

BY-LAWS
OF
LEELAND PARK HOMEOWNERS
ASSOCIATION

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BY-LAWS OF
LEELAND PARK HOMEOWNERS ASSOCIATION

The name of this corporation shall be LEELAND PARK HOMEOWNERS ASSOCIATION (the "Corporation"). The Corporation is a nonprofit corporation organized pursuant to the Texas Nonprofit Corporation Act.

ARTICLE 1

PURPOSE AND PARTIES

- 1.1 Purpose. The purpose for which the Corporation is formed is to govern the subdivisions, the Units and the townhomes or town homes known as Leeland Park ("Project"), situated in the County of Harris, State of Texas, which property is described as Leeland Park in the map or plat thereof recorded in the Official Public Records of Real Property of Harris County, Texas Clerk's File No. Y917122. The recorded plat, the Declaration of Covenants, Restrictions and Reservation of Easements filed of record in the Official Public Records of Real Property of Harris County, Texas under Clerk's File No. Y969676, and the Leeland Park Townhome Declaration to be filed in the Official Public Records of Real Property of Harris County, Texas (hereinafter sometimes collectively called the "Declaration") and these By-Laws regulate and govern the Project. All definitions and terms contained in the Declaration shall apply hereto and are incorporated herein by reference. All property owned by the Corporation shall be owned and held for the use by and benefit of all Owners.
- 1.2 Personal Application. All present or future Owners, tenants, future tenants of any Lot and the improvements thereon (hereinafter called "Unit") or any other person who might use in any manner the facilities of the Project are subject to the provisions and any regulations set forth in the Declaration and these By-Laws. The mere acquisition, lease or rental of any Unit or the mere act of occupancy of a Unit will signify that these By-Laws are accepted, approved, ratified and will be complied with by the purchaser, tenant or occupant.

ARTICLE 2

MEMBERS

- 2.1 Membership. Except as otherwise provided in the Articles of Incorporation, the Declaration or these By-Laws (collectively the "Project Documents"), ownership of a Unit is required in order to qualify for membership in the Corporation. Any person or entity on becoming an Owner of a Unit shall automatically become a member of the Corporation and be subject to these By-Laws. Membership shall terminate without any formal Corporation action whenever that person ceases to own a Unit, but termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with the Corporation during the period of ownership and membership in the Corporation or impair any rights or remedies which the Owners have, either through the Board of Directors

of the Corporation or directly against such former Owner and member arising out of or in any way connected with ownership and membership and the covenants and obligations incident thereto.

- 2.2 Proof of Membership. The rights of membership shall not be exercised by any person until satisfactory proof has been furnished to the Secretary that the person is qualified as a member. Such proof may consist of a copy of a duly executed and acknowledged deed or title insurance policy evidencing ownership of a Unit in the Project. Such deed or policy shall be deemed conclusive in the absence of a conflicting claim based on a later deed or policy.
- 2.3 Additional Qualifications. The sole qualification for membership shall be ownership of a Unit in the Project. No initiation fees, costs or dues shall be assessed against any person as a condition of membership except such assessments, levies and charges as are specifically authorized under the Articles of Incorporation, the Declaration or these By-Laws.
- 2.4 Certificates of Membership. The Board of Directors may provide for the issuance of certificates evidencing membership which shall be in such form as may be determined by the Board. All certificates evidencing membership shall be consecutively numbered. The name and address of each member and the date of issuance of the certificate shall be entered on the records of the Council and maintained by the Secretary at the principal office of the Corporation.
- 2.5 Member Voting Rights. Except as otherwise provided in these By-Laws, each member shall be entitled to cast votes as provided in the Declaration. Any corporation, trust, partnership or other unincorporated entity which is an Owner of a Unit shall similarly designate an appropriate person to exercise its voting rights. Only those persons who are Owners on the date preceding the date notice of a meeting is given can vote at that meeting, and as provided in Section 6.3, an Owner who is then in default in the payment of a Common Expense Charge or Special Assessment may not vote.
- 2.6 Majority of Owners. As used in these By-Laws the term "majority of Owners" shall mean those Owners holding 51% of the votes in accordance with the Percentage Ownership Interests assigned in the Declaration.
- 2.7 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of at least a majority of Owners shall constitute a quorum.
- 2.8 Proxies. At any meeting of the members, an Owner may vote in person or by a written proxy which has been signed by the Owner and has been filed with the Secretary prior to or at the meeting at which it is used. Any proxy shall be revocable and shall automatically cease (i) at any time prior to its exercise by written notice similarly filed; (ii) on conveyance by the Owner or the Owner's Unit; or (iii) on receipt of notice by the Secretary of the death or judicially declared incompetence of such Owner. No proxy shall be valid for more than eleven (11) months from its execution date.

- 2.9 Action by Members Without Meeting. Any action required or permitted to be taken at any meeting of the members may be taken without a meeting if all the members consent to the action in writing and the written consents are filed with the records of the Corporation. In that event, the written consents shall be treated for all purposes as a vote at a meeting. Directors and officers may be elected by vote taken through the mail if the Board of Directors so elects.
- 2.10 Required Vote. The vote of the majority of the votes entitled to be cast by the members present or represented by proxy at a meeting at which a quorum is present shall be the act of the meeting of the members, unless the vote of a greater number is required by statute or by the Project Documents.

ARTICLE 3

ADMINISTRATION

- 3.1 Corporation Responsibilities. The Corporation shall have the general responsibility of administering the Project. Except as otherwise provided as the powers and duties of the Board or as requiring a greater number of votes of the Owners, decisions and resolutions for the Corporation shall require approval by a majority of Owners at a meeting of the members at which a quorum is present in person or by proxy.
- 3.2 Place of Meeting of Members. The annual and all special meetings of the members shall be held at the Project's office or at such other place as the Board may designate in the notice of that meeting.
- 3.3 Annual Meetings of Members. The annual meeting of the members of the Corporation shall be held on the 1st Wednesday of each year at 5:00 p.m., with the first meeting to occur within the time period identified in the Declaration. Provided, however, the Board may designate such other time and date of the annual meeting in the notice of the meeting as the Board shall deem appropriate. If the day for the annual meeting of the members is a legal holiday, the meeting shall be held at the same hour on the first day following which is not a legal holiday (excluding Saturday and Sunday). The Board of Directors shall be elected, the budget discussed, audit presented and other business stated in the notice of the meeting may be transacted at the meeting. Notice of the first meeting of members shall be given by the Board in accordance with Section 3.5 of these By-Laws.
- 3.4 Special Meetings of Members. Special meetings of the members shall be called by the Board of Directors, President or upon receipt of a petition signed by members having not less than twenty-five percent (25%) of the total number of votes of all members (except as otherwise limited by Section 3.3 of these By-Laws). Notice of a special meeting shall be given in accordance with Section 3.5 of these By-Laws. Only the business stated in the notice of a special meeting may be transacted at that meeting.

- 3.5 Notice of Meetings of Members; Waiver of Notice. The Secretary shall give written notice of each annual meeting and of each special meeting to each Owner of record not less than ten (10) days nor more than fifty (50) days prior to the date of the meeting, which notice shall state the purpose of the meeting and the time and place where it is to be held. Whenever notice of a meeting of the members is required to be given, a written waiver, executed by a member before or after the meeting and filed with the Secretary, shall be deemed equivalent to notice. Attendance at a meeting shall constitute a waiver of notice of that meeting.
- 3.6 Adjournment of Meetings of Members. If any meeting of the members cannot be held because of the absence of a quorum, a majority of the voting interest of the members who are present at such meeting may adjourn the meeting to a later time.
- 3.7 Order of Business. The order of business at all annual meetings of the members shall be as follows:
- (a) Roll call and certifying proxies;
 - (b) Proof of notice of meeting or waiver of notice;
 - (c) Reading of minutes of preceding meeting;
 - (d) Reports of officer;
 - (e) Reports of committees;
 - (f) Election of Directors;
 - (g) Old business; and
 - (h) New business.

ARTICLE 4

BOARD OF DIRECTORS

- 4.1 Number and Qualification. The affairs of the Corporation shall be governed by a Board of Directors composed of three (3) persons, all of whom must be members of the Association. If a Unit is owned by a corporation, trust, partnership or other entity, a person designated by that entity may serve as a Board member, committee member or officer of the Corporation.
- 4.2 Powers and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Corporation and may do all such acts and things as are not by law or by the Project Documents directed to be exercised and done by the Owners. All of the powers and duties of the Board shall be exercised by the initial Board of Directors

named in the Articles of Incorporation (and their successor and assigns) until the first meeting of the members of the Corporation.

4.3 Other Duties. In addition to the foregoing, the powers and duties of the Board include, without limitation, the powers and duties to:

- (a) Operate, clean, care for, maintain, repair and replace the Common Elements, and purchase materials and equipment and employ personnel (including, without limitation, gardeners, parking attendants, doormen and security guards) or contract for the services necessary or desirable for these purposes. These operations shall include, without limitation, the furnishing of such common services as the Board may from time to time determine are necessary or economically desirable.
- (b) Approve and adopt the annual budget and determine Common Expense Charges and Special Assessments.
- (c) Approve and adopt and amend Rules and Regulations and a Custom Design Criteria, not inconsistent with the Declaration, covering the operation and use of the Project.
- (d) Open and maintain bank accounts in the name of the Corporation and to designate the signatories on the accounts.
- (e) Manage, control and otherwise deal with the Common Elements, including the power to grant easements and to temporarily interrupt the normal operation of common services in order to facilitate performance of any maintenance or repair or the making of additions, alterations or improvements authorized by the Board.
- (f) Protect the title to the Common Elements.
- (g) If obtainable at reasonable cost, to insure and keep insured all of the insurable Common Elements of the Project in an amount equal to their maximum replacement value as provided in the Declaration. Maximum replacement value shall be determined prior to the renewal of any insurance policy or the purchase of a new policy or as the Board shall otherwise determine. Further, to obtain and maintain comprehensive public liability insurance as provided in the Declaration. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Corporation for the benefit of the Corporation and the Owners and their Mortgagees. The limits and coverage shall be reviewed at intervals of not less than one year and adjusted, if necessary, to provide such coverage and protection as the Corporation may deem prudent. Workers' compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Corporation. Each Owner may obtain additional insurance at his own expense for his own benefit. Insurance coverage on the furnishings and other items of personal property belonging to an Owner and casualty and public liability

insurance coverage within each Unit are specifically made the responsibility of each Owner.

- (h) Enforce by any legal or equitable remedies available all obligations of each Owner to the Corporation.
- (i) Appoint auditors and engage legal counsel.
- (j) Enter into contracts in connection with the exercise of any of the powers and duties of the Board.
- (k) Contract for water, sewer, garbage collection, electrical, gas and other necessary services for the Common Elements.
- (l) Take all other actions the Board deems necessary and proper for the sound management of the Project and fulfillment of the terms and provisions of the Declaration, including, without limitations, the purchase and/or leasing on behalf of the Project of such personal property and/or fixtures as the Board determines to be reasonably necessary or desirable for use in Common Element areas.
- (m) Take all other action authorized by the Declaration, the other Project Documents or Texas law.

The costs incurred in the exercise of the rights, powers and duties of the Board shall be paid out of the Common Expense Fund. The Board shall not be required to exercise any right, power or duty unless in the Board's opinion there are sufficient funds in the Common Expense Fund for that purpose, or which will be available through Common Expense Charges or Special Assessments made in accordance with the Declaration. Nothing herein shall authorize the Board to furnish to any Owner services primarily for his benefit or convenience or for the benefit of any occupant or occupants of any Unit, other than services customarily provided to other Owners or occupants of Units.

- 4.4 Managing Agent. The Board may engage a Managing Agent pursuant to the Declaration under a written contract signed by a representative of the Board of Directors upon such terms and for such fee as the Board determines to be reasonable and in the best interest of the Corporation.
- 4.5 Election and Term of Office. The First Board of Directors shall consist of 3 Directors appointed by the Declarant. At each annual meeting thereafter, the positions of each Director whose term is expiring at such annual meeting shall be filled by a Director elected for a term of 2 years. Each Director shall be elected either by a separate vote or by a vote of a slate of Directors, as the members shall determine, whereby the nominee receiving the highest number of votes shall be elected. Cumulative voting shall not be permitted and the election of Directors shall take place whether or not a quorum is present at the annual meeting.

- 4.6 Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Corporation shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum, and each person so elected shall be a Director until a successor is elected at expiration of the term of the Director whose vacancy is being filled.
- 4.7 Removal of Directors. At any regular or special meeting of members duly called and at which a quorum is present, any one or more of the Directors may be removed with or without cause by a majority of Owners present in person or by proxy and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.
- 4.8 First Meeting. The first meeting of a newly elected Board shall be held within ten (10) days of election at such place as shall be fixed by the Directors at the meeting at which such Directors were elected and no notice shall be necessary to the newly elected Directors in order to legally constitute such meeting, provided a majority of the whole Board shall be present.
- 4.9 Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meetings of the Board shall be given to each Director, personally, by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.
- 4.10 Special Meetings. Special meetings of the Board may be called by the President on three (3) days notice to each Director, given personally, by mail, telephone or telegraph, which notice shall state the time, place (as herein above provided) and purpose of the meeting. Special meetings of the Board shall be called by the President or Secretary in like manner and on like notice on the written request of at least a majority of Directors.
- 4.11 Waiver of Notice. Before or at any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
- 4.12 Board of Directors' Quorum. At all meetings of the Board, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

- 4.13 Action Without Meeting of Board. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all the Directors consent to the action in writing and the written consents are filed with the records of the proceedings of the Board. In that event, the consents shall be treated for all purposes as a vote at a meeting.
- 4.14 Open Meetings. Subject to the Board's right to conduct an executive session on matters the Board deems appropriate, regular and special meetings of the Board shall be open to all members; provided, however, that members who are not on the Board may not participate in any deliberation or discussion unless expressly so authorized by the vote of the majority of a quorum of the Board.
- 4.15 Executive Session. The Board may, with the approval of a majority of a quorum, adjourn a meeting and reconvene in executive session to discuss and vote on personnel matters, litigation in which the Corporation is or may become involved and other business of a confidential nature. The nature of any and all business to be considered in executive session shall first be announced without discussion in open session.
- 4.16 Compensation of Directors. Except as approved by the Board of Directors, no Director shall receive compensation for acting as a Director, but shall be entitled to reimbursement from the Corporation, chargeable as a Common Expense, for reasonable out-of-pocket disbursements made by the Director in the performance of the Director's duties. However, no Director shall be obligated to make any such disbursements.
- 4.17 Liability of Board to Owners. No Director shall be liable to any Owner for either a mistake of judgment or negligence of any other Director, the Managing Agent or any person to whom rights, powers or duties have been appropriately delegated under the Declaration, or otherwise be liable to any Owner, except for actual fraud, gross negligence or criminal theft. Such rights as provided in this Section shall not be deemed exclusive of any other rights to which such person may be entitled by law or under the Project Documents.
- 4.18 Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Corporation handling or responsible for Corporation funds shall furnish adequate fidelity bonds (or alternatively, the Corporation shall be responsible in furnishing such bonds). The premiums on such bonds shall be paid by the Corporation.

ARTICLE 5

OFFICERS

- 5.1 Designation. The principal officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors. The Directors may appoint an assistant treasurer, an assistant secretary and such other officers, assistant officers and agents as the Board of Directors may deem necessary or advisable. Any offices may be filled by the same person, except that the President and Secretary must be different persons.

- 5.2 Election of Officers. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of each new Board and shall hold office at the pleasure of the Board.
- 5.3 Removal and Resignation of Officers. Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board, the President or the Secretary. Such resignation shall take affect at the date of such notice or at any later time specified therein.
- 5.4 President. The President shall be the chief executive officer of the Corporation. He shall preside at all meetings of the Corporation and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association including, but not limited to, the power to appoint committees from among the Owners from time to time or as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Corporation.
- 5.5 Vice President. The Vice President shall take the place of the President and perform his duties whenever the President shall be absent or unable to act. If neither the President nor the Vice President is able to act, the Board of Directors shall appoint some other member of the Board to do so on an interim basis. The Vice President shall also perform such other duties as shall from time to time be imposed upon him by the Board of Directors.
- 5.6 Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors and the minutes of all meetings of the members; the Secretary shall have charge of such books and papers as the Board of Directors may direct and shall, in general, perform all the duties incident to the office of Secretary.
- 5.7 Treasurer. The Treasurer shall have responsibility for Corporation funds and securities and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Corporation. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Corporation in such depositories as may from time to time be designated by the Board of Directors.
- 5.8 Compensation of Officers. Except as approved by the Board of Directors, no officer shall receive compensation for acting as an officer, but shall be entitled to reimbursement from the Corporation, chargeable as a Common Expense, for reasonable out-of-pocket disbursements made by the Officer in the performance of the Officer's duties. However, no officer shall be obligated to make any such disbursements.
- 5.9 Execution of Documents. Except as otherwise designated by the Board, the persons who shall be authorized to execute any and all contracts, documents, instruments of conveyance or encumbrances, including promissory notes, shall be the President (or any Vice President)

and Secretary (or any assistant Secretary) of the Corporation or at least two (2) of the Directors of the Board.

ARTICLE 6

OBLIGATIONS OF THE OWNERS

- 6.1 Assessments. Common Expense Charges and Special Assessments shall be due annually in advance on the first day of business of each year. The Board shall have the right to assess late charges, in an amount determined by the Board, and interest as allowed by the Declaration. After Common Expense Charges and Special Assessments have been set by the Board in accordance with the Declaration, the Board shall prepare and deliver or mail to each Owner an individual statement of the Owner's Common Expense Charges and Special Assessments; thereafter, statements shall be prepared and delivered or mailed only in the event of a change in the Common Expense Charges or Special Assessments or the levying of a Special Assessment. The omission or failure to repair the Common Elements for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay the same.
- 6.2 Special Assessments. In addition to the regular annual Common Expense Charges, the Board may levy in any one (1) year one (1) or more Special Assessments applicable to that year (or portion thereof), all as provided in the Declaration. Declarant shall not be charged or assessed any sum of money during the period when it owns any Lot.
- 6.3 Voting. A member shall be deemed in good standing and entitled to vote at any annual or special meeting of the members, within the meaning of these By-Laws, if, and only if, the member shall have fully paid all Common Expense Charges and Special Assessments made or levied against such member and the Unit owned by such member.
- 6.4 Owner's Personal Obligation for Payment of Assessments. The amount of total Common Expense Charges and Special Assessments against each Unit shall be the personal and individual debt of the Owner thereof. The Board of Directors shall have the responsibility to take prompt action to collect any unpaid Common Expense Charges and Special Assessments in accordance with the terms of the Declaration. So long as the Declarant owns one (1) or more of the Units, Declarant shall be subject to the provisions of the Declaration and these By-Laws.
- 6.5 Vendor's Lien. The obligations of each Owner to pay Common Expense Charges or Special Assessments shall be secured by a vendor's lien as described in the Declaration or said deed.
- 6.6 Notice of Lien or Suit. An Owner shall give notice to the Corporation of every lien or encumbrance upon the Owner's Unit, other than for taxes and Common Expense Charges or Special Assessments, and notice of every suit or other proceeding which may affect the title to the Owner's Unit, and that notice shall be given within five (5) days after the Owner has knowledge thereof.

6.7 Owner's Maintenance and Repair.

- (a) Maintenance and repair shall be according to the Declaration. An Owner shall maintain and keep in repair the interior and exterior of the Owner's own Lot and Unit, including the fixtures thereof. An Owner shall do no act or omit to do any act that will impair the structural soundness or integrity of the building.
- (b) An Owner shall be obligated to reimburse the Corporation promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any Common Elements damaged by the Owner's negligence or by the negligence of the Owner's tenants, agents or guests.

6.8 Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all mechanic's lien claims filed against other Units and the appurtenant Common Elements for labor, materials, services or other products incorporated in the Owner's Unit.

6.9 General.

- (a) Each Owner shall comply strictly with the provisions of the Declaration and these By-Laws and amendments thereto.
- (b) Each Owner shall always endeavor in good faith to observe and promote the cooperative purposes for the accomplishment of which this Project is governed by common restrictions, covenants, rules and regulations for the protection and benefit of all.

6.10 Use of Common Elements. Each Owner may use the Common Elements in accordance with the purpose for which they were intended, as provided in the Declaration, without hindering or encroaching upon the lawful rights of the other Owners.

6.11 Right of Entry.

- (a) An Owner shall grant the right of entry to the Managing Agent or to any other person authorized by the Corporation in case of an emergency originating in or threatening the Owner's Unit, whether the Owner is present at the time or not.
- (b) An Owner shall permit other Owners, or their representatives, to enter the Owner's Unit for the purpose of performing installations, alterations or repairs to the mechanical, electrical or utility services, including those to or within any common walls or roofs which, if not performed, would affect the use of another Unit or Units; provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

- 6.12 Rules and Regulations. Each Owner shall comply with all rules and regulations applicable to the Corporation and the Project.

ARTICLE 7

CONTRACTS AND INDEMNIFICATION

- 7.1 Contracts with Interested Parties. Any officer, Director or Managing Agent who is a Director, officer or employee of, or in any other manner affiliated with, any individual, group, association, partnership, corporation, joint venture or other organization (collectively "Affiliated Entities") which transacts any business with the Corporation, Board or Managing Agent (in those capacities) shall not be disqualified by reason of that affiliation from participating with respect to the authorization, execution, delivery or performance of any contract between the Corporation and the Affiliated Entity, provided that such person's affiliation is disclosed in writing to the Board before the Board's authorization of any such contract and provided further that the Board determines that the contract is on terms which are competitive with services available from similarly qualified persons or firms.
- 7.2 No Personal Liability. The Board of Directors, officers or the Managing Agent shall enter contracts or other commitments as agents for the Corporation without personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners): provided, however, that such exclusion of personal liability shall apply to the Managing Agent only so long as it is acting within the scope of authority, and the liability of any Owner on such contract or commitment shall be limited to such proportionate share of the total liability thereof that the Percentage Ownership Interest of each Owner bears to the aggregate Percentage Ownership Interests of all of the Owners as set forth in the Declaration.
- 7.3 Indemnification. No Director of the Corporation shall be liable to any person, business entity or other enterprise for any action (other than actual fraud, gross negligence or criminal theft) taken pursuant to the Declaration of the Corporation, and the acceptance by any part of a deed to any Unit in the Project shall constitute such party's covenant and agreement that such liabilities shall not exist. The Corporation shall further indemnify any Director, officer, agent or employee, or former Director, officer, agent or employee of the Corporation, or any person who may have served at its request, as a Director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against expenses actually and necessarily incurred by such person and any amount paid in satisfaction of judgments in connection with any action, suit or proceeding, whether civil or criminal in nature, in which such person is made a party by reason of being or having been such a Director, officer or employee (whether or not a Director, officer, agent or employee at the time such costs, or expenses are incurred by or imposed upon such person), except in relation to matters as to which such person shall be adjudged in such action, suit or proceeding, to be liable for gross negligence or willful misconduct in performance of such person's duty. The Corporation may also reimburse to any Director,

officer or employee, the reasonable cost of settlement of any such action, suit or proceeding, if it shall be found by a majority of the committee of the Directors not involved in the matter in controversy, whether or not a quorum, that it was to the interest of the Corporation that such settlement be made and that such Director, officer or employee was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director, officer' agent, or employee may be entitled by law or under any Bylaw, agreement, vote of members, or otherwise. Any sums paid or agreed to be paid by the Corporation with respect to any such indemnification shall be a Common Expense.

ARTICLE 8

BOOKS AND RECORDS

- 8.1 Maintenance. Complete and correct records of account and minutes of proceedings of meetings of members, Directors, and committees shall be kept at the Project office. A record containing the names and addresses of all members entitled to vote shall be kept at the registered office or principal place of business of the Corporation.
- 8.2 Inspection. The Project Documents shall be available for inspection and copying as provided in the Declaration.

ARTICLE 9

GENERAL PROVISIONS

- 9.1 Amendment. These By-Laws shall be amended as provided by Section 9.2 of the Declaration.
- 9.2 Proof of Ownership. Except for those Owners who purchase a Unit from Declarant, any person, on becoming an Owner of a Unit, shall furnish to the Managing Agent or Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or Ownership in the Unit, which copy shall remain in the files of the Corporation. A member shall not be deemed to be in good standing nor shall the member be entitled to vote at any annual or special meeting of members unless this requirement is first met. Provided, however, the Corporation shall have no obligation to confirm that this requirement has been met nor shall any vote be invalid if such requirement has not been met.
- 9.3 Registration of Mailing Address. The Owner or several Owners of an individual Unit shall have one and the same registered mailing address to be used by the Corporation for mailing of monthly statements, notices, demands and all other communications and such registered address shall be the only mailing address of a person or persons to be used by the Corporation. The registered address of an Owner shall be deemed to be the mailing address of the Unit owned by that Owner unless a different registered address is furnished by that

Owner to the Managing Agent or Board of Directors within fifteen (15) days after transfer of title, or after a change of address; such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized by law to represent the interest of the Owner of that Unit.

- 9.4 Mortgages. An Owner who mortgages his Unit shall notify the Corporation, giving the name and address of the Mortgagee. The Corporation shall maintain such information in a book entitled "Mortgagees of Units." The Corporation shall at the request of a Mortgagee of a Unit report any unpaid Common Expense Charges or Special Assessments due from the Owner of that Unit.
- 9.5 Compliance. These By-Laws are set forth to comply with the requirements of the Texas Nonprofit Corporation Act.
- 9.6 Nonprofit Corporation. The Corporation is not organized for profit. Except as provided in the Declaration, no member, member of the Board or person from whom the Corporation may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event, shall any part of the funds or assets of the Corporation be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board except as provided herein; provided, however, that any member of the Board may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Corporation.
- 9.7 Abatement and Enjoinment of Violations by Owners. The violation of any rule or regulation promulgated by the Board, or the breach of any Bylaw or any provision of the Declaration, shall give the Corporation the right, in addition to any other rights set forth therein: (i) to enter the Unit in which, or as to which such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any person, structures, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Corporation or administrator shall not be deemed guilty in any manner of trespass, and to expel, remove and put out same, using such force as may be necessary without being liable to prosecution or in damages; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.
- 9.8 Invalid Provision. If any part of these By-Laws shall be held invalid or inoperative for any reason, the remaining parts, so far as possible and reasonable, shall be valid and operative, and effect shall be given to the intent manifested in the portion held invalid or inoperative.
- 9.9 Table of Contents; Headings. The table of contents and headings used in these By-Laws have been inserted for administrative convenience only and do not constitute matter to be construed in interpretation of these By-Laws.