

BYLAWS OF
SPANISH GARDENS CONDOMINIUM ASSOCIATION

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BYLAWS
OF
SPANISH GARDENS CONDOMINIUM ASSOCIATION

ARTICLE I

PURPOSE AND DEFINITIONS

1.1 Purpose. The Spanish Gardens Condominium Association (the "Association"), a Texas non-profit corporation, is formed to govern the condominium project known as Spanish Gardens Condominiums, situated in Fort Worth, Tarrant County, Texas which property is described in Restated Declaration of Condominium for the Spanish Gardens Condominiums (the "Restated Declaration") on file in Volume 6, page 69, of the Condominium Records of Tarrant County, Texas. By the recording of the Restated Declaration such property has been submitted to the regime created by the Condominium Act of the State of Texas, article 1301a of the Texas Revised Civil Statutes, as amended.

1.2 Definitions. The words defined in the Restated Declaration shall have the same meanings in these Bylaws.

ARTICLE II

MEMBERSHIP, VOTING, MAJORITY OF OWNERS,
QUORUM, PROXIES

2.1 Membership. Each Owner (and only an Owner) shall be a Member of the Association so long as he shall be an Owner, and such membership shall automatically terminate when he ceases to be an Owner, but such termination shall not relieve or release any former Owner from any liability or obligation to the Association or the other Owners arising prior to such termination. Upon the transfer of ownership of a Unit, the new Owner succeeding to such ownership shall likewise succeed to membership in the Association and be subject to these Bylaws.

2.2 Voting. Except as provided below for voting by the Developer, each Unit shall have a vote in the affairs and management of the Association equal to its Percentage Ownership Interest. In the event that ownership interests in a Unit are owned by more than one Member of the Association, the Members who own fractional interests in such Unit, aggregating more than 50% of the whole ownership thereof shall appoint one Member, who shall be entitled to vote the vote of that Unit at any meeting of the Association. Such designation shall be made in writing to the Board and shall be revocable at any time by actual notice to the Board or upon the death or judicially declared incompetence of any Member who owns a fractional interest in such Unit. All Members of the Association may be present at any meeting of the Association and may act at such meetings either in person or by proxy.

The Developer shall be entitled to a number of votes equal to three times its Percentage Ownership Interests until such time as the Percentage Ownership Interests owned by the Owners, other than the Developer, is equal to or exceeds the number of the Developer's votes computed as stated above, and thereafter the Developer shall be entitled to a number of votes equal to the sum of the Percentage Ownership Interests allocable to the Units owned by Developer. No Member other than Developer shall be entitled to vote at any meeting of the Association until such Member has presented evidence of ownership of a Unit to the Board of Directors.

2.3 Majority of the Owners. As used in these Bylaws, the terms "majority of the Owners" shall mean those voting Owners holding in excess of fifty percent (50%) of the votes as such votes are determined in Paragraph 2.2 of these Bylaws.

2.4 Quorum. The presence in person or by proxy of not less than fifty percent (50%) of the Percentage Ownership Interests of the Members entitled to vote at a meeting shall constitute a quorum for holding any such meeting of the Members for the transaction of business. If a quorum shall not be present or represented at a meeting, the Members entitled to vote, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting of the time for resumption of the adjourned meeting. At any resumption of such an adjourned meeting at which a quorum shall be present or represented, any business may be transacted that could have been transacted at the original meeting according to the notice calling the original meeting. If a quorum is present, an affirmative vote of a majority of the Owners present, either in person or by proxy, shall (except as otherwise provided by these Bylaws) be required to transact the business of the meeting.

2.5 Proxies. Votes may be cast in person or by written proxy. Proxies must be filed with the Secretary or Assistant Secretary of the Association before or at the time of the meeting.

ARTICLE III

ADMINISTRATION

3.1 First Meeting. The first meeting of the Members of the Association shall be held when called by the initial Board upon ten (10) days written notice to the Members. Such written notice may be given at any time but must be given not later than thirty (30) days after at least eighty percent (80%) of all the Units have been sold by the Developer, a deed therefor recorded, and the purchase price paid.

3.2 Annual Meetings. Thereafter, an annual meeting of the Association shall be held at the Condominium or at such other place as may be designated by the Board at 8:00 o'clock P.M. on the first Tuesday in March of each calendar year (or the first business day thereafter if such day is a government or religious holiday). At the discretion of the Board, the annual meeting of the Association may be held at such reasonable time (not more than sixty (60) days prior to or subsequent to the aforesaid date), as may be designated by written notice of the Board delivered to the Members not less than ten (10) nor more than sixty (60) days prior to the date fixed for said meeting.

3.3 Common Expense Fund and Common Expense Charges. At the annual meeting, the Board shall present a certified audit of the Common Expense Fund, itemizing receipts and disbursements for the preceding calendar year, the allocation thereof to each Owner, and the estimated Common Expense Charges for the coming calendar year. Within thirty (30) days after the annual meeting, the statements and estimates presented at the annual meeting by the Board shall be delivered to all Owners.

3.4 Special Meetings. Special meetings of the Association may be called by the President or any Vice-President at any time or may be called upon petition to the President by Members

having ten percent (10%) of the votes in the Association or by a majority of the Board. Written or printed notice stating the place, day, and hour of such special meeting and the purpose or purposes for which the meeting is called shall be delivered to each Member not less than three (3) nor more than twenty-one (21) days before the date of such meeting.

3.5 Members Entitled to Notice of Meeting. For the purpose of determining the Members entitled to notice of a meeting, the membership of the Association shall be determined at the close of business on the twenty-fifth (25th) day preceding such meeting.

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

- a. Roll call certifying proxies;
- b. Proof of notice of meeting or waiver of notice;
- c. Reading and disposition of unapproved minutes;
- d. Reports of officers;
- e. Reports of committees;
- f. Election of Directors;
- g. Unfinished business;
- h. New business; and
- i. Adjournment.

ARTICLE IV

BOARD OF DIRECTORS

4.1 Initial Board of Directors. Until the election of the first Board (as provided for hereinbelow) the initial Board shall consist of the three (3) persons designated as initial Directors in the Articles of Association of the Association, none of whom need be Members of the Association. If a vacancy occurs in the initial Board prior to the first election by the Association, such vacancy shall be filled by any person designated and appointed by the Developer.

4.2 Elected Board of Directors. The first elected Board shall consist of five (5) persons who are Members of the Association, spouses of Members, or in the event that a Unit is owned by a corporation or other entity, an officer, director, partner, fiduciary, or beneficiary of such Owner; provided, however, Directors elected by the Developer need not be Members of the Association and need not reside in a Unit. The Directors shall be elected by the Members at the first meeting of the Association and at each annual meeting thereafter. At the initial meeting of the Association, three (3) Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year. Thereafter, at the annual meeting of the Association, the Members shall elect either three (3) or two (2) Directors, as the case may be, each to serve for a term of two (2) years, in order to fill the positions of the Directors whose terms have expired at the time of the annual meeting. The candidates receiving the highest number of votes up to the number of Directors of the

Board to be elected shall be deemed elected. All votes shall be cast by written ballot. Members shall not vote cumulatively for the election of Directors. The presence of a majority of Directors at a meeting of Directors shall constitute a quorum for the transaction of business. The action of a majority of Directors present at a meeting at which there is a quorum shall be the act of the Board. The annual meeting of the Board shall be held each year immediately following the annual meeting of the Association, at the place of such annual meeting, for the election of officers and the consideration of any other business that may properly be brought before such meeting.

Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors shall determine. Special meetings of the Board of Directors shall be held at any time upon the call of the President or upon call by two (2) Directors. Notice of such special meeting shall be in writing.

Each member of the Board shall serve for a term of two (2) years (or one (1) year if elected for such period) commencing at the time of his election and continuing until his successor is duly elected and qualified or until the sale of his Unit or until his resignation, removal, or death, whichever occurs first. Any member of the Board may be removed from membership on the Board, with or without cause, by the affirmative vote of two-thirds of the votes represented at a meeting of the Association called to consider such action. If a vacancy occurs in an elected Board, a successor or successors may be chosen by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board, and each successor director so chosen shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting of Members or at a special meeting of Members called for that purpose.

4.3. Power and Duties. The Board shall have the powers and duties necessary for the administration of the affairs of the Association and the Condominium in accordance with law, these Bylaws, and the Restated Declaration. The Board may do all such acts and things except those that by law or by these Bylaws or by the Restated Declaration may not be done by or delegated to the Board.

4.4 No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations, or any other provisions of the Restated Declaration, these Bylaws, or the Rules and Regulations shall not constitute or be deemed a waiver, modification, or release thereof, and such Owner, the Board, or any manager of the Condominium engaged by the Board shall have the right to enforce the same thereafter.

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

ARTICLE V

OFFICERS

5.1 Election of Officers. The Officers of the Association shall be elected by the Board and shall consist of: President, a Secretary, and a Treasurer and such other Vice-Presidents, Assistant Secretaries, and Assistant Treasurers as may be convenient or necessary in the judgment of the Board for the administration and operation of the Condominium. The Officers shall be elected from among the members of the Board. Any two or more offices may be held by the same person except that the offices of President and Secretary shall not be held by the same person.

5.2 Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board, or at any special meeting of the Board called for such purpose.

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

5.4 Vice President. Each Vice-President shall have such powers and perform such duties as the Board may from time to time delegate to him.

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

5.6 Assistant Secretaries. Each Assistant Secretary shall have such powers and perform such duties as the Board may from time to time prescribe or as the President may from time to time delegate to such Assistant Secretary.

5.7 Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositories as may from time to time be designated by the Board. In the

event a Managing Agent has the responsibility of collecting and disbursing funds; the Treasurer shall review the accounts of the Managing Agent within fifteen (15) days after the first day of each month.

5.8 Assistant Treasurers. Each Assistant Treasurer shall have such powers and perform such duties as the Board may from time to time delegate to him.

ARTICLE VI

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS

6.1 Proof of Ownership. Except for those Owners who initially purchase a Unit from Declarant, any person becoming an Owner shall furnish to the Managing Agent or Board a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest in the Unit, which copy shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

6.2 Registration of Mailing Address. The Owner or the several Owners of a Unit shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands, and all other communications, and such registered address shall be the only mailing address of a person or persons, firm, corporation, partnership, association, or other legal entity or any combination thereof to be used by the Association. Such registered address of an Owner or Owners shall be furnished by such Owner(s) to the Managing Agent or Board within fifteen (15) days after transfer of title, or after a change of address, and such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized by law to represent the interest of all of the Owners thereof.

ARTICLE VII

CERTAIN PAYMENT AND NOTICE OBLIGATIONS

Payments by Owner's to Association. All Owners shall be obligated to pay all assessments and other charges required under the Restated Declaration or these Bylaws within the applicable time periods. If any such payment is not made on or before the due date, then the Owner shall be required to make a late payment charge of five dollars (\$5) for each day after the due date until the payment is received by the Association or by the Managing Agent, such late charge to constitute part of, and to be secured in the same manner as, the assessment or other charge to which it relates. No Member shall be in good standing or entitled to vote at any annual or special meeting of the Members at any time that any unpaid assessment or other charge or any part thereof, required under the Restated Declaration or these Bylaws and allocable to his unit is past due.

7.2 Notice of Lien or Suit. Each Owner shall give notice to the Association of every lien or encumbrance upon his Unit, except the lien for taxes, and notice of every suit or other proceeding that may affect title to his Unit, and such notice shall be given within ten days after the Owner has knowledge thereof.

ARTICLE VIII.

MAINTENANCE AND REPAIR

8.1. Owner's Responsibilities. Each Owner shall, at his own cost and expense, maintain his Unit and all Common Elements servicing only his Unit (whether or not within the boundaries of the Unit) in good condition and repair.

8.2. Association's Responsibilities. The Association shall maintain, repair, operate, and replace all of the Condominium project except for the Units.

ARTICLE IX

MISCELLANEOUS

9.1. Limited Liability, Indemnification. Neither Developer, the Association, the Board, nor any officer, agent, or employee of any of the same shall be liable to the Association or any Owner for any action or failure to act with respect to any matter so long as such person or entity was not guilty of gross negligence or willful misconduct in taking such action or failing to act. The Association shall indemnify any Director, officer, or employee, or former Director, officer, employee of the Association, against expenses actually and necessarily incurred by such person and any amount paid in satisfaction of judgments in connection with any action, suit, or proceeding, whether civil or criminal in nature, in which such person is made a party by reason of being or having been such a Director, officer, or employee (whether or not a Director, officer or employee at the time such cost, or expenses are incurred or imposed) except in relation to matters as to which such person shall be adjudged in such action, suit, or proceeding to be liable for gross negligence or willful misconduct in the performance of duty. The Association may also reimburse to any Director, officer, or employee the reasonable costs of settlement of any such action, suit, or proceedings, if it shall be found by a majority of the committee of the Directors not involved in the matter in controversy, whether or not a quorum, that it was to the interest of the Association that such settlement be made and that such Director, officer, or employee was not guilty of gross negligence or willful misconduct. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which such Director, officer, or employee may be entitled by law or under any Bylaw, agreement, vote of Owners or otherwise.

9.2. Checks. All checks or demands for money and notes of the Association shall be signed by such officer or officers or such other person or persons (including, but not limited to the management, agent) as the Board may from time to time designate.

9.3. Rules and Regulations. Additional Rules and Regulations are annexed hereto as Schedule A and made part hereof and are in addition to those set forth in the Restated Declaration. The Board reserves the power to establish, make and enforce compliance with such additional rules as may be necessary or advisable for the operation, use, and occupancy of the Condominium project with the right to amend the same from time to time. Copies of amendments to the Rules and Regulations shall be furnished to each Owner and to the tenant of each Unit before the time when they become effective.

9.4 Seal. The corporate seal, if any, shall be in such form as may be determined by the Board. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

9.5 Inconsistencies. In the event these Bylaws shall be inconsistent with the Declaration or the Articles, then the Declaration and the Articles shall be controlling.

9.6 Severability. If any provision of these Bylaws is held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect or impair in any manner whatsoever any other provision hereof or the remaining portions of any provision held to be partially invalid or unenforceable.

9.7 Table of Contents: Headings. The table of contents and headings used in these Bylaws have been inserted for convenience only and do not constitute matter to be construed in interpretation.

9.8 Number and Gender. When used in these Bylaws the singular shall include the plural and the plural the singular, and words of any gender shall include all other genders, as the context may require.

9.9 Successors and Assigns. These Bylaws shall be binding upon and shall inure to the benefit of all Owners, the Association, the Directors, and the officers of the Association, and their respective heirs, legal representatives, successors and assigns.

SCHEDULE A

ADDITIONAL RULES AND REGULATIONS FOR SPANISH GARDENS CONDOMINIUM ASSOCIATION

1. No sidewalk, driveway, entrance, hall, or passageway shall be used as a play area or be obstructed or be used for any purpose other than for ingress to and egress from the Units.

2. No article shall be placed on or in any of the Common Elements except for those articles of personal property which are the common property of all of the Unit owners.

3. No vehicle belonging to or under the control of any Owner or a member of the family or a guest, tenant, lessee, or employee of an Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or egress from the Condominium Project. Vehicles shall be parked within designated parking areas only.

4. Use of any facilities of the Condominium Project will be made in such manner as to respect the rights and privileges of other Owners and occupants.

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

6. All garbage and trash shall be placed in sealed bags or sealed containers before being put in the approved disposal areas. No garbage or trash shall be stacked or left in any of the Common Areas or on or in any of the Common Elements except for garbage disposal sites approved by the Board.

7. Cats, dogs and other animals or birds or reptiles (hereinafter called "animals") shall be kept in such a manner so as not to disturb the other Owners and occupants. If an animal becomes obnoxious to other Owners or occupants, the Owner or person having control of the animal may be given a written notice by the Board or the Managing Agent to correct the problem, and if the problem is not corrected, the Owner, upon written notice, will be required to remove the animal. An Owner or occupant must receive permission in writing from the Board or Managing Agent in order to keep more than one animal on the premises. No animals are allowed on or about the swimming pool premises. No animal is permitted outside of a Unit unless on a leash and accompanied by a member of the family of the Owner or occupant.

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

9. Garments, rugs, or any other items shall not be hung from the windows, balconies, or any of the facades of the buildings.

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

Additional Rules and Regulations may be promulgated from time to time.