

BYLAWS
OF
OWNERS OF VERANDA ASSOCIATION, INC.
(A Texas Nonprofit Corporation)

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ARTICLE I

INTRODUCTION

1.1. PURPOSE OF BYLAWS. These Bylaws provide for the governance of the condominium known as Veranda, A Condominium Community, located in the City of Dallas, Dallas County, Texas, subject to and more fully described in the Declaration for Veranda, A Condominium Community to be recorded in the Real Property Records of Dallas County, Texas (the "**Declaration**").

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

1.3. DEFINITIONS. Words and phrases defined in the Declaration have the same meanings when used in these Bylaws, whether or not capitalized, unless a different meaning is apparent from the context of the provision in which the word or phrase appears. Unless defined otherwise in the Declaration or in these Bylaws, words and phrases defined in Section 82.003 of the Act have the same meaning when used in these Bylaws.

1.4. NONPROFIT PURPOSE. The Association is organized to be nonprofit.

1.5. GENERAL POWERS AND DUTIES. The Association, acting through the Board, has the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of the condominium as may be required or permitted by the governing documents and State law. The Association may do any and all things that are lawful and which are necessary, proper, or desirable in operating 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 initial Board will consist of three (3) persons. Upon election, each Director will serve a term of not more than two (2) years. Two (2) Directors will be elected in even-numbered years. One (1) Director will be elected in odd-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 increased to seven (7) by amendment of these Bylaws, but may not be less than three (3).

2.2. QUALIFICATION. At least a Majority of the Directors must be Members of the Association or spouses of Members.

2.2.1. Entity Member. If a Unit is owned by a legal entity, such as a partnership or corporation, any Officer, partner, or employee of that entity Member is eligible to serve as a Director and is 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 will be deemed vacant.

2.2.2. Co-Owners. Co-Owners of a Unit, including spouses, may not serve on the Board at the same time.

2.2.3. Delinquency. No Member, Member's spouse, or Resident may be elected or appointed as a Director if any Assessment against the Member or Resident, or his Unit is delinquent at the time of election or appointment. No Member, Member's spouse, or Resident may continue to serve as a Director if any Assessment against the Member or Resident, or his Unit is more than ninety (90) days' delinquent.

2.2.4. Violations. No Member, Member's spouse, or Resident may be elected or appointed as a Director if the Member or Resident, or his Unit, is in violation of the Governing Documents at the time of election or appointment. No Member, Member's spouse, or Resident may continue to serve as a Director if the Member or Resident, or his Unit, is in violation of the Governing Documents for more than ten (10) days after the violation hearing or expiration of the period of opportunity to request a hearing.

2.3. ELECTION. The Members of the Association will elect Directors. The election of Directors will be conducted at the annual meeting of the 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, except the removal of a Director by a vote of the Association, are filled by a vote of the Majority of the remaining Directors, even though less than a Quorum, at any meeting of the Board. Each Director so elected

serves until the next meeting of the Association, at which time a successor will be elected to fill the remainder of the term.

2.5. REMOVAL OF DIRECTORS.

2.5.1. Removal by Members. At any annual meeting or special meeting of the Association, any one (1) or more of the Directors may be removed with or without cause by Members representing at least two-thirds (2/3) of the votes present in person or by proxy at the meeting, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members must be given an opportunity to be heard at the meeting.

2.5.2. Removal by Directors. A Director may be removed by at least a Majority of the Directors, at a meeting of the Board called for that purpose, for the following limited reasons:

a. The Director is a party adverse to the Association or the Board in pending litigation to which the Association or the Board is a party;

b. The Director's account with the Association has been delinquent for at least ninety (90) days or has been delinquent at least three (3) times during the preceding twelve (12) months; or

c. The Director has refused or failed to attend three (3) or more meetings of the Board during the preceding twelve (12) months, provided he was given proper notice of the meetings.

2.6. MEETINGS OF THE BOARD.

2.6.1. Organizational Meeting of the Board. Within ten (10) days after the annual meeting, the Directors will convene an organizational meeting for the purpose of electing Officers. The time and place of the meeting will be fixed by the Board and announced to the Directors.

2.6.2. Regular Meetings of the Board. Regular meetings of the Board may be held at a time and place that the Board determines, from time to time, but at least one (1) such meeting must be held each calendar quarter. Notice of regular meetings of the Board will be given to each Director, personally or by telephone or written communication, at least three (3) days prior to the date of the meeting.

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 (2) Directors. At least three (3) days' notice will be given to each Director, personally or by telephone or written communication, which notice must state the place, time, and purpose of the meeting.

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

2.6.5. Quorum. At all meetings of the Board, a Majority of Directors constitutes a Quorum for the transaction of business, and the acts of the Majority of the Directors present at a meeting at which a Quorum is present are the acts of the Board. If less than a Quorum is present at any meeting of the Board, the Majority of those present may adjourn the meeting from time to time. At any reconvened meeting at which a Quorum is present, any business that 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 are open to Members of the 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 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 will first be announced in open session.

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

2.6.8. 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 must be filed with the minutes of the Board. Action by written consent has the same force 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 State law: Section 82.103(a) and (f) of the Act, and Articles 1396-2.20.D., -2.25, -2.26, -2.28, -2.29, and -2.30 of the Texas Non-Profit Corporation Act.

2.8. POWERS AND DUTIES. The Board has all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the condominium. The Board may do all acts and things except those that, 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 powers and duties as may hereafter be imposed on the Board by resolution of the Association, the powers and duties of the Board include, but are not limited to, the following:

2.8.1. Appointment of Committees. The Board, by resolution, may from time to time designate standing or ad hoc committees to advise or assist the Board with its responsibilities. The resolution may establish the purposes and powers of the committee created, provide for the appointment of a chair and committee Members, and may provide for reports, termination, and other administrative matters deemed appropriate by the Board. Members of committees will be appointed from among the Owners and Residents.

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

2.8.3. Fines. The Board may levy fines for each day or occurrence that a violation of the governing documents persists after notice and hearing, provided the amount of the fine does not exceed the amount necessary to ensure compliance with the governing documents.

2.8.4. 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 eighteen percent (18%) or the maximum rate permitted by State law, whichever is smaller.

2.8.5. Fidelity Bonds. The Board requires that all Officers, agents, and employees of the Association handling or responsible for Association funds must furnish adequate fidelity bonds. The premiums on the bonds may be a common expense of the Association.

2.8.6. Ex-Officio Directors. The Board may, from time to time, designate one (1) or more persons as ex-officio Members of the Board, pursuant to Article 1396-2.14.F. of the Texas Non-Profit Corporation Act.

ARTICLE 3

OFFICERS

3.1. DESIGNATION. The principal Officers of the Association are the president, the secretary, and the treasurer. The Board may appoint one (1) or more vice-presidents and other Officers and assistant Officers, as it deems necessary. The president and secretary must be Directors. Other Officers may, but need not, be Members or Directors. The same person, except the offices of president and secretary, may hold any two (2) offices. 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 are elected no less than annually by the Directors at the organizational meeting of the Board and hold office at the pleasure of the Board. Except for resignation or removal, Officers hold office until the Board has designated their respective successors.

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 Section 82.103(a) and (f) of the Act and by Article 1396-2.20.D. of the Texas Non-Profit Corporation Act.

3.5. DESCRIPTION OF PRINCIPAL OFFICES.

3.5.1. President. As the chief executive Officer of the Association, the president: (i) presides at all meetings of the Association and of the Board; (ii) has 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) has general supervision, direction, and control of the business of the Association, subject to the control of the Board; and (iv) sees that all orders and resolutions of the Board are carried into effect.

3.5.2. Secretary. The secretary: (i) keeps the minutes of all meetings of the Board and of the Association; (ii) has charge of such books, papers, and records as the Board may direct; (iii) maintains a record of the names and addresses of the Members for the mailing of notices; and (iv) in general, performs all duties incident to the office of secretary.

3.5.3. Treasurer. The treasurer: (i) is responsible for Association funds; (ii) keeps full and accurate financial records and books of account showing all receipts and disbursements; (iii) prepares all required financial data and tax returns; (iv) deposits all monies or other valuable effects in the name of the Association in depositories as may from time to time be designated by the Board; (v) prepares the annual and supplemental budgets of the Association; (vi) reviews the accounts of the managing agent on a monthly basis in the event a managing agent is responsible for collecting and disbursing Association funds; and (vii) performs 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 Association. In the absence of Board designation, the

president and the secretary are the only persons authorized to execute instruments on behalf of the Association.

ARTICLE 4

MEETINGS OF THE ASSOCIATION

4.1. ANNUAL MEETING. An annual meeting of the Association will be held during the month of April of each year. At annual meetings the Members will elect Directors in accordance with these Bylaws. The Members may also transact such other business of the Association as may properly come before them.

4.2. SPECIAL MEETINGS. It is the duty of the president to call a special meeting of the Association if directed to do so by a Majority of the Board or by a petition signed by Members representing at least twenty percent (20%) of the votes in the Association. The meeting must be held within thirty (30) days after the Board resolution or receipt of petition. The notice of any special meeting must state the time, place, and purpose of the meeting. No business, except the purpose stated in the notice of the meeting, may be transacted at a special meeting.

4.3. PLACE OF MEETINGS. Meetings of the Association may be held at the condominium or at a suitable place convenient to the Members, as determined by the Board.

4.4. NOTICE OF MEETINGS. At the direction of the Board, written notice of meetings of the Association will be given to an Owner of each Unit at least fifteen (15) days but not more than sixty (60) days prior to the meeting. Notices of meetings will state the date, time, and place the meeting is to be held. Notices will identify the type of meeting as annual or special, and will state the particular purpose of a special meeting. Notices may also set forth any other items of information deemed appropriate by the Board.

4.5. INELIGIBILITY. The Board may determine that no Member may vote at meetings of the Association or be elected to serve as a Director if the Member's financial account with the Association is in arrears on the record dates provided below, provided each ineligible Member is given notice of the arrearage and an opportunity to become eligible. The Board may specify the manner, place, and time for payment for purposes of restoring eligibility.

4.6. RECORD DATES.

4.6.1. Determining Voting Eligibility. The Board will fix a date as the record date for determining the Members entitled to vote at a meeting of the Association. The record date may not be more than sixty (60) days before the date of a meeting of the Association at which Members will vote.

4.6.2. Determining Rights Eligibility. The Board will fix a date as the record date for determining the Members entitled to exercise any rights other than the right to vote. The

record date may not be more than sixty (60) days before the date of the action for which eligibility is required, such as nomination to the Board.

4.6.3. Adjournments. A determination of Members entitled to vote at a meeting of the Association is effective for any adjournment of the meeting unless the Board fixes a new date for determining the right to vote. The Board must fix a new date for determining the right to vote if the meeting is adjourned to a date more than ninety (90) days after the record date for determining voting eligibility for the original meeting.

4.7. VOTING MEMBERS LIST. The Board will prepare and make available a list of the Association's voting Members in accordance with Art. 1396-2.11B of the Texas Non-Profit Corporation Act.

4.8. QUORUM. At any meeting of the Association, the presence in person or by proxy of Members entitled to cast at least thirty percent (30%) of the votes that may be cast for election of the Board constitutes a Quorum. Members present at a meeting at which a Quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of Members constituting a Quorum.

4.9. LACK OF QUORUM. If a Quorum is not present at any meeting of the Association for which proper notice was given, Members representing at least a Majority of the votes present at the meeting, although not constituting a Quorum, may vote to recess the meeting for not more than twenty-four (24) hours in order to attain a Quorum, provided the place of the meeting remains as stated in the notice. If the meeting is adjourned without attainment of a Quorum, notice of a new meeting for the same purposes within fifteen (15) to thirty (30) days may be given to an Owner of each Unit, at which meeting the Members present in person or by proxy (even if less than thirty percent [30%] of the votes) will be sufficient to constitute a Quorum for the purposes of that meeting.

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

4.10.1. Co-Owned Units. If more than one (1) Member owns a Unit, the vote appurtenant to that Unit is cast in accordance with Section 82.110(a) of the Act.

4.10.2. 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 a written appointment of a specific person by the corporate Owner's Board of Directors or Bylaws. The vote of a partnership may be cast by any general partner in the absence of a written appointment 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.

4.10.3. Association-Owned Units. Votes allocated to a Unit owned by the Association may be counted towards a Quorum and for all ballots and votes except the election or removal of Directors. The Board exercises the vote appurtenant to a Unit owned by the Association.

4.11. PROXIES. Votes may be cast in person or by written proxy. To be valid, each proxy must (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 Association meeting for which the proxy is designated. Unless the proxy specifies a shorter or longer time, it terminates one (1) year after its date. To revoke a proxy, the granting Member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. Unless revoked, any proxy designated for a meeting that is adjourned, recessed, or rescheduled is valid when the meeting reconvenes. A proxy may be delivered by fax. However, a proxy received by fax may not be counted to make or break a tie-vote unless the proxy has been acknowledged or sworn to by the Member, before and certified by an Officer authorized to take acknowledgements and oaths.

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

4.13. ORDER OF BUSINESS. Unless the notice of meeting states otherwise, the order of business at meetings of the Association is as follows:

- Determine votes present by roll call or check-in procedure
- Announcement 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

4.14. ADJOURNMENT OF MEETING. At any meeting of the Association, a Majority of the Members present at that meeting, either in person or by proxy, may adjourn the meeting to another time.

4.15. ACTION WITHOUT MEETING. Subject to Board approval, any action that may be taken by a vote of the Members at a meeting of the Association may also be taken without a meeting by written consents. The Board may permit Members to vote by ballots delivered by hand,

mail, fax, or any combination of these. Written consents by Members representing at least a Majority of votes in the Association, or such higher percentage as may be required by the governing documents, constitutes approval by written consent. This Paragraph may not be used to avoid the requirement of an annual meeting and does not apply to the election of Directors.

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

ARTICLE 5

RULES

5.1. RULES. The Board has the right to establish and amend, from time to time, reasonable rules and regulations for: (i) the administration of the 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. The Board will, at all times, maintain the then current and complete rules in a written form which can be copied and distributed to the Members. Rules need not be recorded in the public records.

5.2. 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.

5.3. NOTICE AND COMMENT. At least ten (10) days before the effective date, the Board will give written notice to an Owner of each Unit of any amendment, termination, or adoption of a rule, or will publish same in a newsletter or similar publication that is circulated to the Members. The Board may, but is not be required, to give similar notice to Residents who are not Members. Any Member or Resident so notified has the right to comment orally or in writing to the Board on the proposed action.

5.4. DISTRIBUTION. Upon request from any Member or Resident, the Board will provide a current and complete copy of rules. Additionally, the Board will, from time to time, distribute copies of the current and complete rules to an Owner of each Unit and, if the Board so chooses, to non-Member Residents.

ARTICLE 6

ENFORCEMENT

6.1. REMEDIES. The violation of any provision of the governing documents gives the Board the right, in addition to any other rights set forth in the governing documents:

- a. To impose reasonable fines, if notice and an opportunity to be heard are given;
- b. After notice and an opportunity to be heard are given, except in case of an emergency, to enter the Unit or Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is contrary to the intent and meaning of the provisions of the governing documents. The Board may not be deemed liable for any manner of trespass by this action; and
- c. To enjoin, abate, or remedy, by appropriate legal proceedings, the continuance of any breach.

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

6.2.1. Notice of Violation. The Board's written violation notice will contain the following:

- a. the date the violation notice is prepared or mailed;
- b. a description of the violation;
- c. a reference to the rule or provision of the governing documents that is being violated;
- d. a description of the action required to cure the violation;
- e. the amount of the fine to be levied, or the abatement action to be taken;
- f. the date the fine begins accruing or abatement action becomes possible; and
- g. a statement that not later than the 30th day after the date of the violation notice, the Owner may request a hearing before the Board to contest the fine or the abatement action.

6.2.2. Notice to Resident. In addition to giving the written violation notice to the Owner, the Board may also give a copy of the notice to the Non-Owner Resident, if the Board deems it appropriate.

6.2.3. Request for Hearing. To request a hearing before the Board, an Owner must submit a written request to the Board within thirty (30) days after the date of the violation notice. Within ten (10) days after receiving the Owner's request for a hearing, the Board will give the Owner notice of the date, time, and place of the hearing. The hearing will be scheduled for a date within forty-five (45) days from the date the Board receives the Owner's request, and should be scheduled to provide a reasonable opportunity for both the Board and the Owner to attend.

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

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

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

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

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

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

ongoing, but is instead sporadic or periodic, the fine may be levied on a per occurrence basis.

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

6.4. ADDITIONAL ENFORCEMENT RIGHTS. Notwithstanding the notice and hearing requirement, the Board may take immediate and appropriate action, without giving the notices required in this Article, against violations of the Governing Documents which, in the Board's opinion, are (i) self-evident, such as vehicles parked illegally or in violation of posted signs; (ii) threatening to life or property; or (iii) repeat violations of the same provision by the same Owner to whom prior notices and demands have been given for the same violation. Further, the provisions of this Article do not apply to specific remedies provided in the Governing Documents for certain violations, such as nonpayment of Assessments.

ARTICLE 7

OBLIGATIONS OF THE OWNERS

7.1. NOTICE OF SALE. Any Owner intending to sell or convey his Unit or any interest therein must give written notice to the Board of his intention, together with (i) the address or legal description of the 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 the transaction, (iv) names and phone numbers of real estate agents, if any, representing seller and purchaser, and (v) scheduled date of closing. An Owner will furnish this information to the Board at least ten (10) business days before the scheduled date of closing or conveyance.

7.2. PROOF OF OWNERSHIP. Except for those Owners who initially purchase a Unit from Declarant, any person, on becoming an Owner of a Unit, must furnish to the Board evidence of ownership in the Unit, which copy will remain in the files of the Association. A person may not be deemed to be a Member or be entitled to vote at any annual or special meeting of the 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.

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

7.4. MAILING ADDRESS. The Owner or the several Co-Owners of a Unit must register and maintain one (1) mailing address to be used by the Association for mailing of monthly statements, notices, demands, and all other communications. If an Owner fails to maintain a current mailing address with the Association, the address of that Owner's Unit is deemed to be his mailing address.

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

7.6. ASSESSMENTS. All Owners are obligated to pay Assessments imposed by the Association to meet the common expenses as defined in the Declaration. A Member is deemed to be in good standing and entitled to vote at any meeting of the Association if he is current in the Assessments made or levied against him and his Unit.

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

ARTICLE 8

ASSOCIATION RECORDS

8.1. RECORDS. The Association will use its best efforts to keep the records required by Section 8.1 of the Act which, on the date these Bylaws were adopted, include the following:

- a. Minutes or a similar record of the proceedings of meetings of the Association. A recitation in the minutes that notice of the meeting was properly given is sufficient evidence that the notice was given.
- b. Minutes or a similar record of the proceedings of meetings of the Board.
- c. Names and mailing addresses of the Members, the currency and accuracy of the information being the responsibility of the Members.
- d. Names and mailing addresses of the mortgagees, the currency and accuracy of the information being the responsibility of the Members and their mortgagees.

e. Financial records and books of account for the Association, kept in a manner consistent with generally accepted accounting principles.

f. A copy of the plans and specifications used to construct the condominium, except for buildings originally constructed before January 1, 1994.

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

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

i. Copies of the governing documents and all amendments to any of these. Also, for at least four (4) years, a record of all votes or written consents by which amendments to the governing documents were approved.

8.2. INSPECTION OF BOOKS AND RECORDS. Books and records of the Association will be made available for inspection and copying pursuant to Section 82.114(b) of the Act and Article 1396-2.23.B. of the Texas Non-Profit Corporation Act.

8.3. RESALE CERTIFICATES. Any Officer may prepare or cause to be prepared, certify, and execute resale certificates in accordance with Section 82.157 of the Act. The Association may charge a reasonable fee for preparing resale certificates. The Association may refuse to furnish resale certificates until the fee is paid. Any unpaid fees may be assessed against the Unit for which the certificate is furnished.

ARTICLE 9

NOTICES

9.1. CO-OWNERS. If more than one (1) person owns a Unit, notice to one (1) Co-Owner is deemed notice to all Co-Owners.

9.2. DELIVERY OF NOTICES. Any written notice required or permitted by these Bylaws may be given personally, by mail, or by fax. If mailed, the notice is deemed delivered when deposited in the U.S. mail addressed to the Member at the address shown on the Association's records. If transmitted by fax, the notice is deemed delivered on successful transmission of the facsimile.

9.3. WAIVER OF NOTICE. Whenever a notice is required to be given to an Owner, Member, or Director, a written waiver of the notice, signed by the person entitled to the notice, whether before or after the time stated in the notice, is equivalent to giving the notice. Attendance by a Member or Director at any meeting of the Association or Board, respectively, constitutes a waiver of notice by the Member or Director of the time, place, and purpose of the meeting. If all

Members or Directors are present at any meeting of the Association or Board, respectively, no notice is required and any business may be transacted at the meeting.

ARTICLE 10

DECLARANT PROVISIONS

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

10.2. BOARD OF DIRECTORS. During the Declarant Control Period, Section F.8 of Appendix F of the Declaration governs the number, qualification, and appointment of Directors. The initial Directors will be appointed by Declarant and need not be Owners or Residents. Directors appointed by Declarant may not be removed by the Owners and may be removed by Declarant only. Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

10.3. ORGANIZATIONAL MEETING. Within sixty (60) days of the end of the Declarant Control Period, or sooner at Declarant's option, Declarant will call an organizational meeting of the Members for the purpose of electing Directors, by ballot of Members. Notice of the organizational meeting will be given as if it were notice of an annual meeting.

ARTICLE 11

AMENDMENTS TO BYLAWS

11.1. AUTHORITY. The Board may not amend these Bylaws without approval by the Members. The Members according to the terms of this Article may amend these Bylaws.

11.2. PROPOSALS. The Association will provide an Owner of each Unit with a detailed description, if not exact wording, of any proposed amendment. The description will be included in the notice of any annual or special meeting of the Association if the proposed amendment is to be considered at the meeting.

11.3. CONSENTS. An amendment may be adopted by the vote, in person or by proxy, or written consents of Members representing at least a Majority of the votes cast or present at a meeting for which a Quorum is obtained; provided, however, that each amendment of this Article and of Article 2 (Board of Directors) must be approved by Members representing at least a Majority of the votes in the Association.

11.4. MORTGAGEE PROTECTION. In addition to the notices and consents required by these Bylaws, certain actions and amendments require notice to or approval by Eligible Mortgagees, pursuant to Article 13 of the Declaration. The Association must give the required notices to and obtain the required approvals from Eligible Mortgagees.

11.5. EFFECTIVE. To be effective, each amendment must be in writing, reference the names of the condominium and the Association, be signed by at least two (2) Officers acknowledging the requisite approval of Members, and be delivered to an Owner of each Unit at least ten (10) days before the amendment's effective date. Further, if these Bylaws are publicly recorded, the amendment must recite the recording data for the Bylaws, be in a form suitable for recording as a real property record, and be delivered to the county clerk for recordation.

11.6. 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 10 (Declarant Provisions) herein may not be amended without prior written approval of the Declarant. The Declarant's written consent must be part of the amendment instrument.

ARTICLE 12

GENERAL PROVISIONS

12.1. COMPENSATION. A Director, Officer, Member, or Resident is not entitled to receive any pecuniary profit from the operation of the Association, and no funds or assets of the Association may be paid as a salary or as compensation to, or be distributed to, or inure to the benefit of a Director, Officer, Member, or Resident; provided, however:

- a. that reasonable compensation may be paid to a Director, Officer, Member, or Resident for services rendered to the Association;
- b. that a Director, Officer, Member, or Resident may, from time to time, be reimbursed for his actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided the expense has been approved by the Board; and
- c. that this provision does not apply to distributions to Unit Owners permitted or required by the Declaration or the Act.

12.2. CONFLICTING PROVISIONS. If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, the conflicting Bylaws provision is null and void, but all other provisions of these Bylaws remains in full force and effect. In the case of any conflict between the articles of incorporation of the Association and these Bylaws, the articles control. In the case of any conflict between the Declaration and these Bylaws, the Declaration controls.

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

12.4. CONSTRUCTION. The effect of a general statement is not limited by the enumerations of specific matters similar to the general. The captions of articles and sections are

inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. The singular is construed to mean the plural, when applicable, and the use of masculine or neuter pronouns includes the feminine.

12.5. FISCAL YEAR. The fiscal year of the Association will be set by resolution of the Board, and is subject to change from time to time as the Board determines. In the absence of a resolution by the Board, the fiscal year is the calendar year.

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

12.7. PREPARER. These Bylaws were prepared in the law office of Martin C. Cude, Jr., P.C. 4415 Normandy Avenue, Dallas, Texas 75205.

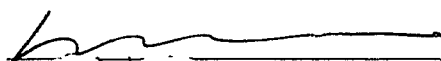
*End of Bylaws
Certificate on Next Page*

CERTIFICATE

I hereby certify that the foregoing Bylaws of West Side at State-Thomas Owners' Association, Inc., were adopted by the initial Board of Directors of OWNERS OF VERANDA ASSOCIATION, INC., a Texas nonprofit corporation and condominium association, by unanimous written consent in lieu of the organizational meeting.

SIGNED this 3rd day of January, 2007.

OWNERS OF VERANDA ASSOCIATION,
INC.

By: 

Ismail Burduoglu, Secretary