

BY-LAWS
OF
COURTYARDS OF THREE FOUNTAINS ASSOCIATION

RECORDER'S MEMORANDUM:

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ARTICLE I

NAME

The name of the corporation is COURTYARDS OF THREE FOUNTAINS ASSOCIATION, hereinafter referred to as the "Association".

ARTICLE II

LOCATION

Section 1. The principal office of the Association shall be located at 5898 Burgoyne, in Houston, Harris County, Texas 77057, or such other place in Houston, Harris County, Texas as the members shall determine.

Section 2. Meetings of Members and Directors may be held at such places in Harris County, Texas as may be designated by the Board of Directors.

ARTICLE III

DEFINITIONS

Section 1. "Declaration" shall mean the declaration, as amended from time to time, establishing Courtyards of Three Fountains as a condominium regime in Houston, Harris County, Texas pursuant to Article 1301a of the Texas Revised Civil Statutes, a copy of which Declaration is recorded in the Official Public Records of Real Property of Harris County, Texas, under Harris County Clerk's File No.

Section 2. All terms used herein shall have the meaning given thereto in the Declaration unless expressly stated to the contrary herein.

Section 3. "Articles of Incorporation" shall mean the articles of incorporation of the Association, as amended from time to time.

Section 4. "Bylaws" shall mean the Bylaws of the Association, as amended from time to time.

Section 5. "Director" shall mean a member of the Association's Board of Directors.

Section 6. "Member" shall mean those persons entitled to membership in the Association as provided in the Declaration.

Section 7. "Property" shall mean that real property described in the Declaration.

ARTICLE IV.

MEMBERS, MEETINGS, AND VOTING RIGHTS

Section 1. Composition and Powers. Every owner shall be a Member of the Association and shall continue to be a Member for so long as he owns an Apartment, all as more fully set out in the Declaration. Membership shall be

appurtenant to, and may not be separated from, the ownership of any Apartment.

Upon any transfer of ownership of an Apartment, howsoever accomplished, the new owner acquiring or succeeding to such ownership shall provide the Secretary of the Association with (1) certified copy of deed or document transferring title to such Apartment; and (2) copy of mortgage, deed of trust or lien thereon, if any, created pursuant to such transfer of title, whereupon such new owner shall automatically succeed to such membership in the Association.

Except as otherwise provided in these Bylaws or in the Declaration, all action to be taken or authorized by the Members shall be deemed validly taken or authorized upon adoption by vote of a majority of the Members present, in person or by proxy, at any properly called meeting at which a quorum is present, in person or by proxy.

Section 2. Annual Meetings.

(a) The first annual meeting of the Members shall be held when called, upon ten (10) days' prior written notice to the Members, by the initial Board of Directors of the Association. Such meeting shall be called no later than the earlier to occur of (i) the third Monday in January, 1980, or (ii) within sixty (60) days after two hundred and forty (240) of the Apartments have been conveyed by Developer to at least 200 separate purchasers by deeds duly executed, acknowledged, delivered, and recorded.

(b) Thereafter, the annual meeting of the Members shall be held on the third Monday in the month of January of each year at 8:00 P.M. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held at the same hour on the first day following which is not a legal holiday.

(c) At the annual meeting, Members shall elect directors, approve and adopt an annual budget, confirm appointment of committees and transact such other business as may otherwise be scheduled or which may properly be brought before the meeting.

(d) The order of business at annual meetings and so far as practicable at other meetings of members shall be as follows unless changed by the Board of Directors:

- (1) call to order
- (2) proof of due notice of meeting
- (3) determination of quorum and examination of proxies
- (4) announcement of availability of voting list
- (5) announcement of distribution of annual statement and budget
- (6) reading and disposing of minutes of last meeting of members
- (7) reports of officers and committees
- (8) appointment of voting inspectors
- (9) unfinished business
- (10) adoption of Annual Budget
- (11) new business
- (12) nomination of directors
- (13) opening of polls for voting
- (14) recess
- (15) reconvening; closing of polls
- (16) report of voting inspectors
- (17) other business
- (18) adjournment

Section 3. Special Meetings. Special meetings of the Members may be called at any time by the President or by a majority of the Board of Directors, or upon written request of fifty (50) Members.

Section 4. Notice of Meetings.

(a) Written Notice. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at

least ten (10) days before such meeting to each Member entitled to vote thereat, addressed to the Member's address last appearing on the books of the Association, or supplied in writing by such Member to the Association for the purpose of notice. Such notice shall specify the place, date, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

(b) Voting List. At least ten days before each meeting of Members, a complete list of the Members entitled to vote at the meeting, arranged in alphabetical order, with the address of each and the number of votes entitled to be voted, shall be prepared by the Secretary. The list, for a period of ten days prior to the meeting, shall be kept on file at the office of the association and shall be subject to inspection by any Member at any time during usual business hours. The list shall also be produced and kept open at the time and place of the meeting during the whole time thereof, and shall be subject to the inspection of any Member during the whole time of the meeting.

Section 5. Quorum and Adjournment. The presence at any meeting, in person or by proxy, of Members entitled to cast twenty-five percent of the votes in the Association shall constitute a quorum for any action, except for amendment to these Bylaws when a quorum of not less than 67% of the Members shall constitute a quorum, and as otherwise provided in the Articles of Incorporation, the Declaration, or these Bylaws. Any meeting of the Association, whether annual or special, may be adjourned from time to time, whether a quorum be present or not, without notice other than the announcement at the meeting, and such adjournment may be to such time, date, and place as may be determined by a majority of the votes cast at such meeting. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the original meeting as originally called.

Section 6. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Apartment.

Section 7. Voting. Each Member shall have a vote or votes in the Association on the basis of one vote for each Apartment owned by such Member, as set forth in Section 5 of Article 3 of the Declaration. Any vote may be taken by voice or by show of hands unless someone entitled to vote objects, in which case written ballots shall be used.

ARTICLE V.

BOARD OF DIRECTORS

Section 1. Composition. Until the earlier to occur of (i) the third Monday in January, 1980, or (ii) sixty (60) days after Developer has conveyed, by separate deeds duly executed and recorded, two hundred and forty (240) Apartments, the affairs of the Association shall be managed by a Board of three (3) Directors appointed by Developer. After such date the affairs of the Association shall be managed by a Board of five (5) Directors elected by the Members and two non-voting Advisory Directors selected each year by the Board. The initial Directors and directors elected through the third Monday of January, 1980, need not be Members of the Association. The directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes; one class consisting of one director and the other two consisting of two directors, and each director of the Association shall hold office until his successor shall be elected and shall qualify. At the first annual meeting of Members, the director of the first class shall be elected for a term of one year; the directors of the second class shall be elected for a term of two years; the directors of the third class shall be elected for a term of three years; and at each annual election thereafter the successors to the class of directors whose terms shall expire that year shall be elected to hold office for the term of three years, so that the term of office of one class of directors shall expire in each year.

Section 2. Nominations. Nominations for election to the Board of Directors may be made by the Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall in its discretion determine, but not less than the number of vacancies that are to be filled. Such nominations may be made from among Members or non-Members until the annual meeting to be held in January of 1980, at which time only Members can serve as Directors.

Section 3. Election. Election to the Board of Directors shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration and these Bylaws. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

Section 4. Removal. Prior to the election of the Board of five (5) Directors provided for in Section 1 of Article V hereof, no Director shall be subject to removal by the Members. Thereafter, any Director may be removed from the Board of Directors, with or without cause, by an affirmative vote of a majority of all votes in the Association represented at a special meeting called for such purpose. In the event of death, resignation, or removal of a Director, his successor shall be elected by the remaining members of the Board of Directors and shall serve for the unexpired term of his predecessor.

Section 5. Compensation. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors but shall never be paid for attending meetings of the Board of directors or a stated salary or fee as director. Nothing shall preclude any director from serving the Association in any other capacity and receiving compensation therefor. Members of the executive committee or of special or standing committees may, by resolution of the Board of Directors, be allowed like reimbursement of expenses for attending committee meetings.

Section 6. Quorum. At meetings of the Board of Directors a majority of the number of Directors fixed by these Bylaws shall constitute a quorum for the transaction of business. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise specifically provided by statute, the Articles of Incorporation, or these Bylaws. If a quorum is not present at a meeting of the Board of Directors the Directors present may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 7. Action Taken Without a Meeting. The Directors shall have the right to take any action without a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

Section 8. Meetings.

(a) The newly elected Board of Directors shall hold an organization meeting by or prior to the 31st day of January of each year to (i) organize as a Board; (ii) elect officers; (iii) designate depositories; (iv) confirm appointment of committees; (v) authorize annual contracts; and (vi) transact any and all other business necessary, required or permitted for the welfare of the condominium project and its Owners as authorized by the Condominium Declaration, these Bylaws, or the Articles of Incorporation.

(b) Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors may determine. Special meetings of the Board of Directors shall be held when called by the President of the Association, or by any two (2) Directors, after not less than three (3) days' written notice to each Director, which notice may be waived by attendance at the meeting or by written waiver.

Section 9. Procedure. The Board of Directors shall keep regular minutes of its proceedings. The minutes shall be placed in the minute book of the Association.

Section 10. Powers and Duties. The Board of Directors, for the benefit of the Members, shall have the following powers and duties:

(a) To exercise for the Association all powers, duties and authority vested in or delegated to this Association and not reserved by the membership by other provisions of these Bylaws, Articles of Incorporation, or the Declaration.

(b) To take all such lawful action as the Board of Directors may determine to be necessary, advisable or convenient to effectuate the purposes and provisions of the Declaration, the Articles of Incorporation, and Bylaws.

(c) To perform any and all duties imposed on or powers allowed to the Board of Directors by applicable law.

ARTICLE VI

OFFICERS AND THEIR DUTIES

Section 1. Election of Officers. The officers of the Association shall be the President, one or more Vice Presidents, Secretary, and Treasurer, and, in addition thereto, in the discretion of the Board of Directors, such other officers with such duties as the Board of Directors shall from time to time determine. All officers shall be elected annually by the Board of Directors at its first meeting. All officers shall serve until their successors shall have been elected or until they have been removed or have resigned. All officers shall be subject to removal at any time by the Board of Directors.

The Board of Directors may, in its discretion, elect acting or temporary officers and elect officers to fill vacancies occurring for any reason whatsoever, and may, in its discretion, limit or enlarge the duties and powers of any officer elected by it. Any person may simultaneously hold more than one of the offices, except the offices of President and Secretary.

Section 2. The President. The President shall preside at all meetings of the Board of Directors and the Members; see that orders and resolutions of the Board of Directors are carried out; and, unless otherwise provided by the Board of Directors, sign all written instruments that have been approved by the Board of Directors or pursuant to the authority granted by the Board of Directors.

Section 3. The Vice Presidents. Each Vice President shall have such power and duties as may be assigned to him by the Board of Directors. If more than one Vice President is elected, the Board of Directors shall designate who is the First Vice President, who is the Second Vice President, etc. In the absence of the President, the First Vice President shall perform the duties of the President. Such authority to act for the President shall vest to the Vice Presidents in the order of their numerical designation by the Board of Directors.

Section 4. The Secretary. The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board of Directors and of the Members; keep the corporate seal of the Association and affix it on all papers requiring said seal; serve notice of meetings in conformity with these Bylaws; keep appropriate current records showing the Members of the Association together with their addresses; and perform such other duties assigned by the Board of Directors.

Section 5. The Treasurer. The Treasurer shall receive and deposit in appropriate bank accounts all money of the Association and shall disburse such funds as directed by resolution of the Board of Directors; provided, however,

that a resolution of the Board of Directors shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board of Directors; sign all checks and promissory notes of the Association; keep proper books of account; cause an annual statement of the Association's books to be made at the completion of each fiscal year; prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular annual meeting, and deliver a copy of each to the Members; and perform all other duties assigned to him by the Board of Directors.

ARTICLE VII

BUDGET AND ASSESSMENT

It shall be the duty of the Board, at least thirty (30) days prior to the Association's annual meeting, to prepare a budget covering the estimated costs of operating the condominium during the coming year including an adequate reserve fund. Such budget shall include a reasonable allowance for contingencies and reserves for maintenance, repairs, and replacements to Common Elements and Limited Common Elements. After each such budget is adopted by the Board, the Board shall determine the Maintenance Expense Charge required for the operation of the Project and the maintenance of the Common Elements and Limited Common Elements and for the allowance for contingencies and reserves for maintenance, repairs and replacements for the calendar year in question, and the portion thereof allocable to each Owner, and each Owner shall be obligated to pay monthly, in advance, one-twelfth (1/12th) of the portion of the Maintenance Expense Charge so allocated to such member. The Board shall cause the budget and the assessments to be levied against each unit for the following year to be delivered to each member at least fifteen (15) days prior to the meeting. The budget and the assessment shall become effective unless disapproved at the annual meeting by a vote of a majority of the total Association membership. Notwithstanding the foregoing, however, in the event the membership disapprove the proposed budget or the Board fails for any reason so to determine the budget for the succeeding year then and until such time as a budget shall have been determined as provided herein, the budget in effect for the then current year shall continue for the succeeding year.

ARTICLE VIII

COMMITTEES

Section 1. There shall be appointed each year by the President and confirmed by a majority of the newly elected Board of Directors at the first meeting of the Board of Directors after the annual meeting of Members, the standing committees consisting of a Chairman and at least 2 but not more than 6 additional members of the Association, as follows:

Nominating Committee
Budget Committee
Architectoral Committee
Grounds Committee
Enforcement Committee
Utilities Committee
Executive Committee

Section 2. Each member of a committee shall serve from date of confirmation by the Board until the next annual meeting of the Association, but shall continue to serve until his successor is appointed by the President and confirmed by the Board. Any member may be relieved of his committee duties by affirmative vote of a majority of the Board of Directors at a regular meeting or special meeting called for that purpose.

Section 3. In addition to the committees provided for in the Declaration and the Bylaws, the President may appoint such other committees as may be deemed appropriate to him, to plan or execute any specific task which does not

fall within the jurisdiction of any of the permanent committees. Such tasks must be clearly defined, in writing, and signed by the President. Upon completion of the task, this committee shall automatically be dissolved. No committee, permanent or temporary, shall exercise the duties of the Board of Directors unless Directors constitute a majority of the Members of such Committee.

ARTICLE IX

MISCELLANEOUS

Section 1. Covenant to Obey Laws, Rules, and Regulations. Each Member shall be subject to the Declaration and shall abide by the Bylaws and Rules and Regulations as the same are or may from time to time be established by the Board of Directors. Each Member shall observe, comply with, and perform all rules, regulations, ordinances, and laws made by any governmental authority of any municipal, state, and federal government having jurisdiction over the Property or any part thereof.

Section 2. Procedures. The Board shall not impose a fine, suspend voting or infringe upon any other rights of a member or other occupant for violations of rules unless and until the following procedure is followed:

(a) Demand. Written demand to cease and desist from an alleged violation shall be served upon the alleged violator specifying: (i) the alleged violation; (ii) the action required to abate the violation, and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing if the violation is not continuing.

(b) Notice. Within twelve months of such demand, if the violation continues past the period allowed in the demand for abatement without penalty, or if the same rule is subsequently violated, the Board shall serve the violator with written notice of a hearing to be held by the Board in session. The notice shall contain: (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the giving of the notice; (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on his or her behalf; and (iv) the proposed sanction to be imposed.

(c) Hearing. The hearing shall be held in executive session pursuant to this notice affording the member a reasonable opportunity to be heard. Prior to the effectiveness of any sanction hereunder, proof of notice, and the invitation to be heard shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice together with a statement of the date and manner of delivery is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if a violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

Section 3. Fiscal Year. The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

Section 4. Amendment. These Bylaws may be amended, at a regular or special meeting of the Members, by a vote of two-thirds (2/3rds) of the members present, in person or by proxy, so long as notice of the proposed Bylaw change was given to the Members at least ten (10) days in advance of the meeting.

Section 5. Conflicts. In the case of any conflict between the Articles of Incorporation and these Bylaws, the Articles of Incorporation shall control; and in the case of any conflict between the Declaration and these Bylaws or the Articles of Incorporation, the Declaration shall control.

ADOPTED this _____ day of February, 1978.

COURTYARDS OF THREE FOUNTAINS ASSOCIATION

ATTEST:

By _____
President

Secretary