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BYLAWS OF GARDENS AT COVERED BRIDGE HOMEOWNERS ASSOCIATION

(A Texas Condominium Association)

PROPERTY

These Bylaws pertain to Gardens at Covered Bridge Condominium, located in the City of Austin, Texas, in the master planned development of Covered Bridge, on Lot 1, Block "A", Covered Bridge Subdivision, Section 1, and on Lots 5 & 6, Block "A", Covered Bridge Subdivision, Section 2, according the plats thereof recorded in the Plat Records of Travis County, Texas. These Bylaws are to be recorded in the Official Public Records of Travis County, Texas.

**BYLAWS
OF
GARDENS AT COVERED BRIDGE HOMEOWNERS ASSOCIATION**
(A Texas Condominium Association)

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BYLAWS OF GARDENS AT COVERED BRIDGE HOMEOWNERS ASSOCIATION

(A Texas Condominium Association)

ARTICLE 1 INTRODUCTION

1.1. PROPERTY. These Bylaws provide for the governance of Gardens at Covered Bridge Condominium, located in the City of Austin, Texas, on Lot 1, Block "A", Covered Bridge Subdivision, Section 1, and Lots 5 & 6, Block "A", Covered Bridge Subdivision, Section 2, according to the plats thereof recorded in the Real Property Records of Travis County, Texas (the "**Property**").

1.2. DECLARATION. The Property is subject to a number of publicly recorded documents, including the Declaration of Gardens at Covered Bridge Condominium, recorded on December 5, 2005, as Document No. 2005224314, Real Property Records, Travis County, Texas, as it may be amended or restated from time to time (the "**Declaration**").

1.3. DEFINITIONS. Words and phrases defined in the Declaration have the same meanings when used in these Bylaws.

*During the Declarant Control & Development Periods,
Appendix B of the Declaration has priority over these
Bylaws.*

1.4. DECLARANT CONTROL. Notwithstanding anything to the contrary in these Bylaws, a number of provisions in these Bylaws are modified by Declarant's rights and reservations under the Declaration during the Declarant Control Period and the Development Period, such as the number, qualification, appointment, removal, and replacement of directors.

1.5. PARTIES TO BYLAWS. All present or future unit owners and all other persons who use or occupy the Property in any manner are subject to these Bylaws, the Declaration, and the other Documents as defined in the Declaration. The mere acquisition of a unit or occupancy of a dwelling will signify that these Bylaws are accepted, ratified, and will be strictly followed.

1.6. THE ASSOCIATION. The existence and legitimacy of the Association is derived from the Declaration and these Bylaws of the Association.

1.6.1. Type. The Association must be a nonprofit organization. As long as Texas law requires the incorporation of condominium associations, the Association will be incorporated as a nonprofit corporation. The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association.

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

1.6.2. Name. A name is not the defining feature of the Association. Although the initial name of the Association is Gardens at Covered Bridge Homeowners Association, the Association may operate under any name that is approved by the board and (1) filed with the Travis County Clerk as an assumed name, or (2) filed with the Secretary of State as the name of the filing entity. The Association may also change its name by amending the Documents. Another legal entity with the same name as the Association, or with a name based on the name of the Property is not the Association, which derives its authority from this Declaration.

***What's in a name? That which we call a rose - By any other name
would smell as sweet. ~William Shakespeare, Romeo and Juliet***

1.6.3. Duties. The duties and powers of the Association are those set forth in the Documents, together with the general and implied powers of a condominium association and, as applicable, an unincorporated nonprofit corporation or a nonprofit association organized under the laws of the State of Texas. Generally, the Association may do any and all things that are lawful and necessary, proper, or desirable in operating for the peace, health, comfort, and general benefit of its members, subject only to the limitations on the exercise of such powers as stated in the Documents.

1.6.4. Duration. The Association comes into existence on the earlier to occur of the two following events: (1) the date on which the Association's certificate of formation is filed with the Secretary of State of Texas, or (2) the date on which a unit deed is recorded in the Real Property Records of Travis County, Texas, evidencing diversity of ownership in the Property (that the Property is not owned entirely by Declarant or its affiliates). The Association will continue to exist at least as long as this Declaration, as it may be amended, is effective against all or part of the Property.

1.7. APPLICABLE LAW. The Association is a legal entity governed by the Texas Uniform Condominium Act (the "**Act**") and the Texas Business Organizations Code (the "**Code**"). As a Texas domestic nonprofit corporation, the Association is subject to Chapter 22 of Title 2 of the Code, the Texas Nonprofit Corporation Law. During any period in which the Association is not incorporated, the Association will be an unincorporated nonprofit association subject to Chapter 252 of Title 6 of the Code, the Texas Uniform Unincorporated Nonprofit Association Act. If not incorporated, the Association, at its discretion, may use the Texas Nonprofit Corporation Law for guidance in governing the Association. Sections of the Code that are cited in these Bylaws are incorporated herein by reference, whether or not the Association is incorporated.

1.8. 2 ASSOCIATIONS, 2 MEMBERSHIPS, 2 BYLAWS. These Bylaws pertain only to Gardens at Covered Bridge Homeowners Association, whose members are also members of the Covered Bridge Property Owners Association, the "master association" for the master planned development of Covered Bridge Subdivision. The master association has its own bylaws. Except for this Section, these Bylaws do not relate to the master association or its bylaws.

1.9. GENERAL POWERS AND DUTIES. The Association, acting through the board, has the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the Property as may be required or permitted by the Documents and applicable law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable

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in operating for the best interests of its members, subject only to limitations upon the exercise of such powers as may be contained in applicable law or the Documents.

ARTICLE 2

BOARD OF DIRECTORS

2.1. **NUMBER AND TERM OF OFFICE.** After the Declarant Control Period, the board will consist of three persons. The number of directors may be changed by amendment of these Bylaws, but may not be less than three. Upon election, each director will serve a term of 2 years. A director takes office upon the adjournment of the meeting or balloting at which he is elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed.

2.2. **STAGGERED TERMS.** To maintain staggered terms, two directors will be elected in even-numbered years, and one director will be elected in odd-numbered years. To establish staggered terms, at the first election after the transition meeting, the candidates receiving the most votes will serve 2-year terms, and the candidates receiving the next-highest votes will serve initial terms of one year. In an odd-numbered year, the highest vote getter will serve a 2-year term, and the next two highest vote getters will serve 1-year terms. In an even-numbered year, the two highest vote getters will serve 2-year terms, and the third highest vote getter will serve a 1-year term. Thereafter, their successors will serve 2-year terms. If the board is ever elected en masse, the same method will be used to re-establish staggered terms.

*See Appendix B of the Declaration for the number
and qualifications of directors during the Declarant Control Period.*

2.3. **QUALIFICATION.** The following qualifications apply to the election or appointment of persons to the board.

2.3.1. **Owners.** At least a majority of the directors must be members of the Association, spouses of members, or residents of the Property.

2.3.2. **Entity Member.** If a unit is owned by a legal entity, such as a partnership or corporation, any officer, partner, agent, or employee of that entity member is eligible to serve as a director and is deemed to be a member for the purposes of this Section. If the relationship between the entity member and the director representing it terminates, that directorship will be deemed vacant.

2.3.3. **Co-Owners.** Co-owners of a unit, such as spouses, may not serve on the board at the same time.

2.3.4. **Delinquency.** No person may be elected or appointed as a director if any assessment against the person or his unit is more than 30 days' delinquent at the time of election or appointment, provided he has been given notice of the delinquency and a reasonable opportunity to cure it.

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

2.3.5. Violations. No person may be elected or appointed as a director if the person or his unit - at the time of election or appointment - has not cured a violation of the Documents for which the Association has given notice and a reasonable opportunity to cure.

2.3.6. Litigation. No person may be elected or appointed as a director if the person is a party adverse to the Association, the board, or a committee of the Association in pending litigation to which the Association, board, or committee is a party.

2.4. ELECTION. Directors will be elected by the members of the Association. The election of directors will be conducted at the annual meeting of the Association, at any special meeting called for that purpose, or by any method permitted by applicable law, such as Section 22.160(d) of the Code, which may include, without limitation, mail, facsimile transmission, electronic mail, or a combination of any of these.

2.5. VACANCIES. Subject to the exceptions below, vacancies on the board caused by any reason are filled by a vote of the majority of the remaining directors, even though less than a quorum, at any meeting of the board. Each director so elected serves until the next meeting of the Association, at which time a successor will be elected to fill the remainder (if any) of the term that was vacated. The exceptions to board-elected replacements are (1) the removal of a director by a vote of the Association's members, who will elect a replacement, and (2) a vacancy occurring because of an increase in the number of directors, which also will be filled by election of the members.

2.6. REMOVAL OF DIRECTORS.

2.6.1. Removal by Members. At any annual meeting of the Association or at any special meeting of the Association called for the purpose of removing a director, any one or more of the directors may be removed with or without cause by members representing at least two-thirds of the votes present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thus created. Any director whose removal has been proposed by the members must be given an opportunity to be heard at the meeting.

2.6.2. Removal by Directors. A director may not be removed by the officers or by the remaining directors, except for the following limited reasons for which a director may be removed by at least a majority of the other directors at a meeting of the board called for that purpose:

- a. The director is a party adverse to the Association, the board, or a committee of the Association in pending litigation to which the Association, board, or committee is a party, provided the Association did not file suit to effect removal of the director.
- b. The director's account with the Association has been delinquent for at least 90 days or has been delinquent at least 3 times during the preceding 12 months, provided he was given notice of the default and a reasonable opportunity to cure.
- c. The director has refused or failed to attend 3 or more meetings of the board during the preceding 12 months, provided he was given proper notice of the meetings.

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

- d. The director has refused or failed to cure a violation of the Documents for which he has been given notice, a reasonable opportunity to cure, and an opportunity to request a hearing before the board.
- e. The director was an "interested person" in the outcome of a contract, decision, or transaction considered by the board, and (1) failed to fully or timely disclose same to the board, or (2) failed to abstain from voting on the matter.

2.6.3. No Removal by Officers. A director may not be removed by officers of the Association, acting in their capacity of officers of the Association, under any circumstance.

2.7. MEETINGS OF THE BOARD.

2.7.1. Organizational Meeting of the Board. Within 10 days after the annual meeting, the directors will convene an organizational meeting for the purpose of electing officers. The time and place of the meeting will be fixed by the board and announced to the directors.

2.7.2. Place of Board Meetings. The board will conduct its meetings at a location that is reasonably convenient for the greatest number of directors, and at a place or facility that is sufficiently large to accommodate the number of owners who typically attend board meetings as observers. The decision of where to meet may be made on a meeting by meeting basis by the officer or director who calls the meeting, by board resolution, or by any other practice that is customary for property owners associations. The board is not required (1) to conduct its meetings at the Property, (2) to maintain a fixed place for its meetings, (3) to select a location that is convenient to owners, or (4) to select a facility that accommodates a larger number of spectator members than is customary.

2.7.3. Types of Board Meetings. Regular meetings of the board may be held at a time and place that the board determines, from time to time, but at least one such meeting must be held each calendar quarter, with or without notice. Special meetings of the board may be called, with notice, by the president or, if he is absent or refuses to act, by the secretary, or by any 2 directors. In case of emergency, the board may convene an emergency meeting to the purpose of dealing with the emergency after making a diligent attempt to notify each director by any practical method.

2.7.4. Notice to Directors of Board Meetings. Notice is not required for regular meetings of the board, provided all directors have actual or constructive knowledge of the meeting date, time, and place. Notice of a special meeting must be given at least one day in advance of the meeting. If notice is given, it may be given by any method or combination of methods that is likely to impart the information to the directors.

2.7.5. Informing Members of Board Meetings. The board will try to inform Association members of the time and place of each board meeting. The information may be imparted by any method or combination of methods that is likely to be available or communicated to most if not all members in a timely manner, such as by posting on the Association's website, by broadcast email, by signs posted at the Property, or by hand-delivered fliers. On the written request of an owner, the Association will provide the owner with the time and place of the next regular or special meeting of the board. The failure of the Association to disseminate and the failure of an owner

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to receive timely or accurate information about the date, time, and place of a meeting does not invalidate the meeting.

2.7.6. Conduct of Meetings. The president presides over meetings of the board and the secretary keeps, or causes to be kept, a record of resolutions adopted by the board and a record of transactions and proceedings occurring at meetings. When not in conflict with law or the Documents, the then current edition of Robert's Rules of Order governs the conduct of the meetings of the board.

2.7.7. Quorum. At meetings of the board, a majority of directors constitutes 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 are the acts of the board. If less than a quorum is present at a meeting of the board, the majority of those present may adjourn the meeting from time to time. At any reconvened meeting at which a quorum is present, any business that may have been transacted at the meeting as originally called may be transacted without further notice.

2.7.8. Minutes. The written report of a board meeting is not the minutes of the meeting until approved by the directors at a future meeting. The minutes must report actions taken by the board, but need not report the substance of discussion. The board is not required to distribute minutes of its meetings to the members.

2.7.9. Voting. A director who is also an officer of the Association, even the presiding officer, is expected to participate and to vote in the manner of every other director. The president of the Association is not prohibited from voting and is not limited to tie-breaking votes. Directors may not participate by proxy at meetings of the board.

2.7.10. Open Meetings. Regular and special meetings of the board are open to members of the Association, subject to the following provisions to the extent permitted or required by applicable law:

- a. No audio or video recording of the meeting may be made, except by the board or with the board's prior express consent.
- b. Members who are not directors may not participate in board deliberations under any circumstances, and may not participate in board discussions unless the board expressly so authorizes at the meeting.
- c. Executive sessions are not open to members.
- d. The board may prohibit attendance by non-members, including representatives, proxies, agents, and attorneys of members.
- e. The board may prohibit attendance by any member who disrupts meetings or interferes with the conduct of board business.
- f. The board may but is not required to publish to members the time, date, and place of board meetings, but will provide the information if requested in writing by a member on a meeting by meeting basis.

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

2.7.11. Executive Session. The board may adjourn any regular or special meeting of the board and reconvene in executive session, subject to the following conditions:

- a. The nature of business to be considered in executive session will first be announced in open session.
- b. No action may be taken nor decision made in executive session, which is for discussion and informational purposes only.
- c. The limited purposes for which the board may convene in executive session are (1) to confer with the Association's legal counsel, (2) to discuss litigation or resolution of claims with which the Association is threatened or involved, (3) to discuss labor or personnel matters, (4) to discuss a complaint from or an alleged violation by an owner when the board determines that public knowledge would be injurious to the owner, and (5) on advice of counsel, to discuss matters of a particularly sensitive nature.
- d. At the end of the executive session, the board must return to the open meeting and announce the general nature of the business that was considered in executive session. Any vote, act, or decision that would have been made in executive session (but for this requirement) must be made in the open meeting.
- e. The board is not required to make or maintain minutes of executive sessions.

2.7.10. Telephone Meetings. Members of the board or any committee of the Association may participate in and hold meetings of the board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

2.8. ACTION WITHOUT MEETING. Any action required or permitted to be taken by the board at a meeting may be taken without a meeting, subject to the following requirements:

2.8.1. Unanimous Consents. If all directors individually or collectively consent in writing to such action, the written consents have the same force and effect as the unanimous approval of directors at a meeting.

2.8.2. Majority Consents. If at least a majority of the directors, individually or collectively, consent in writing to such action, the written consents have the same force and effect as approval by a majority of the directors at a meeting. Prompt notice of the action so approved must be delivered to each non-consenting director.

2.8.3. Procedures. Written consents must state the date of each director's signature. The required number of written consents must be received by the Association within 60 days after the date of the earliest dated consent. Written consents must be filed with the minutes of board meetings. Additional procedures may be required by the Code.

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2.9. POWERS AND DUTIES. The board has all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Property. The board may do all acts and things except those which, by applicable law or the Documents, are reserved to the members and may not be delegated to the board. Without prejudice to the general and specific powers and duties set forth in applicable law or the Documents, or powers and duties as may hereafter be imposed on the board by resolution of the Association, the powers and duties of the board include, but are not limited to, the following:

2.9.1. Appointment of Committees. The board, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the board with its responsibilities. The resolution may establish the purposes and powers of the committee created, provide for the appointment of a chair and committee members, and may provide for reports, termination, and other administrative matters deemed appropriate by the board. Members of committees will be appointed from among the owners and residents. The board may not appoint a committee to act in its place in managing the affairs of the Association.

2.9.2. Manager. The board may employ a manager or managing agent for the Association, at a compensation established by the board, to perform duties and services authorized by the board.

2.10. FIDELITY BONDS. Any person handling or responsible for Association funds, including officers, agents, and employees of the Association, must furnish adequate fidelity bonds. The premiums on the bonds may be a common expense of the Association.

ARTICLE 3 **OFFICERS**

3.1. DESIGNATION. The principal officers of the Association are the president, the vice-president, the secretary, and the treasurer. The board may appoint one or more vice-presidents and other officers and assistant officers as it deems necessary. The president and secretary must be directors. Other officers may, but need not, be members or directors. Any two offices may be held by the same person, except the offices of president and secretary. If an officer is absent or unable to act, the board may appoint a director or a committee to perform the duties of that officer and to act in place of that officer, on an interim basis.

3.2. ELECTION OF OFFICERS. The officers are elected no less than annually by the directors at the organizational meeting of the board and hold office at the pleasure of the board. Except for resignation or removal, officers hold office until their respective successors have been designated by the board.

3.3. REMOVAL AND RESIGNATION OF OFFICERS. A majority of directors may remove any officer, with or without cause, at any regular meeting of the board or at any special meeting of the board called for that purpose. A successor may be elected at any regular or special meeting of the board called for that purpose. An officer may resign at any time by giving written notice to the board. Unless the notice of resignation states otherwise, it is effective when received by the board and does not require acceptance by the board. The resignation or removal of an officer who is also a director does not constitute resignation or removal from the board.

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3.4. DESCRIPTION OF PRINCIPAL OFFICES.

3.4.1. President. As the chief executive officer of the Association, the president: (1) presides at all meetings of the Association and of the board; (2) has all the general powers and duties which are usually vested in the office of president of an organization; (3) has general supervision, direction, and control of the business of the Association, subject to the control of the board; and (4) sees that all orders and resolutions of the board are carried into effect.

3.4.2. Vice-President. The vice-president acts in place of the president in event of the president's absence, inability, or refusal to act. The vice-president also exercises and discharges any duty required of the vice-president by the board.

3.4.3. Secretary. The secretary: (1) keeps the minutes of all meetings of the board and of the Association; (2) has charge of such books, papers, and records as the board may direct; (3) maintains a record of the names and addresses of the members for the mailing of notices; and (4) in general, performs all duties incident to the office of secretary.

3.4.4. Treasurer. The treasurer: (1) is responsible for Association funds; (2) keeps full and accurate financial records and books of account showing all receipts and disbursements; (3) prepares all required financial data and tax returns; (4) deposits all monies or other valuable effects in the name of the Association in depositories as may from time to time be designated by the board; (5) prepares the annual and supplemental budgets of the Association; (6) reviews the accounts of the managing agent on a monthly basis in the event a managing agent is responsible for collecting and disbursing Association funds; and (7) performs all the duties incident to the office of treasurer.

3.5. AUTHORIZED AGENTS. Except when the Documents require execution of certain instruments by certain individuals, the board may authorize any person to execute instruments on behalf of the Association. In the absence of board designation, the president and the secretary are the only persons authorized to execute instruments on behalf of the Association.

ARTICLE 4 **STANDARDS**

4.1. SEPARATE LIABILITY. The Association is a legal entity separate from its members for the purposes of determining and enforcing rights, duties, and liabilities in contract and tort. Members, directors, and officers of the Association are not personally and individually liable for the Association's breach of a contract or for the Association's tort or omission merely because they are members, directors, or officers of the Association. A member has the right to assert a claim against the Association, and the Association has the right to assert a claim against a member.

4.2. GENERAL STANDARDS. The general standards of duty for an officer or director of the Association are the State's standards for officers and directors of a nonprofit corporation, as stated in the Code as it may be amended. On the date of this document, Sections 22.221 and 22.235 of the Code provide the following standards:

- a. A director will discharge the director's duties in good faith, with ordinary care, and in a manner the director reasonably believes to be in the best interest of the Association.

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- b. An officer or director is not liable to the Association, its members, or another person for an action taken or not taken as a director if the director acted in compliance with the above-stated standard for discharging duties. A person seeking to establish liability of an officer or director must prove that the officer or director did not act (1) in good faith, (2) with ordinary care, and (3) in a manner the officer or director reasonably believed to be in the best interests of the Association.

4.3. RELIANCE. An officer or director may rely on information prepared or presented by (1) an officer or employee of the Association, (2) an attorney licensed by the State of Texas, (3) a certified public accountant, (4) an investment banker, or (5) a person whom the officer or director reasonably believes to possess professional expertise in the matter, and (6) in the case of a director, a committee of the Association of which the director is not a member. Such reliance must be exercised in good faith and with ordinary care. An officer or director may not rely on such information if he has knowledge that makes the reliance unwarranted.

4.4. COMPENSATION. Except as permitted below, a director, officer, member, or resident is not entitled to receive any pecuniary profit from the operation of the Association, and no funds or assets of the Association may be paid as a salary or as compensation to, or be distributed to, or inure to the benefit of a director, officer, member, or resident. Nevertheless,

- a. Reasonable compensation may be paid to a director, officer, member, or resident for services rendered to the Association in other capacities.
- b. A director, officer, member, or resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided the expense has been approved by the board.
- c. The board may budget and use Association funds to purchase awards, certificates, a celebratory meal, or other customary tokens or demonstrations of appreciation for volunteer activities.
- d. This provision does not apply to distributions to unit owners permitted or required by the Declaration, applicable law, or a court order.

4.5. LOANS. The Association may not loan money to or guaranty a loan for an officer or director of the Association.

4.6. CONFLICT OF INTERESTS. If a contract or transaction is fair to the Association, it is not disallowed merely because an officer, director, or member of the Association has a financial interest in the transaction, provided (1) the "interested" officer, director, or member fully and accurately discloses the nature of his interest to the board in a manner that is timely for the board's consideration of the contract or transaction, and (2) the "interested" officer or director does not participate in the vote to approve the contract or transaction, although the "interested" director may be counted toward a quorum at the meeting. Nothing in this Section may be construed to prevent the board from adopting policies and procedures that are more stringent than the requirements of this Section, or of applicable law, such as Sections 1.003, 1.004, and 22.230 of the Code.

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ARTICLE 5

MEETINGS OF THE ASSOCIATION

5.1. **ANNUAL MEETING.** An annual meeting of the Association will be held during the fourth quarter of each calendar year. At annual meetings the members will elect directors in accordance with these Bylaws. The members may also transact such other business of the Association as may properly come before them.

5.2. **SPECIAL MEETINGS.** It is the duty of the president to call a special meeting of the Association if directed to do so by a majority of the board or by one or more petitions signed by owners of at least 20 percent of the units in the Property. If the petition process is used, petitions may be in any form that is customary for the time. The board may not require a specific form of petition, nor require that the petition be offered to every member of the Association. Signatures on petitions need not be notarized or witnessed. An electronic or faxed petition is acceptable if the "signer's" identity is reasonably discernible.

5.3. **PLACE OF MEETINGS.** Meetings of the Association may be held at the Property or at a suitable place convenient to the members, as determined by the board.

5.4. **NOTICE OF MEETINGS.** Subject to the provisions below, at the direction of the board, written notice of meetings of the Association will be given to an owner of each unit at least 10 days but not more than 60 days prior to the meeting. Notices of meetings will state the date, time, and place the meeting is to be held. Notices will identify the type of meeting as annual or special, and will state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the board.

5.4.1. **Notice Exception.** Individual notice of the regular annual meeting of the Association is not required if (1) the time and place of the meeting is largely unchanged from year to year and (2) information about the time and place is routinely available to all members, such as by year-long posting on the Association's official website or repetitive announcements in the Association's newsletter. This exception does not apply to special meetings of the Association, or to changes in the time and place of the regular annual meeting.

5.4.2. **Special Meeting Notice.** The board must give all members notice of the special meeting within 30 days after the board resolution or receipt of petition. If the board fails or refuses to call the special meeting in a timely manner, an ad hoc committee of owners may do so provided the notice of meeting names the ad hoc committee and its individual members, and further provided that the notice is delivered to an owner of every unit in accordance with these Bylaws. The notice of any special meeting must state the time, place, and purpose of the meeting. No business, except the purpose stated in the notice of the meeting, may be transacted at a special meeting.

5.5. **RECORD DATE.** Before each meeting of the Association, the board will establish a list of all members for purposes of receiving a meeting notice, and a list or way of identifying members who are ineligible to vote at the meeting because of a delinquent account. These membership lists are described in Article 9 below. The "cut off" date on which these lists are based is referred to in the Code as the "Record Date." The Record Date for an Association meeting for which notice is given is 10 calendar days

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before the date the notice is distributed or published to the members. The Record Date for an Association meeting for which no notice is given is 45 calendar days before the meeting.

Every member is entitled to notice of meetings and may attend Association meetings and be counted towards a quorum, even if ineligible to vote.

5.6. ELIGIBILITY.

5.6.1. Meeting Notice. An owner of each unit in the Property as of the Record Date is eligible to receive notices of meetings of the Association, to attend meetings of the Association, and to participate in meetings of the Association, even though the owner may be ineligible to vote or to stand for election to the board. Because the ownership of units may change during a year, the ownership as of the Record Date is used to produce the membership list for use in connection with the meeting.

5.6.2. Voting. The board may determine that a member may not vote at a meeting of the Association if the member's financial account with the Association is in arrears on the Record Date, provided (1) the ineligibility applies to every member who is delinquent, and (2) each ineligible member is given notice of the arrearage and an opportunity to become eligible. The board may specify the manner, place, and time for payment for purposes of restoring eligibility. The Record Date determination of members entitled to vote at a meeting of the Association is effective for any adjournment of the meeting, provided the date of the adjourned meeting is not more than 30 days after the original meeting. The board is not required to disqualify owners with delinquent accounts, and may allow all owners to vote regardless of arrearages.

5.7. QUORUM. At any meeting of the Association, the presence in person or by proxy of owners of at least 20 percent of the units in the Property constitutes a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of members constituting a quorum.

5.8. LACK OF QUORUM. If a quorum is not present at any meeting of the Association for which proper notice was given, members representing at least a majority of the votes present at the meeting, although not constituting a quorum, may vote to recess the meeting for not more than 24 hours in order to attain a quorum, provided the place of the meeting remains as stated in the notice. If the meeting is adjourned without attainment of a quorum, notice of a new meeting for the same purposes within 15 to 30 days may be given to an owner of each unit, at which re-called meeting the quorum requirement is lowered to two-thirds of the number of units required for the first call of the meeting.

5.9. VOTES. The vote of members representing at least a majority of the votes cast at any meeting at which a quorum is present binds all members for all purposes, except when a higher percentage is required by these Bylaws, the Declaration, or by applicable law. Cumulative voting is prohibited.

5.9.1. Co-Owned Units. If a unit is owned by more than one member, the vote appurtenant to that unit is cast as follows. If only one of the multiple owners of a unit is present at a meeting of the Association, that person may cast the vote allocated to that unit. If more than one of the multiple owners is present, the vote allocated to that unit may be cast only in

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accordance with the owners' unanimous agreement. Multiple owners are in unanimous agreement if one of the multiple owners casts the vote allocated to a unit and none of the other owners makes prompt protest to the person presiding over the meeting.

5.9.2. Entity-Owned Units. If a unit is owned by an entity, such as a corporation or partnership, the vote appurtenant to that unit may be cast by any officer, manager, or partner of the entity in the absence of the entity's written appointment of a specific person to exercise its vote. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of an entity is qualified to vote.

5.9.3. Association-Owned Units. Votes allocated to a unit owned by the Association may be counted towards a quorum only, and may not be voted.

5.10. PARTICIPATION. Members may participate in person or by proxy at meetings of the Association. A member who participates is deemed "present" and may be counted towards a quorum unless the member participates for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

5.11. PROXIES. Votes may be cast in person or by written proxy. To be valid, each proxy must (1) be signed and dated by a member or his attorney-in-fact; (2) identify the unit to which the vote is appurtenant; (3) designate the person or position (such as "presiding officer") in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (4) identify the meeting for which the proxy is given; (5) not purport to be revocable without notice; and (6) be delivered to the secretary, to the person presiding over the Association meeting for which the proxy is designated, or to a person or company designated by the board. Unless the proxy specifies a shorter or longer time, it terminates 11 months after the date of its execution. Perpetual or self-renewing proxies are permitted, provided they are revocable. To revoke a proxy, the granting member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. A proxy delivered by email or by fax may be counted if any of the following occurs: (1) the proxy's authenticity can be confirmed to the reasonable satisfaction of the board, (2) the proxy has been acknowledged or sworn to by the member, before and certified by an officer authorized to take acknowledgments and oaths, or (3) the Association also receives the original proxy within 5 days after the vote.

5.12. CONDUCT OF MEETINGS. The president, or any person designated by the board, presides over meetings of the Association. The secretary keeps, or causes to be kept, the minutes of the meeting which should record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then current edition of Robert's Rules of Order governs the conduct of meetings of the Association when not in conflict with the Documents. Votes should be tallied by tellers appointed by the person presiding over the meeting.

5.13. ORDER OF BUSINESS. Unless the notice of meeting states otherwise, or the assembly adopts a different agenda at the meeting, the order of business at meetings of the Association is as follows:

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- Determine votes present by roll call or check-in procedure
- Announcement of quorum
- Proof of notice of meeting
- Approval of minutes of preceding meeting
- Reports
- Election of directors (when required)
- Unfinished or old business
- New business

5.14. ADJOURNMENT OF MEETING. At any meeting of the Association, a majority of the members present at that meeting, either in person or by proxy, may adjourn the meeting to another time and place.

5.15. ACTION WITHOUT MEETING. Subject to board approval, any action which may be taken by a vote of the members at a meeting of the Association may also be taken without a meeting by written consents. The board may permit members to vote by ballots delivered by any method allowed by applicable law, which may include hand delivery, mail, fax, email, or any combination of these. Written consents by members representing at least a majority of votes in the Association, or such higher percentage as may be required by the Documents, constitutes approval by written consent. This Section may not be used to avoid the requirement of an annual meeting.

5.16. MEETINGS BY REMOTE COMMUNICATIONS. Members of the Association may participate in and hold meetings of the Association by means of electronic town halls, conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate concurrently. Participation in the meeting constitutes presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened. By acquiring an interest in a unit, each owner automatically consents to the use of communication technology to effect meetings of the Association, provided the owners of at least 85 percent of the units in the Property have access to the form of technology chosen by the board, and further provided that the Association arranges a place or method of participation for those who do not have the technology.

ARTICLE 6

RULES

6.1. RULES. The board has the right to establish and amend, from time to time, reasonable rules and regulations for: (1) the administration of the Association and the Documents; (2) the maintenance, management, operation, use, conservation, and beautification of the Property; and (3) the health, comfort, and general welfare of the residents; provided, however, that such rules may not be in conflict with applicable law or the Documents. The board will, at all times, maintain the then current and complete rules in a written form which can be copied and distributed to the members.

6.2. ADOPTION AND AMENDMENT. Any rule may be adopted, amended, or terminated by the board, provided that the rule and the requisite board approval are properly recorded as a resolution in the minutes of the meeting of the board.

6.3. NOTICE AND COMMENT. At least 10 days before the effective date, the board will give written notice to an owner of each unit of any amendment, termination, or adoption of a rule, or will

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publish same in a newsletter or similar publication that is circulated to the members. The board may, but is not required to, give similar notice to residents who are not members. Any member or resident so notified has the right to comment orally or in writing to the board on the proposed action.

6.4. DISTRIBUTION. On request from any member or resident, the board will provide a current and complete copy of rules. Additionally, the board will, from time to time, distribute copies of the current and complete rules to owners and, if the board so chooses, to non-member residents.

ARTICLE 7 **ENFORCEMENT**

7.1. REMEDIES. The violation of any provision of the Documents gives the board the following rights, in addition to any other rights set forth in the Documents:

- a. Fines. To impose reasonable fines, if notice and an opportunity to be heard are given.
- b. Self-Help. To enter the unit or common element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that unit) that is contrary to the intent and meaning of the provisions of the Documents. The board may not be deemed liable for any manner of trespass by this action.
- c. Courts. To enjoin, abate, or remedy, by appropriate legal proceedings, the continuance of any breach.

7.2. NOTICE AND HEARING. Before imposing a fine or exercising self-help abatement, the board must give the owner a written violation notice and an opportunity to be heard.

7.2.1. Notice of Violation. The board's written violation notice will contain the following: (1) the date the violation notice is prepared or mailed; (2) a description of the violation; (3) a reference to the rule or provision of the Documents that is being violated; (4) a description of the action required to cure the violation; (5) the amount of the fine to be levied and/or the abatement action to be taken; (6) the date the fine begins accruing or abatement action becomes possible; and (7) a statement that not later than the 30th day after the date of the violation notice, the owner may request a hearing before the board to contest the fine or the abatement action.

7.2.2. Notice to Resident. In addition to giving the written violation notice to the owner, the board may also give a copy of the notice to the non-owner resident, if the board deems it appropriate.

7.2.3. Receipt of Notice. Unless State law provides otherwise, any notice given to an owner pursuant to this Article will be deemed received by the owner on personal delivery to the owner or to a person at the owner's address, or on the third business day after the notice is deposited with the U.S. Postal Service, addressed to the owner at the most recent address shown on the Association's records, whether or not the owner actually receives the notice. If the Association's records show that a unit is owned by 2 or more persons, notice to one co-owner is deemed notice to all co-owners. Similarly, notice to one resident is deemed notice to all residents.

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7.2.4. Request for Hearing. To request a hearing before the board, an owner must submit a written request to the board within 30 days after the date of the violation notice. Within 10 days after receiving the owner's request for a hearing, the board will give the owner notice of the date, time, and place of the hearing. The hearing will be scheduled for a date within 45 days from the date the board receives the owner's request, and should be scheduled to provide a reasonable opportunity for both the board and the owner to attend.

7.2.5. Pending Hearing. Pending the hearing, the board may continue to exercise the Association's other rights and remedies for the violation, as if the declared violation were valid. The owner's request for a hearing suspends only the levy of the fine or the abatement action described in the notice.

7.2.6. Hearing. The hearing will be held in a closed or executive session of the board. At the hearing, the board will consider the facts and circumstances surrounding the violation. The owner may attend the hearing in person, or may be represented by another person or written communication. No audio or video recording of the hearing may be made.

7.2.7. Minutes of Hearing. The minutes of the hearing must contain a statement of the results of the hearing and the amount of fine, if any, imposed, or abatement action, if any, authorized. A copy of the violation notice and request for hearing should be placed in the minutes of the hearing. If the owner appears at the hearing, the notice requirement will be deemed satisfied.

7.3. IMPOSITION OF FINE. Within 30 days after levying the fine or authorizing the abatement, the board must give the owner notice of the levied fine or abatement action. If the fine or action is announced at the hearing at which the owner is actually present, the notice requirement will be satisfied. Otherwise, the notice must be in writing.

7.3.1. Amount. The board may set fine amounts on a case by case basis, provided the fine is reasonable in light of the nature, frequency, and effects of the violation. The board may establish a schedule of fines for certain types of violations. The amount and cumulative total of a fine must be reasonable in comparison to the violation. If the board allows fines to accumulate, it may establish a maximum amount for a particular fine, at which point the total fine will be capped.

7.3.2. Type of Fine. If the violation is ongoing or continuous, the fine may be levied on a periodic basis (such as daily, weekly, or monthly). If the violation is not ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

7.3.3. Other Fine-Related. The Association is not entitled to collect a fine from an owner to whom it has not given notice and an opportunity to be heard. The Association may not charge interest on unpaid fines. The Association may not foreclose its assessment lien on a debt consisting solely of fines. The board may adopt a collection policy that applies owners' payments to unpaid fines before retiring other types of assessments.

7.4. ADDITIONAL ENFORCEMENT RIGHTS. Notwithstanding the notice and hearing requirement, the board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the Documents which, in the board's opinion, are (1) self-evident, such as vehicles

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parked illegally or in violation of posted signs; (2) threatening to life or property; or (3) repeat violations of the same provision by the same owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the Documents for certain violations, such as nonpayment of assessments.

ARTICLE 8

OBLIGATIONS OF THE OWNERS

8.1. NOTICE OF SALE. Any owner intending to sell or convey his unit or any interest therein must give written notice to the board of his intention, together with (1) the address or legal description of the unit being conveyed, (2) the name and address of the intended purchaser, (3) the name, address, and phone number of the title company or attorney designated to close the transaction, (4) names and phone numbers of real estate agents, if any, representing seller and purchaser, and (5) scheduled date of closing. An owner will furnish this information to the board at least 10 business days before the scheduled date of closing or conveyance. The requirements of this Section may be satisfied by giving the Association a copy of an accepted resale contract in connection with the owner's request to the Association for a resale certificate.

8.2. PROOF OF OWNERSHIP. Except for those owners who initially purchase a unit from Declarant, any person, on becoming an owner of a unit, must furnish to the board evidence of ownership in the unit, which copy will remain in the files of the Association. A copy of the recorded deed is the customary evidence. The Association may refuse to recognize a person as a member unless this requirement is first met. This requirement may be satisfied by receipt of a board-approved form that is completed and acknowledged by a title company or attorney at time of conveyance of the unit or any interest therein.

8.3. OWNERS' INFORMATION. Within 30 days after acquiring an ownership interest in a unit, the owner must provide the Association with the owner's mailing address, telephone number, and driver's license number, if any; the name and telephone number of any resident other than the owner; and the name, address, and telephone number of any person managing the unit as agent of the unit owner. An owner must notify the Association within 30 days after he has notice of a change in any information required by this Section, and must provide the information on request by the Association from time to time.

8.4. MAILING ADDRESS. The owner or the several co-owners of a unit must register and maintain one mailing address to be used by the Association for mailing of notices, demands, and all other communications. If an owner fails to maintain a current mailing address with the Association, the address of the owner's unit is deemed to be his mailing address.

8.5. REGISTRATION OF MORTGAGEES. Within 30 days after granting a lien against his unit, the owner must provide the Association with the name and address of the holder of the lien and the loan number. The owner must notify the Association within 30 days after he has notice of a change in the information required by this Section. Also, the owner will provide the information on request by the Association from time to time.

8.6. ASSESSMENTS. All owners are obligated to pay assessments imposed by the Association to meet the common expenses as defined in the Declaration. A member is deemed to be in good

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standing and entitled to vote at any meeting of the Association if he is current in the assessments made or levied against him and his unit.

8.7. COMPLIANCE WITH DOCUMENTS. Each owner will comply with the provisions and terms of the Documents, and any amendments thereto. Further, each owner will always endeavor to observe and promote the cooperative purposes for which the Property was established.

ARTICLE 9

ASSOCIATION RECORDS

9.1. RECORDS. The Association will use its best efforts to keep the records required by applicable law, such as Section 82.114(a) of the Act, including the following:

- a. Minutes or a similar record of the proceedings of meetings of the Association.
- b. Minutes or a similar record of the proceedings of meetings of the board.
- c. Names and mailing addresses of the members, the currency and accuracy of the information being the responsibility of the members.
- d. Names and mailing addresses of the mortgagees, the currency and accuracy of the information being the responsibility of the members and their mortgagees.
- e. Financial records and books of account for the Association, kept in a manner consistent with generally accepted accounting principles.
- f. Copies of income tax returns prepared for the Internal Revenue Service.
- g. Copies of the Documents and all amendments to any of these.
- h. A record of all votes or written consents by which amendments to the Documents were approved, for at least 4 years after the approval.

9.2. INSPECTION OF BOOKS AND RECORDS. Books and records of the Association will be made available for inspection and copying pursuant to applicable law, such as Section 82.114(b) of the Act and Section 22.351 of the Code.

9.2.1. Proper Purpose. The board may require a member to submit a written demand for inspection, stating the purpose for which the member will inspect the books and records. The board has the following rights: (1) to determine whether the member's purpose for inspection is proper; (2) to deny the request if the board determines that the member's purpose is not proper; (3) if granting the request, to identify which books and records are relevant to the member's stated purpose for inspection.

9.2.2. Copies. A member, at member's expense, may obtain photocopies of books and records for which the board grants the right of inspection. The board has the right to retain possession of the original books and records, to make copies requested by the member, and to charge the member a reasonable fee for copying.

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9.2.3. Member's Agent. A member's inspection of the books and records may be assisted or performed by the member's agent, accountant, or attorney.

9.2.4. Records of Attorneys and Accountants. The files and records of an attorney or accountant who performs services for the Association are not records of the Association, are not subject to inspection by members, and are not subject to production in a legal proceeding.

9.3. CONDOMINIUM MANAGEMENT CERTIFICATE. As required by applicable law, such as Section 82.116 of the Act, the Association will maintain a condominium management certificate in the Real Property Records of Travis County, Texas, and will amend or replace such certificate within 30 days after the date the Association has notice of a change in any information in a recorded certificate. Absent gross negligence, the Association is not liable for a delay or failure to record a certificate. The Association may delegate the responsibility for a management certificate to its managing agent, if any.

9.4. RESALE CERTIFICATES. Any officer or authorized agent of the Association may prepare or cause to be prepared, certify, and execute resale certificates in accordance with applicable law, such as Section 82.157 of the Act. The Association may charge a reasonable fee for preparing resale certificates. The Association may refuse to furnish resale certificates until the fee is paid. Any unpaid fees may be assessed against the unit for which the certificate is furnished.

9.5. MEMBERSHIP LIST. The board must maintain a comprehensive list of Association members for compliance with the Code as well as the Documents. The Association must make the membership list available to any owner on request, and may charge a reasonable fee for cost of copying and delivering the owners list.

9.5.1. Types of Information. At a minimum, the Association must maintain for each unit the name and mailing address of at least one owner, and a description of the unit owned (if different from the mailing address). The Association may also maintain, as an Association record, additional contact information for owners, such as phone numbers, fax numbers, email addresses, places of employment, emergency contact information, mortgage information, and any other items of information provided by owners or obtained by the Association.

9.5.2. Source of Ownership Information. In compiling the ownership or membership list, the Association may rely on any combination of (1) public records, such as tax rolls, (2) documentation provided by title insurance companies, (3) self-reporting by owners and residents, and (4) any other reasonably reliable and customary source of ownership information. The requirement of maintaining ownership records may not be construed to require the Association to affirmatively investigate or research title to a unit.

9.5.3. Information Available to Members. Membership information to be maintained by the Association is similar to what is typically available to the public on the website of the appraisal district, and may not be considered confidential, private, or protected information as between the Association and its members. Neither the Association nor a member of the Association may sell or otherwise market the Association's membership information without the express prior consent of the owners. Each owner, by acquiring an ownership interest in a unit, acknowledges that the owner's contact information is a record of the Association that is available to all members of the Association.

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9.5.4. Inspection List. In accordance with applicable law, the Association will prepare a list of owners of all units in the Property for inspection by the members prior to the meeting. The purpose of the list is to enable members to communicate with each other about the meeting. The inspection list must be available for inspection by the members from the second business day after the date notice of the meeting is given until adjournment of the meeting for which it was prepared. The list may be inspected or copied by an owner or the owner's attorney or agent. The inspection list must have the following characteristics:

- a. The list must be in alphabetical order of owners' surnames, or in numerical order of street addresses.
- b. The list must contain the name of at least one owner of each unit, or an indication that the current ownership cannot be determined and the identify of the last known owner.
- c. The list must contain an address for each member.
- d. The list must identify how many units are owned by each owner, if that cannot otherwise be determined from the list.
- e. If all units do not have uniform votes, such as units owned by Declarant during the Declarant Control Period, the list must identify the number or weight of votes attached to each unit.
- f. The list must identify which owners or units are ineligible to vote at the meeting due to an assessment delinquency or other disqualifying condition.

ARTICLE 10

NOTICES

10.1. CO-OWNERS. If a unit is owned by more than one person, notice to one co-owner is deemed notice to all co-owners.

10.2. DELIVERY OF NOTICES. Any written notice required or permitted by these Bylaws may be given personally, by mail, by fax, by email, or by any other method permitted by applicable law, such as the Texas Business Organizations Code. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the member at the address shown on the Association's records. If transmitted by fax or email, the notice is deemed delivered on successful transmission of the facsimile or electronic correspondence. The notice must be sent to the party's last known address as it appears on the records of the Association at the time of transmission. If an owner fails to give the Association an effective address, the notice may be sent (1) to the address of the owner's unit and/or (2) to the owner's address shown on the then-current property tax rolls for the unit. If the Association properly transmits the notice, the owner is deemed to have been given notice whether or not he actually receives it.

10.3. WAIVER OF NOTICE. Whenever a notice is required to be given to an owner, member, or director, a written waiver of the notice, signed by the person entitled to the notice, whether before or after the time stated in the notice, is equivalent to giving the notice. Attendance by a member or

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director at any meeting of the Association or board, respectively, constitutes a waiver of notice by the member or director of the time, place, and purpose of the meeting. If all members or directors are present at any meeting of the Association or board, respectively, no notice is required and any business may be transacted at the meeting.

ARTICLE 11

INDEMNIFICATION

11.1. GENERAL. The purpose of this Article is to mandate some of the permissive provisions of Chapter 8 of the Code, and to indemnify Association Leaders whether or not the Association is incorporated at the time indemnification is needed. The definitions of Chapter 8 of the Code are hereby incorporated by reference, without regard to the corporate status of the Association. As used in this Article, "**Association Leader**" means a person who is a current or former officer or director of the Association, or a current or former committee chair or committee member of the Association.

11.2. MANDATORY INDEMNIFICATION. The Association will indemnify an Association Leader who was, is, or is threatened to be made a named defendant or respondent in a proceeding because the person is or was an Association Leader, if the following determinations are made.

11.2.1. Determinations. It must be determined that the person acted in good faith, and that:

- a. the person reasonably believed (1) in the case of conduct in the person's official capacity, that the person's conduct was in the Association's best interest, or (2) in any other case, that the person's conduct was not opposed to the Association's best interests;
- b. in the case of a criminal proceeding, the person did not have a reasonable cause to believe the person's conduct was unlawful;
- c. with respect to expenses, the amount of expenses other than a judgment is reasonable; and
- d. indemnification should be paid.

11.2.2. Effect of Proceeding Termination. A person does not fail to meet the determination standard solely because of the termination of a proceeding by judgment, order, settlement, conviction, or a plea of nolo contendere or its equivalent.

11.2.3. How Determinations Are Made. If all of the directors are disinterested and independent, as defined in the Code, the determinations required under this Section will be made by a special legal counsel selected by the board. Otherwise, the determinations will be made by the owners of a majority of units in the Property, other than units owned by persons who are not disinterested and independent as defined in the Code, or by a special legal counsel selected by those owners.

11.3. EXCEPTIONS TO MANDATORY INDEMNIFICATION. A person who is found liable to the Association or is found liable because the person improperly received a personal benefit is not entitled

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to indemnification under this Article if, in a legal proceeding, the person has been found liable for (1) wilful or intentional misconduct in the performance of the person's duty to the Association, (2) breach of the person's duty of loyalty owed to the Association, or (3) an act or omission not committed in good faith that constitutes a breach of a duty owed by the person to the Association. In all other instances, indemnification of a person who is found liable to the Association is limited to reasonable expenses actually incurred by the person in connection with the proceeding, excluding a judgment, a penalty, a fine, or any other type of sanction. A person indemnified by the Association is considered to have been found liable in relation to a claim, issue, or matter only if the liability is established by an order, including a judgment or decree of a court, and all appeals of the order are exhausted or foreclosed by applicable law.

11.4. EXPENSES. The indemnification provided by this Article covers reasonable expenses and costs, such as legal fees, actually and necessarily incurred by the indemnified person in connection with a qualified claim.

11.4.1. Advancement of Expenses. The Association may pay or reimburse reasonable expenses incurred by an indemnified person who was, is, or is threatened to be made a respondent in a proceeding in advance of the final disposition of the proceeding without making the determinations required under the Section above titled "Mandatory Indemnification," after the Association receives a written affirmation by the person of the person's good faith belief that the person has met the standard of conduct necessary for indemnification under this Article, and a written undertaking by or on behalf of the person to repay the amount paid or reimbursed if the final determination is that the person has not met that standard or that indemnification is prohibited by this Article. The required written undertaking must be an unlimited general obligation of the person but need not be secured and may be accepted by the Association without regard to the person's ability to make repayment.

11.4.2. Witness Expenses. The Association may pay or reimburse reasonable expenses incurred by an Association Leader, member, employee, agent, or other person in connection with that person's appearance as a witness or other participation in a proceeding at a time when the person is not a respondent in the proceeding.

11.5. INDEMNIFICATION OF OTHER PERSONS. Subject to the same limitations, determinations, and exceptions for Association Leaders, the Association may indemnify and advance expenses to a person who is not otherwise covered by this Article's indemnification as provided by (1) a provision in a Governing Document of the Association, (2) a contract to which the Association is a party, (3) common law, (4) a board resolution, or (5) a resolution approved by the Association's members. A person indemnified under this Section may seek indemnification or advancement of expenses from the Association to the same extent that an Association Leader may seek indemnification or advancement of expenses under this Article.

ARTICLE 12

DECLARANT PROVISIONS

12.1. CONFLICT. The provisions of this Article control over any provision to the contrary elsewhere in these Bylaws.

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12.2. BOARD OF DIRECTORS. During the Declarant Control Period, Appendix B of the Declaration governs the number, qualification, and appointment of directors. The initial directors will be appointed by Declarant and need not be owners or residents. Directors appointed by Declarant may not be removed by the owners and may be removed by Declarant only. Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

12.3. TRANSITION MEETING. As provided by Appendix B of the Declaration, within 60 days after the end of the Declarant Control Period, or sooner at Declarant's option, Declarant will call a meeting of the members of the Association for the purpose of electing directors, by ballot of members. Notice of the transition meeting will be given as if it were notice of an annual meeting.

ARTICLE 13 **AMENDMENTS TO BYLAWS**

13.1. AUTHORITY. Although the general authority for amending the Bylaws resides with the members of the Association, certain amendments may be made by the board or by Declarant, without a vote of the members.

13.1.1. Amendments by Board. For the following limited purposes, the board may amend these Bylaws with or without approval by the members, provided the proposed amendment has the prior unanimous approval of the directors:

- a. To correct mistakes in the Bylaws.
- b. To conform the Bylaws to changes in controlling law applicable to any topic addressed in these Bylaws.
- c. To change the name of the Association.
- d. To restate previously amended Bylaws for the sole purpose of incorporating the amendments into the body of the Bylaws.

13.1.2. Amendments by Declarant. As provided by Appendix B of the Declaration, during the Development Period, Declarant may amend these Bylaws with or without approval by the board or the members, **for any purpose**.

13.1.3. Amendments by Members. All other amendments of these Bylaws must be approved by the members according to the terms of this Article.

13.2. AMENDMENTS BY MEMBERS.

13.2.1. Proposal. The Association will provide an owner of each unit with a description, if not exact wording, of any proposed amendment. The description will be included in the notice of any annual or special meeting of the Association at which the proposed amendment is to be considered.

13.2.2. Consents. Subject to the following limitation, an amendment of these Bylaws must be approved by members representing at least a majority of the votes present (in person or by

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proxy) at a properly called meeting of the Association for which a quorum is obtained. In other words, if a quorum is present (in person or by proxy) at an Association meeting, the owners of a majority of the units represented at the meeting (in person or by proxy) -- even if less than a majority of the total units -- may approve an amendment to these Bylaws. This Section, however, may not be amended without the approval of owners representing at least a majority of the total units in the Property.

13.3. EFFECTIVE. To be effective, an amendment must be in the form of a written instrument (1) referencing the name of the Property, the name of the Association, and the recording data of these Bylaws and any amendments hereto; (2) signed and acknowledged by at least one officer of the Association, certifying the requisite authority and/or approvals; and (3) recorded in the Real Property Records of Travis County, Texas. An amendment may be effective immediately if adopted at an Association meeting at which owners of two-thirds of the units are represented. Otherwise, an amendment is not effective until 10 days after an owner of each unit is notified of the amendment and provided with a copy of the amendment or instructions for obtaining a copy.

13.4. MORTGAGEE PROTECTION. If a provision in a Governing Document or applicable law requires notices to and consent of mortgagees for certain actions and amendments, the Association must give the required notices to and obtain the required approvals from applicable mortgagees.

13.5. DECLARANT PROTECTION. During the Development Period, no amendment of these Bylaws may affect Declarant's rights herein without Declarant's written and acknowledged consent. Specifically, this Section, the article titled "Declarant Provisions," and the sections titled "Declarant Control" and "Drafter's Intent" may not be amended during the Development Period without prior written approval of Declarant. Declarant's written consent must be part of the amendment instrument.

ARTICLE 14

GENERAL PROVISIONS

14.1. DRAFTER'S INTENT. Because Declarant intends these Bylaws to serve the Association for many years beyond the initial development, construction, and marketing of the Property, Declarant purposefully did not draft these Bylaws from its own perspective. Instead, as a courtesy to future users of these Bylaws, Declarant compiled most of the Declarant-related provisions in Appendix B of the Declaration. Although Declarant is initially an owner and a member of the Association, Declarant is intentionally exempt from a number of obligations that apply to other owners, and has a number of rights that other owners do not have. These Bylaws are to be construed liberally to give effect to the drafter's intent of favorable and preferential treatment of Declarant.

DRAFTER'S DICTUM

Users of this document should periodically review statutes and court rulings that may modify or nullify provisions of this document or its enforcement, or may create rights or duties not anticipated by this document.

14.2. CONFLICTING PROVISIONS. If any provision of these Bylaws conflicts with any provision of the applicable laws of the State of Texas, the conflicting Bylaws provision is null and void, but all other provisions of these Bylaws remains in full force and effect. If a provision of the Association's certificate of formation conflicts with these Bylaws, the certificate of formation controls. If a provision

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of the Association's Articles of Association conflict with these Bylaws, the Articles controls. In the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

14.3. SEVERABILITY. Whenever possible, each provision of these Bylaws will be interpreted in a manner as to be effective and valid. Invalidation of any provision of these Bylaws, by judgment or court order, does not affect any other provision which remains in full force and effect.

14.4. CONSTRUCTION. The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

14.5. FISCAL YEAR. The fiscal year of the Association will be set by resolution of the board, and is subject to change from time to time as the board determines. In the absence of a resolution by the board, the fiscal year begins July 1 and ends June 30 of each year.

14.6. WAIVER. No restriction, condition, obligation, or covenant contained in these Bylaws may be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

14.7. PREPARER. These Bylaws were prepared in the law offices of Sharon Reuler of SETTLEPOU, 3333 Lee Parkway, Eighth Floor, Dallas, Texas 75219.

(Executed on Next Page.)

During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

CERTIFICATION & ACKNOWLEDGMENT

As the Declarant of Gardens at Covered Bridge Condominium and the initial and sole member of the Gardens at Covered Bridge Homeowners Association, I certify that the foregoing Bylaws of Gardens at Covered Bridge Homeowners Association were adopted for the benefit of the Association by the initial Board of Directors of Gardens at Covered Bridge Homeowners Association at the organization meeting of the Board called by a majority of the Directors for the purpose of adopting these Bylaws.

SIGNED this 24 day of March 2006.

SDI 2005 - COVERED BRIDGE, LTD., a Texas
limited partnership

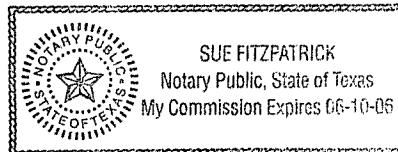
By: SPICEWOOD DEVELOPMENT, INC., a Texas
corporation, its general partner

By: 123
Randall M. Ziehe, President

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 24 day of March 2006 by Randall M. Ziehe, President of Spicewood Development, Inc., a Texas corporation, on behalf of said corporation in its capacity as general partner of SDI 2005 - Covered Bridge, Ltd., a Texas limited partnership, on behalf of the limited partnership.

Sue Fitzpatrick
Notary Public, The State of Texas



During the Development & Declarant Control Periods, Appendix B of the Declaration has priority over these Bylaws.

**EXHIBIT A TO BYLAWS
NOTICE OF GOVERNANCE AND
PURCHASER'S COVENANTS DURING DECLARANT CONTROL PERIOD**

Each owner of a home in Gardens at Covered Bridge, by the act of accepting an interest in or title to a unit during the Declarant Control Period, whether or not it is so expressed in the instrument of conveyance, acknowledges, understand, covenants, and agrees to each of the following statements:

NOTICE OF GOVERNANCE

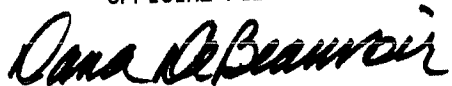
1. Gardens at Covered Bridge is a new condominium, the development and marketing of which may extend over several years. Declarant has reserved for itself the right to control the Association until Gardens at Covered Bridge is fully developed, substantially complete, and close to being "sold out" and closed to homebuyers.
2. Because the Declarant Control Period is a short span of time in the potentially perpetual life of the Property and the Association, Declarant intentionally adopted Documents designed for the long era in which homeowners will control the Association, instead of tailoring the Documents for the relatively brief Declarant Control Period.
3. Written for a homeowner-controlled Association, some provisions in these Bylaws are inapplicable or inappropriate for the Declarant Control Period. For example, Association directors appointed by Declarant are likely to be Declarant's employees or officers, who make decisions for the Association in the ordinary course of their daily work - without formality of called meetings, notices, and minutes.

PURCHASER'S COVENANTS

1. Purchaser has read and understands the significance of this Exhibit to the Bylaws, and Appendix B of the Declaration of Gardens at Covered Bridge Condominium, both of which contain important information about how the Association will be governed during the Declarant Control Period.
2. Purchaser understands that a provision in Appendix B of the Declaration controls over a provision in these Bylaws that addresses the same topic.
3. Purchaser understands that owners will not have a voice in the operation and governance of the Association during the Declarant Control Period, except to the extent (if any) granted by Declarant.
4. Purchaser will execute a version of this Exhibit at or prior to closing if so requested by Declarant, although failure to execute the document does not affect the validity of this Exhibit, these Bylaws, or the application of this Exhibit and these Bylaws to Purchaser and his unit.

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS



2006 Apr 28 03:19 PM 2006077739

MORALESB \$136.00

DANA DEBEAUVOIR COUNTY CLERK

TRAVIS COUNTY TEXAS

AFTER RECORDING, PLEASE RETURN TO:

Ms. Sharon Reuler • SettlePou Attorneys
3333 Lee Parkway, Eighth Floor
Dallas, Texas 75219