

EXHIBIT A
TO DECLARATION AND MASTER DEED
CONDOMINIUM BY-LAWS
OF
MONTROSE PLACE TOWNHOMES

ARTICLE I

MONTROSE PLACE TOWNHOMES OWNERS' ASSOCIATION

Article 1 § 1.

MONTROSE PLACE TOWNHOMES shall be administered by a non-profit corporation incorporated under the laws of the State of Texas under the name of "MONTROSE PLACE TOWNHOMES OWNERS' ASSOCIATION" (herein referred to as the "Association"). The Association shall be responsible for the management, maintenance, operation, and administration of the Condominium Project, the Common Elements and easements appurtenant thereto in accordance with the Declaration and Master Deed, these by-laws, the Articles of Incorporation, by-laws and duly adopted rules and regulations of the Association and the laws of the State of Texas.

Article 1 § 2.

The Association may provide for the independent management of the Condominium Project. Such independent management may jointly manage the Condominium Project and other property. In such event, the Association shall not be required to bear in excess of its pro rata share (based on the ratio that the number of Units in the Condominium Project bears to the number of total Units of whatever type so jointly managed) of such independent management expense. Any agreement for independent professional management of the Condominium Project, or any other contract providing for services by the Developer, sponsor or builder, shall provide that any such contract may be terminated by either party with cause on thirty (30) days' written notice, or without cause on ninety (90) days; written notice, and the term of any such contract shall not exceed one (1) year, but may be renewable by agreement of the parties for successive one year periods.

Article 1 § 3.

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

- (a) Each Owner shall be a member of the Association and no other person or entity shall be entitled to membership. No owner shall be required to pay any consideration whatsoever solely for his membership in the Association.

- (b) The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his unit in the Condominium Project.
- (c) Each Owner shall be entitled to a vote, the value of which shall equal the total of the percentages of value assigned to the Units owned by such Owner as set forth in this Declaration and Master Deed.
- (d) No Owner, other than Developer, shall be entitled to vote at any meeting of the Association until such Owner has presented evidence of Ownership of a unit in the Condominium Project to the Association. The vote of each Owner may only be cast by such Owner or proxy given by such Owner to his duly authorized representative. If title to a Unit shall be in the name of two or more Owners, any one of such Owners may vote as the Owner of the Unit at any meeting of the Association and such vote shall be binding on such other Owners who are not present at such meeting until written notice to the contrary has been received by the Association in which case the unanimous action of all such Owners (in person or by proxy) shall be required to cast their vote as Owners. If two or more of such Owners are present at any meeting of the Association then unanimous actions shall also be required to cast their vote as Owners.
- (e) There shall be an annual meeting of the members of the Association, and other meetings may be provided for in the by-laws of the Association. Notice of time, place and subject matter of all meetings, as provided in the by-laws of the Association, shall be given to each Owner by mailing the same to such Owner or to the individual representative designated by such Owner at the address given by such Owner to the Association. If any Owner shall fail to give an address to the Association for the mailing of notices, all notices shall be sent to the Unit of such Owner, and such Owner shall be deemed to have been given notice of any such meeting irrespective of the actual receipt of the same.
- (f) Except as otherwise provided by statute, or these by-laws, the presence in person or by proxy of fifty-one percent (51%) of the percentage of values if the Owners qualified to vote shall constitute a quorum for holding any meeting of the members of the Association. If, however, such quorum shall not be present or represented at any of the meeting of the Owners, the Owners present in person or represented by proxy, shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present in lieu of the adjourned meeting(s), any business may be transferred at such meetings as originally notified.

- (g) At any meeting of the members of the Association, votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association at or before the appointed time of each meeting of the members of the Association.
- (h) When a quorum is present at any meeting of the Association, the vote of fifty-one percent (51%) or more of the percentages of values of those Owners qualified to vote and present in person or proxy at such meeting shall decide any question brought before such meeting, unless the question is one upon which by express provision of any statute, the Declaration and Master Deed, the Articles of Incorporation of the Association, or these by-laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. The Owners present in person or by proxy at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough owners to leave less than a quorum.
- (i) At all meetings of the Owners cumulative voting shall not be permitted.

Article 1 § 4.

The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts of the administration of the Condominium Project which shall specify the maintenance and the repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Owners. Such books shall be open for inspection by the Owners and their mortgagees during reasonable working hours on weekdays and shall be audited annually by qualified auditors within ninety (90) days after the end of any fiscal year of the Project, or as soon thereafter as practicable. The cost of such audit shall be an expense of the administration of the Condominium Project and the Association shall, upon request, agree to provide the holders of first mortgages with copies of such reports.

Article 1 § 5.

All costs incurred by the Association, including but not limited to any cost incurred in satisfaction of any liability arising within, caused by or in connection with the Association's operation, maintenance or use of the Condominium Project, shall be Association expenses. All sums received by the Association, including but not limited to all sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association, shall be Association receipts.

Article 1 § 6.

Each member of the Board of directors of the Association must be a member of the Association with the exception of the first Board of Directors (and any replacement directors selected by Developer prior to the first meeting of the Association) designated in the Article of Incorporation of the Association.

Article 1 § 7.

The first meeting of the members of the Association shall be held within ninety (90) after conveyance by Developer of more than eighty percent (80%) in number of the Units in the Condominium Project, Until the first meeting of members, the affairs of the Association shall be managed by the first Board of Directors named in the Articles of Incorporation the Association, or their replacements.

ARTICLE II

ASSESSMENTS

Article 2 § 1.

The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium Project owned or possessed in common by the Owners, and personal property taxes based thereon shall be treated as expenses of administration of the Condominium Project.

Article 2 § 2.

The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year, which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. Such funds shall include, without limitation, an adequate reserve fund for the maintenance, repair and replacement of those common elements that must be replaced on a periodic basis and shall be payable on regular installments rather than by special assessment. In addition, at the time of the initial sale of each Unit, either the Developer or the purchaser of such Unit shall deposit a sum equal to at least two (2) months' estimated maintenance assessment for each such Unit into a working capital fund for the initial operation of the Condominium Project. The assessment for such year shall be established by the adoption of such annual budget by the Board of Directors of the Association. Copies of such budget shall be delivered to each Owner, although the delivery of a copy of the budget to each Owner shall not affect the liability of any Owner for any existing future assessments. Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, that the assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium Project in any fiscal year, then the Boars of Directors shall have the authority at any time and from time to time to levy such additional assessment or assessments as it shall deem to be necessary for that purpose.

- (a) Special assessments, assessments other than those described in Subsection A above, may be made by the Board of Directors of the Association at any time, and from time to time, to meet other needs or requirements of the Association and the Condominium Project including, but not limited to, assessments for the costs described in Section 5 of Article I hereof and capital improvements. However, any such special assessment shall not be

levied without the prior approval of at least fifty-one percent (51%) of the percentage of values of all of the Owners.

- (b) Assessments levied by the Association against each Owner pursuant to Subsection A and/ or Subsection B above which are expended on capital expenditures, or which are set aside in a reserve for future repairs of improvements within the Condominium Project (whether or not such repairs or improvements would otherwise be considered capital in nature pursuant to Section 263 of the Internal Revenue Code of 1954, as amended), shall be treated as capital contributions by such Owner to the Association and shall be shown on the books of the Association as such.
- (c) The provisions of this Subsection C may be amended by a majority if the Board of Directors of the Association if, in the sole discretion of said Board of Directors, such action is necessary to conform to any change in the Internal Revenue Code of 1954, as amended, or the Treasury Regulation or Ruling promulgated hereunder. Notwithstanding anything contained in this Declaration and Master Deed to the contrary, any amendment to this Subsection C duly authorized by the Board of Directors of the Association shall not require the consent of any Owner of mortgagee.

Article 2 § 3.

All assessments levied against the Owner to cover expenses of the Association and the Condominium Project shall be apportioned among and paid by the Owners in accordance with the percentage of value assigned to each Unit according to this Declaration and Master Deed without increase or decrease for the existence of any rights with respect to the use of limited common elements (including without limitations parking spaces, patios and/ or balconies) appurtenant to such Unit. Assessments shall be due and payable at such time as the Association shall determine, commencing the date of delivery of a deed to a Unit from Developer to subsequent Owner. Prior to such conveyance, Developer shall bear all assessments levied against Units owned by Developer in accordance with the aggregate percentage of value assigned thereto. The payment of an assessment shall be in default if such assessment or any part thereof is not paid to the Association in full on or before five (5) days after the date of any such assessment. Assessments in default may incur a late charge in amounts determined from time to time by the Board of Directors from the due date until paid. Each Owner shall be, and remain, personally liable for the payment of all assessments which may be levied against such Owner by the Association in accordance with these by-laws, and any unpaid assessments with accrued late charges thereon owed with respect to a unit, may at the option of the Association, be collected out of the sale proceeds of such Unit, in accordance with Section 10 of the Act. In addition, to the extent permitted by law, Developer hereby reserves and assigns to the Association, without recourse, Vendor's lien against each Unit to secure payment of any regular or special assessment which may be levied pursuant to the terms hereof, which liens may be enforced by appropriate judicial proceedings and the expenses incurred in connection therewith, including interest, cost and reasonable attorney's fees, shall be charged to the Owner in default. Such lien shall be subordinated and inferior only to the following:

- (i.) Assessments, liens and charges in favor of the state and any political subdivision thereof for taxes past due and unpaid on such Unit and
- (ii.) Amounts due under and any first mortgage instruments duly recorded. Notice of any unpaid assessment, regular or special, may be recorded by the Association in the Condominium records of Harris County, Texas. Any first mortgage, upon foreclosure of its lien on a Unit, or upon acceptance of a deed in lieu of foreclosure thereon, shall not be required to pay any unpaid assessments owing on said Unit which may have accrued prior to the time such mortgagee acquired title.

Article 2 § 4.

No Owner may exempt himself from liability for his contribution toward the expenses of the Association and the Condominium Project by waiver of the use or enjoyment of any of the Common Elements or by the abandonment sale or other disposition of his Unit.

Article 2 § 5.

The Association may, in addition to its rights under Section 3 hereof and Section 18 of the Act, enforce collection of delinquent assessments by suit at law for a money judgment, and the expenses incurred in collecting unpaid assessments including interest, costs and attorneys' fees shall be chargeable to the Owner in default. The Association may also discontinue the furnishing of any utilities for other services to an Owner in default of his obligations to the Association or other Owner's as set forth herein upon seven (7) days written notice to such Owner of its intent to do so. An Owner in default of his obligations to the Association or other Owner as set forth herein shall not be entitled to vote at any meeting of the Association so long as such default is in existence.

ARTICE III

OWNER ACTION

Without limiting the other legal rights of any Owner of the Association, legal action may be brought by the Association in its sole discretion on behalf of two ore more Owners as their respective interest may appear with respect to any cause of action relation to the Common Elements of more that one (1) Unit.

ARTICLE IV

INSURANCE

Article 4 § 1.

The Association shall carry a master policy of fire and extended coverage, vandalism and malicious mischief liability insurance, and if required by law, Workmen's Compensation insurance (hereinafter referred to as the "Master Policy"), with respect to the Condominium Project and the Association's administration thereof in accordance with the following provisions:

- (a) the Master Policy shall be purchased by the Association for the benefit of the Association, the Owners and their mortgagees as their interest may appear (subject to the provision of these by-laws, the Declaration and Master Deed and the Act), and provision shall be made for the insurance of appropriate mortgagee endorsements to the mortgagees of the Owners. The Owners shall obtain insurance coverage upon their personal property at their own expense. The Association and the Owners shall use their best efforts to see that all property and liability insurance carried by an Owner of the Association shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against the Owners or the Association and the respective tenants, servants, agents, and guests of the Owners or the Association, as the case may be.
- (b) All buildings, improvements, personal property and other Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, (with appropriate endorsements to cover fixtures, installation or additions comprising a part of each building within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of individual Units initially installed, ore replacements thereof, in accordance with the original plans and specifications for the Condominium Project, specifically referring to and including the interior walls of each Unit), in and amount equal to the maximum insurable replacement value thereof, excluding the cost of excavations, foundations and footings, as determined annually by the Board of Directors of the Association, provided, however such amount shall be not less than eighty percent (80%) of the maximum insurable value (based upon replacement cost). The Association may, in its sole discretion; elect to carry insurance to cover such other perils as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use. The Association shall use its best efforts to see that the liability insurance carried by the Association shall cover the Common elements and Shall contain, if available, cross-liability endorsements or appropriate provisions for the benefit of the Owners, individually and as a group, the members of the Board of Directors, and the management company, if any, insuring each insured against liability to each other insured. The Association shall also carry fidelity coverage against dishonest acts on the part of the members of the Board of Directors, Owners, the management company, if any, and any other persons (including volunteers, with an appropriate endorsements, if required) handling funds belonging to or administered by the Association. Such fidelity coverage shall be in the amounts as determined from time to time by the Board of Directors.

- (c) All premiums upon insurance purchased by the Association pursuant to these by-laws shall be included in the Association's budget in accordance with Subsection 2A, Article II hereof, except that the amount of increase over such premiums occasioned by the use, misuse, occupancy or abandonment of a Unit or the Common Elements by an Owner shall be assessed only against such Owner.

- (d) Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account, and distributed to the Association, the Owners and their mortgages (subject to the provisions of these by-laws, the Declaration and Master Deed and the Act) as their interest may appear; provided, however, whenever repair or reconstruction of the Condominium Project shall be required as provided in Article V of these by-laws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction under the Declaration and Master Deed and these by-laws shall be applied to such repair or reconstruction.

ARTICLE V

RECONSTRUCTION OR REPAIR; COMDENATION

Article 5 § 1.

If less than two-thirds (2/3) of the buildings in the condominium Project (as determined by the vote or written consent of the majority of the percentage of value assigned to the Owners in the reasonable exercise of their discretion) shall be damaged by fire or any other casualty, the buildings in the Condominium Project shall be rebuilt or repaired. If more than two-thirds (2/3) of the building in the Condominium Project (as determined by the vote or written consent of a majority of the percentage of value assigned to such Owners in the exercise of such discretion) shall be damaged by fire or other casualty, then reconstruction shall not be compulsory without the unanimous consent of each Owner. In the event that such Owners decide not to reconstruction the Condominium Project, the land (more particularly described on Exhibit B of this Declaration and Master Deed) shall be sold and such sale proceeds along with any insurance proceeds shall be distributed to each Owner and his mortgages, as their interests may appear, in accordance with each Owner's percentage of value in the condominium Project.

Article 5 § 2.

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

Article 5 § 3.

Each Owner shall be responsible for the reconstruction, repair, or replacement of the interior of his unit, including, but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls, furniture, furnishings, decorative light fixtures, and all appliances located therein irrespective of whether or not such appliances are “built-in” to the Unit and other items of personal property belonging to such Owner. Each Owner shall not be responsible for the reconstruction, repair, or replacement of interior walls, fixtures, installations or additions compromising a part of the building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of such Owners’ Unit as initially installed, or replacements thereof, in accordance with the original plans and specifications of the Condominium Project, to the extent the same are covered by insurance maintained by the Association. Each Owner shall also be responsible for the costs not otherwise covered by insurance carried by the Association of any reconstruction, repair or replacement of any portion of the Condominium Project necessitated by his negligence or misuse, or the negligence or misuse by his family, tenants, guests, agents, servants, employees or contractors. In the event damage to all or any part of the interior of an Owner’s Unit is covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of such damage upon receipt of the insurance proceeds or any portion thereof from the Association, subject to the rights of the Association to supervise, approve, or disapprove such re-construction or repair during the course thereof. In the event damage to all or part of the interior of an Owner’s Unit is not covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of his Unit within sixty (60) days after the date such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

Article 5 § 4.

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

- (a) the Cost of restoring that part of the damage caused by the Casualty to the general and limited Common Elements (hereinafter referred to as the “Common Element Cost”); and
- (b) The cost of restoring that part of the damage caused by the insurance held by the Association without regard to the policy limits of such insurance (hereinafter referred to as the “Unit Costs”).

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

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

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

Article 5 § 5.

In the event of any taking of any Unit in the Condominium Project by eminent domain, or private purchase in lieu thereof, the Owner of such Unit and his mortgagee shall be entitled to receive the award for such taking and, after acceptance thereof, if such Owner shall vacate his Unit by virtue of such taking, he and his mortgagee shall be divested of all interest in the Condominium Project. If any repair or rebuilding of the remaining portion of the Condominium Project is required as a result of such taking, a majority of the percentages of value assigned to the remaining Owners (subject to the provisions below regarding the appointment of the Association as the attorney-in-fact) shall determine by vote or written consent whether to rebuild or repair the Condominium Project or to take such other action as such remaining Owners Deem appropriate. If no repair or rebuilding shall be required, or shall be undertaken, the remaining portion of the Condominium Project shall be resurveyed and the Declaration and Master Deed and Exhibit B shall be amended to reflect such taking and to proportionately readjust the percentages of value assigned to the remaining Owners based upon continuing value of the Condominium Project of one hundred percent (100%).

Article 5 § 6.

- (a) This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Condominium Project, in whole or in part, upon its destruction, repair or obsolescence, or if it is subject to condemnation proceedings contemplated herein.
- (b) Title to any condominium Unit is declared and expressly made subject to the terms and conditions hereof, and conveyance from the Developer or from an Owner or grantor shall constitute appointment if the attorney –in-fact herein provided, All of the owners irrevocably constitute and appoint the Association as their true and lawful attorney in their name, place and stead for the purpose of dealing with said property upon its destruction or obsolescence or taking by eminent domain as is hereinafter provided. As attorney-in-fact, the Association, by its President and Secretary or Assistant Secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interests of a condominium Owner which are necessary and appropriate to the exercise of the powers herein granted.

Any repair, reconstruction or replacement made of the improvement(s) shall be substantially the same condition existing prior to the damage, with each Unit and the general and limited common elements having general and limited common elements having substantially the same condition existing prior to the damage, with each Unit and the general and limited common elements having substantially the same condition existing prior to the damage, with each Unit and limited common elements having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance or condemnation proceeds collected shall be available to the association for the purpose of repair, restoration or replacement unless the owners agree not to rebuild in accordance with the provisions set forth herein. The Association shall have full authority, right and power, as attorney-in-fact, to cause any repair and restoration of the improvement(s) permitted or required hereunder.

- i. In addition, and without limitation on the generality of foregoing, the Association as said attorney shall have the full power and authority to purchase and maintain insurance, to collect and remit the premiums therefore, to collect proceeds of insurance and/ or condemnation awards and to distribute the same to the Association, the owners and their respective mortgagees (subject to the provisions hereof) as their interests may appear, to execute releases of liability and to execute all documents and to do all as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters. The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit for the liability of any Owner for occurrences therein not caused by or connection with the Association's operation, maintenance or se of the Condominium Project.

- (c) Notwithstanding anything contained herein to the contrary, no provision contained herein or in the Declaration shall give an Owner, or any other party, priority over any first mortgagee with respect to distribution of proceeds of insurance or condemnation.

Article 5 § 7.

In the event of substantial damage to or destruction of any Unit or any part of the Common Elements or in the event of any taking by commendation or any Unit or the Common Elements, or any part of either, any first mortgagee directly affected thereby shall be given timely written notice of event.

Article VI

Restrictions

Article 6 § 1.

No Unit in the Condominium Project shall be used for other than single-family residence purposes and the Common Elements shall be use only for purposes consistent with the use of single-family residence. In this regard and in order to control the number of people living in the project no more that two (2) persons may occupy any one-bedroom unit and no more than three (3) persons may occupy any two-bedroom apartment.

Article 6 § 2.

No Owner shall make structural alterations or modifications to his Unit or to any of the Common Elements, including the erection of antennae, aerials, awnings, the placement of any reflective or other material in the windows of the Unit (other than uniform draperies approved by the Board of Directors) or other exterior attachments without the prior written approval of the Association. The Association shall not approve any alteration, decoration ore modification which would jeopardize or impair the soundness, safety or appearance of the Condominium Project. No Owner shall make any alteration or modification, including plumbing, electricity and/ or heating, ventilating or air conditioning within such Owners' Unit, or on or in the Common Elements, without the prior written consent of the Association.

Article 6 § 3.

With the express and limited exception of any first mortgagee in possession of a Unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lien thereof, no Owner may lease, ret or let his Unit to any other person or persons with the prior written consent of the Association; any such leasing, renting or letting shall be for single family residence purposes and shall be for a term of no less than six (6) consecutive months in duration; no rooms in a Unit may be rented and no transit tenants accommodated; and any lease shall be in writing ad shall contain covenants obligation the tenant to comply with this Declaration and Master Deed.

Article 6 § 4.

No immoral. Improper, unlawful or offensive activity shall not be carried on in any Unit or upon the common Elements, nor shall anything be done which may be or become an annoyance or a nuisance to the Owners. No Owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium Project. No Owner shall store any dangerous explosive or inflammable liquids or other materials either in his Unit or upon the Common Elements.

Article 6 § 5.

No signs or other advertising devices which are visible from the exterior of any Unit or upon the Common Elements shall be displayed, including "For Sale" signs without written permission from the Association.

Article 6 § 6.

No animals shall be kept except household pets. Such pets may not be kept or bred for any commercial purpose 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 animals shall be kept. No Pet shall weigh more than twenty-five (25) pounds nor shall more than one (1) household pet may be kept without written permission of the Board of Directors of the Association. No pets may be permitted to run loose upon the Common Elements, and any Owner who causes any animal to be brought or kept upon the premises of the Condominium Project shall indemnify and hold harmless the Association for any loss, damage, cost, or liability which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Notwithstanding the generality of the foregoing, if after (i) repeated violations of this provision, (ii) ten (10) days' prior written notice to the Owner of such pet(s), and (iii) an opportunity for such owner to have a hearing before the Board of Directors of the Association, such pet(s) is found by the Board to be in violation of this provision, then the owner of such pet(s) shall have (10) days in which to dispose of such pet(s) to any other person not an occupant of a Unit in the Condominium Project, failing which such pet(s) may be taken from such owner and given to the Society for the Prevention of Cruelty to Animals, of Harris County, Texas.

Article 6 § 7.

The Common Elements shall not be used for storage of supplies, personal property, trash or refuse of any kind (except common trash receptacle, storage buildings or other similar structures which may from time to time be placed upon the Common Elements at the discretion of the Board of Directors of the Association), nor shall the Common Elements be used in any way for the drying, shaking or airing of clothing or other items. 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 such areas for other than their intended purposes. IN general, not activities shall be conducted nor condition maintained by any Owner either in his Unit or upon the Common Elements which despoils the appearance of the Condominium Project.

Article 6 § 8.

Each Owner shall maintain his Unit and any common elements appurtenant thereto in clean, safe and sanitary condition. Each Owner shall also use due care to avoid damaging any of the Common Elements, including, but not limited to, telephone, water, gas, plumbing, power or other utility systems throughout the Condominium Project and each Owner shall be responsible for his negligence or misuse resulting in damage to the Common Elements.

Article 6 § 9.

Non-discriminatory regulations concerning the use of the Condominium Project shall be promulgated by the first Board of Directors of the Association prior to the first annual meeting of the Association and such regulations, and subsequent regulation duly adopted from time to time by the Board of Directors, shall be binding on all members of the Association unless duly amended by at least sixty percent (60%) of the percentages of value assigned to the Owners (and in the event any such amendment should have the effect of discrimination against any Owner or class of Owners or any Unit or class of Units, then any such amendment shall be approved in writing by all Owners affected thereby prior to its effectiveness).

Article 6 § 10.

The Association or its agents 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 Association 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 Units. If requested by the Association, each Owner shall furnish to the Board of Directors of the Association a duplicate key to the entrance door to his Unit and shall furnish a new duplicate key upon any change of locks thereto.

Article 6 § 11.

Notwithstanding anything contained herein to contrary, Developer may from time to time lease upon terms and condition as Developer may see fit, Developer-owned Units for single-family residence purposes without the consent of the Association.

Article 6 § 12.

Vehicles not in operation conditions shall not be parked upon the premises of the Condominium Project (except in an assigned parking space). The Board of Directors may, if it deems it appropriate, prohibit recreational vehicles or boats and trailers from being parked on the premises. No parking space shall be converted for living, recreational or business purposes, nor shall anything be stored in any parking space so as to prevent the parking of a vehicle therein.

Article 6 § 13.

Except for the provisions of Section 4,6, and 8, hereof, none of the restriction contained in this Article VI shall apply to the sales office, sales models, and other commercial activities or signs or billboards, if any, of the Developer, in connection with the initial sales of the Condominium Units, or of the Association in furtherance of its power and purposes set for herein and in its Articles of Incorporation and by-laws as the same may be amended from time to time, including without limitation the power of the Association to own a Unit for the use and enjoyment of the resident manager of the Condominium Project.

Article VII

Mortgages

Article 7 § 1.

Any Owner who mortgages his interest in a Unit shall, within ten (1) days after the execution of such mortgage, give written notice to the Association in writing of the name and address of his mortgagee and the amount secured by said mortgage, and the Association shall maintain such information in a book entitled "Mortgagees of Unites". Said written notice shall be separately maintained by the Association or by a person designated by the Association. Such Owner shall, in the same manner, notify the Association as to the release or discharge of any such mortgage.

Article 7 § 2.

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

Article 7 § 3.

The Association shall notify each first mortgagee appearing in the book described in Section 1 of this Article VII of the name of each company insuring the Condominium Project under the Master Policy and the amounts of the coverage thereunder.

Article 7 § 4.

The Association shall notify each first mortgagee appearing in the book described in Section 1 of this Article VII of any default by Owner in the performance of such Owner's obligations hereunder which is not cured within thirty (30) days from the date of such default.

Article 7 § 5.

If necessary in order to satisfy the FHLMC Conventional Whole Loan requirements, the Association shall give FHKMC notice (c/o any affected Mortgagor at the Mortgagor's address) in writing of any loss to, or taking of, the Common Elements of the Condominium Project if such loss or taking exceeds \$10,000.00 or damage to a Condominium Unit covered by a mortgage purchase in whole or in part by FHLMC exceeds \$1,000.00.

Article 7 § 6.

The Association shall notify in writing each first mortgagee appearing in the book described in Section 1 of this Article VII of all meetings of the Association.

Article VIII

Taxation

Article 8 § 1.

Each Unit shall be assessed and taxed for all purposes as a separate parcel of real estate, entirely independent of the building of which such Unit is a part, and independent of the Condominium Project or Common Elements thereof (except as set forth above), and each Owner shall be solely responsible for the payment of all taxes, municipal claims, charges and assessments of any nature whatsoever assessed against such Unit. The valuation of General and Limited Common Elements shall be assessed separately to each Owner in accordance with the undivided percentages of value of each Owner as set forth in the Declaration. Such payment shall be made prior to the due date of such taxes, municipal claims, charges and assessments.

Article IX

Amendment

Article 9 § 1.

These by-laws (as opposed to the Declaration and Master Deed of which they are a part) may be amended by the members of the Association from time to time by approval of a majority of the percentage of values assigned to the Owners unless otherwise provided herein, or in the Act. Any such amendment may be evidenced by an instrument in writing signed and acknowledged by the President and the Secretary of the Association certifying that such amendment has been approved by the vote or written consent of a majority of the percentages of values assigned to the Owners in the Condominium Project, and such amendment shall be effective upon its recordation in the Condominium Records of Harris County, Texas. The procedure for proposing amendments hereto shall be the same as provided for proposing amendment to the by-laws of the Association. Notwithstanding anything contained herein to the contrary, if any proposed amendment to these by-laws would have the effect of altering or modifying any of the protections afforded first mortgagees pursuant to the regulations promulgated by the Federal Home Loan Mortgage Corporation and/ or the Federal National Mortgage Association, the and in such event any such proposed amendment must first be approved by either the number or percentage of first mortgagees required by such regulations, or if there is no specific number or percentage require, then by the first mortgagees of a majority of the Units, before it shall be effective.

Article X

Default

Article 10 § 1.

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

Article 10 § 2.

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