

EXHIBIT "B"

TO DECLARATION OF CONDOMINIUM REGIME

CONDOMINIUM BY-LAWS

OF

BRAEBURN TERRACE CONDOMINIUMS

ARTICLE I

Section 1. Definitions.

All definitions herein contained shall have the same meanings as set forth in the Declaration of Condominium Regime to which these By-Laws are attached, reference being here made for all purposes. All other definitions are expressly set forth elsewhere in this document.

Section 2. Administration.

Braeburn Terrace Condominiums (hereinafter referred to as the "Condominium Project") shall be administered by the association of all of the Owners of Units or by a non-profit corporation incorporated under the laws of the State of Texas, under the name of "Braeburn Terrace Owners Association, Inc." (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 of Condominium Regime, to which this Exhibit "B" is attached, 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.

Section 3. Members and Voting.

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

A. Each Unit 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. The aggregate number of votes for all Unit Owners shall be one hundred (100), and shall be divided among the respective Unit Owners, in accordance with their respective percentages of ownership interest in the Common Elements. Developer may exercise the voting rights with respect to Units owned by it. *Number of votes*

D. No Owner 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 by a proxy *who is eligible proxy vote allowed*

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.

Number of  
votes  
required

E. When a quorum is present at any meeting of the Association, the vote of fifty-one percent (51%) or more of the Units represented and 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 of Condominium Regime, 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.

F. At all meetings of the Owners cumulative voting shall not be permitted.

## ARTICLE II

### OFFICES

#### Section 1. Principal Office.

The principal office of the Association shall be in the City of Houston, Harris County, Texas.

#### Section 2. Registered Office.

The registered office of the Association required by the Texas Business Corporation Act to be maintained in the State of Texas, may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the Board of Directors.

## ARTICLE III

### MEETINGS OF MEMBERS

#### Section 1. Place of Meetings.

The meetings of Members of the Association shall be held at Fontainebleau Condominiums in Houston, Harris County, Texas, with the place of meetings being set by the Board of Directors of the Association. To the extent possible, said meetings shall be held within the boundaries of Braeburn Terrace Condominiums.

#### Section 2. Annual Meeting.

The annual meeting of the Members of the Association, shall be held each year at 7:00 o'clock p.m., Central Standard Time on the third Thursday of the month of March,

date  
of  
annual  
meeting

and if such day is a legal holiday, then on the next secular day following at 7:00 o'clock p.m., at which time the Members shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

**Section 3. First Meeting.**

The first meeting of the Members of the Association shall be held within one hundred twenty (120) days after conveyance by Developer of more than seventy-five percent (75%) 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 Managing Agent, as set in the Condominium Declaration, or by first Board of Directors named in the Articles of Incorporation of the Association, or their replacements.

**Section 4. Special Meeting.**

Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by law or by the Articles of Incorporation, may be called by the President, the Board of Directors or one-tenth (1/10th) of all of the Members entitled to vote at the meetings. Business transacted at all special meetings shall be confined to the purpose or purposes stated in the call.

PROVISION  
FOR  
CALLING  
SPECIAL  
MEETING

**Section 5. Notice of Meetings.**

Written or printed notice of all meetings of Members stating the place, day and hour thereof, and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be personally served upon or mailed to each Member entitled to vote thereat at the address of the Unit owned by the aforesaid Member, or at any other address, provided that prior written notice of the other address is furnished to the Association at least thirty (30) days in advance of the meetings. If the Owner shall fail to give an address to the Association for the mailing of notices, the address of the Unit owned by the Owner shall be deemed to be the address for the giving of notice.

WRITTEN  
NOTICE  
OF MEETINGS  
MUST  
PROVIDE  
TO  
OWNERS

**Section 6. Quorum.**

Except as otherwise provided by statute or these by-laws, the presence in person or by proxy of sixty percent (60%) of 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 meeting of the Owners, the Owners present in person or represented at any 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 or represented. At the first adjourned meeting the presence in person or by proxy of fifty percent (50%) of the Owners qualified to vote shall constitute a quorum. Should a second or subsequent adjourned meeting be required, the presence in person or by proxy of forty percent (40%) of the Owners qualified to vote shall constitute a quorum. If a quorum shall be present or represented by proxy at such meeting held in lieu of the adjourned meeting(s), any business may be transacted at such meeting as originally notified.

PROVISION  
FOR  
CALLING  
SPECIAL  
MEETING

**Section 7. Organization.**

The President shall preside at all meetings of the Members. In his absence a Vice President shall preside. In the absence of all of these officers any Member or the duly appointed proxy of any Member may call the meeting to order and a chairman shall be elected from among the Members present.

The Secretary of the Association shall act as secretary at all meetings of the Members. In his absence an Assistant Secretary shall so act and in the absence of all of these officers the presiding officer may appoint any person to act as secretary of the meeting.

**Section 8. Proxies.**

At any meeting of the Members every Member entitled to vote thereat shall be entitled to vote in person or by proxy appointed by instrument in writing executed by such Member or by his duly authorized attorney-in-fact. No appointment of a proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless such proxy otherwise provides. A proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law.

**ARTICLE IV**

**DIRECTORS**

**Section 1. Number and Qualification.**

The property, business and affairs of the Association shall be managed and controlled by a Board of not more than three (3) Directors who shall be elected annually by the Members. 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) elected or appointed by the Developer or designated in the Articles of Incorporation of the Association. The number of Directors may be increased or decreased but not to a number less than one (1) by amendment of By-Laws. No decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director.

**Section 2. Election and Term of Office.**

The Directors shall be elected at the annual meeting of the Members (except as provided in Section 5 of this Article) and each Director elected shall hold office until the next annual meeting of the Members and until his successor shall be elected and shall qualify or until his death or until he shall resign or be removed in the manner hereinafter provided.

**Section 3. Resignation.**

Any Director may resign at any time by giving written notice to the President or Secretary. Such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

**Section 4. Removal.**

Any Director may be removed at any time either with or without cause and another person may be elected to serve for the remainder of his term at any special meeting of the Members called for the purpose of removal by a vote of a majority of the Owners. In case any vacancy so created shall not be filled by the Members at such meeting, such vacancy may be filled by the Directors as provided in Section 5 of this Article.

**Section 5. Vacancies.**

If any vacancy shall occur in the Board of Directors such vacancy may, subject to the provisions of Section 4 of this Article, be filled by the affirmative vote of the remaining Directors though less than a quorum of the Board of Directors; provided, however, any Directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting or at a special meeting of Members called for that purpose. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

**Section 6. General Powers.**

In addition to the powers and authorities expressly conferred upon them by these By-Laws, the Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by law or by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the Members. The Association, through the Board of Directors or through the Developer, is expressly permitted to assign any parking space or reassign any parking space assigned to any Unit. Such reassignment shall be done with notice to the Owners, whether written or oral.

**Section 7. Compensation.**

Directors as such shall not receive any stated salary for their services, but by resolution of the Board a fixed sum for expenses of attendance, if any, may be allowed for attendance at any regular or special meeting of the Board provided that nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

**ARTICLE V**

**MEETING OF DIRECTORS**

**Section 1. Place of Meetings.**

The Directors of the Association shall hold their meetings, both regular and special at Houston, Harris County, Texas. To the extent possible, said meeting shall be held within the boundaries of Braeburn Terrace Condominiums.

**Section 2. Annual Meeting.**

The first meeting of each newly elected Board shall be held at such time and place as shall be fixed by the initial Board of Directors or by the vote of the Members at their annual meeting and no notice of such meeting shall be

necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present, or they may meet at such time and place as shall be fixed by the consent in writing of all of the Directors.

**Section 3. Regular Meetings.**

Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board.

**Section 4. Special Meetings.**

Special meetings of the Board may be called by the President on one (1) day notice to each Director given either personally, by mail or by telegram. Special meetings shall be called by the President or Secretary in like manner and like notice on the written request of two (2) Directors. Neither the purpose of nor the business to be transacted at any special meeting of the Board of Directors need to be specified in the notice or waiver of notice of such meeting. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

**Section 5. Quorum and Action.**

At all meetings of the Board the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Directors at any meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law, the Articles of Incorporation or these By-Laws. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present.

**Section 6. Presumption of Assent to Action.**

A Director who is present at a meeting of the Board at which action or any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the secretary of the meeting before the adjourn thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

**ARTICLE VI**

**EXECUTIVE COMMITTEE**

**Section 1. Membership and Authorities.**

The Board of Directors, by resolution adopted by a majority of the whole Board, may designate one (1) or more Directors to constitute an Executive Committee, which Committee to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the Association,

except where action of the full Board of Directors is specified by applicable law, but the designation of such Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

Section 2. Minutes.

The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 3. - Vacancies.

The Board of Directors shall have the power at any time to fill vacancies in, to change the membership of, or to dissolve, the Executive Committee.

ARTICLE VII

OFFICERS

Section 1. Number.

The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose additional Vice Presidents and one or more Assistant Secretaries and/or Assistant Treasurers. One person may hold any two or more of said offices except those of President and Secretary.

Section 2. Election, Term of Office and Qualifications.

The officers of the Association shall be elected by the Board of Directors at its first meeting after each annual meeting of Members. The Board shall elect a President, one or more Vice Presidents, a Secretary and a Treasurer, none of whom need be a member of the Board. Each officer so elected shall hold office until his successor shall have been duly chosen and qualify or until his death or his resignation or removal in the manner hereinafter provided.

Section 3. Subordinate Officers.

The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such term and have such authority and perform such duties as the Board of Directors may delegate to any committee or officer the power to appoint any such subordinate officer or agent.

Section 4. Resignation.

Any officer may resign at any time by giving written notice thereof to the Board of Directors or to the President or Secretary of the Association. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Removal.

Any officer elected or appointed by the Board of Directors may be removed by the Board at any time with or

without cause by the Board of Directors or by any committee or superior officer in whom such power of removal may be conferred by the Board of Directors.

**Section 6. Vacancies.**

A vacancy in any office shall be filled for the unexpired portion of the term by the Board of Directors, but in case of a vacancy occurring in an office filled in accordance with the provisions of Section 3 of this Article, such vacancy may be filled by any committee or superior officer upon whom such power may be conferred by the Board of Directors.

**Section 7. The President.**

The President shall be the chief executive officer of the Association; the President shall, when present, preside at all meetings of the Members and Directors; shall be ex officio a member of all standing committees, shall have general and active management of the business of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President may sign, with any other proper officer, any contracts and other documents which the Board of Directors has authorized to be executed, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors or these By-Laws, to some other officer or agent of the Association.

**Section 8. The Vice President.**

Vice Presidents shall perform the duties as are given to them by these By-Laws and as may from time to time be assigned to them by the Board of Directors or by the President and may sign, with any other proper officer any documents authorized by the Board of Directors. At the request of the President, or in his absence or disability, the Vice President designated by the President (or in the absence of such designation, the senior Vice President) shall perform the duties and exercise the powers of the President.

**Section 9. The Secretary.**

The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the Executive Committee and standing committees when required. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Directors as required by law or these By-Laws, be custodian of the corporate records and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall keep in safe custody the seal of the Association, and, when authorized by the Board, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

**Section 10. Assistant Secretaries.**

The Assistant Secretaries shall perform the duties as are given to them by these By-Laws or as may from time to



time be assigned to them by the Board of Directors or by the Secretary. At the request of the Secretary, or in his absence or disability, the Assistant Secretary designated by the Secretary (or in the absence of such designation the senior Assistant Secretary) shall perform the duties and exercise the powers of the Secretary.

**Section 11. The Treasurer.**

The Treasurer shall have the custody and be responsible for all corporate funds and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association.

**Section 12. Assistant Treasurers.**

The Assistant Treasurers shall perform the duties as are given to them by these By-Laws or as may from time to time be assigned to them by the Board of Directors or by the Treasurer. At the request of the Treasurer, or in his absence or disability, the Assistant Treasurer designated by the Treasurer (or in the absence of such designation the senior Assistant Treasurer) shall perform the duties and exercise the powers of the Treasurer.

**Section 13. Treasurer's Bond.**

If required by the Board of Directors, the Treasurer and any Assistant Treasurer shall give the Association a bond such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the Association, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association, provided, however, that the cost of the bond shall be paid for by the Association.

**Section 14. Management.**

As provided in Article IV of the Declaration, the Association shall provide for independent management of the Condominium Project, with the responsibilities of such management being determined by the Board of Directors. 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 shall provide that the management contract may be terminated without cause within a period of time not exceeding thirty (30) days written notice and the term of any such contract shall not exceed one (1) year. Any officer or stockholder of the

Association or any Owner (or any of their respective affiliates, nominees, employers or companies) may be employed as the independent management so long as the fees paid to such related party are reasonable.

## ARTICLE VIII

### ASSESSMENTS

#### Section 1. Expenses.

All costs incurred by the Association, including but not limited to any costs 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, costs for insurance, personal property taxes of any tangible personal property of the Condominium Project owned or possessed in common by the Owners, and all other Common Expenses set forth in the Condominium Declaration 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.

#### Section 2. Assessments.

A. 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 reserves shall include without limitation an adequate reserve fund for the replacement of the Common Elements. 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 or future assessment. 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 Board 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.

B. 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 costs described herein and capital improvements. However, any such special assessment shall not be levied without the prior approval of at least seventy-five percent (75%) of the Owners representing each of the Units in the Condominium Project.

C. 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 or 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 Owners to the Association and shall be shown on the books of the Association as such.

The provisions of this Subsection C may be amended by a majority vote of 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 any Treasury Regulation or Ruling promulgated thereunder. Notwithstanding anything contained in this Declaration of Condominium Regime 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 or mortgagee.

### Section 3. Apportionment of Assessments.

All assessments levied against an Owner to cover expenses of the Association and the Condominium Project shall be apportioned among and paid by the Owners in accordance with the undivided percentage of value assigned to each Unit according to this Declaration of Condominium Regime without increase or decrease for the existence appurtenant to such Unit. Assessments shall be due and payable monthly, except as to the Developer, in such manner as the Association shall determine, commencing on the date of delivery of a deed to a Unit from the Developer to the subsequent Owner. Prior to such conveyance and the Association Date, the Developer shall be obligated to pay for Common Expenses as stated in Article 6.1 of the Declaration. After the Association Date, the Developer shall bear all of the assessments 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 the due date for such payment. Assessments in default shall bear interest at the rate of ten percent (10%) per annum 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 interest 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 18 of the Condominium Act of the State of Texas, under Article 1301a of the Texas Revised Civil Statutes (the "Act"). In addition, to the extent permitted by law, unpaid assessments shall become a lien against the Unit and each deed from Developer may expressly retain a Vendor's Lien to secure the payment of all assessments, subject only to: (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 any mortgage instruments duly recorded. Any First Mortgagee, 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. Such unpaid assessment lien may be recorded in the Condominium Records of Harris County, Texas, and may be enforced by foreclosure,

and the expenses incurred therefor including interest, costs and attorneys' fees shall be chargeable to the Owner in default. Each Owner, by his acceptance of a deed to a Unit, shall expressly vest in the Association the right and power to bring all actions against such Owner personally for the collection of such charges as a debt and to enforce the aforesaid lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property as provided in Article 3810 of the Texas Revised Civil Statutes, and such Owner by acceptance of a deed to Unit expressly grants to the Association a power of sale in connection with said lien, and agrees to the creation of (and by the acceptance of deed grants) a Vendor's Lien to secure the payment of the assessments. The lien provided for in this section shall be in favor of the Association and shall be for the common benefit of all Owners. The Association acting on behalf of the Owners shall have the power to bid upon an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same and to treat the proceeds of any such lease, mortgage or conveyance in the same manner as assessments hereunder.

Section 4. No Exemption.

No Owner may exempt himself from liability for his con-  
tribution 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.

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Section 5. Enforcement.

The Association may, in addition to its rights under Article 6.6 of the Declaration, 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 or other services to an Owner in default of his obligations to the Association or other Owners 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, and such defaulting Owner's name shall be placed in the announcements of the Association or on a bulletin board of the Association.

ARTICLE IX

OWNER ACTION

Without limiting the other legal rights of any Owner or the Association, legal action may be brought by the Association at its sole discretion on behalf of two (2) or more Owners as their respective interest may appear with respect to any cause of action relating to the Common Elements of more than (1) Unit.

## ARTICLE X

### INSURANCE

The Association shall carry a master policy of fire and extended coverage, vandalism and malicious mischief and liability insurance, and, if required by law, workmen's compensation insurance (hereinafter referred to as the "Master Policy"), and shall carry such other and additional insurance as the Board of Directors may deem advisable or necessary in its sole discretion with respect to the Condominium Project, the officers and directors of the Association and the Association's administration thereof, commonly referred to as "fidelity insurance," 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 interests may appear (subject to the provisions of these By-Laws, the Declaration of Condominium Regime and the Act), and provision shall be made for the issuance 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 or 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 of the Condominium Project and other Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable value thereof (based upon replacement cost), excluding the cost of excavations, foundations and footings, as determined annually by the Board of Directors of the Association. 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 and co-insurance 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 members of the Board of Directors, Owners, the management company, if any, and any other persons (including volunteers, with an appropriate endorsement, if required) handling funds belonging to or administered by the Association. Such fidelity coverage shall be in an amount equal to one and one-half times the estimated annual expenses and reserves of the Association.

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 Sub-section 2A, Article VIII 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.

Is Kenyon paying her fee?

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 mortgagees (subject to the provisions of these By-Laws, the Declaration of Condominium Regime 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 XI 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 of Condominium Regime and these By-Laws shall be applied to such repair or reconstruction.

E. Each Owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the Master Policy. Without limiting the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Owners and their mortgagees (subject to the provisions of these By-Laws, the Declaration of Condominium Regime and the Act) as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Owner and the Condominium Project 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 nor the liability of any Owner for occurrences therein not caused by or connected with the Association's operation, maintenance or use of the Condominium Project.

Nothing herein contained shall require or impose a duty on the Association to maintain insurance on personal items of the Owners of the Units, such personal items to include, but not be limited to, jewelry, furniture, household items, or other personal property; such insurance for personal items shall be the sole and express obligation of each Owner.

## ARTICLE XI

### RECONSTRUCTION OR REPAIR ~

#### Section 1. Damage and Reconstruction.

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 Owners representing each of the Units in the exercise of their sole discretion) shall be damaged by fire or any other casualty, then the buildings in the Condominium Project shall be rebuilt or repaired. If

more than two-thirds (2/3) of the buildings in the Condominium Project (as determined by the vote or written consent of a majority of the Owners representing each of the Units 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 and each mortgagee. In the event that such Owners decide not to reconstruct the Condominium Project, the land (more particularly described on Exhibit "A" of this Declaration of Condominium Regime) shall be sold and such sale proceeds along with any insurance proceeds shall be distributed to each Owner and his mortgagee, as their interests may appear, in accordance with each Owner's percentage of value in the Condominium Project, and in accordance with the Declaration.

**Section 2. Reconstruction Guidelines.**

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

**Section 3. Owner's Responsibilities.**

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. 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, but in no event later than sixty (60) days after the date of such damage, subject to the rights of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof. In the event damage to all or any 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 of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof. Should an Owner fail to maintain or repair the Limited Common Elements within his Unit, then the Association shall have the right to perform such maintenance and repair as it deems necessary for the benefit of the Association, and the costs thereof shall become a Special Assessment against such Unit.

**Section 4. Assessments of Damage.**

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 (herein-

after referred to as the "Casualty") the Association shall obtain reliable and detailed cost estimates of the following:

A. The cost of restoring all damage caused by the Casualty to the general and limited common elements (hereinafter referred to as the "Common Elements Costs"); and

B. The cost of restoring that part of the damage caused by the Casualty to each Unit which is or would be covered by 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 as set forth on Exhibit "D" to the Condominium Declaration 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 an 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 all 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.

#### Section 5. Eminent Domain.

In the event of any taking of any Unit in the Condominium Project by eminent domain, or private purchase in lieu thereof, the Association shall give timely written notice of the existence of such proceedings to all First Mortgagees. The Owner of such Unit and his mortgagee shall jointly 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 portions of the Condominium Project is required as a result of such taking, a majority of the Owners of each of the Units 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 part of the General Common Elements are taken hereunder, any award shall be paid to each Unit Owner and his First Mortgagee pro rata in accordance with said Owner's percentage ownership in the project. If no repair or rebuilding shall be required, or shall be undertaken, then the remain-



ing portion of the Condominium Project shall be resurveyed and the Declaration of Condominium Regime and Exhibit "D" shall be amended to reflect such taking and to proportionately readjust the percentages of value assigned to the remaining Owners based upon a continuing value of the Condominium Project of one hundred percent (100%).

## ARTICLE XII

### MORTGAGES

#### Section 1. Notice.

Any Owner who mortgages his interest in a Unit shall, within ten (10) days after the execution of such mortgage, give 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 "Mortgages of Units". 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 release or discharge of any such mortgage.

#### Section 2. Duties.

The Association shall perform the following duties within a reasonable time after request:

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

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

C. The Association shall notify each mortgagee appearing in the book described in Section 1 of this Article XIII of any default by any 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 XIII

### TAXATION

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, 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. Such payment shall be made prior to the due date of such taxes, municipal claims, charges and assessments.

## ARTICLE XIV

### AMENDMENT

Subject to the requirements of Article 10.7 of the Declaration, the By-Laws (as opposed to the Declaration of

Condominium Regime 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 Owners representing each Unit 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 secretary of the Association certifying that such amendment has been approved by the vote or written consent of a majority of the percentage 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 set by the Board of Directors.

#### ARTICLE XV

##### DEFAULT

###### Section 1. Compliance.

Failure to comply with the Declaration of Condominium Regime, these By-Laws, the Articles of Incorporation or By-Laws or 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, an action to recover sums due for damages and injunctive relief, or any combination thereof.

###### Section 2. Attorneys Fees.

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.

#### ARTICLE XVI

##### BOOKS AND RECORDS

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 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. The cost of such audit shall be an expense of administration of the Condominium Project.