

- (b) Borrowing. To borrow funds or raise moneys in any amount for any of the purposes of the Association and from time to time to execute, accept, endorse and deliver as evidences of such borrowing, all kinds of instruments and securities, including, but without limiting the generality of securities, including, but without limiting the generality of the foregoing, promissory notes, drafts, bills of exchange, warrants, bonds, debentures, property certificates, trust certificates and other negotiable or nonnegotiable instruments and evidences of indebtedness, and to secure the payment and performance of such securities by a mortgage on, or pledge, conveyance, deed or assignment in trust of, the whole or any part of the assets of the Association, real, personal, or mixed, including contract rights, whether at the time owned or thereafter acquired.
- (c) Contracts. To enter into, make, amend, perform and execute (or to cancel and rescind) contracts, leases, permits, licenses and concession agreements for any lawful purposes pertaining to Association business.
- (d) Guaranties. To make any guaranty with respect to securities, indebtedness, notes, interests, contracts or other obligations created by an individual, partnership, association, corporation or other entity, and to secure any such guaranty by an incumbrance upon any and all assets of the Association to the extent that such guaranty is made in pursuance of the purposes set forth herein.
- (e) Loans and Investment. To lend money for any of the purposes set forth herein; to invest its funds from time to time, and to take and hold real and personal property as security for payment of funds so loaned or invested.
- (f) Assessments, Collections and Liens. To levy quarterly or other common assessments and special assessments against the Owners for Common Expenses (including but not limited to the costs of repairing and maintaining General Common Elements, and utility charges which are not charged directly to the Owners by the utility company), to charge interest and/or late fees on unpaid assessments and to collect dues, fees (including per diem fees) and interest in accordance with its bylaws and enforce liens given as security for such assessments, dues, fees and interest.
- (g) Covenants, Conditions and Restrictions. To enforce the terms, covenants, restrictions, conditions, uses, rules, regulations, limitations and obligations set forth under the Declaration and Bylaws, and to make and enforce the same as provided therein with regard to the management, administration, maintenance and operation of the Property.
- (h) Management, Maintenance and Repair. To provide for the management, maintenance and repair of the Property and in connection therewith, to improve and enlarge the common elements; and also to purchase or lease any Units deemed necessary by the Board for use as a residence for one or more managers of the Property; to enter into transactions with any entity or Owner to accomplish such

purpose; and thereafter to sell, lease or retain any such Unit for use as a manager's residence.

- (i) General Powers. To do everything necessary, suitable or proper for the accomplishment of any of the purposes, the attainment of any of the objects, or the furtherance of any of the powers set forth herein, either alone or in connection with other corporations, firms or individuals, and either as principal or agent; to do every act or thing incidental or appurtenant to, or growing out of, or connected with any of the aforesaid objects, purposes or powers; and to engage in activities which will actively foster, promote and advance the interests of all of the Owners of Units, including the interests of the Declarant, during development of the Property.
- (j) Powers Conferred by Law. The foregoing enumeration of specific powers and the unlimited exercise thereof as now or hereafter may be conferred by the laws of Texas.

LIMITATIONS UPON PURPOSE AND POWERS

The foregoing purpose and powers of the Association are subject to these limitations:

- (i) Non-profit Organization. The Association shall be organized and operated exclusively for non-profit purposes as set forth in the Internal Revenue Code, as may be amended from time to time, providing for exemption of similar organizations from income taxation;
- (ii) Earnings of Association. That no part of the net earnings of the Association shall inure to the benefit of any private holder of membership certificates in the Association; and
- (iii) Association Participating in Litigation. That the Association shall not participate in any litigation which is, or purports to be, a "class action" without obtaining the prior approval of a majority of the Members of the Association. This subparagraph may not be amended unless such amendment is approved by the affirmative vote of at least 80 percent of the votes of all the Members.

ARTICLE IV

Membership and Voting. General provisions for the qualification and voting rights of Members of the Association are set forth below and more specifically enumerated in the Bylaws of the Association:

- (a) Membership. This Association shall be a membership corporation, without certificates or shares of stock, with but one class or membership. There shall be one membership in the Association for each Unit, as defined in the Declaration and supplements thereto. The Owner(s) of a Unit shall hold and share the membership for

that Unit in the same proportionate interest and by the same type of tenancy in which the title to the Unit is held, provided that there shall always be only one membership per Unit.

- (b) Voting. Each membership shall have one vote. When more than one person holds a membership, they may appoint one of their co-Members as the "voting Member" or proxy to cast the vote for that membership. Such vote shall be cast as the Owners thereof agree, but in no event shall more than one vote per question be cast with respect to any one membership. If the co-Members cannot agree as to the manner in which their vote should be cast when called to vote, then they will be treated as having abstained.
- (c) Transfer of Rights. A membership in the Association and the proportionate share of a member in the assets of the Association shall not be assigned, encumbered or transferred in any manner except as appurtenant to the transfer of title to the Unit to which the membership pertains; provided that the rights of membership may be assigned to the holder of a mortgage, deed of trust or other security instrument on a Unit as security for a loan secured by a lien on such Unit. A transfer of membership shall occur automatically upon the transfer of title to the Unit to which the membership pertains; provided that the Bylaws of the Association may contain reasonable provisions and requirements with respect to recording such transfers on the records of the Association.
- (d) Suspension of Rights. A member's voting rights may be suspended by the Association for failure to comply with the Covenants, Conditions and Restrictions or with any other obligations of the Owners as set forth herein or stipulated in the Declaration, Bylaws and other Condominium Instruments.

ARTICLE V

Board of Trustees. The business and affairs of the Association shall be conducted, managed and controlled by a Board that shall consist of not less than three (3) nor more than five (5) Members, the specific number to be set forth from time to time in the Bylaws of the Association. Trustees shall be Owners (as defined in the Declaration) which, in the case of the Declarant or other corporate Owners, shall include officers, directors, agents or employees of the Declarant; and the officers and directors of other corporate Owners. Members of the Board shall be elected at the Annual Meeting of the Members in the manner set forth in the Bylaws; provided, however, that the Declarant shall be entitled to appoint the first Board. The names and address of the persons who shall serve as Trustees until their successors are duly elected are as follows:

Bill Mitchell	10814 Laurel Creek Drive, Austin, TX 78726-1923
Mike Guinn	8306 Foxhound Trail, Austin, TX 78729
Debbie Buckley	7041 Kingston Cove Lane, Unit 251, Willis, Texas 77318.

ARTICLE VI

Liability. Provisions limiting the liability of Trustees and other persons participating in the management and affairs of the Association, and providing for indemnification of such persons by the Association, are set forth in the Declaration, as same may be amended from time to time, and shall apply to any appointed or elected Board members.

ARTICLE VII

Dissolution. The Association may be dissolved by removal of the Property from the provisions of the Act under the terms set forth in the Declaration, as may be amended from time to time.

ARTICLE VIII

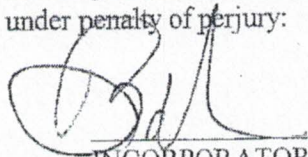
Amendments. Until relinquishment of Declarant control of the Association, these Articles may be unilaterally amended by the Declarant to correct any error or omission, or to change any provision in order to comply with requirements of the Federal Housing Administration or other institutional Lenders; after relinquishment of Declarant control, as provided for in the Declaration and Bylaws, these Articles may be amended at a duly constituted meeting of the Members in accordance with the Declaration and the Bylaws.

ARTICLE IX

Registered Office and Agent. The name of the initial Registered Agent of the Association is Debbie Buckley. The address of the Registered Office, which is also the address of the Registered Agent, is 7041 Kingston Cove Lane, Willis, Texas 77318.

ARTICLE X

Incorporator. The name and address of the incorporator is Barbara Gibson, 4214 Medical Parkway, Suite 202, Austin, Texas 78756. The undersigned incorporator has signed these original Articles of Incorporation dated October 3, 2006, under penalty of perjury:



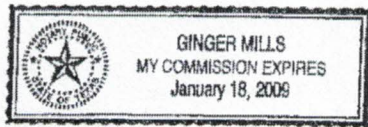
INCORPORATOR
Barbara Gibson

STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

This instrument was acknowledged before me on October 3, 2006, by Barbara Gibson.



Ginger Mills

Notary Public - State of Texas

SHR LUXURY CONDOMINIUM ASSOCIATION, INC.

A Texas Non-Profit Corporation

Bylaws

ARTICLE I

Name. The name of the organization shall be SHR Luxury Condominium Association, Inc. (hereinafter referred to as the "Association").

ARTICLE II

Address. The mailing address of the Association shall be provided in the Articles of Incorporation (hereinafter the "Articles"), but the principal office may be located at such other suitable and convenient place as shall be permitted by law and as may be designated by the Board of Trustees (hereinafter the "Board").

ARTICLE III

General Provisions. The words and terms used herein shall be deemed to have the same meanings ascribed to them as are given those same words and terms as used in that certain Declarations of Condominium, as recorded on or about September ___, 2006, by the Office of the Clerk for Montgomery County (hereinafter the "Declaration").

3.1 Conflicts. The Declaration shall supersede, control and govern in the event of any conflict between the terms of these Bylaws, as may be amended, restated and/or supplemented from time to time, except as provided for in Section 12.2 herein.

3.2 Application. All present or future Owners/Occupants of any Condominium Units on the Property (hereinafter the "Units"), their family, guests, tenants, licensees, invitees, all Mortgagees of Record and any other persons who may use the facilities of the Association in any manner whatsoever are subject to the covenants, conditions, restrictions, rules and regulations set forth in the Bylaws, the Declaration and other Condominium Instruments, as may be amended, restated and/or supplemented from time to time. The acceptance of a legal or equitable interest in a Unit, mere act of using or occupying a Unit, and acquisition or rental of any Unit, signifies acceptance of and compliance in all respects with these Bylaws and other Condominium Instruments (hereinafter the "Instruments").

ARTICLE IV

Purpose. The Association is formed as a Texas non-profit corporation, organized and existing under Texas law for the benevolent purpose of administering, governing, managing, operating, and maintaining the condominium property created by that certain Declaration of Condominium (hereinafter the "Declaration") for Sunset Harbor Luxury Condominiums, as

amended, restated and/or supplemented from time to time, as situated in the county of Montgomery, State of Texas, which Property is described in Exhibit "A" of the Declaration, which by this reference is made a part here, and which Property and all improvements thereon has been submitted to a Condominium Regime according to the provisions of the Uniform Condominium Act of the State of Texas (hereinafter the "Act"). All of the terms, definitions, conditions, covenants and restrictions of the Declaration of the Association are incorporated herein by reference for all purposes.

ACT V

Powers. In accordance with Section 82.102 of the Act and acting through its Board, the Association is authorized by the Instruments to do any and all of the following:

(a) adopt and amend Bylaws, Covenants, Conditions and Restrictions, in addition to any rules and regulations, governing the Association and the use, occupancy, leasing or sale, maintenance and repair, modification, and appearance of Units and Common Elements, to the extent that the regulated actions affect Common Elements of other Units and the Association has jurisdiction over same, and the Association may pay all of the expenses incidental thereto;

(b) adopt and amend budgets for revenues, expenditures, and reserves, and to fix, determine, levy and collect annual assessments to be paid by each of the Owners, and by majority vote of the Board to adjust, decrease or increase the amount of the annual assessments subject to provisions in the Declaration, and to levy and collect special assessments in order to meet increased operating or maintenance expenses and capital expenses, and shall cause to be prepared an itemized annual billing statement that sets forth in detail the various expenses for which any fees and assessments are made;

(c) maintain complete and accurate books and records showing all receipts, expenses or disbursements and to permit examination thereof at any reasonable time by any Owners and any First Mortgagee of a Unit, and to cause a complete annual audit of the books and accounts by a competent accountant, and to deliver annually to each Owner an audited statement by such accountant showing all receipts, expenses or disbursements since the last such statement, and to make available to each owner during normal business hours, copies of the Instruments, including any Minutes;

(d) hire, supervise and terminate managing agents and other employees, agents, and independent contractors;

(e) institute, defend, intervene in, settle, or compromise litigation or administrative proceedings in its own name, on behalf of itself, or in the names of two or more Owners on matters affecting the Condominium;

(f) enter into contracts and incur liabilities pertaining to administration, management, and operation of the Condominium;

(g) regulate the use, maintenance, repair, replacement, modification, and appearance of

the Condominium;

(h) own, lease, provide, control, maintain, and operate recreational facilities, provide park grounds, and other Common Elements, and may also cause additional improvements to be made to same;

(i) acquire, hold, encumber, and convey in its own name any right, title, or interest to Real or Personal Property, except Common Elements of the Condominium;

(j) grant easements, leases, licenses, and concessions through or over the Common Elements;

(k) impose and receive payments, fees, or charges for the use, rental, or operation of Common Elements; and also for administrative, recreational, social, educational, security, and maintenance services provided to Owners;

(l) impose interest and late charged for delinquent Assessments, returned check charges, and if proper notice and an opportunity to be heard are given, reasonable penalties or fines for violations of the Declaration, these Bylaws, the CCRs and any other Instruments of the Association, and may adopt and amend rules or collections policies regulating the collections of delinquent Assessments and the application of payments;

(m) appoint such Committees as the Board deems appropriate, which, to the extent provided in the resolution appointing such Committee(s), shall exercise the powers of the Board. The Committee(s) shall keep Minutes, document expenses, and report regularly to the Board all findings, recommendations and actions;

(n) adopt and amend rules or policies regulating the termination of utility services to a Unit, the Owner of which is delinquent in the payment of any Assessment that is used, in whole or in part, to pay the cost of that utility;

(o) impose reasonable charges for preparing, recording or copying Declaration amendments, Resale Certificates, or statements of unpaid Assessments;

(p) enter any Unit for bona fide emergency purposes when conditions indicate an imminent risk to the Common Elements, to another Unit, or to any Owner/Occupants;

(q) assign its right to future income, including Common Expense Assessments, but only to the extent that the Declaration provides;

(r) suspend any Member's voting privileges and/or rights to use of Common Elements or SCA amenities during any period in which such Member shall be in default of they payment of any Assessment levied by the Association, and to suspend such voting privileges and/or rights for:

- (I) a period not to exceed sixty (60) days for the infraction of the Declaration, or the Association Rules; and

- (ii) successive 60-day periods if any such infraction is not corrected during any prior 60-day suspension period; however, no such suspension may be made toward restricting the use of the Owner's Lot as a residence or restrict his or her access or parking rights;
- (s) arrange, provide, and pay for refuse collection;
- (t) pay ad valorem taxes and assessments levied/imposed against the Property;
- (u) construct and maintain parking lots, streets, sidewalks, and other rights of way or easements; and may adopt and impose speed limits, designate public parking areas, and install signs and graphics to control public access;
- (v) provide for the employment of security personnel, police, constables and/or courtesy patrol, and such other security measures, as may be deemed necessary, including, but not limited to, video cameras, keypads, fencing, gates, identification cards, and vehicle windshield stickers or rear view mirror tags;
- (w) provide for landscaping of the Property, Common Elements, and portions of the Buildings to maintain a uniform and harmonious landscaping scheme for the Property;
- (x) adopt and amend rules or policies regarding control of animal;
- (y) procure insurance in accordance with the Declarations and secure bank accounts on behalf of the Association, designate authorized signatories on bank cards required thereof, and procure any legal, accounting or professional and advisory services as are deemed appropriate for administration, management, and operation and maintenance of the Property and for enforcement of the Declaration, Bylaws, and other Instruments; and
- (z) perform all other acts deemed by the Board to be necessary, desirable, or appropriate in order to ensure the proper administration, management, maintenance, repair, replacement, restoration, refurbishment, improvement and operation of the Condominium, and to ensure the proper operation and administration of the Association.

ARTICLE VI

Membership Qualifications. On becoming an Owner of a Unit Interest, any person or entity (including the Association for so long as it is deemed to be an Owner of a Unit Interest) shall automatically become a Member of the Association and be subject to the Bylaws. Such membership shall terminate without any Association action whenever ownership in a Unit Interest terminates. Termination of a Unit Interest shall not relieve or release any former Owner from liability or obligation incurred under or in connection with the Association during the period of such ownership; or impair any rights or remedies which the Association may have against such former Owner arising out of or in connection with such ownership and all membership obligations incident thereto.

6.1 Proof of Membership. As a non-profit corporation, no stock certificates shall be issued by the Association, but the Board, if it so elects, may issue one (1) Membership I.D. per Unit to the Owner(s) of such Unit. Any such Membership I.D. Card shall be surrendered to the secretary whenever ownership of a Unit Interest is terminated.

6.2 Voting. The votes of Members of the Association, present in person or by proxy, at any duly called meeting of Members of the Council at which a quorum has been achieved, casting a majority of the total votes eligible to be voted by such Members shall decide any business under consideration, and shall constitute the act of and be binding upon the Association and all Members thereof.

- (a) Unit ownership shall entitle an Owner to cast one (1) vote per Unit in affairs of the Association, which vote will be weighted to equal the proportionate share of ownership, provided that the Owner is in good standing and current on all assessments, fees and/or dues owed to the Association.
- (b) The present number of votes that can be cast by all of the Unit Owners is _____. The combined weighted votes calculated in accordance with Exhibit "G" to the Declaration shall equal one hundred percent (100%).
- (c) The Association, represented by the Board, is entitled to one (1) vote per Unit Interest, if any.
- (d) The person named in Association billing records as Owner of a Unit owned by one person is designated as the "record owner" of such Unit for voting purposes.

6.3 Multiple Owners. If a Unit is owned by more than one (1) person, then all of the persons so owning the Unit Interest shall be Members of the Association and shall be eligible to hold office, attend meetings and exercise all other rights and privileges of an Owner which are granted by the Declaration and the other Instruments, excepting that the vote of a Unit Interest may only be exercised by the "voting Member," explained more fully in Section 6.4. Tenants, guests, and other invitees of an Owner may not exercise membership privileges, excepting that such persons may utilize amenities and other Common Elements and may also participate in social activities. In the event of over-crowding, the Board may adopt additional Rules & Regulations or impose such other policies to further restrict membership privileges and may also set fees to participate in certain social activities or to access such amenities as the swimming pool.

6.4 Voting Members. The person entitled to hold the right to vote for any Unit owned by more than one person shall be designated the "voting Member" on a certificate, signed by all record Owners of the Unit, and filed with the Secretary of the Association. Multiple Owners of a Unit shall not share voting rights, except if said Unit is owned by a husband and wife. Any Unit owned by a corporation, partnership, association, trust or other legal entity shall designate one (1) Owner or agent as a "voting Member".

- (a) The Secretary of the Association shall maintain a list of persons entitled to vote on behalf of such multiple Owners or legal entities, and until the Association is notified to the contrary, any action taken by such persons purporting to be on behalf of such Owners shall be binding on such Owners.
- (b) If such a certificate is not on file with the Secretary of the Association for the Unit owned by more than one person or by a legal entity, the vote of the Unit concerned shall not be considered in determining the requirement for a quorum, or for any other purpose requiring the approval of a person entitled to cast the vote for the Unit.
- (c) Such certificate shall be valid until revoked or until suspended by a subsequent certificate, or until there is a change in ownership of said Unit.
- (d) Notwithstanding the foregoing, if a Unit is jointly owned by husband and wife, the following three provisions are applicable thereto:
 - (i) Spouses may, but are not required to, designate a voting Member.
 - (ii) If spouses do not designate a voting Member and if both are present at a meeting (in person or by proxy), and are unable to concur on their decision upon any subject requiring a vote, their vote shall not be counted in any vote on that subject at that meeting; and
 - (iii) Where spouses do not designate a voting Member and only one is present at a meeting (in person or by proxy), the person present may cast the Unit vote, just as though he or she owned the Unit individually and without establishing the concurrence of the absent person.

6.5 Majority of Owners/Members. As used in these Bylaws, the terms "a majority of Owners" and/or a "majority of Members" shall mean those Owners/Members with sixty-seven percent (67%) of the votes entitled to be cast.

6.6 Quorum. Except as otherwise provided herein, the presence in person or by proxy of a majority of Owners as defined in Section 7.3 shall constitute a quorum at any meeting of Members. Except as otherwise provided in Section 8.4 herein, 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 and the vote shall be binding upon the Board. If such quorum shall not be present or represented at any meeting, a majority of those Owners present and entitled to vote thereat shall have the power to adjourn the meeting from time to time, without notice other than by announcement thereat, until a quorum shall be present or represented. In the absence of a quorum, no business may be transacted at any Members Meeting.

6.7 Proxies. Quorum and voting rights may be exercised in person or by proxy. All proxies shall be in writing, dated, signed by Owner(s), notarized and filed with the Secretary

before the appointed time of any Members meeting. Every proxy shall be revocable and automatically cease upon conveyance by the Owner of his Unit Interest or termination of his membership. Proxies shall be valid only for the purpose stated on the proxy and no proxy shall be valid after twelve (12) months from the date of execution.

ARTICLE VII

Administration. Owners constitute the Association of Members, who are charged with the responsibility of self-administering the non-profit corporation through a Board.

7.1 Declarant Control. Notwithstanding any provision herein in the contrary, in accordance with the Declaration and subject to Section 82.103(d) of the Act, the Declarant shall retain control over management to the benefit of the Owners and any first Mortgagees of Record, and for the purpose of insuring both a complete and orderly conversion, and a timely sellout of the Units, and during which time Declarant may appoint and remove Association Trustees. Although Declarant may voluntarily surrender the right to appoint and remove Officers and Trustees before termination of Declarant control, Declarant requires for the duration of the period that the Declarant would otherwise control that the specific actions of the Trustees or the Association by approved by the Declarant before taking effect. Transfer of Special Declarant Rights does not terminate the period of Declarant control. Such control shall last no longer than five (5) years from the date the first Unit is sold, transferred or conveyed; or 120 days after the sale of seventy-five percent (75%) of the Units, whichever occurs first.

7.2 Annual Meetings. Annual Meetings of the Members shall be held on the first (1st) Saturday in May of each year, for the purpose of electing Trustees whose term has expired and for the transaction of any and all such other business as may be brought before the Members or submitted to the Members at such Annual Meeting.

7.3 Special Meetings. The President shall call a Special Meeting of Members as directed by resolution of the Board or upon receipt of any petition signed by at least one-third (1/3) of all Members in good standing as verified by the Secretary. Notice of any Special Meeting of Members shall state the time and place of such meeting and the purpose(s) thereof. No business shall be transacted at a Special Meeting except as stated in the notice unless by consent of a majority of Members present, in person or by proxy.

7.4 Place of Meetings. All Annual and Special Meetings of the Board and the Members shall be held at the Association's principal office(s), or such other place in Montgomery County, Texas as the Board may from time to time deem appropriate.

7.5 Waiver and Consent. Whenever the vote of Members is required or permitted at a meeting of Members, the meeting and note of Members may be dispensed with and the business at question may be decided by mail-in ballot, if Members of the Association representing a majority of the total votes eligible to be voted consent in writing to dispense with the meeting and vote upon the business in question by mail-in ballot. This procedure requires that mail-in ballots accompany consent forms sent to Members and that such forms be completed

and returned with the ballot as if one form.

7.6 Notice of Meetings. Unless a Member waives in writing the right to receive notice of a Members meeting, the Board shall mail or deliver, or shall cause to be mailed or delivered, written notice of all Members meetings to each Member at his last known address as listed in Association records. Such notice shall be delivered or mailed to each Member, by First Class or Bulk Mail, postage paid, address correction requested, not less than ten (10) days and not more than sixty (60) days prior to the date of such meeting. If requested in writing, any Mortgagee of Record or its designee may be entitled to receive similar notice. Each such notice shall specify the time, date and place of such meeting, shall state whether it is an Annual or Special meeting and shall describe the business to be transacted or anticipated to be transacted thereat. The failure of any Member or Mortgagee of Record to receive actual notice of any Members Meeting shall in no way invalidate, void or affect the meeting or the legality, enforceability, outcome or effect of any business transacted thereat.

7.7 Other Notification. Candidates names and resumes, and any proposed changes to Bylaws, shall be submitted to the Board Secretary at least ninety (90) days prior to the Annual Meeting in order that Members may be informed about proposed candidates and/or amendments. Proposed amendments to Bylaws shall be submitted with a petition signed by at least one-third (1/3) of all Members in good standing.

7.8 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 for not less than five (5) days, but not more than twenty (2), and the required quorum at the subsequent meeting shall be twenty-five percent (25%) of the aggregate interest of the undivided Ownership of the Common Elements.

7.9 Parliamentary Rules Apply. Robert's Rule of Order as updated from time to time, shall govern the conduct of all meetings of Members when not in conflict with the Declaration, these Bylaws and the other Instruments.

7.10 Participation by Manager. For so long as a management agreement with the Association is in effect, the Manager shall be entitled to furnish notice of all meetings of Members to the Association and shall be entitled to attend all meetings of Members.

7.11 Order of Business for Annual Meetings. The order of business for all Annual Meetings of the Members shall be set in the following agenda:

- (a) Roll call;
- (b) Proof of Notice of Meeting or Waiver of Notice;
- (c) Reading of Minutes for preceding Annual Meeting of Members;
- (d) Reports of Officers;
- (e) Reports of Advisors (ie: Attorney, Accountant, Auditor, Broker, Vendors);
- (f) Report of Manager;
- (g) Reports of Committees, if any;
- (h) Introduction of Candidates for Election to the Board;

- (l) Nominations of Candidates from the floor, if any;
- (j) Candidates Forum;
- (k) Appointment of election officials;
- (l) Election of Trustees;
- (m) Unfinished Business, if any;
- (n) New Business; and
- (o) Adjournment.

7.12 Order of Business for Special Meetings. The order of business for all Special Meetings of the Members shall include the following items on any agendas set by the Members or the Board for such Special Meetings:

- (a) Roll call;
- (b) Proof of Notice of Meeting or Waiver of Notice;
- (c) Appointment of Parliamentarian;
- (d) Summary of business conducted at any preceding Special Meeting;
- (e) Reports of Officers;
- (f) Reports of Advisors (ie: Attorney, Accountant, Auditor, Broker, Vendors);
- (g) Reports of Members;
- (h) Members Forum;
- (l) Unfinished Business, if any; and
- (j) Adjournment.

7.13 Adjournment. Any meeting of Members, whether or not a quorum is present, may be adjourned from time to time by the affirmative vote of Members casting a majority of the total votes represented at said meeting, in person or by proxy. In the absence of a quorum, no other business may be transacted at any meeting of Members, provided, however, that any meeting of Members which is adjourned due to the failure to establish a quorum shall be re-convened within thirty (30) days, and any business which could have been conducted at the original meeting, in accordance with the provisions hereof, shall be conducted and be fully authorized hereunder to be conducted at said re-convened meeting without the need to establish a quorum at such re-convened meeting.

ARTICLE VIII

Board Qualifications. The affairs of the Association shall be governed by a Board comprised initially of three (3) persons, expandable in accordance with the Declaration to five (5) persons, but which shall at no time be comprised of an even number of persons. The following persons shall act in such capacity and manage the affairs of the Association until successors are elected, to-wit:

Name	Address
Bill Mitchell	10814 Laurel Creek Drive
President & Treasurer	Austin, TX 78726-1923

Debbie Buckley

Secretary

7041 Kingston Cove, Unit 251
Willis, TX 77318

Mike Guinn

Vice President

8306 Foxhound Trail
Austin, TX 78729

Except for the persons appointed to the initial Board during the period of Declarant Control as defined in the Declaration, a Trustee must own an interest in a Unit and be a Member in good standing to qualify for service on the Board. At no time may any Trustee serve simultaneously with an immediate family Member or spouse. Except for the Trustees appointed by the Declarant, any Trustee who ceases to be an Owner shall automatically be deemed to have resigned. Moreover, any Trustee who is more than thirty (30) days delinquent in the payment of any Assessment, Special Assessment, Personal Charge or any other amount owed to the Association shall be deemed to have resigned from the Board, effective immediately upon the Board's receipt of notification of such delinquency.

8.1 Election and Term of Office. At the first (1st) Annual Meeting of the Association the term of office of one (1) of the Trustees shall be fixed for one (1) year, the term of office of another one (1) of the Trustees shall be fixed at two (2) years, and the term of office of the remaining one (1) Trustee shall be fixed at three (3) years. At the expiration of the initial term of office of each respective Trustee, his successor shall be elected to serve a term of three (3) years. The persons acting as Trustees shall hold office until their successors have been elected and have held their first (1st) meeting. Except for the initial Board, the terms served by Trustees shall at all times be staggered with each Trustee serving one (1) three-year term. The length of terms may be modified by the Members at any Annual or Special Meeting of the Members by an affirmative vote of a majority of a quorum of Members present in person or by proxy.

8.2 Nomination and Election of Trustees. No write-in candidates shall be permitted for election to the Board and nominations of candidates shall only be made by:

- (a) Members who complete and submit a Board-issued Nomination Questionnaire that shall be made available to all Members at least one hundred and twenty (120) days prior to the Annual Meeting. Said Nomination Questionnaire shall be submitted to the Board at least ninety (90) days prior to the Annual Meeting at which the elections are to occur. Said nominees will be announced in advance of the Annual Meeting via a mailed announcement noticed to all Members in accordance with Section 7.6; and/or
- (b) Nomination from the floor, with a motion and second from the membership, of a qualified Member and verbal acceptance of that nomination from said candidate.

8.3 Resignation and Removal of Trustee. Any Trustee may be removed as an Officer, with or without cause, by a majority vote of the Board.

- (a) Any Trustee may resign at any time by giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.
- (b) Any at duly called Special Members Meeting, any one (1) or more of the Trustees may be removed with or without cause by a majority of Members, and a successor may then and there be elected by Members to fill the vacancy thus created, provided that any Trustee whose removal has been proposed shall receive at least thirty (30) days written notice of his proposed removal and shall be afforded a reasonable opportunity to attend and be heard during the meeting at which his removal is voted upon.

8.4 Vacancies. Vacancies on the Board caused by any reason other than the removal of a Trustee by a vote of the Members shall be filled by a majority vote of the remaining Trustees, even though they may constitute less than a quorum. Any person duly elected as a Trustee shall serve until a successor is elected at the next Annual Meeting of the Association. The person elected at the next Annual Meeting of the Association fill the vacancy will serve until expiration of the term of the person whose position was vacated.

8.5 Organizational Board Meeting. The first (1st) meeting of a newly elected Board shall be held immediately following each Annual Meeting of Members for the purpose of electing Officers and no notice shall be necessary to newly elected Trustees to convene such meeting, providing that a Board majority shall be present.

8.6 Regular Board Meetings. Regular Board Meetings may be held at such time and place as determined by a majority of the Trustees, provided that at least four (4) such open meetings are convened at least once per fiscal quarter at the Association's principal office(s). Notice of Regular Board Meetings shall be delivered to each Trustee, either personally, by mail, telephone or facsimile, at least seven (7) days prior io the day of such meeting. Members shall be. noticed about such Regular Meetings by a posting of a handbill, banner, signage or other means on, adjacent to or inside the Association's office.

8.7 Special Board Meetings, Executive Board Sessions, Telephone Meetings and Board Workshops. Special Board Meetings, Executive Board Sessions (closed to the public) and Board Workshops may be called by the President. or Secretary, or upon the written request of at least two (2) Trustees. The President or Secretary shall give forty-eight (48) hours personal notice to each Trustee by mail, telephone, or facsimile, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting.

8.8 Waiver of Notice. Before or at any meeting of the Board, any Trustee may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving

of such notice. Attendance by a Trustee at any meeting of the Board shall be a waiver of notice by him or her of the time and place thereof. If all the Trustees are present at any meeting of the Board, no notice shall be required and any business may be transacted.

8.9 Board of Trustee's Quorum. At all meetings of the Board, a majority of Trustees shall constitute a quorum for the transaction of business, and the acts of the majority of the Trustees present at a meeting at which a quorum is present shall be the acts of the Board. If, at any meeting of the board of Trustees, there is 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 additional notice.

8.10 Fidelity Bonds. The Board shall require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premium on such bonds shall be paid by the Association. Such fidelity bonds shall name the Association as the obligee, and shall be written in an amount equal to the estimated maximum of funds, including reserve funds, in the custody of the Association or the Managing Agent, as the case may be, at any given time during the term of each bond. However, in no event may the aggregate amount of such bonds be less than a sum equal to three (3) months aggregate assessments on all units plus reserves.

8.11 Performance Standards. Board Members may be asked to resign and/or be removed from their position, upon the failure to attend three consecutive regularly scheduled Board meetings and/or failure to attend at least 50% of and/all duly called Board meetings in a six month period of office. Such resignation and/or removal will be by a unanimous written vote of the remaining Trustees at a duly called Board meeting. In the event of death, resignation or Board removal of a Trustee, his or her successor shall be selected by the remaining trustee and such successor shall serve his or her predecessor's unexpired term.

8.12 Cumulative Voting for Board Members. Cumulative voting shall not be permitted in any Association business brought before the Owners for a vote.

8.13 Enumeration of Officers. The Association Officers shall be a President and Vice President, who shall at all times be Trustees, and also a Secretary and Treasurer, and such other officers as the Board may by resolution create from time to time.

8.14 Standing or Special Committees. The Board may appoint committees as deemed appropriate in carrying out its purposes. Each such committee shall consist of two or more Trustees and at least two Members of the Association. Committees shall make recommendations to the Board for action and shall take no action in and of themselves without prior Board authorization in the form of a Board resolution. In the event of death, resignation or continued absence or failure to function of any Committee members, the Board shall exercise sole authority to name a replacement for such member.

8.15 Executive committee. The Board may by resolution designate two or more Trustees to constitute an executive committee which shall have and exercise all of the power of

the Board in the management of the business and affairs of the Association or such lesser authority as may be set forth in such resolution. No such delegation of authority shall relieve the Board or any Trustee from any responsibility imposed by law.

8.16 Special Appointments. The Board may elect such other officers as deemed necessary, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine.

8.17 Multiple Offices. No person shall simultaneously hold more than one (1) office except in the case of the President and Treasurer, which may be held simultaneously by one person, or in the case of special offices pursuant to sections 8.14 and 8.15.

8.18 Election of Officers. The officers of the Association shall be elected annually by the Board at the organizing meeting of each new Board and shall serve in that capacity at the pleasure of the Board.

8.19 Chief Executive Officer. The President shall serve as chief executive officer of the Association. He or she shall preside at all meetings of the Association and Board. He or she shall have all of the general powers and duties which are usually vested in the office of the president of an association, including, but not limited to, the power to appoint committees from among the Owners to assist in administration of the Association.

8.20 Authorized Agents. The persons who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and Secretary/Treasurer of the Association.

8.21 Action by Written Consent. Any action required or permitted to be taken at any meeting of the Board may be taken without a meeting if all of the Trustees, whether individually or collectively, consent in writing to the action taken or to be taken at any time prior to or subsequent to the intended effective date of such action.

8.22 Duties. The duties of the Association's corporate Officers shall include, but in no way be limited to, the following:

- (a) President. The President shall preside at all meetings of the Board; see that orders and resolutions of the Board are carried out; sign all leases, mortgages, deeds, contracts, and other written instruments; and consign all checks and promissory notes.
- (b) Vice President. The Vice President shall act in the place and stead of the President in the event of his or her absence, or inability or refusal to act, and shall exercise and discharge such other duties as may be required of him by the Board.
- (c) Secretary. The Secretary shall cause the following to be done:
 - (I) record all votes by Trustees and Members;

- (ii) keep the minutes of all Regular Board Meetings, Special Board Meetings, Executive Board Sessions, Telephonic Board Meetings, Board Workshops, Committee Meetings, Annual Meetings, Special Members Meetings, and proceedings of the Board and of the Members;
- (iii) serve notice of all meetings of the Board and of the Members;
- (iv) keep appropriate current membership records; and
- (v) make available to any Member in good standing, upon written demand stating the purpose of the demand, all books and records of the Association relevant to that purpose, for examination and copying, whether personally or by agent, accountant or attorney, at any reasonable time for any proper purpose, at the expense of the Member;

(d) Treasurer. The Treasurer shall have the responsibility for Association funds and shall receive and deposit in appropriate bank accounts designated by the Board all monies of the Association and shall disburse such as directed by resolution of the Board, provided, however, that a resolution of the Board shall not be necessary for disbursements made in the ordinary course of business conducted within the limits of a budget adopted by the Board, and shall also cause the following to be done in a timely and proper manner:

- (I) receive and deposit in appropriate bank accounts all monies of the Association and disburse such funds as directed by resolution of the Board;
- (ii) sign all checks and promissory notes of the Association;
- (iii) keep proper books of account; and
- (iv) prepare an annual budget and statement of income and expenditures to be presented and copied to the Membership at its regular Annual Meeting.

(c) The Board may delegate the duties listed above, or other duties, to a management company, managing agent, or other, however, such delegation shall not relieve any member of the Board of his or her responsibility for such duties.

8.23 Compensation. No Trustee, Committee Member or person from whom the Association may receive property or funds shall receive any pecuniary profit from the operation thereof or compensation for any service rendered to the Association in such capacity. In any event, shall no Association funds or assets be paid as salary or compensation to, or otherwise be distributed to or inure to the benefit of any Member of the Board, except as provided for in section 4.2. Whether individually or through an employer, no Trustee and/or Committee Member or his or her immediate family member, shall be permitted to engage in any full/part-time and/or contract work with the Association.

8.24 Expenses. Any Member of the Board, its' designees and/or assigns may, from time-to-time be reimbursed for actual and reasonable expenses incurred in connection with administration and operation of the Association.

8.25 Services. No Trustee or Officer of the Association shall be required to devote his time or services exclusively to the Association. Each Trustee and Officer of the Association shall be free to engage in any and all other business either similar or dissimilar to the business of the Association. Moreover, each and every Trustee and Officer of the Association shall be free to act for and serve any other corporation(s), entity or entities, whether or not the purposes, business and affairs thereof are similar or dissimilar to the purposes, business and affairs of the Association, without breach of duty to the Association or its Members and without liability of any character or description to the Association or its Members.

ARTICLE IX

Management Contract. The Board may enter into a management agreement with a Management Company or managing agent at a rate of compensation agreed upon by the Board and set forth in each Management Agreement. A determination by the Association not to renew any Management Agreement shall be made only upon the affirmative vote or written assent of a majority of Members eligible to vote.

9.1 Duties. In accordance with the Declaration and these Bylaws, the Management Company or managing agent shall be responsible for the following duties:

- (a) shall cause to be prepared an annual proposed schedule of assessments and annual operating budget at least ninety days prior to the end of each fiscal year, detailed to reflect projected monthly operating income and expenses, for Board review, and approval and for use by the Board in comparing actual monthly income and expenditures;
- (b) shall cause to be prepared a five (5) year sinking fund reserve budget projection for capital expenditures on items periodically recurring for Common Elements;
- (c) Shall cause to be prepared yearly or more frequently, operating and cash position statements concerning sinking fund reserve accounts;
- (d) shall analyze and compare operating receipts and disbursements against the Board-approved budget, and where a significant variation is shown (20%) above or below the budgeted amount, shall cause to be prepared detailed written explanations of variations from budgeted figures and corrective recommendations as directed by Board;
- (e) shall collect maintenance fees and special assessments in a timely manner; causing them to be deposited in checking, savings or other income-producing accounts on behalf of the Board and shall maintain comprehensive records thereof; and shall establish individual checking and sinking fund reserve accounts, as directed by the Board;

(f) shall mail notices of delinquency to any Owner in arrears and shall exert reasonable effort to collect delinquent accounts;

(g) shall examine all expenses and invoices for accuracy and pay bills promptly;

(h) shall cause to be prepared an annual statement of operations for Owners, submitted for Board review at least sixty (60) days after the close of each fiscal year;

(I) shall assist in the annual audit;

(j) Shall assume responsibility for maintenance and control of Common Elements and equipment, maintain Property in constant repair within the operating budget to insure high property values and reflect Owner pride, as directed by the Board;

(k) shall let contracts and supervise contractors for lawn care, pool care, refuse disposal, pump maintenance, etc., within operating budget, as directed by the Board;

(l) shall interview, hire, train and manage personnel, as directed by the Board;

(m) shall compile, assemble and analyze data; and prepare specifications and requests for bids/quotes on major improvement projects, analyze, and compare proposals, issue contracts with Board delegation of authority, and maintain oversight of contracts to insure that work is performed according to specifications, as directed by the Board;

(n) shall obtain and analyze bids for insurance coverage, specified in recommended Bylaws, recommend modifications or additional coverage, prepare claims when required, following-up on payment of claims, and act as the Board's representative in negotiating settlement;

(o) shall exercise close liaison and supervision over all personnel to insure proper operational maintenance and to promote good Management-Owner relationships;

(p) shall act as liaison for the Association in any negotiations or disputes with local, Federal or State taxing agencies or regulatory bodies, as directed by the Board;

(q) shall exercise close supervision over hours and working conditions of employees to insure compliance with State, Federal, OSHA, Employment and/or Workman's Compensation Laws;

(r) shall assist in resolving individual Owner's problems as they pertain to the Association, Common Elements, and governing rules and regulations;

(s) shall organize and attend Board Meetings as directed by the Board; and

(t) shall maintain at the Association office(s) all books and records of the Association, including, without limitation, detailed, and accurate records of the Association's receipts and

disbursements, a record of individual account for each Owner designating each Owner's name, address and the amounts of any fees or assessments paid or due payable, and also shall maintain, all minutes of meetings, correspondence, amendments to the Declaration, the Bylaws, and other Instruments; and

9.2 Change in Scope of Duties. The Board may, at its sole discretion, from time-to-time, grant additional powers to and/or impose additional, duties upon the Manager or Management Company, or limit any powers previously granted to same.

ARTICLE X

Indemnification. The Association shall indemnify each Trustee and Officer, whether or not then in office, and each person who may have served at the request of the Association as a Trustee or Officer of another corporation in which the Association owns capital stock or of which it is a creditor, and any managing agent, their executors, administrators and assigns, to the fullest extent allowed by the laws of the State of Texas except as limited by any provisions set forth in the Bylaws, against all loss, cost and expenses, including reasonable attorney fees, whether incurred collectively or individually in connection with any action, suit or proceeding to which they may be made a party to by reason of their having been a Trustee, Officer or managing agent of the Association, except in matters of gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters in which the gross negligence or willful misconduct in the performance of his or her duty as such Trustee or Officer in relation to the matter involved.

10.1 No Exclusivity. The foregoing rights shall not be exclusive of other rights to which such Trustee, Officer, or managing agent may be entitled. All liability, loss, damage, cost and expense incurred or suffered by the Association in connection with the foregoing indemnification provision shall be treated and handled by the Association as Common Expenses, provided, however, nothing contained in this Article shall be deemed to obligate the Association to indemnify any Member who is or has been a Trustee or Officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him or her under or by virtue of the Condominium Declaration as a Member covered thereby. This Right of Indemnification extends to every Trustee, Officer or managing agent, whether suit is brought against them in their official capacity or individual capacity.

10.2 Abatement and Enjoinment. The violation of any rule or regulation promulgated by the Board, breach of any Bylaw, or breach of any provision in the Declaration, shall give the Board, the Management Company or the managing agent, in addition to any other rights set forth therein, the right to:

- (a) enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board or Managing Agent shall not be deemed guilty in any manner of trespassing, 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 therefore;

- (b) enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

ARTICLE XI

Owner Obligations. Each Owner shall comply strictly with the provisions of the Declaration, Articles of Incorporation and these Bylaws and all amendments and supplements thereto. Each Owner shall always endeavor to observe and promote the cooperative purposes for which the Property was built.

11.1 **Assessments.** Each Owner is obligated to pay Annual and Special Assessments to the Association as secured by a continuing lien upon the Unit against which the Assessment is made. Any Assessment not paid when due shall be delinquent. If an Assessment is not paid on the due date, the Assessment shall bear interest and the Association may bring legal action against the Owner personally obligated to pay same or foreclose its lien against his or her Unit, as provided in the Declaration, with reasonable attorney's fees, legal expenses and any collection costs for such action added to the amount due payable. No Owner may waive or escape liability for the Assessments provided for herein by nonuse of Common Elements or abandonment of his or her Unit Interest.

11.2 **Notice.** Each Owner shall register his mailing address in writing with the Association upon becoming an Owner and shall promptly notify the Association in writing of any subsequent change of address. Any Owner who mortgages his or her Unit shall promptly notify the Association in writing of the name and address of his or her Mortgagee. The Association shall maintain such information in a book labeled "Mortgagees of Record." Any notices required to be given to the Association under one or more provisions of the Declaration, Bylaws and/or other Instruments shall be sent by registered or certified mail, return receipt requested, addressed to the Association's Office(s).

11.3 **Maintenance and Repair.** Each Owner shall promptly, and his or her expense, perform all maintenance and repair work within his or her Unit which, if omitted, would affect the condominium in its entirety or in any part belonging to any other Owners, including but in no way limited to, all repairs of internal installations of the Unit, such as water, electrical, gas, sewage, telephone, air conditioner, plumbing, doors, windows, glass, electrical, fixtures, floor and wall coverings, fixtures, heating and air conditioning.

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

- (a) In the event suit for foreclosure is commenced, within ten (10) days thereafter, shall then 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 ten percent (10%) for one year together with a sum equal to ten percent (10%) of the amount

of such claim, but not less than Three Hundred and NO/100's Dollars (\$300.00), which latter sum may be used by the Association to pay 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. Disbursements of such funds or proceeds shall be made to ensure payment of such judgment or settlement.

- (b) Any deficiency, inclusive of attorney's fees and collection costs, shall be paid forthwith by the Owner. Failure to pay same shall entitle the Association to make such payment and the amount thereof shall be a debt of the Owner and a lien against his or her Unit, which may be foreclosed as provided in the Declaration. Such Owner shall be liable to the Association for payment of reasonable interest on all sums paid by the Association until repayment is made in full.

11.5 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 purposes for which they were intended.

11.6 Use of Units. An Owner shall not make structural modifications or alterations to his or her Unit or installations located therein. All Units shall be utilized for residential purposes only.

ARTICLE XII

12.1 Covenants, Conditions and Restrictions. The Board shall have the right to adopt and amend as necessary, from time to time, such uniform Covenants, Conditions and Restrictions (hereinafter the "CCRs") as the Board may deem necessary and appropriate for the management, maintenance, control, operation, administration, use occupancy and enjoyment of the Property and for the benefit of all of the Owners/Occupants. Such CCRs may, to the extent that none are in conflict with the Declaration, Bylaws, and other Instruments, impose reasonable restrictions upon the use and occupancy of any portion of the Property as the Board, in its sole discretion, deems necessary or appropriate.

12.2 Conflicts. Notwithstanding anything contained herein to the contrary, in the event of any conflict of the CCRs with these Bylaws, then these Bylaws shall govern, control and prevail at all times and in all respects. Moreover, in the event of any conflict of these Bylaws with the Declaration, then the Declaration shall govern, control and prevail at all times and in all respects. In the event of a conflict of any special or specific provision of a Purchase Contract with the Declaration, these Bylaws, the CCRs, or any other Instruments, then the special or specific provisions of the Purchase Contract shall govern, control and prevail at all times and in all respects.

12.3 Severability. Provisions of the Bylaws shall be deemed to be independent and severable, and the invalidity, partial invalidity or unenforceability of any provision shall not affect the validity or enforceability of any other provisions hereof.

12.4 Compliance. Each Owner shall obey, comply with and adhere to the CCRs, as amended, restated and/or supplemented from time to time, and shall ensure that the same are faithfully observed by, complied with and adhered to by all members of his or her family, guests, invitees and tenants. A copy of the CCRs shall be provided to all Owners, along with any amendments thereto, upon written request.

12.5 Rights of Action. The Association and any aggrieved Owner shall have an appropriate right of action against Owners for failure to comply with provisions of the Declaration and these Bylaws, or with decisions of the Association which are made pursuant thereto. Any Owner shall have similar rights of action against the Association.

ARTICLE XIII

Finances. Assessments shall be promptly paid by all Members of the Association and collected by the Association in accordance with the Declaration.

13.1 Depositories. Association funds shall be deposited in a federally insured institution, in a manner designed to indicate the custodial nature thereof, and shall be withdrawn by the Board for payment of the Association's expenses in accordance with the Declaration, Bylaws and other Condominium Instruments (hereinafter the "Instruments").

13.2 Fiscal Year. The Association's fiscal year shall coincide with the calendar year and end annually at midnight on December 31st.

13.3 Commingling of Funds and Fiduciary Duty. All sums collected by the Board on behalf of the Association from Assessments or other sources of revenue may be commingled in a single depository account or divided into multiple depository accounts, as determined by the Board, unless otherwise mandated by a provision contained in these Bylaws, the Declaration or other Condominium Instrument. All Assessments paid by an Owner shall be applied to interest, delinquencies, costs, attorneys' fees, and other charges and expenses in such manner and amounts as the Association may deem to be appropriate except as provided for in these Bylaws, the Declaration, or other Instruments.

13.4 Fiscal Records. All Owners, Mortgagees of Record, and the authorized agents thereof shall be ratified to inspect the Association's records of its receipts and disbursements at the Association's Office(s) during regular business hours.

13.5 Account Statement. Upon forty-eight (48) hours' written notice to the Board, any Owner shall be provided with a statement of his or her account setting forth the amount of any unpaid Assessments or other charges due and owing from such Owner. The Association shall be responsible, as the agent of each Owner, for paying the Common Expenses of the Condominium Property. Neither the Board nor the Management Company or managing agent shall be individually liable for the payment of any of the Common Expenses; rather, they shall merely serve to direct and authorize the payment, to the extent that funds are available for payment of same on behalf of the Owners.

13.6 Audit. An audit of the accounts of the Association shall be prepared each year by an independent accounting firm, in accordance with generally accepted accounting practices. A complete copy of said audit shall be forwarded to the Directors and Officers, and shall also be made available to the Members of the Association for inspection and copying at reasonable times in the Association's Office(s).

ARTICLE XIV

Miscellaneous Provisions.

14.1 Captions. The captions used in the Bylaws are provided only as a matter of convenience and for ease of reference, and in no way define, limit or describe the scope of the Bylaws or the intent of any provisions hereof.

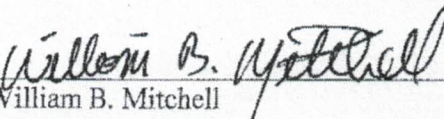
14.2 Number and Gender. Whenever the content so requires, any mention of gender in the Bylaws is deemed to include both genders, and any use of the singular is deemed to include the plural, just as the plural is deemed to include the singular.

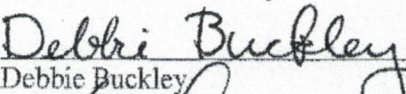
14.3 Interpretation. The Bylaws shall be liberally construed to effectuate the purpose of ensuring that the Condominium property shall at all times be operated and maintained as a resort condominium property in a manner designed to optimize and maximize its enjoyment and utilization by each Owner.

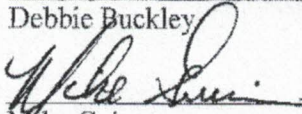
ARTICLE XV

Amendments. Until relinquishment of Declarant Control of the Association, these Bylaws may be unilaterally amended by the Declarant to correct any clerical or typographical error or omission, or in order to comply with any requirements of the Federal Home Loan Mortgage Corporation, Federal Housing Administration, or other institutional Lenders.

The foregoing Bylaws were adopted by a majority consent of the initial Board of Trustees and signed on OCT 10, 2006, 2006, as evidenced by their respective signatures below:


William B. Mitchell


Debbie Buckley


Mike Guinn

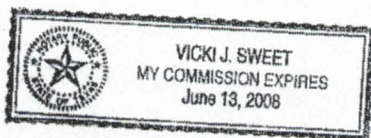
STATE OF TEXAS

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§
§

COUNTY OF MONTGOMERY

Before me, the undersigned authority, on this day personally appeared William B. Mitchell, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed same for the purposes and consideration therein expressed, and as the act and deed of said entity, and in the capacity therein stated.

Given under my hand and seal of office on this the 10 day of October, 2006.



[Signature]
NOTARY PUBLIC - STATE OF TEXAS

Vicki Sweet
Printed/Typed Name of Notary
My Commission Expires: 2008

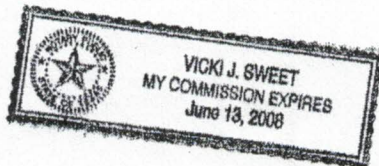
STATE OF TEXAS

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COUNTY OF MONTGOMERY

Before me, the undersigned authority, on this day personally appeared Debbie Buckley, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed same for the purposes and consideration therein expressed, and as the act and deed of said entity, and in the capacity therein stated.

Given under my hand and seal of office on this the 10 day of October, 2006.



[Signature]
NOTARY PUBLIC - STATE OF TEXAS

Vicki Sweet
Printed/Typed Name of Notary
My Commission Expires: 2008

STATE OF TEXAS

§
§
§

COUNTY OF MONTGOMERY

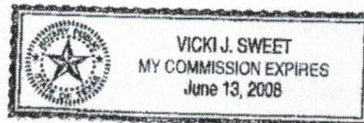
Before me, the undersigned authority, on this day personally appeared Mike Guinn, known to me to be the person and officer whose name is subscribed to the foregoing instrument,

and acknowledged to me that s/he executed same for the purposes and consideration therein expressed, and as the act and deed of said entity, and in the capacity therein stated.

Given under my hand and seal of office on this the 10th day of October, 2006.


NOTARY PUBLIC - STATE OF TEXAS

Vicki Sweet
Printed/Typed Name of Notary
My Commission Expires: 2008



Ret. BILL MITCHELL
SEVEN COVES RESORT
7041 KINGSTON COVE LN
WILLIS, TX 77318

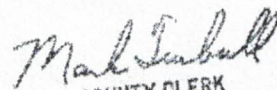
STATE OF TEXAS
COUNTY OF MONTGOMERY

I hereby certify this instrument was filed in
File Number Sequence on the date and at the time
stamped herein by me and was duly RECORDED in
the Official Public Records of Real Property at
Montgomery County, Texas.

OCT 10 2006

FILED FOR RECORD

06 OCT 10 PM 3:44


COUNTY CLERK
MONTGOMERY COUNTY, TEXAS



Mark Turnbull
County Clerk
Montgomery County, Texas