONS ON THE USE OF UNITS

Section 1 - Restrictions of the use of the Units.

In order to provide for congenial occupancy of the property and for the protection of the values of the Units, the use of the property shall be restricted to, and shall be in accordance with the following provisions:

15.01 Single-Family Purpose.

Each Unit shall be used for single-family residential purposes and for no other purpose. Except with written approval of the Board of Directors of the Council, no more than two (2) persons may reside in a one-bedroom unit and no more than four (4) persons may reside in a two-bedroom unit. No more than six (6) persons may reside in a three-bedroom unit.

No rooms may be rented or transient guests accommodated on a fee basis. Any Unit may be leased by its owner so long as it is for a period greater than ninety (90) consecutive days and is to be used as the primary, year-round residence of the Lessee.

15.02 Improper Activities.

No use or practice shall be permitted in the Units or on the condominium property which is the source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents. All parts of the property shall be kept in a clean and sanitary condition, and no rubbish, refuse or garbage allowed to accumulate or any fire hazard allowed to exist. No Unit owner shall permit a use of his Unit or the common elements which will increase the rate of insurance upon the condominium property. No immoral, improper, offensive, or unlawful use shall be made of the condominium property or any part thereof. All valid laws, zoning ordinances, and regulations of all governmental bodies having jurisdiction over the property shall be observed. The responsibility of meeting the requirements of governmental bodies which require maintenance, modification or repair of the condominium property shall be the same as the responsibility for maintenance and repair of the property concerned. No rooms may be rented or transient guests accommodated.

15.03 Use of Common Elements.

The common elements shall be used only for the purposes for which they are intended in the furnishing of services and facilities for the enjoyment of the Units. The common elements (other than parking spaces as provided for in the Declaration and the recreational areas which will be regulated as to use by the Council) shall not be used by any Unit owner for storage of supplies, personal property (including, but not limited to the drying, shaking or airing of clothing or other fabrics) or trash or refuse of any kind without the consent of the Council of Co-Owners. Stairs, entrances, sidewalks, yards, driveways and parking areas shall not be obstructed in any way nor shall unauthorized persons or pets play therein or thereon or use them for other than their intended purposes. In general, no activities shall be carried on nor condition maintained by any Co-Owner either in his Unit or upon the common elements which despoils the appearance of the condominium property.

15.04 Development and Sales Exception.

Until the developer has completed and sold 170 of the Units, or until September 20, 1979, which is sooner, neither the Unit owners nor the Council nor the use of the condominium property shall interfere with the completion of the contemplated improvements and the sale of the Units. During such period the developer may make such use of the unsold Units and the common areas as may facilitate such completion and sale including, but not limited to, the maintenance of a sales office, showing the property, and the display of signs.

15.05 Modifications.

No Unit owner shall make structural alterations to his Unit or to any of the common elements, including the erection of antennas, aerials, awnings, placement of any reflective or other material in the windows of the Units (other than draperies, shutters and/or shades) or other exterior attachments without written approval of the Council. The Council shall not approve of any alterations, decorations, or modifications which shall jeopardize or impair the soundness, safety or appearance of the condominium property or the values of the individual Units.

15.06 Signs.

No signs or other advertising devices shall be displayed which are visible from the exterior of any Unit or on the common elements, including "FOR SALE" signs, without written permission from the Council.

15.07 Pets.

No animal shall be kept in a Unit except normal household pets (domestic cats and dogs) that weigh less than twenty-five (25) pounds. Such pets may not be kept or bred for any commercial purposes and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor, or unsanitary conditions. No savage or dangerous animal shall be kept. No more than one household pet may be kept without written permission of the Board of Directors of the Council. No pets may be permitted to run loose upon the common elements, and any Unit owner who causes any animal to be brought or kept upon the premises of the condominium property shall indemnify and hold harmless the Council for any loss, damage or liability which the Council may sustain as a result of the presence of such animal on the premises, whether or not the Council has given its permission therefor.

15.08 Maintenance.

Each Owner shall bear the cost of maintenance, repair and replacement of the following items within such Owner's Unit: interior surfaces of bearing walls, ceilings and floors (including carpeting, tile, wall paper, paint and other covering); garbage disposals, ranges, refrigerators, dishwashers and any and all other appliances of any nature whatsoever; window panes and light bulbs; plumbing and other fixtures of any nature whatsoever; any "built-in" features; any decorative features; and, any furniture and furnishings. Each Owner shall bear the cost of maintenance, repair and replacement of all items within the interior of such Owner's patio or deck. In addition, each Unit is serviced by an air conditioning and heating unit located on the roof of each respective Unit building which is a limited common element appurtenant to each such Unit. Each owner shall bear the cost of maintenance, repair and replacement of the air conditioning and heating unit and related equipment associated with his Unit; provided, however, that Unit owners shall not be obligated to maintain, repair or replace air ducts, passage, filters or wiring which may be located outside his enclosed Unit space and/or between walls, and such items shall be deemed general common elements and shall be maintained as set forth below. And each Unit owner shall be responsible for his negligence or misuse of any of the common elements or of his own facilities resulting in damage to the common elements or other Units.

The cost of maintenance, repair and replacement of both general and all other limited common elements (except to the extent such costs are borne by each Owner as set forth above) shall be an expense of administration of the Condominium Project to be assessed in accordance with the provisions set forth below.

Except as provided for above, the owner of any Unit to which any limited common elements are appurtenant shall have no right to modify, alter, repair, redecorate, improve, or take any other similar action with respect to such limited common elements, it being the obligation of the Council under this Declaration to maintain such limited common elements in a uniform and attractive manner for the benefit of all owners.

15.09 Regulations.

Reasonable regulations concerning the use of the condominium property shall be promulgated by the first Board of Directors of the Council prior to the first annual meeting of the Council and such regulations shall be binding on all members of the Council and such regulations shall be binding on all members of the Council. Such regulations may be amended from time to time by the Council in the manner provided by its Articles of Incorporation and By-Laws. Copies of such regulations and amendments thereto shall be furnished by the Council to all Unit Owners and residents of the condominium upon request.

15.10 Right of First Refusal.

A. (1) Notice of Unit Owner.

Any Unit owner who receives a bona fide offer for the purchase of his Unit or any Unit owner who receives a bona fide offer for the lease of his Unit (either of which offers are hereinafter called "Outside Offer") which he intends to accept, shall give written

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notice to the Council of such offer and of such intention, the name and address of the proposed transaction and such other information as the Council may reasonably require.

(2) Offer to Council.

The Unit owner shall thereupon offer to sell such Unit, or to lease such Unit to the Council or its designee, corporate or otherwise, on behalf of the owners of all other units, in the condominium property, on the same terms and conditions as contained in such outside offer, however, if the terms and conditions provide for a mortgage at the time of transfer, the Council may, at its option, pay for the unit in cash. The time for closing by the Council may be extended up to fifteen (15) days beyond the election of the Council to so purchase the Unit.

(3) Representation by Unit Owner.

The giving of such notice shall constitute a warranty and representation by the Unit owner who has received such offer, to the Council on behalf of the other Unit owners, that such Unit owner believes the outside offer to be bona fide in all respects and that he intends to accept it.

(4) Election by Board of Directors.

Within fifteen (15) days after the receipt of such notice, the Board of Directors may elect, by notice of such Unit owner, to purchase such Unit or to lease such Unit as the case may be, or to cause the same to be purchased or leased by its designee (corporate or otherwise), on behalf of all other Unit owners, on the same terms and conditions as contained in the outside offer.

B. Failure to Accept Offer.

In the event the Board of Directors shall fail to accept such offer within the fifteen (15) days as aforesaid, the offering Unit owner shall be free to contract to sell such Unit or to lease such Unit the terms and conditions set forth in the notice of such outside offer.

15.11 Options.

In the event an option is granted by a Unit owner to sell or lease his Unit, at the time the option is exercised it shall be subject to the provisions of this Article as if it were an offer by the optionee to purchase or lease the Unit.

15.12 Provisions in Lease.

Any such lease shall be consistent with and subordinate to this Declaration and shall provide that it may not be modified, amended, extended or assigned without prior written consent of the Board of Directors, that the tenants shall not sublet the demised premises, or any part thereof, without prior written consent of the Board, and that the Council shall have the power to terminate such lease, and bring summary proceedings to evict the tenant in the name of the landlord thereunder, in the event of default by the tenant in the performance of said lease, or failure by the tenant to perform an obligation in the condominium Declaration, By-Laws or rules and regulations.

15.13 Violation.

Any purported sale or lease of any Unit in violation of this Article shall be voidable within five (5) years from date of recording the document evidencing such sale or lease at the election of the Board of Directors, and the Council may take such other action against the parties to such transaction as permitted by law.

15.14 Consent of Unit Owners to Purchase or
Lease of Unit by Board of Directors.

The Board of Directors shall not exercise any rights hereinabove set forth to purchase or lease any Unit without the prior approval by majority vote of the Unit owners given at a regular or special meeting of the Unit owners.

Section 2 - Easements.

2.01 The physical boundaries of the (1) Units, (2) the general common elements and (3) the limited common elements, as the same are set out on Exhibit "C" hereto, shall be conclusively presumed to be the boundaries of such areas, notwithstanding any set length, rising, or other movement of the buildings or the land, and regardless of any variances, said length, rising, or other movements, and such easement shall exist so long as the project exists as a Condominium Regime pursuant to the Act.

2.02 Each Owner shall have the following easement to, through and over the general and limited common elements to the extent necessary for such Owner's maintenance, repair and replacement:

- (i) to paint, remove and replace any finish on the interior surface of any general or limited common element appurtenant to his Unit;
- (ii) to install, repair, maintain, remove and/or replace any plumbing, lighting, cooking or other fixtures or equipment which are a part of his Unit or which would become a part thereof when installed in any bearing wall, floor, ceiling or roof; provided, however, such installation, repair, maintenance, removal and/or replacement shall not impair the structural integrity of the building in which his Unit is located, nor shall it adversely affect any adjacent Unit, nor shall it alter the external appearance of the building in which his Unit is located (unless the Council consents thereto);
- (iii) to drive and remove nails, screws, bolts and the like into and from bearing walls, floors, ceiling and roof; provided, however, such action shall not impair the structural integrity of the building in which his Unit is located, nor shall it adversely affect any adjacent Unit, nor shall it alter the external appearance of the building in which his Unit is located (unless the Council consents thereto).

2.03 Public utilities (or private companies) furnishing services to the Condominium Project for common use such as water, electricity, gas and telephone shall have access to the general and limited common elements and each Unit as may be necessary or desirable for the installation, repair or maintenance of such services, and any costs incurred in opening and repairing any wall of the Condominium Project to install, repair or maintain such services shall be an expense of the administration of the Condominium Project to be assessed in accordance with the provisions set forth herein.

2.04 The Council or its agent shall have access to each Unit from time to time during reasonable working hours, upon notice to its owner, as may be necessary for the maintenance, repair or replacement of any of the common elements. The Council or its agent shall also have access to each Unit at all times without notice as may be necessary to make emergency repairs to prevent damage to the common elements or to another Unit. If requested by the Council, each owner shall furnish to the Council, a duplicate key to the entrance door to his Unit and shall furnish a new key upon any change of lock thereto.

2.05 The Council shall maintain a list assigning the covered parking spaces to the unit owners (each owner shall have the exclusive use of at least one covered parking space) and designating guest parking areas.

ARTICLE XVI

MORTGAGES

16.01 Limitation of Mortgage.

No Unit owner shall mortgage his Unit except to an institution whose lending activities are controlled or supervised by a state or federal agency, to the developer, or other mortgagee approved by the Board of Directors.

16.02 Notice to Council.

A Unit owner who mortgages his Unit for the mortgagee shall notify the Council of the name and address of the mortgagee and shall file a conformed copy of the mortgage with the Council. The Council shall maintain such information in a book entitled "Mortgages of Units."

16.03 Statement of Assessments.

The Council, whenever so requested in writing by a mortgagee or by prospective mortgagee of a Unit, shall promptly report any then unpaid assessments due from, or any other default by, the owner of the mortgaged unit.

16.04 Notice of Default.

The Council, when giving notice to the Unit owner of a default in payment of assessments or other default, shall send a copy of such notice to each holder of a mortgage covering such Unit if the name and address of such mortgagee has previously been furnished to the Council. The Council shall further notify the mortgagee, in writing, of any default by the individual mortgagor not cured within 60 days from the date of the first notice.

16.05 Exemption from First Right of Refusal and Past Due Assessments.

Mortgagees who obtain title to a Unit pursuant to remedies provided in the mortgage, or foreclosure thereof, or deed or assignment in lieu of foreclosure, shall be exempt from the provisions of paragraph 15.10 of these By-Laws. Furthermore, such mortgagees shall not be liable for unpaid assessments against such Unit which accrue prior to the acquisition of title to such Unit by the mortgagee.

16.06 Examination of Books.

Each mortgagee of a Unit shall be permitted to examine the books of account of the Council at a reasonable time, on business days.

ARTICLE XVII

AMENDMENTS

17.01 These By-Laws may be amended in the following manner:

- (a) notice of the subject matter of the proposed amendment shall be included in the notice of any meeting in which a proposed amendment is considered.
- (b) a resolution adopting a proposed amendment may be proposed by either the Board of Directors or by the members of the Council. Directors and members not present in person or by proxy at the meetings considering the amendment may express their approval in writing providing such approval is delivered to the Secretary at or prior to the meeting. Percentage approval requirements for an amendment are the same as those set forth in Article VII of the Declaration. Until the first election of Directors, all Directors must approve any amendment.

- (c) a copy of each amendment shall be certified by the President and Secretary of the association as having been duly adopted and shall be effective when recorded in the condominium records of Harris County, Texas.

ARTICLE XVIII

MISCELLANEOUS

18.01 Notices.

Whenever under the provisions of the statutes, these By-Laws or the Declaration notices required to be given to any Director or member, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, by mail, postage prepaid, addressed to such Director or member at such address as appears on the records of the Council. Any notice required or permitted to be given by mail shall be deemed to be given at the time when the same shall be thus deposited in the United States mails as of aforesaid.

Whenever any notice is required to be given to any member or Director of the Council under the provisions of the statutes, the By-Laws or the Declaration, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the times stated in such notice, shall be deemed equivalent to the giving of such notice.

18.02 Captions.

The captions herein are inserted as a matter of convenience and for reference, and in no way define, limit, or describe the scope of these By-Laws or the intent of any provision thereof.

18.03 Gender.

The use of a masculine gender in these By-Laws shall be deemed to include the feminine gender, and the use of singular shall be deemed to include the plural, when the context so requires.

ARTICLE XIX

INVALIDITY

19.01 Invalidity.

The invalidity of any part of these By-Laws shall not impair or effect in any manner the validity, enforceability or effect of the balance of these By-Laws.

19.02 Conflict.

These By-Laws are set forth to comply with the requirements of the Condominium Act, the Texas Non-Profit Corporation Act and the Declaration. In the event of any conflict between either these By-Laws and/or the Declaration and the provisions of such Acts, as the case may be, the Acts shall control. In the event of any conflict between these By-Laws and the Declaration, the Declaration shall control.

19.03 Waiver.

No restriction, condition, obligation, or covenant contained in these By-Laws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, in respect of the violations or breaches thereof which may occur.

10 NORTH BRAESWOOD

CONDOMINIUM PROJECT

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ARTICLE XX

FISCAL YEAR

20.01 The fiscal year of the corporation shall begin on the first day of January and end on the last day of December in each year.

ARTICLE XXI

TERMINATION

21.01 The condominium may be terminated in the following manner:

- (a) In the event it is determined under paragraph 13.03 that the Unit buildings shall not be reconstructed because of major damage, the condominium plan of ownership shall be thereby terminated without further agreement, in which event the land (more particularly described on Exhibit "A" of the Declaration and Master Deed) 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 interest in the Condominium Project; or
- (b) the condominium may be terminated at any time by the approval in writing of all of the owners of the condominium, and by all record owners of liens thereon. Provided, however, if the proposed termination is submitted to a meeting of the members of the Council, the notice of which meeting gives notice of the proposed termination, and if approval of the owners of less than 100% but at least 75% of the common elements and of the record owners of liens upon the same 75% of the common elements are obtained not later than thirty (30) days from the date of such meeting, then the approving owners shall have an option to buy all of the Units of the other owners during the period ending on the sixtieth day from the date of such meeting.

21.02

- (a) The option described in subparagraph b of paragraph 21.01 shall be exercised by delivery or mailing by registered mail to each of the record owners of the Units to be purchased of an offer to purchase signed by the record owners of Units who will participate in the purchase. Such offer shall indicate which Units will be purchased by each participating owner and shall offer to purchase all of the Units owned by the owners not approving the termination, but the offer shall effect a separate contract between each seller and his purchaser.
- (b) The sale price for each Unit shall be the fair market value determined by agreement between the seller and purchaser within thirty (30) days from the delivery or mailing of such offer, and in the absence of agreement by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrator shall be two (2) appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of the Units; and a judgment of specific performance of the sale upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The expense of the arbitration shall be paid by the purchaser. The purchase price shall be paid in cash, and the sale shall be closed within ten (10) days following the determination of the sales price.
- (c) Upon the closing of the purchases of the selling owners, the remaining Unit owners shall own the newly acquired Units and the associated common elements as tenants in common in undivided shares, and the regime shall continue until terminated pursuant to the provisions hereof.

- 21.03 The termination of the condominium shall be evidenced by a certificate of the Council executed by the President and Secretary certifying as to facts affecting the termination, which certificate shall become effective upon being recorded in the public records of Harris County, Texas

ARTICLE XXII
EMINENT DOMAIN

22.01 General Provisions.

If all or any part of the project is taken or threatened to be taken by condemnation, eminent domain, or by any other similar power, the Board of Directors of the Council and each owner shall be entitled to participate in the proceedings incident thereto at their respective expense. The Board shall give a notice of the existence of such proceedings to all owners and mortgagees known to the Board. The expense of participation at those proceedings by the Board shall be paid out of the Assessment Fund. The Board is specifically authorized to obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses, and other persons as the Board in its discretion deems necessary or advisable to aid or advise it in matters relating to such proceedings. All damages or awards for any such takings shall be deposited with the Board, acting as trustee, and such damages or awards shall be applied or paid as provided herein.

22.02 General Common Elements; Limited Common Elements
Not Subject to Exclusive Use.

In the event that an action in eminent domain is brought to condemn a portion of any limited common elements that are not exclusively limited to the use of the owner of one Unit, the Board shall have the sole authority to determine whether to defend or resist any such proceedings; to make any settlement with respect thereto; or to convey such property to the condemning authority in lieu of such condemnation proceedings. With respect to any such taking of the general common elements, all damages and awards shall be determined for such taking as a whole and not for each owner's interest therein. After the damages or awards for such taking are determined, such damages or awards shall be paid to each owner, in proportion to his percentage interest, and to his mortgagee, if any, as its interests may appear. The Board may, if it deems advisable, call a meeting of the Council, at which meeting the members, by a majority vote, shall decide whether to replace or restore as far as possible the common elements or such non-exclusive limited common elements so taken or damaged.

22.03 Taking of Less Than Two-Thirds (2/3rds) of Units
and Limited Common Elements Subject to Exclusive Use.

In the event that any eminent domain proceeding results in the taking of or damage to one or more, but less than two-thirds (2/3rds) of the total number of Units or those limited common elements reserved for the exclusive use of the owner of one Unit, or both, then the damages and awards for such taking and the payment thereof shall be determined in accordance with the following:

- (a) The Board shall determine which of the Units damaged by such taking may be made tenantable and which exclusive limited common elements may be made usable for the purposes set forth in this Declaration.
- (b) The Board shall determine whether it is reasonably practical to operate the remaining Units or exclusive limited common elements (including those which may be made tenantable or usable) in a manner provided in these By-Laws.
- (c) If the Board determines that it is not reasonably practical to operate such remaining Units or exclusive limited common elements, then the project shall be deemed to be regrouped and merged into a single estate owned jointly and under that an interest by all owners, as tenants-in-common, in their respective percentage interest, and condominium regime hereby established shall terminate.

- (d) If the Board determines that it will be reasonably practical to operate such remaining Units or exclusive limited common elements, then the damages and awards made with respect to each Unit and exclusive limited common element which has been determined to be capable of being made tenantable or usable shall be applied to the repair and reconstruction thereof. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the owners of those Units which are being repaired and reconstructed so as to be made tenantable and against those owners who have the exclusive right to use the limited common elements being made usable. With respect to those Units and exclusive limited common elements which may not be made tenantable or usable, the awards made with respect thereto shall be paid to the owner who owns such Unit or who has the exclusive right of use of the limited common elements, or to their mortgagee, as their interest may appear, and as and when such owner shall vacate his Unit pursuant to such taking, he and his mortgagee shall be divested of all interest in the Condominium Project, and the remaining portion of such Unit and limited common elements, if any, shall become a part of the common elements and the repair and use thereof shall be determined by the Board. Thereafter, the remaining portion of the Condominium Project shall be resurveyed and this Declaration shall be amended and properly recorded to reflect the proportionate readjustments of the percentage interest assigned to the remaining owners based on a continuing value of the Condominium Project of 100%.

22.04 Taking in Excess of Two-Thirds (2/3rds) of Units and Limited Common Elements, Subject to Exclusive Use.

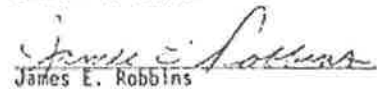
If the entire project is taken, or two-thirds (2/3rds) or more of the Units or limited common elements subject to exclusive use are taken or damaged by such taking, all damages and awards shall be paid to the accounts of the owners thereof (or the owners entitled to such exclusive use) in proportion to their percentage interest, and to their mortgagees as their interests may appear, and the condominium regime hereby establishing shall terminate upon such payment.

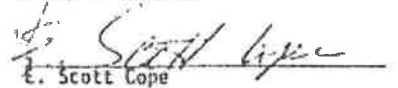
22.05 Payment of Awards and Damages.


Any damages or awards provided in this Article to be paid or for the account of any owner by the Board, acting as trustee, shall be applied first to the payment of any taxes or assessments by governmental authority past due and unpaid with respect to that Unit and to amounts due under any mortgages according to the priority of their interests; secondly, to the payment of any unpaid annual assessment installments or special assessments charged to or made against the Unit; and thirdly, to the owner of such Unit.

APPROVED:


Charles R. Zeller


James E. Robbins


E. Scott Cope


Robert Wade Townley

5550 North Braeswood Council of Co-Owners

RULES AND REGULATIONS

EXHIBIT ONE

1. The swimming pool: are for the use of the members and their guests. No more than two guests at one time. Children must be accompanied by an adult. Hours are 10:00 AM to 10:00 PM, Sunday through Thursday, and 10:00 AM to 11:00 PM Friday and Saturday. No glass objects or pets are allowed in pool area at any time. Also, no loud music, running, rowdy play or obscene display.
2. Any common sidewalks, driveways, entrances, halls and passageways shall not be obstructed or used by any unit owner for any other purpose than ingress to and egress from the units.
3. No articles shall be placed on or in any of the common elements except for those articles of personal property which are the common property of all of the unit owners.
4. Unit owners, members of their families, their guests, residents, tenants or lessees shall not use sidewalks, driveways, entrances, halls and passageways as a play area(s).
5. No vehicle belonging to or under the control of a unit owner or a member of the family or a guest, tenant, lessee, or employee of a unit owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exit from a building. Vehicles shall be parked within designated parking areas. Any traffic flow markings and signs regulating traffic on the premises shall be strictly observed.
6. No work of any kind shall be done upon the exterior building walls or upon the common elements by any unit owner. Such work is the responsibility of the Association.
7. No owner, resident, tenant or lessee shall install wiring for electrical or telephone installation or for any other purposes, nor shall any television or radio antennae, machines, or air conditioning units be installed on the exterior of the project to be installed in such a manner that they protrude through the walls or the roof of the condominium improvements except as may be expressly authorized by the Association.
8. Owners and occupants shall exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers and any other instruments or devices in such manner as may disturb or tend to disturb occupants of other units and the same shall not be played or permitted to be played between the hours of 11:30 PM and the following 8:00 AM if the same shall disturb or tend to disturb other occupants.
9. Disposition of garbage and trash shall be only by the use of garbage disposal units or by use of common trash facilities.
10. The Association assumes no liability for nor shall it be liable for any loss or damage to articles stored in the storage areas.
11. The management personnel and staff are adequately compensated and no gratuities are to be given them. This is not to preclude appropriate remembrances at Christmas or other particular occasions.

The foregoing rules and regulations are subject to amendment and to the promulgation of further regulations.

RULES AND REGULATIONS

EXHIBIT 100

In accordance with the provisions of this Declaration one covered parking space is designated for the exclusive use of the owner or owners of each unit. The unit numbers and parking space numbers are those shown on the Plat Map, Exhibit "C" to this Declaration.

Unit No.	Parking Space	Unit No.	Parking Space	Unit No.	Parking Space
1	376	63	325&376	123	286
2	377	64	333&334	124	285
3	378	65	331&332	125	284
4	379	66	329&330	126	283
5	380	67	328	127	252
6	381	68	327	128	227
7	382	69	358	129	282
8	383	70	361	130	253
9	384	71	400	131	249
10	385	72	401	132	231
11	386	73	402	133	250
12	387	74	403	134	230
13	388	75	366	135	251
14	370&371	76	367	136	229
15	372	77	368	137	226
16	373	78	369	138	225
17	374	79	404	139	254
18	375	80	405	140	281
19	298	81	406	141	224
20	299	82	407	142	255
21	300	83	357	143	280
22	301	84	359	144	223
23	302	85	325	145	228
24	303	86	314	146	256
25	304	87	320	147	279
26	305	88	312	148	278
27	306	89	318	149	277
28	295	90	310	150	276
29	294	91	316	151	275
30	293	92	308	152	274
31	292	93	326	153	273
32	291	94	315	154	272
33	290	95	324	155	271
34	289	96	313	156	270
35	389	97	319	157	269
36	390	98	311	158	268
37	391	99	317	159	219
38	392	100	309	160	267
39	393	101	297	161	218
40	394	102	296	162	217
41	395	103	240	163	321
42	396	104	241	164	323
43	397	105	242	165	322
44	398	106	243	166	212
45	399	107	244	167	200
46	365	108	245	168	203
47	362	109	238	169	201&205
48	364	110	239	170	206&207
49	363	111	237	171	208&209
50	356	112	236	172	210&211
51	345	113	235	173	261
52	355	114	234	174	259
53	346	115	233	175	216
54	350	116	232	176	263
55	347	117	246	177	215
56	349	118	247	178	264
57	348	119	248	179	257
58	343&344	120	207	180	222
59	341&342	121	208	181	258
60	340&339	122	307	182	221
61	337&338			183	214
62				184	265
				185	213
				186	266
				187	262
				188	260