

contracts specifically authorized by the Declaration and By-Laws, the Board shall not approve any expenditure in excess of Thirty-five Thousand Dollars (\$35,000), unless required for emergency repair, protection or operation of the Common Elements or Limited Common Elements, nor enter any contract for more than five (5) years without the prior approval of two-thirds (2/3) of the total ownership of the Common Elements.

SECTION 7. Lien. It shall be the duty of every Unit Owner to pay his proportionate share of the common expenses, as provided in the Declaration, and as assessed in the manner herein provided.

If any Unit Owner shall fail or refuse to make any such payment of the common expenses when due, the amount thereof together with interest thereon at the maximum lawful rate of interest per annum after said common expenses become due and payable, shall constitute a lien, as provided in the Declaration, enforceable by the Board, on the interest of such Unit Owner in the Property; provided, however, that such lien shall be subordinate to the lien of a prior recorded first Mortgage on the interest of such Unit Owner, except for the amount of the proportionate share of common expenses which are due and payable from and after the date on which such Mortgage owner or holder either takes possession of the Unit, accepts a conveyance of any interest therein (other than as security) or files suit to foreclose its mortgage or causes a receiver to be appointed to take possession of the Unit. The provisions of this paragraph of this Section 7 shall not be amended, changed, modified or rescinded in any way without the prior written consent of all holders of record of Mortgages against Units.

The Association or its successors and assigns, or the Board or its agents, shall have the right to maintain a suit to foreclose any such lien for unpaid assessments, and there shall be added to the amount due the costs of said suit and other fees and expenses, together with interest

and reasonable attorney's fees to be fixed by the court. The Board or the Association shall have the authority to exercise and enforce any and all rights and remedies as provided for in the Act, the Declaration or these By-Laws; or as are otherwise available at law or in equity, for the collection of all unpaid assessments.

SECTION 8. Records and Statement of Account. The Board shall cause to be kept the records required by the Act and detailed and accurate records of the receipts and expenditures affecting the Common Elements and Limited Common Elements, specifying and itemizing the common expenses incurred. Payment vouchers may be approved in such manner as the Board may determine.

The Board shall, upon receipt of ten (10) days' written notice to it or the Association and upon payment of a reasonable fee, furnish to any Unit Owner a statement of his account setting forth the amount of any unpaid assessments or other charges due and owing from such Owner.

SECTION 9. Discharge of Liens. The Board may cause the Association to discharge any mechanic's lien or other encumbrances which in the opinion of the Board may constitute a lien against the Property or the Common Elements, rather than a lien against only a particular Unit Ownership. When less than all the Unit Owners are responsible for the existence of any such lien, the Unit Owners responsible shall be jointly and severally liable for the amount necessary to discharge the same and for all costs and expenses, including attorney's fees, incurred by reason of such lien.

SECTION 10. Holding of Funds. All funds collected hereunder shall be held and expended for the purposes designated herein and in the Declaration, and (except for such special assessments as may be levied

hereunder and under the Declaration against less than all the Unit Owners and for such adjustments as may be required to reflect delinquent or prepaid assessments) shall be deemed to be held for the benefit, use and account of all the Unit Owners in the percentages set forth in Exhibit B of the Declaration.

ARTICLE VI

Use and Occupancy Restrictions

SECTION 1. General. Each Unit Owner shall comply with the use and occupancy restrictions set forth in the Declaration. No unlawful, noxious or offensive activities shall be carried on in any Unit or elsewhere on the Property, nor shall anything be done therein or thereon which shall constitute a nuisance or which shall in the judgment of the Board cause unreasonable noise or disturbance to others.

Each Unit Owner shall maintain his Unit in good condition and in good order and repair, at his own expense, and shall not allow anything to be done in his Unit which may increase the cost or cause the cancellation of insurance on other Units or on the Common Elements. No Unit Owner shall display, hang, store or use any clothing, sheets, blankets, laundry or other articles outside of his Unit, or which may be visible from the outside of his Unit (other than draperies, curtains, or shades of a customary nature and appearance, subject to the rules and regulations of the Board), or paint or decorate or adorn the outside of his Unit, or install outside his Unit any canopy or awning, or outside radio or television antenna, or other equipment, fixtures or items of any kind, without the prior written permission of the Board or the written permission of the Managing Agent, acting in accord with the Board's direction. The foregoing restrictions as to use and occupancy shall not be construed to prohibit a Unit Owner from placing and maintaining outdoor furniture and decorative foliage of a customary nature and appearance on a balcony,

patio or terrace constituting Limited Common Elements for such Unit Owner's Unit.

All units other than those for which special use is indicated in the Declaration shall be utilized for single family residential purposes only. Each unit now held for sale by Declarant shall not be bound by this restriction until such time as it is first conveyed by Declarant.

SECTION 2. Animals. No animals shall be raised, bred or kept in any Unit, except for dogs, household cats and small birds owned as household pets by a Unit Owner, provided that said pets are not kept for any commercial purpose, and provided that said pets shall be kept in strict accordance with the administrative rules and regulations relating to household pets from time to time adopted or approved by the Board, and provided the said pets shall not in the judgment of the Board constitute a nuisance to others.

SECTION 3. Trash. Trash, garbage and other waste shall be kept only in sanitary containers, and shall be disposed of in a clean and sanitary manner as prescribed from time to time in rules and regulations of the Board.

SECTION 4. Use by Declarant. During the period of sale by the Declarant of any Unit, the Declarant and its agents, employees, contractors and sub-contractors, and their respective agents and employees, shall be entitled to access, ingress to and egress from the Buildings and Property as may be required for purposes of said sale of Units. While the Declarant owns any of the Units and until each Unit owned by it is occupied by the purchasers, the Declarant and its employees may use and show one or more of such unsold or unoccupied Units as a model Unit or Units and may use one or more of such unsold or unoccupied Units as a sales office, and may maintain customary signs in connection therewith.

SECTION 5. Storage. Articles of personal property belonging to any Unit Owner, such as baby carriages, bicycles, wagons, toys, furniture, clothing and other articles, shall not be stored or kept in the corridors, hallways, lobby or other common areas or in the parking spaces, except in common storage areas designated from time to time by the Board or by the Managing Agent acting in accord with the Board's direction.

SECTION 6. Wiring. No Unit Owner shall overload the electrical wiring in the Buildings, or operate any machines, appliances, accessories or equipment in such manner as to cause, in the judgment of the Board, an unreasonable disturbance to others, or connect any machines, appliances, accessories or equipment to the heating or plumbing system, without the prior written consent of the Board or the prior written consent of the Managing Agent, given in accord with the Board's directions.

ARTICLE VII

Contractual Powers

No contract or other transaction between the Association and one or more of its directors or between this corporation and any corporation, firm or association in which one or more of the Directors of this corporation are directors, or are financially interested, is void or voidable because such director or directors are present at the meeting of the Board or a committee thereof which authorizes or approves the contract or transaction or because his or their votes are counted, if the circumstances specified in either of the following subparagraphs exists:

- (a) the fact of the common directorship or financial interest is disclosed or known to the Board or committee and noted in the minutes and the Board or committee authorized, approves or ratifies the contract or transaction in good faith by a vote

sufficient for the purpose without counting the vote or votes of such director or directors; or

- (b) the contract or transaction is just and reasonable as to the corporation at the time it is authorized or approved.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board or a committee thereof which authorizes, approves or ratifies a contract or transaction.

ARTICLE VIII

Amendment

The provisions of these By-Laws may be changed, modified or rescinded by an instrument in writing setting forth such change, modification or rescission and signed and acknowledged by the Unit Owners entitled to cast eighty percent (80%) of the vote in the Association as set out in Article I Section 5; provided, however, that all lien holders of record have been notified by certified mail of such changes, modification or rescission, and an affidavit by the secretary of the Association certifying to such mailing is made a part of such instrument.

However, if the Act, the Declaration or the By-Laws require the consent or agreement of all Unit Owners or of all Mortgagees for any action specified in the Act or in the Declaration, then any instrument changing, modifying or rescinding any provision of these By-Laws with respect to such action shall be signed by all the Unit Owners or all Mortgagees or both as required by the Act, the Declaration or By-Laws.

The Board shall have the authority, without the joinder or consent of any other party, to make any amendment of these By-Laws necessary to clarify any apparently conflicting provisions hereof or to correct any mistakes or errors of a clerical nature resulting from typographical or similar errors.

Such changes shall be maintained in the corporate records of the

ARTICLE LX

Indemnification

SECTION 1. General. The Association shall indemnify and hold harmless each of its directors and officers, each member of any committee appointed pursuant to the By-Laws of the Association and the Board, and Declarant, against all contractual and other liabilities to others arising out of the contracts made by or other acts of such directors, Board, officers, committee members, or Declarant, on behalf of the Unit Owners, or arising out of their status as directors, Board, officers, committee members, or Declarant, unless any such contract or act shall have been made fraudulently or with gross negligence or criminal intent. It is intended that the foregoing indemnification shall include indemnification against all costs and expenses (including, but not limited to, counsel fees, amounts of judgments paid and amounts paid in settlement) reasonably incurred in connection with the defense of any claim, action, suit or proceeding, whether civil, criminal, administrative or other, in which any such director, officer, Board, committee member, or Declarant may be involved by virtue of such persons being or having been such director, officer, Board, committee member or Declarant; provided, however, that such indemnity shall not be operative with respect to (a) any matters as to which such person shall have been finally adjudged in such action, suit or proceeding to be liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member, or Declarant, or (b) any matter settled or compromised, unless, in the opinion of independent counsel selected by or in a manner determined by the Board, there is not reasonable ground for such persons being adjudged liable for gross negligence or fraud in the performance of his duties as such director, officer, Board, committee member, or Declarant.

SECTION 2. Success on Merits. To the extent that the Declarant or a member of the Board of Directors or an officer of the Association or a member of any committee appointed pursuant to the By-Laws of the Association has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 1, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by him in connection therewith.

SECTION 3. Advance Payment. Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Association in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors in the specific case upon receipt of an undertaking by or on behalf of the person or entity seeking such indemnification or payment in advance to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this Article IX.

SECTION 4. Miscellaneous. The Association and the Board shall have the power to raise and the responsibility for raising, by special assessment or otherwise, any sums required to discharge its obligations under this Article; provided, however, that the liability of any Unit Owner arising out of any contract made by or other acts of the directors, Board, officers, members or such committees, or Declarant, or out of the aforesaid indemnity in favor of the directors, Board, officers, members of such committees, or Declarant, shall be limited to such proportion of the total liability hereunder as said Unit Owner's percentage of interest in the Common Elements bears to the total percentage interest of all the Unit Owners in the Common Elements. Every


agreement made by the directors, Board, officers, members of such committees, or Declarant or by the Managing Agent on behalf of the Unit Owners shall provide that the directors, Board, officers, members of such committees, Declarant or the Managing Agent, as the case may be, are acting only as agents for the Unit Owners and shall have no personal liability thereunder (except as Unit Owners), and that each Unit Owner's liability thereunder shall be limited to such proportion of the total liability thereunder as his percentage of interest in the Common Elements bears to the total percentage interest of all Unit Owners in the Common Elements. The indemnification provided by this Article IX shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any statute, agreement, vote of members of the Association or disinterested members of the Board of Directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office. Such right to indemnification shall continue as to a person or entity who has ceased to be a Declarant or a member of the Board of Directors, officer of the Association or a member of such committee, and shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such person or entity.

ARTICLE X

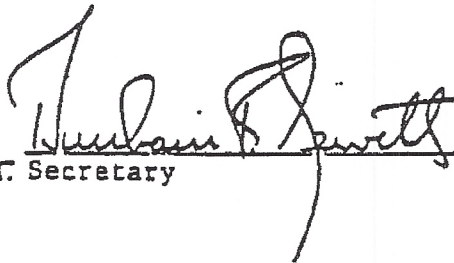
Definition of Terms

The terms used in these By-Laws, to the extent they are defined in said Declaration, shall have the same definition as set forth in the Declaration of Condominium for The Regency House, recorded in the office of the County Clerk of Harris County, Texas, as the same may be amended from time to time. The term "member", as used in these By-Laws, means "Unit Owner" as defined in the Declaration.

In the event of any conflict between the terms and provisions of these By-Laws and the Declaration, the provisions of the Declaration shall control. These By-Laws shall not be amended or altered in any manner inconsistent with the Declaration.



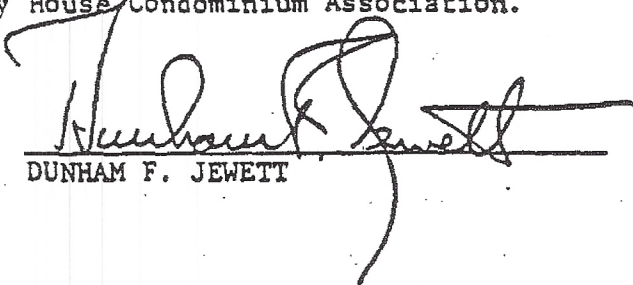
President



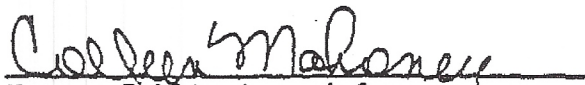
Asst. Secretary

SECRETARY'S CERTIFICATE

I, Dunham F. Jewett, Assistant Secretary of The Regency House Condominium Association, hereby certify that the attached photocopy of the By-Laws of The Regency House Condominium Association is a true and correct copy of the By-Laws adopted by such Association at the initial meeting of its Board of Directors held on April 9, 1980, and that such By-Laws were signed by the President and the Assistant Secretary of The Regency House Condominium Association.


DUNHAM F. JEWETT

SUBSCRIBED AND SWORN TO before me, the undersigned authority, by the said Dunham F. Jewett, Assistant Secretary of The Regency House Condominium Association, on this the 10th day of April, 1980, to certify which witness my hand and seal of office.


Notary Public in and for
Harris County, T E X A S