

BY-LAWS

OF

THE ELM GROVE HOMEOWNERS ASSOCIATION, INC.

The name of the organization shall be THE ELM GROVE HOMEOWNERS ASSOCIATION, INC., hereinafter called "Association".

ARTICLE I

PLAN OF APARTMENT OWNERSHIP

1. The purpose for which this non-profit corporation is formed is to govern the condominium property situated in the County of Harris, State of Texas, which property is subject to that certain Condominium Declaration of THE ELM GROVE CONDOMINIUM, hereinafter referred to as the "Declaration", which by this reference is made a part hereof for all purposes and which property has been thereby submitted to the provisions of the Condominium Act of the State of Texas, by F. THOMAS DUNN AND WILLIAM L. BROWN DEVELOPMENT, INC., hereinafter referred to as Declarant.

2. All present or future owners, tenants, future tenants, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these By-laws. The mere acquisition or rental of any of the condominium units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units will signify that these By-laws are accepted, ratified, and will be complied with.

ARTICLE II

MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

1. Membership. Any person on becoming an owner of a condominium unit shall automatically become a member of this Association and be subject to these By-laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a condominium unit, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under or in any way connected with THE ELM GROVE CONDOMINIUM during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Managers of the Association or other may have against such former owner and member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificates of stock shall be issued by the Association, but the Board of Managers, may, if it so elects, issue one membership card to the owner(s) of a condominium unit. Such membership card shall be surrendered to the Secretary whenever ownership of the condominium unit designated thereon shall terminate.

2. Voting. Voting shall be based upon the undivided interest of each unit owner in the general common elements. An owner of an undivided interest in and to a condominium unit who is a Class B member shall be entitled to a vote equal to his ownership interest in such unit. Cumulative voting is prohibited.

3. Majority of Unit Owners. As used in these By-laws, the term "majority of unit owners" shall mean those owners of more than fifty percent (50%) of the aggregate interest of the undivided ownership of the general common elements.

4. Quorum. Except as otherwise provided in these By-laws, the presence in person or by proxy of a "majority of unit owners" as defined in paragraph 3 of this Article shall constitute a

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quorum. Except as otherwise provided in the Declaration or these By-laws, when a quorum of owners is present at any meeting, a majority vote of the owners present, either in person or by proxy, shall be sufficient to either defeat or approve any proposed action.

* [5. Proxies. Votes may be cast in person or by proxy. Proxies may be filed with the Secretary before the appointed time of each meeting.

ARTICLE III

ADMINISTRATION

1. Association Responsibilities. The owners of the units will constitute the Association of Unit Owners, hereinafter referred to as "Association", who will have the responsibility of administering the project through a Board of Managers.

2. Place of Meetings. Meetings of the Association shall be held at such place as the Board of Managers may determine.

3. Annual Meetings. The first annual meeting of the Association shall be held one (1) month after the expiration of the sale and development period as set forth in Article 27 of the Declaration. Thereafter, the annual meetings of the Association shall be held on the first Monday of December of each succeeding year. At such meetings, there shall be elected by ballot of the owners a Board of Managers in accordance with the requirements of paragraph 5 of Article IV of these By-laws. The owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Managers or upon a petition signed by a majority of the owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of two-thirds (2/3) of the owners present, either in person or by proxy.

5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place where it is to be held, to each owner of record, at least five (5) but not more than twenty (20) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

6. Adjourned Meeting. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting from time to time, until a quorum is obtained.

7. Order of Business. The order of business at all meetings of the owners of units 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 officers;
- (e) Reports of committees;
- (f) Election of managers;
- (g) Unfinished business;
- (h) New business.

ARTICLE IV

BOARD OF MANAGERS

1. Number and Qualification. The affairs of this Association shall be governed by a Board of Managers composed of three (3) persons. The following persons shall act in such capacity and shall manage the affairs of the Association until the expiration of four (4) years from the date the Declaration is filed for record, or until their successors are elected, to-wit: F. THOMAS (D.J.) WILLIAM L. BROWN and JOHN ZIMMERMAN.

2. Powers and Duties. The Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class residential condominium project. The Board of Managers may do all such acts and things as are not by these By-laws, the Articles of Incorporation or by the Condominium Declaration for THE ELM GROVE CONDOMINIUM directed to be exercised and done by the owners.

3. Other Powers and Duties. The Board of Managers shall be empowered and shall have the duties as follows:

(a) To administer and enforce the covenants, conditions, restrictions, use, limitations, obligations, and all other provisions set forth in the Condominium Declaration submitting the property to the provisions of the Condominium Ownership Act of the State of Texas.

* (b) To establish, make and enforce compliance with such reasonable house rules as may be necessary for the operation, use and occupancy of this condominium project with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each member promptly upon the adoption thereof.

(c) To keep in good order, condition and repair all of the general and limited common elements and all items of personal property used in the enjoyment of the entire premises.

(d) To insure and keep insured all of the insurable general common elements of the property in an amount equal to their maximum replacement value as provided in the Declaration. Maximum replacement value shall be determined annually by one or more written appraisals. Further, to obtain and maintain comprehensive liability insurance covering the entire premises in amounts not less \$1,000,000.00 per occurrence, for personal injury and/or property damage. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and the owners of the condominium units and their mortgagees. The limits and coverage shall be reviewed at intervals of not less than three (3) years and adjusted, if necessary, to provide such coverage and protection as the Association may deem prudent. So long as the Federal National Mortgage Association (FNMA), Governmental National Mortgage Association (GNMA), or Federal Home Loan Mortgage Corporation (FHLMC) is a mortgagee of a condominium unit in the Project, or owns a unit therein, the Association shall maintain in effect at least such casualty, flood and liability insurance and a fidelity bond, meeting standards established by FNMA, GNMA and FHLMC for planned developments, as published in the FNMA and GNMA "Servicer's Guide", and the FHLMC "Seller's Guides", or otherwise, except to the extent such requirements shall have been waived in writing by FNMA, GNMA or FHLMC. Workmen's compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employe if any, of the Association.

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(c) To fix, determine, levy and collect the monthly prorated assessments to be paid by each of the owners towards the gross expenses of the entire premises and by majority vote of the Board to adjust, decrease or increase the amount of the monthly assessments. To levy and collect special assessments whenever in the opinion of the Board it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All monthly or other assessments shall be in itemized statement form and shall set forth the detail of the various expenses for which the assessments are being made.

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and these By-laws.

(g) To protect and defend the entire premises from loss and damage by suit or otherwise.

(h) To borrow funds in order to pay for an expenditure or outlay required pursuant to the authority granted by the provisions of the recorded Declaration, the Articles of Incorporation and these By-laws, and to execute all such instruments evidencing such indebtedness as this Board of Managers may deem necessary. Such indebtedness shall be the several obligation of all of the owners in the same proportion as their interest in the general common elements.

(i) To enter into contracts within the scope of their duties and powers.

(j) To establish a bank account for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Managers.

(k) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the owners, and to cause a complete audit of the books and accounts by a competent certified public accountant, once each year.

(l) To prepare and deliver annually to each owner a statement showing all receipts, expenses or disbursements since the last such statements.

(m) To meet at least once each quarter.

(n) To designate the personnel necessary for the maintenance and operation of the general and limited common elements.

(o) In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable, in order to carry out the communal aspect of condominium ownership.

4. Managing Agent. The Managing Agent shall be F. THOMAS DUNN AND WILLIAM L. BROWN DEVELOPMENT, INC., whose address is 3463 West Alabama, Houston, Texas, 77027, and who, notwithstanding the provisions of paragraph 1 of Article III, shall have all the powers and shall perform all the duties of the Board of Managers until the expiration of the sale and development period as set forth in Article 26 of the Declaration, or until such earlier time as said Managing Agent, at his option, may relinquish control of the management and administration of the Association to the Board of Managers. Thereafter, the Board of Managers may employ for the Association a Managing Agent at a compensation to be established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in paragraph 3 of this Article.

5. Election and Term of Office. At the first annual meeting of the Association the term of office of one Manager shall be fixed for three (3) years. The term of office of one Manager shall be fixed at two (2) years, and the term of office of one Manager shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. The three (3) persons acting as Managers shall hold office until their successors have been elected and hold their first meeting.

6. Vacancies. Vacancies on the Board of Managers caused by any reason other than the removal of a Manager by a vote of the Association shall be filled by vote of the majority of the remaining Managers, even though they may constitute less than a quorum; and each person so elected shall be a Manager until a successor is elect at the next annual meeting of the Association.

7. Removal of Managers. At any regular or special meeting duly called, any one or more of the Managers may be removed with or without cause by a majority of the owners, and a successor may then and there be elected to fill the vacancy thus created. Any Manager whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

8. Organization Meeting. The first meeting of a newly elect Board of Managers shall be held within ten (10) days of election at such place as shall be fixed by the Managers at the meeting at which such Managers were elected, and no notice shall be necessary to the newly elected Managers in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

9. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined, from time to time, by a majority of the Managers, but at least four such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each Manager, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

10. Special Meetings. Special meetings of the Board of Managers may be called by the President on three (3) days' notice to each Manager, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Managers.

11. Waiver of Notice. Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

12. Board of Managers' Quorum. At all meetings of the Board of Managers, a majority of the Managers shall constitute a quorum for the transaction of business and the acts of the majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board of Managers. If, at any meeting of the Board of Managers, 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.

13. Fidelity Bonds. The Board of Managers shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds, and shall be written in an amount sufficient to provide protection which in no event is less than one and one-half times the insured's estimated annual operating expenses and reserves. The premiums on such bonds shall be paid by the Association.

14. Compensation. No member of the Board of Managers shall receive any compensation for acting as such.

ARTICLE V

OFFICERS

1. Designation. The officers of the Association shall be a President, a Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Managers.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Managers at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Managers, or at any special meeting of the Board called for such purpose.

4. President. The President shall be the chief executive officers of the Association. He shall preside at all meetings of the Association and of the Board of Managers. 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 as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5. Vice-President. The Vice-President shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the President.

6. Secretary. The Secretary shall keep all the minutes of all meetings of the Board of Managers and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Managers may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the condominium unit owned by such members and the garage or parking space and storage space, if any, assigned for use in connection with such condominium unit. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

7. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit of, the Association in such depositories as may from time to time be designated by the Board of Managers.

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ARTICLE VI

INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every manager or officer, his heirs, executors and administrators, against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a manager or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such manager or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such manager or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses; provided, however, that nothing in this Article VI contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium unit, who is or has been a manager or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of THE ELM GROVE CONDOMINIUM DECLARATION as a member or owner of a condominium unit covered thereby.

ARTICLE VII

OBLIGATIONS OF THE OWNERS

1. Assessments. All owners shall be obligated to pay the monthly assessments imposed by the Association to meet the common expenses. The assessments shall be made pro-rata according to percentage interest in and to the general common elements and shall be due monthly in advance. A member shall be deemed to be in good standing and entitled to vote at any annual or at a special meeting of members, within the meaning of these By-laws, if and only if he shall have fully paid all assessments made or levied against him and the condominium unit owned by him.

2. Maintenance and Repair.

(a) Every owner must perform promptly at his own expense all maintenance and repair work within his own apartment unit, which if omitted would affect the project in its entirety or in part belonging to other owners.

(b) All the repairs of internal installations of the unit, such as water, light, gas power, sewage, telephone, air conditioners, sanitary installations, doors, windows, glass, electrical fixtures and all other accessories, equipment and fixtures belonging to the unit area shall be at the owner's expense.

(c) An owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any general or limited common element damaged by his negligence or by the negligence of his tenants or agents.

3. Mechanic's Lien. Each owner agrees to indemnify and to hold each of the other owners harmless from any and all claims of mechanic's liens filed against other condominium units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's condominium unit.

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In the event suit for foreclosure is commenced, then within ten (10) days thereafter, such owner shall be required to deposit with the Association cash or negotiable securities equal to double the amount of such claim plus interest at the rate of 10% for one year, together with a sum equal to ten percent (10%) of the amount of such claim, but not less than ONE HUNDRED FIFTY AND NO/100 (\$150.00) DOLLARS, which latter sum may be used by the Association for any costs and expenses incurred, including attorney's fees. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the litigation. Disbursement of such funds or proceeds shall be made to insure payment of or on account of such final judgment or settlement. Any deficiency, including attorney's fees, shall be paid forthwith by the subject owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the owner and a lien against his condominium unit which may be foreclosed as is provided in Article 24 of the Declaration. Such owner shall be liable to the Association for payment of interest at the rate of 10% on all such sums paid by the Association until the date of repayment by such owner.

4. General.

(a) Each owner shall comply strictly with the provisions of the Condominium Declaration for THE ELM GROVE CONDOMINIUM, the Articles of Incorporation and these By-laws and amendments and supplements thereto.

(b) Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which THE ELM GROVE CONDOMINIUM project was established.

5. Use of Units - Internal Changes.

(a) All units shall be utilized for single family residential purposes only.

(b) An owner shall not make structural modifications or alterations to his unit or installations located therein without previously notifying the Association in writing through the Managing Agent, or if no Managing Agent is employed, then through the President of the Association. The Association shall have the obligation to answer within five (5) days after such notice, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

6. Use of General Common Elements and Limited Common Elements. Each owner may use the general common elements and the limited common elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other owners.

7. Right of Entry.

(a) An owner shall grant the right of entry to the Managing Agent or to any other person authorized by the Board of Managers in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alterations or repairs to the mechanical or electrical services, 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.

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8. Rules and Regulations.

(a) All owners shall promptly and completely comply with each of the rules and regulations herein contained or hereafter properly adopted for the utilization of the recreational facilities afforded, and particularly, of the use of the swimming pools and swimming pool areas in order that all owners and their guests shall achieve maximum utilization of such facilities consonant with the rights of each of the other owners thereto.

(b) Nothing shall be done in any residential unit, nor shall same be occupied or used for any purpose, nor shall any commodity, product or personal property be kept therein or thereon, which shall cause such improvements to be uninsurable against loss by fire or the perils included in an extended coverage endorsement under the rules of the State of Texas Insurance Commission or which might cause or warrant any policy or policies covering said premises to be cancelled or suspended by the issuing company.

(c) Owners and occupants of units shall at all time exercise extreme care to avoid making or permitting to be made loud or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers and any other instruments or devices in such manner as may disturb or tend to disturb owners, tenants, or other occupants of condominium units of THE FLM GROVE CONDOMINIUM. No unit shall be used or occupied in such manner as to obstruct or interfere with the enjoyment of occupants or other residents of adjoining units, nor shall any nuisance, or immoral or illegal activity be committed or permitted to occur in or on any unit or upon any part of the common elements of THE FLM GROVE CONDOMINIUM.

(d) The common area is intended for use for the purpose of affording vehicular and pedestrian movement within the condominium, and of providing access to the units; those portions thereof adapted therefor, for recreational use by the owners and occupants of units; and all thereof for the beautification of the condominium and for providing privacy for the residents thereof through landscaping and such other means as shall be deemed appropriate. No part of the common area shall be obstructed so as to interfere with its use for the purposes hereinabove recited, nor shall any part of the common area (common elements) be used for general storage purposes after the completion of the conversion of the units by developer, except maintenance storage room, nor anything done thereon in any manner which shall increase the rate for hazard and liability insurance covering said area and improvements situated thereon.

(e) Small dogs, cats, or other usual small household pets may be kept in any unit, provided always that such household pets shall be allowed on the common areas only as may be specified under reasonable rules therefor promulgated by the Board of Managers. Except as hereinabove stated, no animal, livestock, birds or poultry shall be brought within the condominium or kept in or around any unit thereof. Notwithstanding the foregoing, no pets may be kept on the property which result in an annoyance or are obnoxious to other Owners. No pets shall be allowed in the Common Area except as may be permitted by rules of the Board. Declarant or any owner may cause any unleashed dog found within the Common Area to be removed by Declarant (or any owner) to a point or animal shelter under the jurisdiction of the City of Houston, County of Harris, by calling the appropriate authorities, whereupon the owner may, upon payment of all expenses connected therewith, repossess the dog. Owners shall prevent their pets from soiling portions of the Common Area where other persons customarily walk and shall promptly clean up any mess left by their pets.

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(f) No resident of the condominium shall post any advertisements, signs, or posters, of any kind in any apartment unit or on any part of the project except as authorized by the Association.

(g) Parking of automobiles shall be only in the spaces designated as parking for each unit; no unattended vehicle shall at any time be left in the alley ways or streets in such manner as to impede the passage of traffic or to impair property access to parking area. No storage of any objects shall be permitted in the carport area, except in designated storage areas, and the same shall at all times be kept free of unreasonable accumulation of debris or rubbish of any kind. Guest parking areas are not intended for use by owners for parking or storing boats, trailers, camping units or any personal vehicles, and the Board may insure the proper use of said areas in such manner as it deems necessary.

(h) Each owner shall keep clean and in good condition and repair the windows and interiors of his condominium unit and shall not permit garments, rugs, laundry or other unsightly items to extend from or be placed outside of his condominium unit, including but not limited to over windows or the balcony.

(i) It is prohibited to dust rugs or other materials from the windows, or to clean rugs by beating on the exterior part of the condominium units, or to throw any dust, trash or garbage out of any of the windows of any of the units.

(j) It is prohibited to throw garbage or trash outside the disposal areas provided for such purposes.

(k) No owner, resident or lessee shall install wiring for electrical or telephone installation, radio and television antennae, machines or air conditioning units or any other devices whatsoever on the exterior of the project or that protrude through the walls or out of the windows, or on the roof of the project save as are expressly in writing previously approved by the Association.

(l) No owner or other occupant of any condominium unit shall make any alteration, modification or improvement, nor add any awnings, patio covers or other devices to the common elements of the condominium or remove or add to any planting, structure, furnishings or other equipment or object therefrom except with the written consent of the Association.

(m) All window coverings of whatever type and material shall be white on the side nearest the window and no trim or material of any color other than white shall be permitted to be visible through any window.

(n) Reasonable and customary regulations for the use of the swimming pool and recreation areas will be promulgated hereafter and publicly posted at such places. Owners and all occupants of units shall, at all times, comply with such regulations.

(o) No drilling, digging, quarrying or mining operation of any sort shall be permitted on the property.

(p) Motorcycles, motorbikes, motor scooters or other similar vehicles shall not be operated within the Property except for the purpose of transportation directly from a carport to a point outside the Property, or from a point outside the Property directly to a carport.

(q) Without limiting any other rule-making authority, it may have under the Declaration or these by-laws, the Board of Managers is specifically authorized, in its sole discretion, to promulgate and enact rules and regulations prohibiting any persons below a certain age from being a resident in or occupant of a condominium unit.

9. Destruction or Obsolescence. Each owner shall, upon request therefor, execute a power of attorney in favor of the Association, irrevocably appointing the Association his attorney-in-fact to deal with the owners' condominium unit upon its damage or destruction as is provided in Article 18 of the Condominium Declaration for THE ELM GROVE CONDOMINIUM.

ARTICLE VIII

AMENDMENTS TO PLAN OF APARTMENT OWNERSHIP

1. By-Laws. These By-laws may be amended by the Association at a duly constituted meeting for such purposes, and no amendment shall take effect unless approved by owners representing at least 70% of the aggregate interest of the undivided ownership of the general common elements. 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 the Federal National Mortgage Association, then and in such event any such proposed amendment must first be approved by the first mortgagees of a majority of the Units before it shall be effective.

ARTICLE IX

MORTGAGES

1. Notice to Association. An owner who mortgages his unit, shall notify the Association through the Managing Agent, if any, or the President of the Board of Managers, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Condominium Units".

2. Notice of Unpaid Assessments. The Association shall at the request of a mortgagee of a unit report any unpaid assessments due from the owner of such unit.

ARTICLE X

COMPLIANCE

These By-laws are set forth to comply with the requirements of the State of Texas Condominium Ownership Act. If any of these By-laws conflict with the provisions of said statutes, it is hereby agreed and accepted that the provisions of the statute will apply.

ARTICLE XI

NON-PROFIT ASSOCIATION

This Association is not organized for profit. No member, member of the Board of Managers or person from whom the Association 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 Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Managers; provided, however, always (1) that reasonable compensation may be paid to any member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member of the Board of Managers may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

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ARTICLE XII

REGISTERED OFFICE

The Registered office and the principal office for the transaction of business of this Association shall be 3463 West Alabama, Houston, Texas, 77027, and the Registered Agent shall be WILLIAM L. BROWN, at the same address.

ARTICLE XIII

EXECUTION OF DOCUMENTS

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 and Secretary of the Association.

ARTICLE XIV

ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

The violation of any rule or regulation promulgated by the Board of Managers, or the breach of any By-law, or the breach of any provision of the Declaration, shall give the Board of Managers or the Managing Agent, the right, in addition to any other rights set forth therein, (a) 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 unit owner, any person, structures, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Managers or Managing Agent 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 in so doing, without being liable to prosecution or in damages thereto; and (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals at Houston, Texas, this the 29th day of September 1977.

BOARD OF MANAGERS

BY 
F. THOMAS DUNN

BY 
WILLIAM L. BROWN

BY 
JOHN ZIMMERMAN