

BY-LAWS

OF

BENT TREE CONDOMINIUMS
HOMEOWNERS' ASSOCIATION, INC.

The name of this non-profit corporation shall be BENT TREE CONDOMINIUMS HOMEOWNERS' ASSOCIATION, INC. (the "Association").

ARTICLE I

Purpose and Parties

1.1 Purpose Expressed. The purpose for which the Association is formed is to govern the Condominium Regime known as Bent Tree Condominiums, situated in the County of Hays, State of Texas, which property is described in that certain Declaration ("Declaration"), and which property shall be submitted to the regime created by the Texas Condominium Act by the recording of the Declaration and the Exhibits thereto. All definitions and terms contained in said Declaration shall apply hereto and are incorporated herein by reference.

1.2 Parties Bound. All present or future Owners, tenants, future tenants of any Unit, or any other person who might use in any manner the facilities of the Project are subject to the provisions and any regulations set forth in these By-Laws. The mere acquisition, lease or rental of any Unit or the mere act of occupancy of the Unit will signify that these By-Laws are accepted, approved, ratified, and will be complied with.

ARTICLE II

Membership, Voting, Majority of
Owners, Quorum, Proxies

2.1 Membership. Except as is otherwise provided in these By-Laws, ownership of a Unit is required in order to qualify for membership in this Association. Any person on becoming an Owner of a Unit shall automatically become a Member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Unit, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with this Association during the period of such ownership and membership in this Association, or impair any rights or remedies which the Owners have, either through the Board of Directors of the Association or directly against such former Owner and Member arising out of or in any way connected with ownership and membership and the covenants and obligations incident thereto.

2.2 Voting. The Owner or Owners of each Unit shall be entitled to one (1) vote, the value of which shall equal the Common Interest assigned to said Owner's or Owners' Unit as provided in said Declaration.

2.3 Majority of Owners. As used in these By-Laws, the term "majority of Owners" shall mean those voting Owners holding fifty-one percent (51%) of the Common Interest.

2.4 Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of fifty-one percent

(51%) of the Common Interest of the Owners shall constitute a quorum. In the event a quorum is not present, then the meeting called shall be adjourned, and notice of a new meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail, at which meeting the number of Owners represented in person or by proxy shall be sufficient to constitute a quorum. An affirmative vote of a majority of the Owners present, either in person or by proxy, shall be required to transact the business of the meeting.

2.5 Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary of the Association before the appointed time of each meeting.

ARTICLE III

Administration

3.1 Association Responsibilities. The Owners will constitute the Association which will have the responsibility of administering the Project through a Board of Directors. In the event of any dispute or disagreement between any Owners relating to the Project, or any questions of interpretation or application of the provisions of the Project Documents, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Owners, subject to the right of Owners to seek other remedies provided by law after such determination by the Board.

3.2 Place of Meeting. Meetings of the Association shall be held at such suitable place, convenient to the Owners, as the Board of Directors may determine.

3.3 Annual Meetings. The first annual meeting of the Association shall be held within one hundred twenty (120) days from the date upon which there has occurred the conveyance by the Declarant of Units to which at least seventy-five percent (75%) of the Common Interest is appurtenant, or sooner at the option of Declarant; but, in any event, the first meeting of the Association shall be held within three (3) years following the conveyance of the first Unit by the Declarant. Thereafter, the annual meetings of the Association shall be held on or before forty-five (45) days after the expiration of the prior fiscal year. At such meetings there shall be elected by ballot of the Owners a Board of Directors in accordance with the requirements of Section 4.5 of these By-Laws. The Owners may also transact such other business of the Association as may properly come before them.

3.4 Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of Owners and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

3.5 Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail

a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Owner of record and to each Institutional Lender (who may designate a representative to attend such meetings), at least ten (10) days, but not more than thirty (30) days, prior to such meeting. The mailing of a notice in the manner provided in this Section shall be considered notice served.

3.6 Order of Business. The order of business at all meetings of the Owners of the Project shall be as follows:

- 3.6.1 Roll call and certifying proxies;
- 3.6.2 Proof of notice of meeting or waiver of notice;
- 3.6.3 Reading and disposal of unapproved minutes;
- 3.6.4 Reports of officers;
- 3.6.5 Reports of committees;
- 3.6.6 Election of directors;
- 3.6.7 Unfinished business;
- 3.6.8 New business; and
- 3.6.9 Adjournment.

ARTICLE IV

Board of Directors

4.1 Number and Qualification. Until the first annual meeting of the Association, the affairs of this Association shall be governed by a Board of Directors consisting of the three (3) persons named to serve in such capacity in the Articles of Incorporation of the Association. At such first annual meeting, there shall be elected any three (3) Members of the Association to the Board of Directors who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified.

4.2 Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential condominium project in keeping with the character and quality of the neighborhood in which it is located. The Board of Directors may do all such acts and things except as by law or by these By-Laws or by the Declaration may not be delegated to the Board of Directors.

4.3 Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done for and in behalf of the Owners of the Condominiums:

4.3.1 To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration, the By-Laws of the Association and supplements and amendments thereto;

4.3.2 To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Project, with the right to amend same from time to

time. A copy of such rules and regulations shall be delivered or mailed to each Owner promptly upon the adoption thereof;

4.3.3 To acquire, construct, manage, maintain and keep in good order, condition and repair all of the General and Limited Common Elements, to the extent required by the provisions of the Declaration, and all items of common personal property used by the Owners in the enjoyment of the entire premises, except as such duty may be specifically designated herein to each Owner;

4.3.4 To insure and keep insured all of the insurable Common Elements of the Project in an amount equal to their maximum replacement value as provided in the Declaration. Maximum replacement value shall be determined annually by one or more written appraisals. Further, to obtain and maintain comprehensive public liability insurance as provided in the Declaration. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and the Owners of the Units and their Mortgagees. The limits and coverage shall be reviewed at intervals of not less than one (1) year and adjusted, if necessary, to provide such coverage and protection as the Association may deem prudent. The Association shall maintain in effect at least such casualty, flood and liability insurance and a fidelity bond or bonds meeting standards established by any Mortgagee, including, without limitation, FNMA, FHLMC, VA or FHA. Worker's compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association. Each Owner may obtain additional insurance at his own expense for his own benefit. Insurance coverage on the furnishings and other items of personal property belonging to an Owner and casualty and public liability insurance coverage within each Unit are specifically made the responsibility of each Owner;

4.3.5 To prepare a Common Expense budget for the Project, at least annually; to determine the amount of common charges payable by the Owners to meet the Common Expenses and to allocate and assess such amounts among the Owners according to the Declaration and these By-Laws; by a majority vote of the Board to decrease or increase the amount of the monthly Assessments; to levy and collect special Assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies;

4.3.6 To collect delinquent Assessments by suit or otherwise and to enjoin and seek damages from an Owner who may be in default as is provided in the Declaration and these By-Laws. To provide for and enforce a per diem late charge and to collect interest;

4.3.7 To protect and defend the entire Project from loss and damage by suit or otherwise;

4.3.8 To borrow funds in order to pay for any expenditure or outlay required pursuant to authority granted by the provisions of the Declaration and these By-Laws, and to execute all such instruments evidencing

such indebtedness as the Board of Directors may deem necessary. Such indebtedness shall be the several obligation of all of the Owners in the same proportion as their Common Interests;

4.3.9 To enter into contracts within the scope of their duties and powers;

4.3.10 To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors;

4.3.11 To make repairs, additions, alterations and improvements to the Common Elements consistent with managing the Project in a manner in keeping with the character and quality of the neighborhood in which it is located, the best interests of the Owners and the Declaration and these By-Laws;

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

4.3.13 To prepare and deliver annually to each Owner a statement showing receipts, expenses and disbursements since the last such statement;

4.3.14 To meet at least once each quarter; provided that any Board of Directors meeting may be attended and conducted by telephone or other device which permits all of the Directors in attendance to participate in such meeting, and provided further that any action required to be taken at any meeting of the Board of Directors, or any action which may be taken at such meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board;

4.3.15 To designate the personnel necessary for the maintenance and operation of the General and Limited Common Elements;

4.3.16 In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the governing and the operation of this Project;

4.3.17 The Board of Directors may employ for the Association a management agent ("Managing Agent") who may be delegated and shall exercise some or all of the powers granted to the Board of Directors by the Declaration and these By-Laws as determined by the Board, except for the powers of attorney-in-fact set forth in the Declaration.

Any agreement for professional management of the Project, or any other contract providing for services by the Declarant, must have a maximum contract term of three (3) years and must provide for termination by either party without cause or payment of a termination fee on ninety (90) days' or less written notice.

4.3.18 To prepare and file annual tax returns with the federal government and to make such elections

as may be necessary to reduce or eliminate the tax

liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor statute conferring income tax benefits on homeowners' associations. In connection therewith, the Board shall take such steps as are necessary to assure that the income and expenses of the Association for any taxable year shall meet the limitations and restrictions provided in said Section 528 of the Internal Revenue Code or any successor statute conferring benefits on homeowners' associations as are in effect from time to time. Initially the Board shall comply with the following limitations and restrictions:

4.3.18.1 At least sixty percent (60%) of the gross income of the Association for any taxable year shall consist solely of amounts received as membership dues, fees, or Assessments from Unit Owners;

4.3.18.2 At least ninety percent (90%) of the expenditures of the Association for any taxable year shall be for the acquisition, construction, management, maintenance, and care of Association property;

4.3.18.3 No part of the net earnings of the Association shall inure (other than by acquiring, constructing, or providing management, maintenance, and care of Association property and other than by a rebate of excess membership dues, fees, or Assessments) to the benefit of any private Member or individual. In addition, the Board shall take such steps as are necessary to insure that substantially all of the Units will be used as residences.

4.4 No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provision of the Declaration, the By-Laws or the rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors or the Managing Agent shall have the right to enforce the same thereafter.

4.5 Election and Term of Office. At the first annual meeting of the Association, the term of office of each Director shall be fixed at one (1) year. At the expiration of the initial term of office of each Director, his successor shall be elected to serve a term of one (1) year. Each Director shall hold office until his successor has been elected and has qualified, except as is otherwise provided.

4.6 Vacancies. Vacancies in the Board of Directors caused by death, resignation or disqualification, i.e., by any reason other than the removal of a Director by a vote of the Association, shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

4.7 Removal of Directors. At any regular or special meeting duly called, any one or more of the Directors may be removed with or without cause by a majority of Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed

by the Owners shall be given an opportunity to be heard at the meeting.

4.8 Organization Meetings. Exclusive of the initial such Organization Meeting, the first meeting of a newly elected Board of Directors following the annual meeting of the Owners shall be held within ten (10) days thereafter at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present. The initial Organization Meeting shall be conducted by the Board appointed in the Articles as soon as practicable after such Articles are filed with the Secretary of State of the State of Texas and, in any event, at such time as may lawfully be designated by at least a majority of the Incorporators.

4.9 Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors, but at least one such meeting shall be held during each calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

4.10 Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days' notice to each Director, given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Directors.

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

4.12 Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

4.13 Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association or of the Managing Agent, if any, handling or responsible for Association funds shall furnish fidelity bonds in accordance with the Declaration. The premiums on such bonds shall be a Common Expense.

4.14 Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

ARTICLE V

Fiscal Management

5.1 Management. The provision for fiscal management of the Project for and in behalf of all of the Owners as set forth in the Declaration shall be supplemented by the following provisions:

5.1.1 The funds and expenditures of the Owners by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be Common Expenses:

5.1.1.1 Current expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements;

5.1.1.2 Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually;

5.1.1.3 Reserve for replacement (sinking fund), which shall include funds for repair or replacement required because of damage, wear or obsolescence.

5.2 Fiscal Year. The fiscal year for the Association shall be established by the Board of Directors.

ARTICLE VI

Officers

6.1 Designation. The officers of the Association shall be a President, a Vice President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, elect. Such officers need not be members of the Board of Directors, but, after the first annual meeting of the Association, each shall be either an Owner of a Unit or, if the Owner is a firm, partnership, corporation, association or other legal entity, the authorized representative of such entity, or the Declarant or his representative(s). The offices of President and Treasurer may be held by the same person, and the offices of Vice President and Secretary or Assistant Secretary may be held by the same person.

6.2 Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board (including the organization meeting conducted by the original Directors named in the Articles of Incorporation) and shall hold office subject to the continuing approval of the Board.

6.3 Resignation and Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purpose. Any officer may resign at any time by giving written notice to the Board,

the President or the Secretary. Such resignation shall take 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.

6.4 Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise of the officer previously filling such office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

6.5 President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including, but not limited to, the power to appoint committees from among the Owners, from time to time as he may in his discretion decide is appropriate, to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

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

6.7 Secretary. The Secretary shall keep all the minutes of the meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary and as is provided in the Declaration and the By-Laws. The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each Member's name the number or other appropriate designation of the Unit owned by such Member, the undivided percentage interest in the Common Elements of such Member and a description of the Limited Common Elements assigned for exclusive use in connection with such Unit. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

6.8 Assistant Secretary. The Assistant Secretary, if any, shall have all the powers and authority to perform all the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also to perform any duties he is directed to perform by the Secretary.

6.9 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board of Directors. In the event a Managing Agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent within fifteen (15) days after the first day of each month.

ARTICLE VII

Indemnification of Officers, Directors and Managing Agent

7.1 Indemnification. The Association shall have the power to indemnify any Officer or Director thereof and the Declarant, who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was a Director or Officer of the Association, against all loss expenses (including, but not limited to, attorney's fees and costs of the proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association; provided, that with respect to: (1) any criminal action or proceeding, such person had no reasonable cause to believe that his conduct was unlawful; or (2) any civil claim, issue or matter, such person shall not be guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his conduct was unlawful, that such person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, or that such person is guilty of gross negligence or willful misconduct in the performance of his duties to the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

7.1.1 Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon the determination that indemnification of such person is proper in the circumstances because he has met the applicable standards of conduct as set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceeding; or (2) if such a quorum is not obtainable by (a) independent legal counsel in a written opinion, or (b) the Members of the Association and no Member shall be disqualified from voting because he is or was party to any such action, suit or proceeding. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he is not entitled thereto as provided in this Article.

7.1.2 To the extent that a Director or Officer of the Association has been successful on the merits or otherwise in the defense of any action, suit or proceeding, whether criminal or civil, such person shall be indemnified against such expenses (including costs and attorney's fees) actually and reasonably incurred by him in connection therewith.

7.1.3 Indemnification provided herein shall be
exclusive of any and all other rights and claims to

which those indemnified may be entitled as against the Association, and every Director, Officer or employee thereof under any By-Law, resolution, agreement or law and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provisions of this Article.

7.1.4 The Association may purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

7.1.5 All liability, loss, damage, cost and expense incurred or suffered by the Association by reason, or arising out of or in connection with, the foregoing indemnification provisions shall be treated and handled by the Association as Common Expenses; provided, however, that nothing in this Article VII contained shall be deemed to obligate the Association to indemnify any Member or Owner of a Unit who is or has been a Director or Officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration and these By-Laws that were assumed or incurred outside of his conduct specifically related to the fulfillment of his duties as an Officer or Director of the Association.

7.2 Other. The Board of Directors, Officers or the Managing Agent shall enter contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners), provided, however, that such exclusion of personal liability shall apply to the Managing Agent only so long as it is acting within its scope of authority, and the liability of any Owner on such contract or commitment shall be limited to such proportionate share of the total liability thereof that the Common Interest of each Owner bears to the aggregate Common Interest of all of the Owners.

ARTICLE VIII

Amendments to By-Laws

8.1 Amendments to By-Laws. Except as may be expressed to the contrary in the Declaration, these By-Laws may be amended in writing by the majority of Owners; provided, however, that such authority may be delegated by the majority of Owners to the Board as allowed by the Texas Non-Profit Corporation Act.

ARTICLE IX

Evidence of Ownership, Registration of Mailing Address and Designation of Voting Representative

9.1 Proof of Ownership. Except for those Owners who purchase a Unit from Declarant, any person, on becoming an Owner of a Unit, shall furnish to the Managing Agent or Board of Directors a true and correct copy of the original

or a certified copy of the recorded instrument vesting that person with an interest or ownership in the Unit, which copy shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

9.2 Registration of Mailing Address. The Owner or several Owners of an individual Unit shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons to be used by the Association. Such registered address of an Owner or Owners shall be deemed to be the mailing address of the Unit owned by said Owner or Owners unless a different registered address is furnished by such Owner(s) to the Managing Agent or Board of Directors within fifteen (15) days after transfer of title, or after a change of address; and such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

9.3 Designation of Voting Representative--Proxy. If a Unit is owned by one individual, his right to vote shall be established by the record title thereto. If title to a Unit is held by more than one individual or by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such Owners shall execute a proxy appointing and authorizing one individual or alternate individuals to attend all annual and special meetings of Members and thereat to cast whatever vote the Owners themselves might collectively cast if they were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that no proxy shall be valid after eleven (11) months from the date of execution unless specifically provided therein. Also, within thirty (30) days after such revocation, amendment or termination, the Owners shall reappoint and authorize one individual or alternate individuals to attend all annual and special meetings as provided by this Paragraph 9.3.

9.4 Conditions Precedent to Good Standing. The requirements herein contained in this Article IX shall be first met before an Owner of a Unit shall be deemed in good standing and entitled to vote at an annual or special meeting.

ARTICLE X

Obligations of the Owners

10.1 Assessments.

10.1.1 Regular Assessments. Regular Assessments shall be due monthly in advance on the first day of each month. After Regular Assessments have been set by the Board of Directors, the Board of Directors shall prepare and deliver or mail to each Owner an individual statement of the amount which the Owner is to pay monthly; thereafter, monthly statements shall be prepared and delivered or mailed only in the amount of the monthly installment of the Regular Assessment, upon the levy of a Special Assessment or in the event an Owner becomes delinquent in payment of any part of an Assessment. The Regular Assessments shall be based upon the cash requirements for Common Expenses esti-

mated in good faith by the Board of Directors as provided in the Declaration. Regular Assessments shall include an adequate reserve for maintenance, repairs and replacement of the Common Elements. However, in the event that the cash requirements for Common Expenses exceed the amount estimated therefor during any Budget Year, the Board of Directors may from time to time and at any time make pro rata increases in the Regular Assessments so as to include amounts sufficient to recoup operating deficits; and such increases shall be due and payable by the Owners monthly, subject to the limitation upon such increases during any Budget Year as expressed in the Declaration. The omission or failure to fix the Regular Assessment, or any increase thereof, for any period of time shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay such. The Declarant's obligations, if any, to pay Regular Assessments shall be as expressed in the Declaration.

10.1.2 Special Assessments. In addition to the Regular Assessments, the Board may levy, in any Budget Year, one or more Special Assessments applicable to that Year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the Common Elements, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated expense or other action or undertaking normally covered by Regular Assessments (and, where necessary, for taxes assessed against the Common Elements, the Association or the Project as a whole), or to defray the costs not covered by insurance proceeds of any reconstruction, repair or replacement of any part of the Project, or to defray the costs not covered by an award in condemnation of the reconstruction, repair or replacement of any part of the Project. Also, if the Association provides or furnishes or arranges for any utility service to be delivered to any Unit, then the costs of such service (including without limitation a reasonable amount to cover the expenses of the Association for making any such service available and for collecting the costs thereof) may be allocated in any reasonable manner among the Units benefitting from any such service; and the amount thereof allocated to a Unit shall be a Special Assessment levied against such Unit and its Owner and may be collected monthly or at such other intervals as the Board may direct. Special Assessments shall be allocated and levied and otherwise provided in the Declaration.

10.1.3 Voting. A Member shall be deemed in good standing and entitled to vote at any annual or special meeting of the Members, within the meaning of these By-Laws, if, and only if, he shall have fully paid all Assessments made or levied against him and the Unit owned by him.

10.1.4 Owner's Personal Obligation for Payment of Assessments. The amount of total Assessments against each Unit shall be the personal and individual debt of the Owner thereof. The Board of Directors shall have the responsibility to take prompt action to collect any unpaid Assessment in accordance with the terms of the Declaration.

10.1.5 Declarant's Obligation for Payment of Assessments. During the development and sale period, the Declarant shall be responsible for payment of Asso-

ciation Assessments for unsold Units to the extent provided in the Declaration. Otherwise, so long as the Declarant owns one or more of the Units, he shall be subject to the provisions of the Declaration and these By-Laws.

10.2 Vendor's Lien. The obligations of each Owner to pay Assessments shall be secured by a Vendor's Lien retained in said Owner's Deed to his Unit, said Vendor's Lien being more particularly described in the Declaration.

10.3 Notice of Lien or Suit. An Owner shall give notice to the Association of every lien or encumbrance upon his Unit, other than for taxes and special Assessments, and notice of every suit or other proceeding which may affect the title to his Unit, and such notice shall be given within five (5) days after the Owner has knowledge thereof.

10.4 Owner's Maintenance and Repair.

10.4.1 Maintenance and repair shall be according to the Declaration. An Owner shall maintain and keep in repair the interior of his own Unit, including the fixtures thereof. All fixtures and equipment installed within the Unit commencing at a point where the utilities enter the Unit shall be maintained and kept in repair by the Owner thereof (unless the cost of said maintenance and repair is otherwise herein designated a Common Expense). An Owner shall do no act nor omit to do any act that will impair the structural soundness or integrity of any Building or impair any easement or hereditament (nor shall he make any changes to the individual patio or balcony appurtenant to his Unit, if any).

10.4.2 An Owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any General or Limited Common Element damaged by his negligence or by the negligence of his tenants or agents or guests.

10.5 Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's lien filed against other Units and the appurtenant Common Elements for labor, materials, services or other products incorporated in the Owner's Unit. In the event such a lien is filed and/or a suit for foreclosure of mechanic's lien is commenced, then within ten (10) days thereafter such Owner shall be required to deposit with the Association cash or negotiable securities equal to double the amount of such claim plus interest at eighteen percent (18%) per annum for one (1) year together with the sum equal to ten percent (10%) of the amount of such claim, but not less than TWO HUNDRED FIFTY and NO/100 DOLLARS (\$250.00), which latter sum may be used by the Association for any costs and expenses incurred, including attorney's fees incurred for legal advice and counsel. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the claim or litigation. Disbursement of such funds or proceeds shall be made by the Association to insure payment of or on account of such final judgment or settlement. Any deficiency, including attorney's fees incurred by the Association, shall be paid forthwith by the subject Owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the Owner, and a lien against his Unit may be foreclosed as is provided in the Declaration for non-payment of Assess-

ments. All advancements, payments, costs and expenses, including attorney's fees, incurred by the Association shall be forthwith reimbursed to it by such Owner(s), and the Owner(s) shall be liable to the Association for the payment of interest at the rate of eighteen percent (18%) per annum on all such sums paid or incurred by the Association.

10.6 General.

10.6.1 Each Owner shall comply strictly with the provisions of the recorded Declaration and these By-Laws and amendments thereto.

10.6.2 Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which this Project was declared.

10.7 Use of General Common Elements and Limited Common Elements. Each Owner may use the General Common Elements and Limited Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners.

10.8 Right of Entry.

10.8.1 An Owner shall grant the right of entry to the Managing Agent or to any other person authorized by the Association in case of an emergency originating in or threatening his Unit, whether the Owner is present at the time or not.

10.8.2 An Owner shall permit other Owners, or their representatives, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical, electrical or utility services which, if not performed, would affect the use of other Unit(s); provided that requests for entry are made in advance and that such entry is at a time convenient to the Owner. In case of an emergency, such right of entry shall be immediate.

10.9 Rules and Regulations.

10.9.1 The initial Rules and Regulations, which shall be effective until amended or supplemented by the Association, are attached hereto as Exhibit "A" and incorporated herein by reference.

10.9.2 The Board of Directors, pursuant to Section 4.3.2 of these By-Laws, reserves the power to establish, make and enforce compliance with such additional rules as may be necessary or desirable for the efficient and enjoyable operation, use and occupancy of this Project with the right to amend same from time to time. Copies of such Rules and Regulations shall be furnished to each Owner prior to the date when the same shall become effective.

ARTICLE XI

Abatement and Enjoinment of Violations by Owners

11.1 Abatement and Enjoinment. The violation or breach of any Rule or Regulation or of any By-Law or of any provision of the Declaration shall give the Board or Managing Agent the right, in addition to any other rights set forth in the Declaration or herein, (i) to enter the Unit in which, or as to which, such violation or breach exists and

to abate and remove, at the expense of the defaulting Unit

Owner, any person; structure, thing or condition that may exist therein contrary to the provisions thereof; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach or violation. No such entry, abatement or removal may be undertaken which results in the alteration or demolition of items of construction or which result in physical injury to persons or property; otherwise, the Board or the Managing Agent shall be liable for trespass or damages by reason of any such entry, abatement or removal.

ARTICLE XII

Committees

12.1 Designation. The Board of Directors may, but shall not be required to, appoint an executive committee, and it may designate and appoint members to the standing committees.

12.2 Executive Committee. The executive committee shall consist of at least three (3) persons who are Members and who shall be appointed by the Board of Directors from the members of the Board. One Member shall be the President. The executive committee shall supervise the affairs of the Association and shall regulate its internal economy, approve expenditures and commitments, act and carry out the established policies of the Association and report to the Directors at each meeting of the Board. The executive committee may hold regular meetings, monthly or as it may in its discretion determine. Special meetings may be called at any time by the chairman of the committee or by any of its members, either personally or by mail, telephone or telegraph, and a special meeting may be held by telephone.

12.3 Nominating Committee. Before each annual meeting of the Association, the Board of Directors may appoint a committee of three (3) Members who shall nominate candidates for the Board. The names of the candidates shall be submitted on or before sixty (60) days before the election. Members may submit names of candidates other than those submitted by the nominating committee at least thirty (30) days prior to the election. Unless such names are submitted, either by the nominating committee or by the Members, no person shall be elected whose name is not so submitted unless no nominations are made, in which event the names of candidates shall be submitted at the election by the Members.

12.4 Architectural Control and Other Committees. Unless and until the Declarant has appointed an Architectural Control Committee in accordance with the Declaration, the Board shall either perform the functions of the Architectural Control Committee or shall appoint (together with Declarant as provided in the Declaration) a separate Architectural Control Committee consisting of three (3) Members who shall serve concurrent one (1) year terms. In addition, the Board of Directors shall appoint other committees as deemed appropriate in carrying out its purpose.

12.5 Vacancies. A vacancy in any committee shall be filled by the President until the next meeting of the Board of Directors.

ARTICLE XIII

Non-Profit Association

13.1 Association Not For Profit. This Association is not organized for profit. No Member, member of the Board of

fundus or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, officer or Member; provided, however, always (1) that reasonable compensation may be paid to any Member, director or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any Member, director or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XIV

Execution of Documents

14.1 Officers Authorized. The persons who shall be authorized to execute any and all contracts, documents, instruments of conveyance or encumbrances, including promissory notes, shall be two, one of each of the President or any Vice President, and the Secretary or any Assistant Secretary, of the Association.

ARTICLE XV

Proxy to Trust

15.1 Proxies. Owners shall have the right to irrevocably constitute and appoint their Mortgagees their true and lawful attorneys to vote their Unit membership in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominees any and all rights, privileges, and powers that they have as Owners under the By-Laws of this Association or by virtue of the Declaration. Such proxy shall become effective upon the filing of a notice by the beneficiary with the Secretary or Assistant Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of the failure, neglect, or refusal of the Association, the Managing Agent, or the Owners to carry out their duties as set forth in the Declaration. Such proxy shall be valid until such time as a release of the beneficiary's deed of trust is executed and a copy thereof delivered to the Secretary or Assistant Secretary of the Association, which shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners or to impose upon the beneficiary of the deed of trust the duties and obligations of an Owner.

ARTICLE XVI

Conflicting or Invalid Provisions

16.1 Severability. Notwithstanding anything contained herein to the contrary, should all or part of any Article of these By-Laws be in conflict with the provisions of the Texas Non-Profit Corporation Act or the Texas Condominium Act, as amended, such Acts shall control; and should any part of these By-Laws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

ARTICLE XVII

Notices

17.1 Notices. All notices to Members of the Association shall be given by delivering the same to each Owner in person or by depositing the notices in the U.S. Mail, postage prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association. If an Owner shall fail to give an address to the Secretary for mailing of such notices, all such notices shall be sent to the Unit of such Owner, and all Owners shall be deemed to have been given notice of the meetings upon the proper mailing of the notices to such addresses irrespective of the actual receipt of the notices by the Owners. Notice of levy of an Assessment may be made in accordance with the foregoing provisions regarding the giving and delivery of notices to Members or may be made in accordance with the provisions of the Declaration.

By our signatures hereto, the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing By-Laws for the Association as of the _____ day of _____, 1983.

SYDNEY EUGENE RUTLEDGE

RALPH JUDE RAMIREZ

LINDA SUSAN RAMIREZ

EXHIBIT "A"

RULES AND REGULATIONS FOR
BENT TREE CONDOMINIUMS
HOMEOWNERS' ASSOCIATION, INC.

1. Any sidewalks, driveways, entrances, stairwells, elevators, halls and passageways which are General Common Elements or Limited Common Elements shall not be obstructed or used by any Owner for any other purpose than ingress to and egress from the Units.
2. No article shall be placed on or in any of the General Common Elements or Limited Common Elements which are for the benefit of more than one Unit except for those articles of personal property which are the common property of all of the Unit Owners.
3. Owners, members of their families, their guests, residents, tenants or lessees shall not use sidewalks, driveways, entrances, halls and passageways as a play area(s) or an area in which to gather or loiter.
4. No vehicle belonging to or under the control of any Owner or a member of the family or a guest, tenant, lessee, or employee of a Unit Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exit from the Project. Vehicles shall be parked within designated parking areas only and shall be operational at all times. No washing, repairing, or lubricating of vehicles shall occur in parking areas.
5. No decoration or article shall be placed upon and no work of any kind shall be done upon the exterior Building walls or upon the General Common Elements by any Owner. Such decoration and work is the responsibility of the Association. No changes can be made in the Limited Common Elements except with prior written approval of the Board of Directors.
6. No Owner, resident or lessee shall install wiring for electrical or telephone installation or for any other purpose, nor shall any television or radio antennae, machines or electrical apparatus or appliances (other than ordinary household appliances), heating or air conditioning units be installed in the Unit, on the exterior of the Project or be installed in such a manner that they protrude through the walls or the roof of any Building or are otherwise visible from the ground, except as may be expressly authorized in writing by the Association.
7. Use of any facilities of the Project will be made in such manner as to respect the rights and privileges of other Owners.
8. Owners, residents or lessees shall not use or permit to be brought into any Building any flammable oils or fluids such as gasoline, kerosene, naphtha, or benzene, or other explosives, or other articles deemed extra hazardous to life, limb, or property without the prior written consent of the Board.
9. The water shall not be left running in any Unit any unreasonable or unnecessary length of time.

10. The commodes and other water apparatus shall not be used for any purpose other than that for which they were constructed, and no sweeping, rubbish, rags, paper, ashes or other substances shall be thrown therein. Any damage resulting from misuse of any nature or character whatever shall be paid for by the Owner causing it. Every Owner shall be responsible for all damages to Units caused by overflow from drains or plumbing due to neglect of persons using the Unit.

11. Owners and occupants shall exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers and any other instruments or devices in such manner as may disturb, or tend to disturb, Owners or occupants of other Units.

12. All trash must be placed in sealed bags or sealed containers prior to being put in an approved disposal area.

13. Cats, dogs, or other animals or birds or reptiles (hereinafter for brevity termed "animals") shall be kept in such a manner so as not to disturb the other Owners, and shall not be kept, bred or maintained for any commercial purposes. If an animal becomes obnoxious to other Owners, the Owner or person having control of the animal shall be given a written notice by the Board of Directors to correct the problem, or if not corrected, the Owner, upon written notice, shall be required to remove the animal. The written notices provided for herein shall be issued by the Managing Agent, or, if there is no Managing Agent, then the Board of Directors. An Owner must receive permission in writing from Declarant or the Board of Directors or Managing Agent in order to keep any animal the adult weight of which will exceed thirty (30) pounds or in order to keep more than two (2) animals on the premises. No animal is permitted outside a Unit unless on a leash and accompanied by a Member of the Association or his agent. Each Owner owning an animal shall assume full responsibility for personal injuries or property damage caused by said animal, and each Owner must agree in writing before obtaining consent to have an animal in any Building, to indemnify the Association and hold it harmless against any loss, claim or liability of any kind or character whatsoever arising from or growing out of the privilege of having an animal in any Building. All responsibility for animals of visitors shall rest with the Owner of the Unit visited.

14. The Association assumes no liability for, nor shall it be liable for, any loss or damage to articles stored in the storage areas. Any damage to the General Common Elements or common personal property caused by the children of an Owner or their guests or the guests of a Unit Owner shall be repaired at the expense of that Owner.

15. The Managing Agent, or if there is no Managing Agent, then the Board of Directors, shall retain a passkey to each Unit. If an Owner shall alter any lock or install a new lock on any door leading into the Unit, the Owner shall provide a key for the Managing Agent's or the Board of Directors' use.

16. All draperies or drapery linings or shutters or blinds visible from the exterior of any Unit shall be tasteful and inoffensive. No window shall be covered with aluminum foil or similar material.

17. It is prohibited to hang garments, rugs, or any other items from the windows, patios, balconies or any of

the facades of any Buildings. No exterior clothes lines shall be erected, and there shall be no outside laundering or drying of any garments. No rugs shall be beaten on the balconies or in the halls. No dust, rubbish or litter shall be swept from a Unit into the halls or entryways.

18. Declarant may place signs in or around the common walks and drives and use the Common Elements for sales purposes until the last Unit in the entire Project is sold. Owners other than Declarant, however, are prohibited from placing "for sale," "for rent," or any other signs in or around the Common Elements or displaying signs to the public view on any Unit or any portion of the Project.

19. No power equipment, work shops, or car maintenance of any nature whatsoever shall be permitted on the Project except with prior written approval of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

20. No Owner shall modify or alter in any way the structure or appearance of any patio or balcony area. All patios and balconies shall be kept in a clean and neat condition, free of debris and refuse. Patios and balconies shall not be used for storage purposes nor shall any Owner fence in, wire in or in any other way enclose any such area. If an Owner allows the patio or balcony appurtenant to his Unit to become cluttered or unsightly in any manner, he shall be given notice of such fact by the Board of Directors or Managing Agent, and shall be required to correct such condition within five (5) days of the date of notice and if he fails to do so, then the Board of Directors or Managing Agent may correct such discrepancy (including the removal of any unsightly items) and/or repair or refurbish the patio or balcony at the Owner's expense.

21. No glass bottles or glasses, or similar items made of glass, shall be permitted in the pool area. Alcoholic beverages shall be allowed only in the pool area and shall not be allowed in any other part of the General Common Elements. All children must be accompanied by an adult while using the swimming pool. Children shall not run in the area of the pool.

22. The foregoing Regulations are subject to amendment and to the promulgation of further regulations by the Board of Directors of the Association.