

EXHIBIT "F"

(Phase One Bylaws)

AMENDED AND RESTATED BYLAWS

OF

THE PENINSULA ON LAKE AUSTIN PHASE ONE COUNCIL OF OWNERS, INC.

(A Texas Nonprofit Corporation)

ARTICLE 1

INTRODUCTION

1.1. PURPOSE OF BYLAWS. These bylaws provide for the governance of The Peninsula on Lake Austin Phase One Council of Owners, Inc., which relates to the Units 1 - 5, Phase One, The Peninsula on Lake Austin (formerly Units 1 - 5, Building A, St. Tropez Lakehomes) (the "**Phase One Units**"), located in the City of Austin, Travis County, Texas, subject to and more fully described in the Amended and Restated Enabling Declaration for Establishment of a Condominium for The Peninsula on Lake Austin Phase One and Phase Two (formerly St. Tropez Lakehomes) ("**Restated Declaration**") recorded in the Real Property Records of Travis County, Texas, which Restated Declaration amended and restated that certain Enabling Declaration for Establishment of a Condominium for St. Tropez Lakehomes ("**Original Declaration**") recorded in Volume 9671, Page 892 of the Real Property Records of Travis County, Texas, which Original Declaration was amended by that certain Agreement Regarding Assignment of Developer Rights and Acknowledgement of Authority and Agreement and Amendment to Declaration ("**First Amendment**") recorded in Volume 12163, Page 618 of the Real Property Records of Travis County, Texas, (the Original Declaration, the First Amendment and the Restated Declaration are hereinafter sometimes collectively referred to as the "**Declaration**"), and as may hereafter be further amended. The original bylaws for the St. Tropez Lakehomes Council of Owners, Inc. (which entity was originally contemplated by the Original Declaration, but was never formed, and which has now been renamed as The Peninsula on Lake Austin Phase One Council of Owners, Inc.), which were attached to the Original Declaration are hereby amended in their entirety and are superseded and replaced by these Amended and Restated Bylaws, as same relate to the Phase One Units.

1.2. PARTIES TO BYLAWS. All present or future owners of any of the Phase One Units and all other persons who use or occupy the Phase One Units in any manner are subject to these bylaws and the other governing documents as defined below. The mere acquisition or occupancy of a unit in the Phase One Units will signify that these bylaws are accepted, ratified, and will be strictly followed.

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

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Unless defined otherwise in the Declaration or in these Bylaws, words and phrases used in these bylaws shall have the same meaning as defined in Section 82.003 of the Texas Uniform Condominium Act ("TUCA"). The following words and phrases shall have specified meanings when used in these Bylaws and shall supplement TUCA Section 82.003.

a. "Act" means the Texas Non-Profit Corporation Act, codified as Article 1396-2 et seq. of the Texas Business and Commerce Code.

b. "Phase One Association" means The Peninsula on Lake Austin Phase One Council of Owners, Inc., a Texas non-profit corporation, reorganized pursuant to Section 82.101 of TUCA.

c. "Declarant" means T/L Lake Austin Partnership, a Texas general partnership, and any person or entity succeeding to the Declarant's right pursuant to Section 82.104 of TUCA.

d. "Director" means a director of the Phase One Association.

e. "Governing Documents" means, collectively, the Declaration, these Bylaws, the Articles of Incorporation of the Phase One Association, and the Community Rules of the Phase One Association, as any of these may be amended from time to time.

f. "Majority" means more than 50 percent.

g. "Member" means a member of the Phase One Association, each member being a unit owner of one of the Phase One Units, unless the context indicates that member means a member of the board of directors.

h. "Officer" means an officer of the Phase One Association, which shall include a "President," a "Secretary," a "Treasurer," and one or more "Vice-Presidents".

i. "Resident" means the occupant of one of the Phase One Units, whether or not such occupant is an owner of one of the Phase One Units.

j. "TUCA" means the Texas Uniform Condominium Act codified as chapter 82 of the Texas Property Code.

1.4. NONPROFIT PURPOSE. The Phase One Association is not organized for profit.

1.5. COMPENSATION. A Director, Officer, Member, or Resident shall not be entitled to receive any pecuniary profit from the operation of the Phase One Association, and no funds or assets of

the Phase One 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; provided, however that pursuant to the Texas Non-profit Corporation Act Section 1396-2.24.A. of the Act:

a. that reasonable compensation may be paid to a Director, Officer, Member, or Resident for services rendered to the Phase One Association;

b. that a Director, Officer, Member, owner or Resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Phase One Association in connection with the administration of the affairs of the Phase One Association, excluding travel expenses between California and Texas, provided such expense has been approved or ratified by the board; and

c. that this provision does not apply to distributions to the Phase One Unit owners required by the Declaration or TUCA.

1.6. GENERAL POWERS AND DUTIES. The Phase One Association, acting through the board, shall have the powers and duties necessary for the administration of the affairs of the Phase One Association and for the operation and maintenance of the condominium as may be required or permitted by the Governing Documents and the law of the State of Texas. The Phase One Association may do any and all things that are lawful and which are necessary, proper, or desirable to operate for the best interests of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents.

ARTICLE 2

BOARD OF DIRECTORS

2.1. NUMBER AND TERM OF OFFICE. The Board shall consist of five persons. Except in the case of a delinquency as set forth in Section 2.2.3, a vacancy as set forth in Section 2.4 or removal as set forth in Section 2.5, one board Member shall be elected by the owners of each unit in the Phase One Units. Upon election, each Director shall serve a term of one year. 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. The number of Directors may be changed by amendment of these bylaws, but shall not be less than three.

2.2. QUALIFICATION. No person shall be eligible for election or appointment to the board unless such person is a Member.

2.2.1. Entity Member. If a Phase One Unit is owned by a legal entity, such as a partnership or corporation, any Resident officer, Resident partner, or Resident employee of that entity member shall be eligible to serve as a Director and shall be 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 shall be deemed vacant.

2.2.2. Co-Owners. Co-owners of a single Phase One Unit may not serve on the board at the same time. Co-owners of more than one Phase One Unit may serve on the board at the same time, provided the number of co-owners serving at one time does not exceed the number of Phase One Units they co-own.

2.2.3. Delinquency. No Member may be elected or appointed as a Director if any assessment against the Member or his Phase One Unit is delinquent at the time of the election or appointment. No Member may continue to serve as a Director if any assessment against the Member or his Phase One Unit is more than 45 days' delinquent.

2.3. ELECTION. Directors shall be elected by the Members. The election of Directors shall be conducted at the annual meeting of the Phase One Association, at any special meeting called for that purpose, or by mail, facsimile transmission, or a combination of mail and facsimile transmission.

2.4. VACANCIES. Vacancies on the board caused by any reason shall be 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 shall serve out the remaining term of his predecessor.

2.5. REMOVAL OF DIRECTORS. At any annual meeting or special meeting of the Phase One Association, 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 such meeting, and a successor shall then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. A Director who is delinquent in the payment of assessments for more than 45 days may be removed by action of the other Directors who then shall fill the vacancy as provided in Section 2.4. above.

2.6. MEETINGS OF THE BOARD.

2.6.1. Organizational Meeting of the Board. Within 30 days after the issuance of the Phase One Association's certificate of incorporation, the initial Directors shall convene an organizational meeting for the purpose of electing Officers. The time and place of such meeting shall be determined by either the incorporator or any two of the initial Directors by delivery of at least 3 days prior written notice to the other Directors of the time and place of the meeting, provided, such meeting occurs in Travis County, Texas.

2.6.2. Regular Meetings of the Board. Regular meetings of the board may be held at such time and place in Travis County, Texas, as shall be determined, from time to time, by the board, but at least one such meeting shall be held each calendar quarter. Notice of regular meetings of the board shall be given to each Director in writing at least five (5) days prior to the date of such meeting; provided such written notices may be sent by facsimile.

2.6.3. Special Meetings of the Board. Special meetings of the board may be called by the president or, if he is absent or refuses to act, the secretary, or by any two Directors. At least five (5) days notice shall be given to each Director in writing, which notice shall state the place in Travis County, Texas where the meeting shall occur, the time, and purpose of such meeting; provided, such written notices may be sent by facsimile.

2.6.4. Conduct of Meetings. The President shall preside over all meetings of the board and the secretary shall keep, or cause to be kept, a record of all resolutions adopted by the board and a record of all transactions and proceedings occurring at such meetings. When not in conflict with the law or the Governing Documents, the then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the board.

2.6.5. Quorum. At all meetings of the board, a Majority of 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. A Member shall be considered present if he is present by conference telephone or similar communications equipment. If less than a quorum is

present at any meeting from time to time, either in person or by telephone, the Majority of those present may adjourn the meeting from time to time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

2.6.6. Open Meetings. Regular and special meetings of the board shall be open to Members of the Phase One Association; provided that Members who are not Directors may not participate in any deliberations or discussions unless the board expressly so authorizes at the meeting. The board may adjourn any meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Phase One Association is or may become involved, and orders of business of a similar or sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

2.6.7. Telephone Meetings. Members of the board of the Phase One Association may participate in and hold meetings of the board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other. Participation in such meeting shall constitute 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.

2.6.8. Action Without a Meeting. Any action required or permitted to be taken by the board at a meeting may be taken without a meeting, if all of the Directors individually or collectively consent in writing to such action. The written consent shall be filed with the minutes of the board. Action by written consent shall have the same forth and effect as a unanimous vote.

2.7. LIABILITIES AND STANDARD OF CARE. In performing their duties, the Directors are required to exercise certain standards of care and are subject to certain liabilities, including but not limited to the following provisions of the laws of the State of Texas:

Act 1396-2.25... prohibiting loans to Directors;
Act 1396-2.26...voting for improper distribution of
assets under certain circumstances;
Act 1396-2.28...setting forth Director's general
standards of care;
Act 1396-2.29...circumstances under which investment
authority may be delegated;
Act 1396-2.30...pertaining to contracts between a
Director and the Phase One Association;
TUCA §82.103.(a).. action must be reasonable;
Director must exercise good faith
judgement; Director is a
fiduciary;
TUCA §82.103.(f)... breach of fiduciary duty,
improper benefit, acting in bad
faith.

2.8. POWERS AND DUTIES. The board shall have all powers and duties necessary for the administration of the Phase One Association and for the operation and maintenance of the Phase One Units. The board may do all such acts and things except those which, by law or the Governing 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 laws or the governing documents, or such powers and duties as may hereafter be imposed on the board by resolution of the Phase One Association, the powers and duties of the board shall include, but shall not be limited to, the following:

2.8.1. Manager. The board may employ a manager or managing agent for the Phase One Association, at a compensation established by the board, to perform all ministerial duties and services authorized by the board, including the following:

a. Fiscal Management.

(1) Prepare an annual operating budget detailed to reflect expected operations for each month, reserves, and contingencies to cover repairs, replacements and betterments to the general common elements specifically related to the Phase One Units, but excluding the unit boundaries of each unit and the limited common elements related to each such unit of the Phase One Units as set forth in Section 82.052 of TUCA. As set forth in Declaration, each unit owner in the Phase One Units is responsible for the maintenance and repair of his unit, including the limited common elements related to such unit. The budget is established to show

expected recurring receipts and operating disbursements. It is further used for comparison with actual monthly income and expenditures;

(2) Prepare monthly or quarterly operating and cash position statements;

(3) Collect monthly Assessments and periodic Special Assessments; deposit them in checking, savings or other accounts on behalf of the Phase One Association and maintain comprehensive records thereof.

(4) Mail notices of delinquency to any Owner in arrears, and exert reasonable efforts to collect delinquent accounts;

(5) Examine all expense invoices for accuracy and pay all bills in accordance with the terms of the property management agreement; and

(6) Prepare a year-end statement of operations.

b. Physical Management.

(1) Assume full responsibility for maintenance and control of general common elements specifically related to the Phase One Units, but excluding the unit boundaries of each unit and the limited common elements related to each such unit of the Phase One Units as set forth in Section 82.052 of TUCA, improvements and equipment. Maintain the general common elements specifically related to the Phase One Units (subject to the limitations set forth in the Declaration) in constant repair to reflect Member pride and to insure high property values in accordance with the provisions of the operating budget, as approved by the Board of Directors;

(2) Compile, assemble and analyze data, and prepare specifications and calls for bids for major improvement projects as needed. Analyze and compare bids, issue contracts and coordinate the work on improvement projects; maintain close and constant inspection of such work to insure that such work is performed according to specifications; and

(3) Perform any other projects with diligence and economy in the best interests of the Phase One Association.

c. Administrative Management.

(1) Inspect contractual services for satisfactory performance. Prepare any necessary compliance letters to vendors.

(2) Obtain and analyze bids for insurance coverage specified in the Declaration and these Bylaws or recommend additional coverage. Prepare claims when required and follow up on payment; act as a representative of the Board of Directors in negotiating settlement.

2.8.2. Fines. The board may levy fines for each day or occurrence that a violation of the Governing Documents persists after notice and hearing as provided in the Community Rules, provided the amount of the fine does not exceed the amount reasonably necessary to ensure compliance with the Governing Documents.

2.8.3. Delinquent Accounts. The board may establish, levy, and collect reasonable late charges for Members' delinquent accounts. The board may also establish a rate of interest to be charged on Members' delinquent accounts, provided the rate of interest does not exceed 18 percent or the maximum rate permitted by the laws of the State of Texas, whichever is smaller.

2.8.4. Fidelity Bonds. The board shall require that all Officers, agents, and employees of the Phase One Association handling or responsible for the Phase One Association funds shall furnish adequate fidelity bonds. The premiums on such bonds may be a common expense of the Phase One Association.

2.8.5. Ex-Officio Directors. The board may, from time to time, designate one or more persons as ex-officio Members of the board, pursuant to Article 1396-2.14. F. of the Act. An ex-officio Member is entitled to notice of and may attend board meetings, but shall have no voting power.

2.8.6. Assessments. The board shall fix, determine, assess, and collect, after approval by the Corporation, annual assessments from the Members, and any special assessments authorized by the Members of

the Corporation, which assessments shall be paid by the Members in monthly installments and shall consist of each Member's prorata share of the one-twelfth (1/12th) of the total annual estimated budget for each year, plus reasonable reserves. The estimated budget for the Common Elements specifically related to the Phase One Units shall be prepared annually by the Board and shall take into account the estimated common expenses for the year, including but not limited to, supplies, materials, parts, services, maintenance, repairs, replacements, management fees, and other expenses. Any surplus or deficit with regard to previous budget shall also be considered. The Board shall also establish a reserve for replacement of the Common Elements specifically related to the Phase One Units. Copies of the estimated annual budgets shall be furnished to each Unit owner not later than thirty (30) days after the beginning of each calendar year.

2.8.7. Other Reserved Powers. The Phase One Association, acting through its board shall have the powers set forth in TUCA §82.102 and §82.105.

ARTICLE 3

OFFICERS

3.1. DESIGNATION. The principal Officers of the Phase One Association shall be the president, the secretary, and the treasurer. The board may appoint one or more vice-presidents and such other Officers and assistant Officers as it deems necessary. The president and secretary shall 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 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 shall be elected no less than annually by the Directors at the organizational meeting of the board and shall hold office at the pleasure of the board for a term not to exceed 3 years in any event. Except for resignation or removal, Officers shall 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.

3.4. STANDARD OF CARE. In performing their duties, the Officers are required to exercise the standards of care provided by:

TUCA §82.103 (a).. must act in good faith;
TUCA §82.103 (f).. breach of fiduciary duty...improper benefit... intentional misconduct;
Act 1396-2.20.D.... reliance or information furnished by others.

3.5. DESCRIPTION OF PRINCIPAL OFFICES.

3.5.1. President. As the chief executive officer of the Phase One Association, the president shall: (i) preside at all meetings of the Phase One Association and of the board; (ii) have all the general powers and duties which are usually vested in the office of president of a corporation organized under the laws of the State of Texas; (iii) have general supervision, direction, and control of the business of the Phase One Association, subject to the control of the board; and (iv) see that all orders and resolutions of the board are carried into effect.

3.5.2. Secretary. The secretary shall: (i) keep the minute book and the minutes of all meetings of the board and of the Phase One Association; (ii) have charge of such books, papers, and records as the board may direct; (iii) maintain a record of the names and addresses of the Members for the mailing of notices; and (iv) in general, perform all duties incident to the office of secretary.

3.5.3. Treasurer. The treasurer shall: (i) be responsible for Phase One Association funds; (ii) keep full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepare all required financial data and tax returns; (iv) deposit all monies or other valuable effects in the name of the Phase One Association in such depositories as may from time to time be designated by the board; (v) prepare the annual and supplemental budgets of the Phase One Association; (vi) review the

accounts of the managing agent on a monthly basis in the event such managing agent is responsible for collecting and disbursing Phase One Association funds; and (vii) perform all the duties incident to the office of treasurer.

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

ARTICLE 4

Intentionally Omitted

ARTICLE 5

MEETINGS OF THE PHASE ONE ASSOCIATION

5.1. ANNUAL MEETING. An annual meeting of the Phase One Association shall be held during the month of March of each year. Unless the notice of the annual meeting provides otherwise, the annual meeting shall occur at the Phase One Association's registered office. At the annual meetings the Members shall elect Directors in accordance with these bylaws. The Members may also transact such other business of the Phase One Association as may properly come before them.

5.2. SPECIAL MEETINGS. The president may call a special meeting of his or her own initiative. Further, it shall be the duty of the president to call a special meeting of the Phase One Association if directed to do so by a Majority of the board or by a petition signed by Members representing at least 10 percent of the votes in the Phase One Association. Such meeting shall be held not sooner than 20 nor more than 30 days after the board resolution or receipt of petition. The notice of any special meeting shall state the time, place, and purpose of such meeting. No business, except the purpose stated in the notice of the meeting, shall be transacted at a special meeting.

5.3. PLACE OF MEETINGS. Meetings of the Phase One Association shall be held at the condominium or at a suitable place in Travis County, Texas, convenient to the Members, as determined by the board and as stated in the

meeting notice or at the corporation's registered office if no place is specified.

5.4. NOTICE OF MEETINGS. At the direction of the board, written notice of meetings of the Phase One Association shall be given to an owner of each unit entitled to vote at least 10 days, but no more than 60 days prior to such meeting. Notices of meetings shall state the date, time, and place such meeting is to be held. Notices shall identify the type of meeting as annual or special, and shall state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the board. Notices may be sent by facsimile.

5.5. INELIGIBILITY. The board may determine that no Member may (i) receive notice of meetings of the Phase One Association, (ii) vote at meetings of the Phase One Association, or (iii) be elected to serve as a Director if the Member's financial account with the Phase One Association is in arrears on the record dates provided below, provided each ineligible Member shall be 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. All quorums, votes, and consents of the Members shall be based on "eligible votes" rather than total votes.

5.6. RECORD DATES.

5.6.1. Determining Notice Eligibility. The record date for determining the Members entitled to notice of a meeting of the Phase One Association shall be the date of notice of that meeting.

5.6.2. Determining Voting Eligibility. The record date for determining the Members entitled to vote at a meeting of the Phase One Association shall be the date of notice of a meeting of the Phase One Association at which Members will vote.

5.6.3. Determining Rights Eligibility. The record date for determining the Members entitled to exercise any rights other than those described in the preceding two paragraphs, shall be the date of action for which eligibility is required, such as nomination to the board.

5.6.4. Adjournments. A determination of Members entitled to notice of or to vote at a meeting of the Phase One Association is effective for any adjournment of the meeting unless the board fixes a

new date for determining the right to notice or the right to vote. The board must fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date more than 90 days after the record date for determining Members entitled to notice of the original meeting.

5.7. VOTING MEMBER LIST. The board shall prepare and make available a list of the Phase One Association's voting Members in accordance with Art. 1396-2.11B of the Act.

5.8. QUORUM. At any meeting of the Phase One Association, the presence at the beginning of any meeting in person, by proxy or by conference telephone of Members entitled to cast at least 60 percent of the eligible votes that may be cast for election of the board shall constitute 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.

5.9. LACK OF QUORUM. If a quorum is not obtained, the meeting may be adjourned to a later date and time, not more than 90 days hence, for the purpose of obtaining a quorum.

5.10. VOTES. The vote of Members representing at least a Majority of the votes cast at any meeting at which a quorum is present shall be binding upon all Members for all purposes, except when a higher percentage is required by these bylaws, the declaration, or the laws of the State of Texas. Cumulative voting is prohibited. Voting on any question (other than election of Directors) may be by voice vote, proxy, or show of hands unless the presiding Officer shall order, or any Member shall demand, that voting be by roll call or by written ballot.

5.10.1. Co-Owned Units. If a unit is owned by more than one Member, the vote appurtenant to that unit shall be cast in accordance with Section 82.110(a) of TUCA.

5.10.2. Corporation-Owned Units. If a unit is owned by a corporation, the vote appurtenant to that unit may be cast by any Officer of the corporation in the absence of express written notice of the designation of a specific person by the board of Directors or bylaws of the owning corporation. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express written notice of the designation of a specific person by the owning partnership. The person

presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of a corporation or partnership is qualified to vote.

5.10.3. Phase One Association Owned Units. Units owned by the Phase One Association shall be voting but a unanimous decision of the Directors shall be required to cast the vote or votes for the Phase One Association owned unit.

5.11. PROXIES. Votes may be cast in person, by conference telephone or by written proxy. To be valid, each proxy shall (i) be signed and dated by a Member or his attorney-in-fact; (ii) identify the unit to which the vote is appurtenant; (iii) name the person in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the purpose or meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the secretary or to the person presiding over the Phase One Association meeting for which the proxy is designated. Unless the proxy specifies a shorter or longer time, it shall terminate 11 months after its date. To revoke a proxy, the granting Member must give actual written notice of revocation to the person presiding over the Phase One Association meeting for which the proxy is designated. Unless so revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled shall be valid when such meeting reconvenes. Proxies may be delivered via facsimile to the secretary or person presiding over the Phase One Association meeting. It shall be the duty of the person sending a proxy facsimile to confirm its actual receipt.

5.12. CONDUCT OF MEETINGS. The president, or any person designated by the board, shall preside over meetings of the Phase One Association. The secretary shall keep, or cause to be kept, the minutes of the meeting which shall 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 shall govern the conduct of all meetings of the Phase One Association when not in conflict with the governing documents. Votes shall be tallied by tellers appointed by the person presiding over the meeting.

5.13. ORDER OF BUSINESS. Unless the notice of meeting states otherwise, the order of business at meetings of the Phase One Association shall be as follows:

- Determine votes present by roll call or sign-in procedure
- Confirmation of quorum
- Proof of notice of meeting
- Reading and 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 Phase One Association, a Majority of the Members present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

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 Phase One Association may also be taken without a meeting by written consents. The board may permit Members to vote by ballots delivered by hand, mail, facsimile transmission, or any combination of these. Subject to the time limits of Section 1396-9.10.C. of the Act, written consents by Members required by the governing documents, shall constitute approval by written consent. This paragraph may not be used to avoid the requirement of an annual meeting. This paragraph shall not apply to the election of Directors.

5.16. TELEPHONE MEETINGS. Members of the Phase One Association may participate in and hold meetings of the Phase One Association by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other. Participation in such meeting shall constitute 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.

ARTICLE 6

RULES

6.1. RULES. The board shall have the right to establish and amend, from time to time, reasonable community rules and regulations for: (i) the administration of the Phase One Association and the governing documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the condominium; and (iii) the health, comfort, and general welfare of the

residents; provided, however, that such rules may not be in conflict with law or the governing documents and must affect the common elements or other units. The board shall, at all times, maintain the then current and complete rules in a written form which can be copied and distributed to the Members. Rules need not be recorded in the county's real property records. Any such rules shall be in addition to and not in lieu of any rules and regulations set forth in the Declaration of covenants, conditions and restrictions for The Peninsula on Lake Austin, as amended and restated.

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. The board shall give written notice to an owner of each unit of any amendment, termination, or adoption of a rule, or shall publish same in a newsletter or similar publication which is circulated to the Members, at least 10 days before the rule's effective date. The board may, but shall not be required, to give similar notice to Residents who are not Members. Any Member or Resident so notified shall have the right to comment orally or in writing to the board on the proposed action.

6.4. DISTRIBUTION. Upon request from any Member or Resident, the board shall provide at no cost a current and complete copy of rules. Additionally, the board shall, from time to time, distribute copies of the current and complete rules to an owner of each unit and, if the board so chooses, to non-Member Residents.

ARTICLE 7

ENFORCEMENT

The violation of any provision of the Governing Documents shall give the board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in the governing documents:

a. To enter the Phase One Unit or limited 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 existing and creating a danger to the common elements related to the Phase One Units contrary to the intent and meaning of the provisions

of the governing documents. The board shall not be deemed liable for any manner of trespass by this action; or

b. To enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach. This includes the right to evict Residents who are not owners and the right to cause any such Residents to attorn to the Phase One Association for any owner who is delinquent in his dues or assessments to the Phase One Association.

ARTICLE 8

OBLIGATIONS OF THE OWNERS

8.1. NOTICE OF SALE. Any owner of a Phase One Unit intending to sell his Phase One Unit or any interest therein shall give written notice to the board of such intention, together with (i) the address or legal description of the Phase One Unit being conveyed, (ii) the name and address of the intended purchaser, (iii) the name, address, and phone number of the title company or attorney designated to close such transaction, (iv) names and phone numbers of real estate agents, if any, representing seller or purchaser, and (v) scheduled date of closing. An owner shall furnish this information to the board no less than 10 working days before the date of conveyance of the unit or any interest therein.

8.2. PROOF OF OWNERSHIP. Any person, on becoming an owner of a Phase One Unit, shall furnish to the board evidence of ownership in the Phase One Unit, which copy shall remain in the files of the Phase One Association. A Member shall not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of the Phase One Association 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' ADDRESSES. The owner or the several co-owners of a Phase One Unit shall register and maintain one mailing address, including a facsimile number, to be used by the Phase One Association for mailing or sending of monthly statements, notices, demands, and all other communications. The owner shall keep the Phase One Association informed of the Member's current mailing address and facsimile number. If an owner fails to provide or maintain a current mailing address and facsimile number with the Phase One Association, the address of that owner's Phase One Unit shall be deemed to be his mailing address.

and such correspondence shall be directed to the "unit owner".

8.4. REGISTRATION OF MORTGAGEES. An owner who mortgages his Phase One Unit shall furnish the board with the name and mailing address of his mortgagee.

8.5. ASSESSMENTS. All owners shall be obligated to pay assessments imposed by the Phase One Association to meet the common expenses as defined in the declaration. A Member shall be deemed to be in good standing and entitled to vote at any meeting of the Phase One Association if he is current in the assessments, fines and penalties made or levied against him and his Phase One Unit.

8.6. COMPLIANCE WITH DOCUMENTS. Each owner shall comply with the provisions and terms of the governing documents, and any amendments thereto. Further, each owner shall always endeavor to observe and promote the cooperative purposes for which the condominium was established.

ARTICLE 9

PHASE ONE ASSOCIATION RECORDS

9.1. RECORDS. The Phase One Association shall use its best efforts to keep the following records:

a. Minutes or a similar record of the proceedings of meetings of the Phase One Association and the board. A recitation in the minutes that notice of the meeting was properly given shall be sufficient evidence that such notice was given.

b. A record of the notes, proxies and correspondence relating to amendments of the Declaration, Bylaws, or Community Rules.

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. Detailed financial records and books of account for the Phase One Association, kept in a manner consistent with generally accepted accounting

principles. Such financial records shall be annually audited as provided in Section 82.114 (c) of TUCA.

f. If available, a copy of the plans and specifications used to construct the Phase One Units in the condominium.

g. A copy of the plans and specifications acquired by the Phase One Association over time for improvements to the Phase One Units.

h. Copies of income tax returns prepared for the Internal Revenue Service.

i. The condominium information statement and all amendments thereto prepared under Section 82.152 of TUCA, related to the Phase One Units.

j. Copies of the governing documents and all amendments to any of these. Also, for at least three years, a record of all votes or written consents by which amendments to the governing documents were approved.

9.2. INSPECTION OF BOOKS AND RECORDS. Books and records of the Phase One Association shall be made available for inspection and copying at the Phase One Association's registered office or principal office pursuant to Section 82.114(b) of TUCA and Act 1396-2.23.B.

9.3. RESALE CERTIFICATES. Any Officer may prepare or cause to be prepared, certify, and execute resale certificates in accordance with Section 82.157 of TUCA. The Phase One Association may charge a reasonable fee for preparing resale certificates. The Phase One Association may not refuse to furnish resale certificates if the fee is not paid. Any unpaid fees shall be assessed against the unit for which the certificate is furnished.

9.4. RECORDS RETENTION. The Phase One Association records required by this Article 9 shall be kept for a minimum of 3 years after the close of the Phase One Association's fiscal year and in the case of 9.1. (a), (b), (f), and (g) until the Phase One Association is dissolved.

9.5. AMENDMENTS TO DECLARATION. To the extent that the Amendment of the Declaration is otherwise permitted pursuant to the governing documents, the president and the secretary acting together shall be authorized to prepare execute, certify and record amendments to the Declaration.

ARTICLE 10

NOTICES

10.1. CO-OWNERS. If a unit is owned by more than one person, notice to any one co-owner shall be 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, or by facsimile transmission. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the Member at the address shown on the Phase One Association's records. If transmitted by facsimile, the notice is deemed delivered on successful transmission of the facsimile.

10.3. WAIVER OF NOTICE. Whenever any notice is required to be given to an owner, Member, or Director, a written waiver of the notice, signed by the person entitled to such notice, whether before or after the time stated in the notice, shall be equivalent to the giving of such notice. Attendance by a Member or Director at any meeting of the Phase One Association or board, respectively, shall constitute a waiver of notice by such Member or Director of the time, place, and purpose of such meeting unless that Member or Director appears for the sole purpose of contesting the lawful convention of such meeting. If all Members or Directors are present at any meeting of the Phase One Association or board, respectively, no notice shall be required and any business may be transacted at such meeting.

ARTICLE 11

DECLARANT TRANSFER

11.1. TRANSFER TO PHASE ONE ASSOCIATION. T/L Lake Austin Partnership, the Declarant, joins in the execution of these bylaws to acknowledge that it has transferred all of its rights as declarant, as same relate solely to the Phase One Units, the Phase One Common Elements and the Phase One Limited Common Elements, to the Phase One Association.

ARTICLE 12

AMENDMENTS TO BYLAWS

12.1. PROPOSALS. These bylaws may be amended by the Members according to the terms of this Article. The Phase One Association shall provide an owner of each Phase One Unit with exact wording of any proposed amendment. Such description shall be included in the notice of any annual or special meeting of the Phase One Association if such proposed amendment is to be considered at said meeting.

12.2. CONSENTS. An amendment shall be adopted by the vote, in person or by proxy, or written consent, or by mail, facsimile transmission or a combination of all of the above, of Members representing at least 60% of the eligible votes of Members in the Phase One Association based on each owner's percentage interest in the common elements.

12.3. EFFECTIVE. To be effective, each amendment must be in writing, reference the names of the condominium and the Phase One Association, be signed by at least the president and secretary of the Phase One Association acknowledging the requisite approval of Members, and be delivered to an owner of each unit at least 10 days before the amendment's effective date. Further, if these bylaws are publicly recorded in the county in which the condominium is located, the amendment must recite and recording data for the bylaws, be in a form suitable for recording as a real property record in such county, and be recorded with the county clerk in the real property records of such county.

ARTICLE 13

GENERAL PROVISIONS

13.1. CONFLICTING PROVISIONS. If any provision of these bylaws conflicts with any provision of the laws of the State of Texas, such conflicting bylaws provision shall be null and void, but all other provisions of these bylaws shall remain in full force and effect. In the case of any conflict between the articles of incorporation of the Phase One Association and these bylaws, the articles shall control. In the case of any conflict between the declaration and these bylaws, the declaration shall control.

13.2. SEVERABILITY. Invalidation of any provision of these bylaws, by judgement or court order, shall in no wise affect any other provision which shall remain in full

force and effect. The effect of a general statement shall not be limited by the enumerations of specific matters similar to the general.

13.3. FISCAL YEAR. The fiscal year of the Phase One Association shall be set by resolution of the board, and is subject to change from time to time as the board shall determine. In the absence of a resolution by the board, the fiscal year shall be the calendar year.

13.4. WAIVER. No restriction, condition, obligation, or covenant contained in these bylaws shall 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.

13.5. SEAL. A corporate seal may be adopted for use by the Corporation but shall not be required to be used by Corporation.

13.6. NOTICE OF INDEMNIFICATION OF OR ADVANCE OF EXPENSES. Any indemnification of or advance of expenses to an Officer, Director or other person in accordance with the Articles or these Bylaws shall be reported in writing to the Members with or before the notice or waiver of notice of the next Member's meeting or with or before the next submission to Members of a consent to action without a meeting pursuant to Section A of Article 1396-9.10, of the Act, as amended, and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the Amended and Restated Bylaws of The Peninsula on Lake Austin Phase One Council of Owners, Inc., a Texas nonprofit corporation and condominium association, as adopted by the Board of Directors on the 3rd day of May, 1995.

The Peninsula on Lake Austin
Phase One Council of Owners, Inc.

By: 
Thomas H. Somers, Secretary

THE STATE OF TEXAS

§
§
§

COUNTY OF TRAVIS

Before me, the undersigned authority, on this 3rd day of May, 1995, personally appeared Thomas H. Somers, Secretary of The Peninsula on Lake Austin Council of Owners, Inc. known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same on behalf of such corporation, and in the capacity so stated.

Melissa B. Womble
Notary Public in and for the
State of Texas

(INK STAMP NOTARY SEAL)

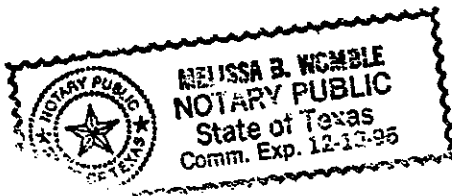


EXHIBIT "G"

(Phase Two Bylaws)

REAL PROPERTY RECORDS
TRAVIS COUNTY, TEXAS

1011 1208

AMENDED AND RESTATED BYLAWS

OF

THE PENINSULA ON LAKE AUSTIN PHASE TWO COUNCIL OF OWNERS, INC.

(A Texas Nonprofit Corporation)

ARTICLE 1

INTRODUCTION

1.1. PURPOSE OF BYLAWS. These bylaws provide for the governance of The Peninsula on Lake Austin Phase Two Council of Owners, Inc., which relates to the Units 6 - 15, Phase Two, The Peninsula on Lake Austin (formerly Units 6 - 15, Building A, St. Tropez Lakehomes) (the "Phase Two Units"), located in the City of Austin, Travis County, Texas, subject to and more fully described in the Amended and Restated Enabling Declaration for Establishment of a Condominium for The Peninsula on Lake Austin Phase One and Phase Two (formerly St. Tropez Lakehomes) ("Restated Declaration") recorded in the Real Property Records of Travis County, Texas, which Restated Declaration amended and restated that certain Enabling Declaration for Establishment of a Condominium for St. Tropez Lakehomes ("Original Declaration") recorded in Volume 9671, Page 892 of the Real Property Records of Travis County, Texas, which Original Declaration was amended by that certain Agreement Regarding Assignment of Developer Rights and Acknowledgement of Authority and Agreement and Amendment to Declaration ("First Amendment") recorded in Volume 12163, Page 618 of the Real Property Records of Travis County, Texas, (the Original Declaration, the First Amendment and the Restated Declaration are hereinafter sometimes collectively referred to as the "Declaration"), and as may hereafter be further amended. The original bylaws of The Peninsula on Lake Austin Council of Owners, Inc. (which entity was originally contemplated by the Original Declaration, but was never formed, and which has now been renamed as The Peninsula on Lake Austin Phase Two Council of Owners, Inc.), which were attached to the Original Declaration are hereby amended in their entirety and are superseded and replaced by these Amended and Restated Bylaws, as same relate to the Phase Two Units.

1.2. PARTIES TO BYLAWS. All present or future owners of any of the Phase Two Units and all other persons who use or occupy the Phase Two Units in any manner are subject to these bylaws and the other governing documents as defined below. The mere acquisition or occupancy of a unit in the Phase Two Units will signify that these bylaws are accepted, ratified, and will be strictly followed.

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

PENINSULA\PHASETWO.BYL

EXHIBIT "G"

REAL PROPERTY RECORDS
TRAVIS COUNTY, TEXAS

1000

Unless defined otherwise in the Declaration or in these Bylaws, words and phrases used in these bylaws shall have the same meaning as defined in Section 82.003 of the Texas Uniform Condominium Act ("TUCA"). The following words and phrases shall have specified meanings when used in these Bylaws and shall supplement TUCA Section 82.003.

a. "Act" means the Texas Non-Profit Corporation Act, codified as Article 1396-2 et seq. of the Texas Business and Commerce Code.

b. "Phase Two Association" means The Peninsula on Lake Austin Phase Two Council of Owners, Inc., a Texas non-profit corporation, reorganized pursuant to Section 82.101 of TUCA.

c. "Declarant" means T/L Lake Austin Partnership, a Texas general partnership, and any person or entity succeeding to the Declarant's right pursuant to Section 82.104 of TUCA.

d. "Director" means a director of the Phase Two Association.

e. "Governing Documents" means, collectively, the Declaration, these Bylaws, the Articles of Incorporation of the Phase Two Association, and the Community Rules of the Phase Two Association, as any of these may be amended from time to time.

f. "Majority" means more than 50 percent.

g. "Member" means a member of the Phase Two Association, each member being a unit owner of one of the Phase Two Units, unless the context indicates that member means a member of the board of directors.

h. "Officer" means an officer of the Phase Two Association, which shall include a "President," a "Secretary," a "Treasurer," and one or more "Vice-Presidents".

i. "Resident" means the occupant of one of the Phase Two Units, whether or not such occupant is an owner of one of the Phase Two Units.

j. "TUCA" means the Texas Uniform Condominium Act codified as chapter 82 of the Texas Property Code.

1.4. NONPROFIT PURPOSE. The Phase Two Association is not organized for profit.

1.5. COMPENSATION. A Director, Officer, Member, or Resident shall not be entitled to receive any pecuniary profit from the operation of the Phase Two Association, and no funds or assets of

the Phase Two 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; provided, however that pursuant to the Texas Non-profit Corporation Act Section 1396-2.24.A. of the Act:

a. that reasonable compensation may be paid to a Director, Officer, Member, or Resident for services rendered to the Phase Two Association;

b. that a Director, Officer, Member, owner or Resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Phase Two Association in connection with the administration of the affairs of the Phase Two Association, excluding travel expenses between California and Texas, provided such expense has been approved or ratified by the board; and

c. that this provision does not apply to distributions to the Phase Two Unit owners required by the Declaration or TUCA.

1.6. GENERAL POWERS AND DUTIES. The Phase Two Association, acting through the board, shall have the powers and duties necessary for the administration of the affairs of the Phase Two Association and for the operation and maintenance of the condominium as may be required or permitted by the Governing Documents and the law of the State of Texas. The Phase Two Association may do any and all things that are lawful and which are necessary, proper, or desirable to operate for the best interests of its Members, subject only to the limitations upon the exercise of such powers as are expressly set forth in the Governing Documents.

ARTICLE 2

BOARD OF DIRECTORS

2.1. NUMBER AND TERM OF OFFICE. The Board shall consist of three persons. One board Member shall be elected by the Owners of the Phase Two Units in the condominium other than Phase Two Units owned by the Declarant. The remaining two board Members shall be elected by the Declarant and shall serve until the 120th day after the conveyance of 80% of the Phase Two Units in the condominium to persons or entities other than the Declarant. Thereafter, all board Members shall be elected by the Owner of the Phase Two Units and upon election, each Director shall serve a term of two years. Two Directors shall be elected in odd-numbered years. One Director shall be elected in even-numbered 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. The number of Directors may be changed by amendment of these bylaws, but shall not be less than three.

2.2. QUALIFICATION. During the period of time that the Phase Two Association is controlled by the Declarant, any person 18 years or older shall be eligible for election or appointment to the board. Once the Members, other than the Declarant, begin electing board Members and at all times after the Declarant's control period ends, no person shall be eligible for election or appointment to the board unless such person is a Member.

2.2.1. Entity Member. If a Phase Two Unit is owned by a legal entity, such as a partnership or corporation, any Resident officer, Resident partner, or Resident employee of that entity member shall be eligible to serve as a Director and shall be 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 shall be deemed vacant.

2.2.2. Co-Owners. Co-owners of a single Phase Two Unit may not serve on the board at the same time. Co-owners of more than one Phase Two Unit may serve on the board at the same time, provided the number of co-owners serving at one time does not exceed the number of Phase Two Units they co-own.

2.2.3. Delinquency. No Member may be elected or appointed as a Director if any assessment against the Member or his Phase Two Unit is delinquent at the time of the election or appointment. No Member may continue to serve as a Director if any assessment against the Member or his Phase Two Unit is more than 45 days' delinquent.

2.3. ELECTION. Directors shall be elected by the Members. The election of Directors shall be conducted at the annual meeting of the Phase Two Association, at any special meeting called for that purpose, or by mail, facsimile transmission, or a combination of mail and facsimile transmission.

2.4. VACANCIES. Vacancies on the board caused by any reason, shall be 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 shall serve out the remaining term of his predecessor.

2.5. REMOVAL OF DIRECTORS. At any annual meeting or special meeting of the Phase Two Association, 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 such meeting, and a successor shall then and there be elected to fill the vacancy thus created. Any Director whose

removal has been proposed by the Members shall be given an opportunity to be heard at the meeting. A Director who is delinquent in the payment of assessments for more than 45 days may be removed by action of the other Directors who then shall fill the vacancy as provided in Section 2.4. above.

2.6. MEETINGS OF THE BOARD.

2.6.1. Organizational Meeting of the Board. Within 30 days after the issuance of the Phase Two Association's certificate of incorporation, the initial Directors shall convene an organizational meeting for the purpose of electing Officers. The time and place of such meeting shall be determined by either the incorporator or any two of the initial Directors by delivery of at least 3 days prior written notice to the other Directors of the time and place of the meeting.

2.6.2. Regular Meetings of the Board. Regular meetings of the board may be held at such time and place as shall be determined, from time to time, by the board, but at least one such meeting shall be held each calendar quarter. Notice of regular meetings of the board shall be given to each Director in writing at least five (5) days prior to the date of such meeting; provided such written notices may be sent by facsimile.

2.6.3. Special Meetings of the Board. Special meetings of the board may be called by the president or, if he is absent or refuses to act, the secretary, or by any two Directors. At least five (5) days notice shall be given to each Director in writing, which notice shall state the place, time, and purpose of such meeting; provided, such written notices may be sent by facsimile.

2.6.4. Conduct of Meetings. The President shall preside over all meetings of the board and the secretary shall keep, or cause to be kept, a record of all resolutions adopted by the board and a record of all transactions and proceedings occurring at such meetings. When not in conflict with the law or the Governing Documents, the then current edition of Robert's Rules of Order shall govern the conduct of the meetings of the board.

2.6.5. Quorum. At all meetings of the board, a Majority of 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. A Member shall be considered present if he is present by conference telephone or similar communications equipment. If less than a quorum is present at any meeting from time to time, either in person or by telephone, the Majority of those present may adjourn the meeting from time to time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

2.6.6. Open Meetings. Regular and special meetings of the board shall be open to Members of the Phase Two Association; provided that Members who are not Directors may not participate in any deliberations or discussions unless the board expressly so authorizes at the meeting. The board may adjourn any meeting and reconvene in executive session to discuss and vote upon personnel matters, litigation in which the Phase Two Association is or may become involved, and orders of business of a similar or sensitive nature. The nature of any and all business to be considered in executive session shall first be announced in open session.

2.6.7. Telephone Meetings. Members of the Phase Two Association may participate in and hold meetings of the board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other. Participation in such meeting shall constitute 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.

2.6.8. Action Without a Meeting. Any action required or permitted to be taken by the board at a meeting may be taken without a meeting, if all of the Directors individually or collectively consent in writing to such action. The written consent shall be filed with the minutes of the board. Action by written consent shall have the same forth and effect as a unanimous vote.

2.7. LIABILITIES AND STANDARD OF CARE. In performing their duties, the Directors are required to exercise certain standards of care and are subject to certain liabilities, including but not limited to the following provisions of the laws of the State of Texas:

Act 1396-2.25... prohibiting loans to Directors;
Act 1396-2.26...voting for improper distribution of
assets under certain circumstances;
Act 1396-2.28...setting forth Director's general
standards of care;
Act 1396-2.29...circumstances under which investment
authority may be delegated;
Act 1396-2.30...pertaining to contracts between a
Director and the Phase Two Association;
TUCA §82.103.(a).. action must be reasonable;
Director must exercise good faith
judgement; Director is a
fiduciary;
TUCA §82.103.(f)... breach of fiduciary duty,
improper benefit, acting in bad
faith.

2.8. POWERS AND DUTIES. The board shall have all powers and duties necessary for the administration of the Phase Two Association and for the operation and maintenance of the Phase Two Units. The board may do all such acts and things except those which, by law or the Governing 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 laws or the governing documents, or such powers and duties as may hereafter be imposed on the board by resolution of the Phase Two Association, the powers and duties of the board shall include, but shall not be limited to, the following:

2.8.1. Manager. The board may employ a manager or managing agent for the Phase Two Association, at a compensation established by the board, to perform all ministerial duties and services authorized by the board, including the following:

a. Fiscal Management.

(1) Prepare an annual operating budget detailed to reflect expected operations for each month, reserves, and contingencies to cover repairs, replacements and betterments to the general common elements specifically related to the Phase Two Units, but excluding the unit boundaries of each unit and the limited common elements related to each such unit of the Phase Two Units as set forth in Section 82.052 of TUCA. As set forth in Declaration, each unit owner in the Phase Two Units is responsible for the maintenance and repair of his unit, including the limited common elements related to such unit. The budget is established to show

expected recurring receipts and operating disbursements. It is further used for comparison with actual monthly income and expenditures;

(2) Prepare monthly or quarterly operating and cash position statements;

(3) Collect monthly Assessments and periodic Special Assessments; deposit them in checking, savings or other accounts on behalf of the Phase Two Association and maintain comprehensive records thereof.

(4) Mail notices of delinquency to any Owner in arrears, and exert reasonable efforts to collect delinquent accounts;

(5) Examine all expense invoices for accuracy and pay all bills in accordance with the terms of the property management agreement; and

(6) Prepare a year-end statement of operations.

b. Physical Management.

(1) Assume full responsibility for maintenance and control of general common elements specifically related to the Phase Two Units, but excluding the unit boundaries of each unit and the limited common elements related to each such unit of the Phase Two Units as set forth in Section 82.052 of TUCA, improvements and equipment. Maintain the general common elements specifically related to the Phase Two Units (subject to the limitations set forth in the Declaration) in constant repair to reflect Member pride and to insure high property values in accordance with the provisions of the operating budget, as approved by the Board of Directors;

(2) Compile, assemble and analyze data, and prepare specifications and calls for bids for major improvement projects as needed. Analyze and compare bids, issue contracts and coordinate the work on improvement projects; maintain close and constant inspection of such work to insure that such work is performed according to specifications; and

- (3) Perform any other projects with diligence and economy in the best interests of the Phase Two Association.

c. Administrative Management.

- (1) Inspect contractual services for satisfactory performance. Prepare any necessary compliance letters to vendors.

- (2) Obtain and analyze bids for insurance coverage specified in the Declaration and these Bylaws or recommend additional coverage. Prepare claims when required and follow up on payment; act as a representative of the Board of Directors in negotiating settlement.

2.8.2. Fines. The board may levy fines for each day or occurrence that a violation of the Governing Documents persists after notice and hearing as provided in the Community Rules, provided the amount of the fine does not exceed the amount reasonably necessary to ensure compliance with the Governing Documents.

2.8.3. Delinquent Accounts. The board may establish, levy, and collect reasonable late charges for Members' delinquent accounts. The board may also establish a rate of interest to be charged on Members' delinquent accounts, provided the rate of interest does not exceed 18 percent or the maximum rate permitted by the laws of the State of Texas, whichever is smaller.

2.8.4. Fidelity Bonds. The board shall require that all Officers, agents, and employees of the Phase Two Association handling or responsible for the Phase Two Association funds shall furnish adequate fidelity bonds. The premiums on such bonds may be a common expense of the Phase Two Association.

2.8.5. Ex-Officio Directors. The board may, from time to time, designate one or more persons as ex-officio Members of the board, pursuant to Article 1396-2.14. F. of the Act. An ex-officio Member is entitled to notice of and may attend board meetings, but shall have no voting power.

2.8.6. Assessments. The board shall fix, determine, assess, and collect, after approval by the Corporation, annual assessments from the Members, and any special assessments authorized by the Members of

the Corporation, which assessments shall be paid by the Members in monthly installments and shall consist of each Member's prorata share of the one-twelfth (1/12th) of the total annual estimated budget for each year, plus reasonable reserves. The estimated budget for the Common Elements specifically related to the Phase Two Units shall be prepared annually by the Board and shall take into account the estimated common expenses for the year, including but not limited to, supplies, materials, parts, services, maintenance, repairs, replacements, management fees, and other expenses. Any surplus or deficit with regard to previous budget shall also be considered. The Board shall also establish a reserve for replacement of the Common Elements specifically related to the Phase Two Units. Copies of the estimated annual budgets shall be furnished to each Unit owner not later than thirty (30) days after the beginning of each calendar year.

2.8.7. Other Reserved Powers. The Phase Two Association, acting through its board shall have the powers set forth in TUCA §82.102 and §82.105.

ARTICLE 3

OFFICERS

3.1. DESIGNATION. The principal Officers of the Phase Two Association shall be the president, the secretary, and the treasurer. The board may appoint one or more vice-presidents and such other Officers and assistant Officers as it deems necessary. The president and secretary shall 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 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 shall be elected no less than annually by the Directors at the organizational meeting of the board and shall hold office at the pleasure of the board for a term not to exceed 3 years in any event. Except for resignation or removal, Officers shall 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.

3.4. STANDARD OF CARE. In performing their duties, the Officers are required to exercise the standards of care provided by:

TUCA §82.103 (a).. must act in good faith;
TUCA §82.103 (f).. breach of fiduciary duty...improper benefit... intentional misconduct;
Act 1396-2.20.D.... reliance or information furnished by others.

3.5. DESCRIPTION OF PRINCIPAL OFFICES.

3.5.1. President. As the chief executive officer of the Phase Two Association, the president shall: (i) preside at all meetings of the Phase Two Association and of the board; (ii) have all the general powers and duties which are usually vested in the office of president of a corporation organized under the laws of the State of Texas; (iii) have general supervision, direction, and control of the business of the Phase Two Association, subject to the control of the board; and (iv) see that all orders and resolutions of the board are carried into effect.

3.5.2. Secretary. The secretary shall: (i) keep the minute book and the minutes of all meetings of the board and of the Phase Two Association; (ii) have charge of such books, papers, and records as the board may direct; (iii) maintain a record of the names and addresses of the Members for the mailing of notices; and (iv) in general, perform all duties incident to the office of secretary.

3.5.3. Treasurer. The treasurer shall: (i) be responsible for Phase Two Association funds; (ii) keep full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepare all required financial data and tax returns; (iv) deposit all monies or other valuable effects in the name of the Phase Two Association in such depositories as may from time to time be designated by the board; (v) prepare the annual and supplemental

budgets of the Phase Two Association; (vi) review the accounts of the managing agent on a monthly basis in the event such managing agent is responsible for collecting and disbursing Phase Two Association funds; and (vii) perform all the duties incident to the office of treasurer.

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

ARTICLE 4

Intentionally Omitted

ARTICLE 5

MEETINGS OF THE PHASE TWO ASSOCIATION

5.1. ANNUAL MEETING. An annual meeting of the Phase Two Association shall be held during the month of March of each year. Unless the notice of the annual meeting provides otherwise, the annual meeting shall occur at the Phase Two Association's registered office. At the annual meetings the Members shall elect Directors in accordance with these bylaws. The Members may also transact such other business of the Phase Two Association as may properly come before them.

5.2. SPECIAL MEETINGS. The president may call a special meeting of his or her own initiative. Further, it shall be the duty of the president to call a special meeting of the Phase Two Association if directed to do so by a Majority of the board or by a petition signed by Members representing at least 10 percent of the votes in the Phase Two Association. Such meeting shall be held not sooner than 20 nor more than 30 days after the board resolution or receipt of petition. The notice of any special meeting shall state the time, place, and purpose of such meeting. No business, except the purpose stated in the notice of the meeting, shall be transacted at a special meeting.

5.3. PLACE OF MEETINGS. Meetings of the Phase Two Association shall be held at the condominium or at a suitable place convenient to the Members, as determined by the board and as stated in the meeting notice or at the corporation's registered office if no place is specified.

5.4. NOTICE OF MEETINGS. At the direction of the board, written notice of meetings of the Phase Two Association shall be given to an owner of each unit entitled to vote at least 10 days, but no more than 60 days prior to such meeting. Notices of meetings shall state the date, time, and place such meeting is to be held. Notices shall identify the type of meeting as annual or special, and shall state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the board. Notices may be sent by facsimile.

5.5. INELIGIBILITY. The board may determine that no Member may (i) receive notice of meetings of the Phase Two Association, (ii) vote at meetings of the Phase Two Association, or (iii) be elected to serve as a Director if the Member's financial account with the Phase Two Association is in arrears on the record dates provided below, provided each ineligible Member shall be 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. All quorums, votes, and consents of the Members shall be based on "eligible votes" rather than total votes.

5.6. RECORD DATES.

5.6.1. Determining Notice Eligibility. The record date for determining the Members entitled to notice of a meeting of the Phase Two Association shall be the date of notice of that meeting.

5.6.2. Determining Voting Eligibility. The record date for determining the Members entitled to vote at a meeting of the Phase Two Association shall be the date of notice of a meeting of the Phase Two Association at which Members will vote.

5.6.3. Determining Rights Eligibility. The record date for determining the Members entitled to exercise any rights other than those described in the preceding two paragraphs, shall be the date of action for which eligibility is required, such as nomination to the board.

5.6.4. Adjournments. A determination of Members entitled to notice of or to vote at a meeting of the Phase Two Association is effective for any adjournment of the meeting unless the board fixes a new date for determining the right to notice or the right to vote. The board must fix a new date for determining the right to notice or the right to vote

if the meeting is adjourned to a date more than 90 days after the record date for determining Members entitled to notice of the original meeting.

5.7. VOTING MEMBER LIST. The board shall prepare and make available a list of the Phase Two Association's voting Members in accordance with Art. 1396-2.11B of the Act.

5.8. QUORUM. At any meeting of the Phase Two Association, the presence at the beginning of any meeting in person, by proxy or by conference telephone of Members entitled to cast at least 60 percent of the eligible votes that may be cast for election of the board shall constitute 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.

5.9. LACK OF QUORUM. If a quorum is not obtained, the meeting may be adjourned to a later date and time, not more than 90 days hence, for the purpose of obtaining a quorum.

5.10. VOTES. The vote of Members representing at least a Majority of the votes cast at any meeting at which a quorum is present shall be binding upon all Members for all purposes, except when a higher percentage is required by these bylaws, the declaration, or the laws of the State of Texas. Cumulative voting is prohibited. Voting on any question (other than election of Directors) may be by voice vote, proxy, or show of hands unless the presiding Officer shall order, or any Member shall demand, that voting be by roll call or by written ballot.

5.10.1. Co-Owned Units. If a unit is owned by more than one Member, the vote appurtenant to that unit shall be cast in accordance with Section 82.110(a) of TUCA.

5.10.2. Corporation-Owned Units. If a unit is owned by a corporation, the vote appurtenant to that unit may be cast by any Officer of the corporation in the absence of express written notice of the designation of a specific person by the board of Directors or bylaws of the owning corporation. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express written notice of the designation of a specific person by the owning partnership. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of a corporation or partnership is qualified to vote.

5.10.3. Phase Two Association Owned Units. Units owned by the Phase Two Association shall be voting but a unanimous decision of the Directors shall be required to cast the vote or votes for the Phase Two Association owned unit.

5.11. PROXIES. Votes may be cast in person, by conference telephone or by written proxy. To be valid, each proxy shall (i) be signed and dated by a Member or his attorney-in-fact; (ii) identify the unit to which the vote is appurtenant; (iii) name the person in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the purpose or meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) be delivered to the secretary or to the person presiding over the Phase Two Association meeting for which the proxy is designated. Unless the proxy specifies a shorter or longer time, it shall terminate 11 months after its date. To revoke a proxy, the granting Member must give actual written notice of revocation to the person presiding over the Phase Two Association meeting for which the proxy is designated. Unless so revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled shall be valid when such meeting reconvenes. Proxies may be delivered via facsimile to the secretary or person presiding over the Phase Two Association meeting. It shall be the duty of the person sending a proxy facsimile to confirm its actual receipt.

5.12. CONDUCT OF MEETINGS. The president, or any person designated by the board, shall preside over meetings of the Phase Two Association. The secretary shall keep, or cause to be kept, the minutes of the meeting which shall 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 shall govern the conduct of all meetings of the Phase Two Association when not in conflict with the governing documents. Votes shall be tallied by tellers appointed by the person presiding over the meeting.

5.13. ORDER OF BUSINESS. Unless the notice of meeting states otherwise, the order of business at meetings of the Phase Two Association shall be as follows:

- Determine votes present by roll call or sign-in procedure
- Confirmation of quorum
- Proof of notice of meeting

- Reading and 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 Phase Two Association, a Majority of the Members present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

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 Phase Two Association may also be taken without a meeting by written consents. The board may permit Members to vote by ballots delivered by hand, mail, facsimile transmission, or any combination of these. Subject to the time limits of Section 1396-9.10.C. of the Act, written consents by Members required by the governing documents, shall constitute approval by written consent. This paragraph may not be used to avoid the requirement of an annual meeting. This paragraph shall not apply to the election of Directors.

5.16. TELEPHONE MEETINGS. Members of the Phase Two Association may participate in and hold meetings of the Phase Two Association by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear and speak to each other. Participation in such meeting shall constitute 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.

ARTICLE 6

RULES

6.1. RULES. The board shall have the right to establish and amend, from time to time, reasonable community rules and regulations for: (i) the administration of the Phase Two Association and the governing documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the condominium; and (iii) the health, comfort, and general welfare of the residents; provided, however, that such rules may not be in conflict with law or the governing documents and must affect the common elements or other units. The board shall, at all times, maintain the then current and complete

rules in a written form which can be copied and distributed to the Members. Rules need not be recorded in the county's real property records. Any such rules shall be in addition to and not in lieu of any rules and regulations set forth in the Declaration of covenants, conditions and restrictions for The Peninsula on Lake Austin, as amended and restated.

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. The board shall give written notice to an owner of each unit of any amendment, termination, or adoption of a rule, or shall publish same in a newsletter or similar publication which is circulated to the Members, at least 10 days before the rule's effective date. The board may, but shall not be required, to give similar notice to Residents who are not Members. Any Member or Resident so notified shall have the right to comment orally or in writing to the board on the proposed action.

6.4. DISTRIBUTION. Upon request from any Member or Resident, the board shall provide at no cost a current and complete copy of rules. Additionally, the board shall, from time to time, distribute copies of the current and complete rules to an owner of each unit and, if the board so chooses, to non-Member Residents.

ARTICLE 7

ENFORCEMENT

The violation of any provision of the Governing Documents shall give the board the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in the governing documents:

a. To enter the Phase Two Unit or limited 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 existing and creating a danger to the common elements related to the Phase Two Units contrary to the intent and meaning of the provisions of the governing documents. The board shall not be deemed liable for any manner of trespass by this action; or

b. To enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach. This includes the right to evict Residents who are not owners and the right to cause any such Residents to attend to the Phase Two Association for any owner who is delinquent in his dues or assessments to the Phase Two Association.

ARTICLE 8

OBLIGATIONS OF THE OWNERS

8.1. NOTICE OF SALE. Any owner of a Phase Two Unit intending to sell his Phase Two Unit or any interest therein shall give written notice to the board of such intention, together with (i) the address or legal description of the Phase Two Unit being conveyed, (ii) the name and address of the intended purchaser, (iii) the name, address, and phone number of the title company or attorney designated to close such transaction, (iv) names and phone numbers of real estate agents, if any, representing seller or purchaser, and (v) scheduled date of closing. An owner shall furnish this information to the board no less than 10 working days before the date of conveyance of the unit or any interest therein.

8.2. PROOF OF OWNERSHIP. Any person, on becoming an owner of a Phase Two Unit, shall furnish to the board evidence of ownership in the Phase Two Unit, which copy shall remain in the files of the Phase Two Association. A Member shall not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of the Phase Two Association 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' ADDRESSES. The owner or the several co-owners of a Phase Two Unit shall register and maintain one mailing address, including a facsimile number, to be used by the Phase Two Association for mailing or sending of monthly statements, notices, demands, and all other communications. The owner shall keep the Phase Two Association informed of the Member's current mailing address and facsimile number. If an owner fails to provide or maintain a current mailing address and facsimile number with the Phase Two Association, the address of that owner's Phase Two Unit shall be deemed to be his mailing address and such correspondence shall be directed to the "unit owner".

8.4. REGISTRATION OF MORTGAGEES. An owner who mortgages his Phase Two Unit shall furnish the board with the name and mailing address of his mortgagee.

8.5. ASSESSMENTS. All owners shall be obligated to pay assessments imposed by the Phase Two Association to meet the common expenses as defined in the declaration. A Member shall be deemed to be in good standing and entitled to vote at any meeting of the Phase Two Association if he is current in the assessments, fines and penalties made or levied against him and his Phase Two Unit.

8.6. COMPLIANCE WITH DOCUMENTS. Each owner shall comply with the provisions and terms of the governing documents, and any amendments thereto. Further, each owner shall always endeavor to observe and promote the cooperative purposes for which the condominium was established.

ARTICLE 9

PHASE TWO ASSOCIATION RECORDS

9.1. RECORDS. The Phase Two Association shall use its best efforts to keep the following records:

a. Minutes or a similar record of the proceedings of meetings of the Phase Two Association and the board. A recitation in the minutes that notice of the meeting was properly given shall be sufficient evidence that such notice was given.

b. A record of the notes, proxies and correspondence relating to amendments of the Declaration, Bylaws, or Community Rules.

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. Detailed financial records and books of account for the Phase Two Association, kept in a manner consistent with generally accepted accounting principles. Such financial records shall be annually audited as provided in Section 82.114 (c) of TUCA.

f. A copy of the plans and specifications used to construct the Phase Two Units in the condominium shall be kept by the Phase Two Association as required by Section 82.114(a)(2) of TUCA.

g. A copy of the plans and specifications acquired by the Phase Two Association over time for improvements to the Phase Two Units.

h. Copies of income tax returns prepared for the Internal Revenue Service.

i. The condominium information statement and all amendments thereto prepared under Section 82.152 of TUCA.

j. Copies of the governing documents and all amendments to any of these. Also, for at least three years, a record of all votes or written consents by which amendments to the governing documents were approved.

9.2. INSPECTION OF BOOKS AND RECORDS. Books and records of the Phase Two Association shall be made available for inspection and copying at the Phase Two Association's registered office or principal office pursuant to Section 82.114(b) of TUCA and Act 1396-2.23.B.

9.3. RESALE CERTIFICATES. Any Officer may prepare or cause to be prepared, certify, and execute resale certificates in accordance with Section 82.157 of TUCA. The Phase Two Association may charge a reasonable fee for preparing resale certificates. The Phase Two Association may not refuse to furnish resale certificates if the fee is not paid. Any unpaid fees shall be assessed against the unit for which the certificate is furnished.

9.4. RECORDS RETENTION. The Phase Two Association records required by this Article 9 shall be kept for a minimum of 3 years after the close of the Phase Two Association's fiscal year and in the case of 9.1. (a), (b), (f), and (g) until the Phase Two Association is dissolved.

9.5. AMENDMENTS TO DECLARATION. To the extent that the Amendment of the Declaration is otherwise permitted pursuant to the governing documents, the president and the secretary acting together shall be authorized to prepare execute, certify and record amendments to the Declaration.

ARTICLE 10

NOTICES

10.1. CO-OWNERS. If a unit is owned by more than one person, notice to any one co-owner shall be 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, or by facsimile transmission. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the Member at the address shown on the Phase Two Association's records. If transmitted by facsimile, the notice is deemed delivered on successful transmission of the facsimile.

10.3. WAIVER OF NOTICE. Whenever any notice is required to be given to an owner, Member, or Director, a written waiver of the notice, signed by the person entitled to such notice, whether before or after the time stated in the notice, shall be equivalent to the giving of such notice. Attendance by a Member or Director at any meeting of the Phase Two Association or board, respectively, shall constitute a waiver of notice by such Member or Director of the time, place, and purpose of such meeting unless that Member or Director appears for the sole purpose of contesting the lawful convention of such meeting. If all Members or Directors are present at any meeting of the Phase Two Association or board, respectively, no notice shall be required and any business may be transacted at such meeting.

ARTICLE 11

DECLARANT PROVISIONS

11.1. CONFLICT. The provisions of this Article 11 shall control over any provision to the contrary elsewhere in these bylaws.

11.2. BOARD OF DIRECTORS. The initial Directors shall be appointed by Declarant and need not be owners or Residents. Except to satisfy TUCA §82.103(c) and (d), Directors appointed by Declarant may not be removed by the Members and may be removed by Declarant only. Declarant has the right to fill vacancies in any Directorship vacated by a Declarant appointee.

11.3. TRANSFER OF CONTROL MEETING. Not later than the 120th day after the conveyance of 80% of the Phase Two Units in the Condominium to persons other than the

Declarant, or sooner at Declarant's option, Declarant shall call a transfer of control meeting of the Members for the purpose of electing Directors, by ballot of Members. Notice of the Members' transfer of control meeting shall be given as if it were notice of an annual meeting.

ARTICLE 12

AMENDMENTS TO BYLAWS

12.1. PROPOSALS. These bylaws may be amended by the Members according to the terms of this Article. The Phase Two Association shall provide an owner of each Phase Two Unit with exact wording of any proposed amendment. Such description shall be included in the notice of any annual or special meeting of the Phase Two Association if such proposed amendment is to be considered at said meeting.

12.2. CONSENTS. An amendment shall be adopted by the vote, in person or by proxy, or written consent, or by mail, facsimile transmission or a combination of all of the above, of Members representing at least 60% of the eligible votes of Members in the Phase Two Association based on each owner's percentage interest in the common elements.

12.3. EFFECTIVE. To be effective, each amendment must be in writing, reference the names of the condominium and the Phase Two Association, be signed by at least the president and secretary of the Phase Two Association acknowledging the requisite approval of Members, and be delivered to an owner of each unit at least 10 days before the amendment's effective date. Further, if these bylaws are publicly recorded in the county in which the condominium is located, the amendment must recite and recording data for the bylaws, be in a form suitable for recording as a real property record in such county, and be recorded with the county clerk in the real property records of such county.

12.4. DECLARANT PROTECTION. As long as the Declarant owns a unit in the condominium, no amendment of these bylaws may affect the Declarant's rights herein without the Declarant's written and acknowledged consent. Specifically, this section and Article 11 may not be amended without prior written approval of the Declarant. The Declarant's written consent shall be part of the amendment instrument.

ARTICLE 13

GENERAL PROVISIONS

13.1. CONFLICTING PROVISIONS. If any provision of these bylaws conflicts with any provision of the laws of the State of Texas, such conflicting bylaws provision shall be null and void, but all other provisions of these bylaws shall remain in full force and effect. In the case of any conflict between the articles of incorporation of the Phase Two Association and these bylaws, the articles shall control. In the case of any conflict between the declaration and these bylaws, the declaration shall control.

13.2. SEVERABILITY. Invalidation of any provision of these bylaws, by judgement or court order, shall in no wise affect any other provision which shall remain in full force and effect. The effect of a general statement shall not be limited by the enumerations of specific matters similar to the general.

13.3. FISCAL YEAR. The fiscal year of the Phase Two Association shall be set by resolution of the board, and is subject to change from time to time as the board shall determine. In the absence of a resolution by the board, the fiscal year shall be the calendar year.

13.4. WAIVER. No restriction, condition, obligation, or covenant contained in these bylaws shall 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.

13.5. SEAL. A corporate seal may be adopted for use by the Corporation but shall not be required to be used by Corporation.

13.6. NOTICE OF INDEMNIFICATION OF OR ADVANCE OF EXPENSES. Any indemnification of or advance of expenses to an Officer, Director or other person in accordance with the Articles or these Bylaws shall be reported in writing to the Members with or before the notice or waiver of notice of the next Member's meeting or with or before the next submission to Members of a consent to action without a meeting pursuant to Section A of Article 1396-9.10, of the Act, as amended, and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

CERTIFICATE

I HEREBY CERTIFY that the foregoing is a true, complete, and correct copy of the Amended and Restated Bylaws of The Peninsula on Lake Austin Phase Two Council of Owners, Inc., a Texas nonprofit corporation and condominium association, as adopted by the Board of Directors on the 3rd day of May, 1995.

The Peninsula on Lake Austin
Phase Two Council of Owners, Inc.

By: [Signature]
Thomas H. Somers, Secretary

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

Before me, the undersigned authority, on this 3rd day of May, 1995, personally appeared Thomas H. Somers, Secretary of The Peninsula on Lake Austin Phase Two Council of Owners, Inc. known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same on behalf of such corporation, and in the capacity so stated.

[Signature]
Notary Public in and for the
State of Texas

(INK STAMP NOTARY SEAL)

