

Bylaws of The Hillside Condominium Owners Association, Inc.

ARTICLE 1. PLAN OF UNIT OWNERSHIP

1.1. **UNIT OWNERSHIP.** The condominium project, known as The Hillside, a Condominium Project in Travis County, Texas, was submitted to the provisions of Texas Property Code §§82.001 et seq., known as the Texas Uniform Condominium Act, by the Declaration recorded under Document No. 2006207830 of the Official Public Records of Travis County, Texas (the “Declaration”). Terms used herein which are defined in the Declaration and not otherwise defined herein shall be given the same meanings herein as are ascribed to them in the Declaration.

1.2. **APPLICABILITY TO PROPERTY.** The provisions of these Bylaws are applicable to the condominium, which term includes the land, the building and all other improvements on it, all easements, rights, and appurtenances belonging to it, and all other property, personal or mixed, intended for use in connection with it.

1.3. **APPLICABILITY TO PERSONS.**

- (a) All present and future owners, lessees, and mortgagees, their employees, and any other person who may use the facilities of the condominium in any manner will be subject to these Bylaws, the declaration and rules and regulations pertaining to the use and operation of the condominium property attached as Exhibit A hereto and incorporated by reference.
- (b) Acquisition, rental, or occupancy of any Unit in the condominium will be sufficient to signify acceptance and ratification of the provisions of the above instruments, and an agreement to comply with them.

1.4. **OFFICE.** The office of the condominium and of the Board of Directors is located at 8012 Bee Caves Road, Suite 300, Austin, Texas 78746.

ARTICLE 2. BOARD OF DIRECTORS

2.1. **NUMBER AND QUALIFICATIONS.** The affairs of the condominium will be governed by a Board of Directors. Until Units representing 80% percent in common interest are sold by Declarant, designated as the “developer,” and have been paid for, and thereafter until their successors have been elected by Unit owners, the Board of Directors will consist of the agents of developer as developer will from time to time designate. Thereafter, the Board of Directors will be composed of three (3) persons, all of whom will be owners, co-owners, spouses of owners, or mortgagees of Units, or, in the case of corporate owners or mortgagees of Units, officers, directors, shareholders, or employees of such corporations.

2.2. **POWERS AND DUTIES.** The Board of Directors will have the powers and duties necessary for the administration of the affairs of the condominium, and may do all acts and things as are not by law, by the declaration, or by these Bylaws directed to be exercised and done by the owners. The powers and duties to be exercised by the Board of Directors include, but are not limited to, the following:

- (a) Care, upkeep, maintenance, and operation of the Common Elements;
- (b) Determination of amounts required to defray common expenses of the condominium (such as amounts required for operation and maintenance of the Common Elements);
- (c) Collection of common charges from Unit owners;
- (d) Maintenance of detailed, written, and accurate records of receipts and disbursements arising from the operation of the property, which records, together with vouchers accrediting entries made, will be made available for examination by Unit owners at convenient hours on working days.
- (e) Authorization and prosecution of suits to foreclose liens for nonpayment of common charges, or to recover money judgments for unpaid common charges, on behalf of the Owners' Association;
- (f) Authorization and prosecution of actions or proceedings on behalf of two or more Unit owners concerning a matter related to the Common Elements of two or more Units;
- (g) Employment and dismissal of personnel necessary or appropriate for the maintenance and operation of the property, the common areas and facilities, and the restricted common areas and facilities;
- (h) Adoption and amendment of rules and regulations, not inconsistent with these Bylaws, covering the details of operation and use of the property;
- (i) Establishment of bank accounts in the name of the condominium, and authorization of signatories;
- (j) Purchasing, leasing, or otherwise acquiring in the name of the Board of Directors, or its designee, corporate or otherwise, on behalf of the Owners' Association, Units offered for sale, lease, or surrender by their owners to the Board of Directors;
- (k) Purchasing Units at foreclosure or other judicial or trustee's sale in the name of the Board of Directors or its designee, corporate or otherwise, on behalf of the Owners' Association;

- (l) Selling, leasing, encumbering, or otherwise dealing with Units acquired by, and subleasing Units leased by the Board of Directors or its designee, corporate or otherwise, on behalf of the Owners' Association;
- (m) Organizing corporations to act as designees of the Board of Directors in acquiring title to or leasing Units on behalf of the Owners' Association;
- (n) Procuring of insurance for the condominium property, including the Units, as set forth in the Declaration;
- (o) Contracting for repairs of and additions and improvements to the property, and for repairs to and restoration of the property in accordance with the provisions of these Bylaws, after damage or destruction by fire or other casualty, or as a result of condemnation or eminent domain proceedings;
- (p) Employment of a managing agent and/or manager at reasonable compensation to perform duties authorized by the Board of Directors.

2.3. **ELECTION AND TERMS OF OFFICE.** At the first annual meeting of Unit owners, the terms of office of the Board of Directors will be fixed as follows: The term of office of one member will be set at three years; the term of office of one member will be set at two years; and the terms of office of one members will be set at one year. At the expiration of the initial term of office of each board member, his or her successor will be elected to serve for a term of three years. Board members will hold office until their successors have been elected and hold their first meeting.

2.4. **VACANCIES.** Vacancies in the Board of Directors caused by any reason other than the removal of a board member by a vote of the Unit owners will be filled by vote of the majority of the remaining board members, even though they may constitute less than a quorum. Each person elected will hold office until a successor is elected at the next annual meeting of Unit owners.

2.5. **REMOVAL OF BOARD MEMBERS.** At any regular or special meeting duly called, any one or more members of the Board of Directors may be removed with or without cause by a majority of Unit owners, and a successor may then and there be elected to fill the vacancy created. Any board member elected will serve for the unexpired term of the member's predecessor in office. Any board member whose removal has been proposed by the Owners' Association will be given an opportunity to be heard at the meeting at which a vote is to be taken on the issue of his or her removal.

2.6. **ORGANIZATIONAL MEETING.** The first meeting of the Board of Directors will be held within 30 days after the first annual meeting of the Owners' Association at which board members are elected and at a place as may be fixed by the board. No notice will be necessary to the newly elected Board of Directors in order to legally constitute the meeting, providing a majority of the board is present.

2.7. **REGULAR MEETINGS.** Regular meetings of the Board of Directors may be held at such times and places as are determined by the board. However, at least two

meetings will be held during each calendar year. Notice of each regular meeting of the board will be given to each board member personally, or by mail, telephone or telegraph, at least ten days prior to the date set for the meeting.

2.8. **SPECIAL MEETINGS.** Special meetings of the Board of Directors may be called by the president, and will be called by the president or secretary on the written request of at least two board members, on ten days' notice to each board member, given personally, or by mail, telephone or telegraph. Any notice will state the time, place, and purpose of the meeting.

2.9. **WAIVER OF NOTICE.** Any board member may at any time waive notice of any meeting of the Board of Directors in writing, and any written waiver will be deemed equivalent to the giving of the notice required. Attendance by any board member of any meeting of the board will constitute a waiver by that member of notice of the time and place thereof. If all board members are present at any meeting of the board, no notice will be required, and any business may be transacted at any such meeting.

2.10. **QUORUM; ADJOURNMENTS.** At all meetings of the Board of Directors, a majority of the board will constitute a quorum for the transaction of business, and the acts of a majority of members present at a meeting at which a quorum is present will constitute the acts of the Board of Directors. If at any meeting of the Board of Directors less than a quorum is present, a majority of those present may adjourn the meeting. At any adjourned 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.

2.11. **FIDELITY BONDS.** The Board of Directors may require that all officers and employees of the condominium handling or responsible for condominium funds furnish adequate fidelity bonds. The premiums on such bonds will constitute a common expense.

2.12. **COMPENSATION.** No member of the Board of Directors will receive compensation from the condominium for acting as such. Nothing contained here will be construed to preclude any board member from serving the Owners' Association or the Board of Directors in any other capacity and receiving compensation for those services.

2.13. **LIABILITY OF BOARD OF DIRECTORS.** Members of the Board of Directors will not be liable to Unit owners for mistakes in judgment, for negligence, or otherwise, except for their own willful misconduct or bad faith. Nor will members of the Board of Directors be personally liable with respect to any contract made by them on behalf of the Owners' Association, and the owners will indemnify the Board of Directors and each member of it against all contractual liability to third parties arising out of contracts made by the Board of Directors on behalf of the condominium. However, such indemnification will not extend to any contract made in bad faith or contrary to the provisions of the declaration, or of these Bylaws. The liability of each Unit owner arising out of any contract made by the Board of Directors or out of the indemnification of the members of the Board of Directors will be the proportion of the total liability that the Unit owner's interest in the Common Elements bears to the interests of all Unit owners in

the Common Elements. Every agreement made by the Board of Directors or by any managing agent or manager employed by the Board of Directors on behalf of the Owners' Association will provide that the members of the Board of Directors, or the managing agent or manager, as the case may be, are acting only as agents for the Unit owners, and will have no personal liability except as Unit owners. Agreements will further provide that each Unit owner's liability is limited to the proportion of the total liability that his or her interest in the Common Elements bears to the interests of all Unit owners in the Common Elements.

ARTICLE 3. OWNERS' ASSOCIATION

3.1. **MEMBERSHIP.** Each Unit owner will, automatically on becoming an owner, become a member of the Owners' Association sometimes called the Association, and will remain a member until such time as his or her ownership ceases, at which time his or her membership in the Association will likewise cease.

3.2. **ANNUAL MEETINGS.** Within thirty days after Units representing 80% percent or more in common interest have been sold by developer and paid for, developer will notify all Unit owners, and the first annual meeting of the Association will be called by the president to be held within thirty days thereafter. At the meeting, officers and directors of developer holding office as members of the Board of Directors will resign, and all Unit owners, including developer, will elect a new Board of Directors. Thereafter, annual meetings of the Association will be held on the first Tuesday in February of each succeeding year. At such meetings there will be elected by ballot of the owners a Board of Directors in accordance with the requirements of Section 2.3 of these Bylaws. The owners may also transact other business of the condominium as may properly come before the meeting.

3.3. **SPECIAL MEETINGS.** The president may, and will if directed by resolution of the Board of Directors or by petition signed and presented to the secretary by Unit owners owning a total of at least sixty percent of the common interest, call a special meeting of the Association. The notice of any special meeting will state the time and place of the meeting, and the intended purpose. No business will be transacted at a special meeting except as stated in the notice unless by consent of sixty percent in common interest of owners present, either in person or by proxy.

3.4. **PLACE OF MEETINGS.** Meetings of the Association will be held at the principal office of the condominium, or at such other suitable place convenient to the owners as may be designated by the Board of Directors.

3.5. **NOTICE OF MEETINGS.** It will be the duty of the secretary to mail or hand deliver a notice of each annual or special meeting, stating its purpose, time, and place, to each Unit owner, at least five, but not more than fifteen days prior to the meeting. The mailing of a notice in the manner provided in this section will be considered notice served.

3.6. **QUORUM; MAJORITY OF UNIT OWNERS DEFINED.** At all meetings of the Association, twenty percent (20%) of Unit owners will constitute a quorum for the transaction of business, and the acts of those Unit owners entitled to exercise fifty-one percent (51%) or more of the total voting power of those Unit owners present at a meeting at which a quorum is present will bind all Unit owners for all purposes except those for which the approval of a higher percentage is required by these Bylaws, by the declaration, or by law. If, at any meeting of Unit owners, there is less than a quorum present, a majority of those owners entitled to exercise fifty-one percent (51%) of the total voting power of those Unit owners present may adjourn the meeting to a time not less than twenty-four hours from the time the original meeting was called. At any adjourned 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. As used in these Bylaws, the term “majority of Unit owners” will mean those owners holding fifty-one percent (51%) of the interests in the condominium regime.

3.7. **ORDER OF BUSINESS.** The order of business at all meetings of the Owners’ Association will be as follows:

- (a) Roll call.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Report of Board of Directors.
- (f) Reports of committees.
- (g) Election of inspectors of election (when appropriate).
- (h) Election of members of Board of Directors (when required).
- (i) Unfinished business.
- (j) New business.

3.8. **VOTING.** The owner or owners of each Unit, or some person appointed by such owner or owners to act as proxy on his or her or their behalf, will be entitled to cast the vote appurtenant to each Unit at all meetings of the Owners’ Association. The appointment of any proxy will be made in a writing filed with the secretary, and will be revocable at any time by notice in writing to the secretary. Voting will be on a percentage basis. The percentage of the vote to which an owner is entitled will be the percentage or the amount of the percentages assigned to the Unit or Units owned by him or her as set forth in the declaration.

3.9. **TITLE TO UNITS.** Title to Units may be acquired and held in the name of an individual, in the name of two or more persons as joint tenants, or tenants-in-common, or in the name of a corporation, a partnership, or a fiduciary. Units may be held as separate property or as community property.

ARTICLE 4. OFFICERS

4.1. **DESIGNATION.** The principal officers of the Owners' Association will be a president, a vice president, a secretary, and a treasurer, all of whom will be elected by (and from) the Board of Directors. The board may also appoint such other officers as in its judgment may be necessary.

4.2. **ELECTION OF OFFICERS.** The officers of the Association will be elected annually by the Board of Directors at the organizational meeting of each new board, and will hold office at the pleasure of the board.

4.3. **REMOVAL OF OFFICERS.** On the affirmative vote of a majority of the members of the Board of Directors, any officer may be removed, with or without cause, and his or her successor may be elected at any regular meeting of the Board of Directors, or at any special meeting of the board called for that purpose.

4.4. **PRESIDENT.** The president will be the chief executive officer of the Association. He will preside at all meetings of the Board of Directors and of the Association. He or she will have all general powers and duties that are incident to the office of president of a corporation organized under the Business Organizations Code of the State of Texas, including, but not limited to the power to appoint committees from among the owners as he or she may deem appropriate to assist in the conduct of the affairs of the condominium.

4.5. **VICE PRESIDENT.** The vice president will take the place of the president and perform his or her duties whenever the president is absent or unable to act. If neither the president nor the vice president is able to act, the Board of Directors will appoint some other member of the board to do so on an interim basis. The vice president will also perform such other duties as may from time to time be imposed on him or her by the Board of Directors.

4.6. **SECRETARY.** The secretary will keep the minutes of all meetings of the Board of Directors and of the Owners' Association; he or she will have charge of such books and papers as the Board of Directors may determine; and he or she will, in general, perform all duties incident to the office of secretary of a corporation organized under the Business Organizations Code of the State of Texas.

4.7. **TREASURER.** The treasurer will have responsibility for the funds and securities of the condominium, for keeping full and accurate accounts showing all receipts and disbursements, and for the preparation of all necessary financial statements. he or she will be responsible for the deposit of all moneys and other valuable effects in the name of the Board of Directors or managing agent, in such depositories as may from time to time be designated by the Board of Directors, and will, in general, perform all duties incident to

the office of treasurer of a corporation organized under the Business Organizations Code of the State of Texas.

4.8. **COMPENSATION.** No officer will receive any compensation from the Association for acting as such. However, nothing contained here will be construed to preclude any officer from serving the Association in any other capacity, and receiving compensation.

ARTICLE 5. OPERATION OF PROPERTY

5.1. **DETERMINATION OF COMMON CHARGES.** The Board of Directors will from time to time, and at least annually, prepare a budget for the condominium. This budget will include projections of common expenses, common revenues (from sources other than assessments of Unit owners), the amount of common charges required to meet the excess of the former over the latter, and an allocation and assessment of such common charges against Unit owners as provided in the declaration. As used in these Bylaws, the term “common expenses” or “common charges” will mean expenses or charges for which Unit owners are proportionately liable, and will include, but will not be limited to the following:

- (a) All expenses of administration, maintenance, repair, and replacement of the Common Elements;
- (b) Insurance premiums on all policies of insurance obtained by the Board of Directors, managing agent, or manager, as the case may be, pursuant to Sections 5.14 and 5.15;
- (c) Working capital reserve;
- (d) General operating reserve;
- (e) Repair and replacement reserve;
- (f) Reserve for deficits accrued in prior years;
- (g) Reserve for acquisition or lease of Units, the owners of which have elected to sell or lease the same, or that may become available at a trustee’s sale or at foreclosure or other judicial sale;
- (h) Utility rates for electricity, water, gas, and related sewer rates serving the Common Elements;
- (i) All other amounts that the owners may agree on or that the Board of Directors may deem necessary or appropriate for the operation, administration, and maintenance of the condominium;
- (j) All other amounts designated common expenses by the declaration, by these Bylaws, or by law.

The Board of Directors will furnish copies of the budget on which the allocations and assessments of common charges are based to all Unit owners and mortgagees and trust deed beneficiaries.

5.2. **COLLECTION OF ASSESSMENTS.** The Board of Directors will assess common charges against the Unit owners from time to time, and at least annually, and will advise each Unit owner in writing of the amount of common charges payable by him or her. If any common charge remains unpaid for more than 30 days from the date due, the Board of Directors will take prompt action to collect the same.

5.3. **COMMON SURPLUS.** If in any taxable year, the net income of the Owners' Association from assessments and all other sources except casualty insurance proceeds and other nonrecurring items exceeds the amount of (a) total common expenses for which payment has been made or liability incurred within the taxable year, and (b) reasonable reserves for common expenses in the next succeeding taxable year as may be determined by the Board of Directors, the excess will be returned forthwith to Unit owners, the share of each being in proportion to the amount of assessments for common expenses paid by him or her within the taxable year.

5.4. **LIABILITY FOR ASSESSMENTS.** All Unit owners are obligated to pay the common charges assessed by the Board of Directors at times as the board may determine. No Unit owner may exempt himself or herself from liability for any assessment for common charges by waiver of the use or enjoyment of any of the Common Elements or by abandonment of his or her Unit. However, no Unit owner will be liable for any assessment for common charges against his or her Unit subsequent to a sale, transfer, or other conveyance by him or her of the Unit made in accordance with the provisions of Section 7.3 of these Bylaws. Moreover, any owner of an Unit that is free and clear of all liens and encumbrances other than a first mortgage or deed of trust and any lien for unpaid common charges, may, subject to the provisions of these Bylaws, convey the Unit to the Board of Directors or its designee, corporate or otherwise, as grantee on behalf of all other Unit owners as the Owners' Association; such conveyance will exempt the owner from liability for any common charges assessed thereafter. On the voluntary sale or conveyance of an Unit, all unpaid assessments against the seller for common expenses must first be paid from the proceeds of sale or by the purchaser in preference to any other assessments or charges of whatever nature except (1) assessments, liens, and charges in favor of the state or any political subdivision thereof for taxes past due and unpaid on the Unit, or (2) amounts due under mortgage or deed of trust instruments duly recorded. Any payment by a purchaser will be without prejudice to the right of the purchaser to recover over from his or her seller any amounts for which he or she was not liable under his or her contract of sale. Additionally, any purchaser or mortgagee or trust deed beneficiary will be entitled to a statement from the Board of Directors setting forth the amount of unpaid common charges due the Association from any seller, and will be entitled to rely on the statement. Such purchaser, mortgagee, or beneficiary will not be liable, nor will the subject Unit be subject to a lien, for any unpaid common charges in excess of the amount set forth in such statement. A mortgagee, trust deed beneficiary, or other purchaser of an Unit at a trustee's sale, or at a foreclosure or other judicial sale, will not

be liable for nonpayment of any common charges assessed prior to the date of the sale, and the Unit will not be subject to a lien for nonpayment of the charges.

5.5. **DEFAULT IN PAYMENT OF COMMON CHARGES.** In the event an Unit owner fails for thirty days following the due date, to pay to the Board of Directors the common charges assessed against his or her Unit, the Unit owner will be deemed in default, and will be obligated to pay interest at the legal rate on the common charges from the due date, together with all expenses, including reasonable attorneys' fees, incurred by the Board of Directors in any proceeding brought to collect the same, or to foreclose the lien for nonpayment.

5.6. **FORECLOSURE OF LIENS FOR UNPAID COMMON CHARGES.** It will be the right and duty of the Board of Directors to attempt to recover unpaid common charges, together with interest, and expenses of the proceeding, including reasonable attorneys' fees, by an action brought against any Unit owner in default on his or her obligation to pay the same, or by foreclosure of the lien on any Unit in respect to which such default has occurred. Any lien may be foreclosed in the same manner as a mortgage on real property. In any foreclosure the Unit owner will be required to pay reasonable rental for the Unit for the period beginning on the date notice of default is first served and ending on the date of sale; and the Board of Directors, as plaintiff in the foreclosure, will be entitled to the appointment of a receiver to collect the same. The Board of Directors, acting on behalf of all Unit owners as the Owners' Association, will have power to bid on and purchase any Unit, and to acquire, hold, lease, encumber, convey, or otherwise deal with it. Suit to recover a money judgment for unpaid common charges will be maintainable without foreclosing or waiving the lien securing the same, and foreclosure will be maintainable notwithstanding the pendency of a suit to recover a money judgment.

5.7. **MAINTENANCE AND REPAIR.**

- (a) Each owner will promptly perform all maintenance and repair work within his or her own Unit, which if omitted would affect any Common Element, any portion of the property belonging to other owners, or the condominium as a whole, being expressly responsible for all damages and liabilities that any failure to repair or maintain may cause.
- (b) All maintenance, repairs, and replacements to the Common Elements, whether located inside or outside individual Units, will be the responsibility of the Board of Directors and will be charged to all Unit owners as common expenses unless maintenance, repairs, or replacements are necessitated by the negligence or misconduct of individual Unit owners; in which case those expenses will be the responsibility of and will be charged to the individual Unit owners.
- (c) Each Unit owner will be responsible for and reimburse the Association for any expenditures incurred in repairing or replacing any Common Element damaged through his or her fault.

5.8. **USES OF UNITS.**

- (a) Units will be occupied and used by their respective owners only as private dwellings for the owner, his or her family, tenants, and social guests, and for no other purpose whatsoever.
- (b) No portion of an Unit other than the entire unit may be rented, and no Unit may be rented for hotel or transient purposes.
- (c) Residents will exercise extreme care about making noises or playing music which may disturb other residents. Residents keeping domestic animals must abide by municipal sanitary regulations.
- (d) Hanging, cleaning, or beating garments, rugs, etc., from or on the windows, terraces, or facades of the building is prohibited.
- (e) Throwing garbage or trash outside disposal installations provided for such purposes is prohibited.
- (f) No owner, resident, or lessee will install wiring for any electrical or telephone installation, television antenna, air-conditioning unit, or machine of any kind, on the exterior of the project which protrudes through the walls or the roof of the project except as authorized by the Board of Directors or a majority of Unit owners.
- (g) Owners will not take or cause to be taken within their Units any action that would jeopardize the soundness or safety of any part of the condominium property or impair any easement or right appurtenant thereto or affect the Common Elements without the unanimous consent of all Unit owners who might be affected.
- (h) Owners will not permit anything to be done or kept in their Units that would increase the rate of fire insurance thereon or on the condominium as a whole.
- (i) No immoral, improper, offensive, or unlawful uses will be made of condominium property or any part thereof; and each Unit owner, at his or her own expense, will comply with, perform, and fully satisfy all city, state, and federal laws, statutes, ordinances, regulations, orders, or requirements affecting his or her Unit.

5.9. **MODIFICATIONS BY UNIT OWNERS.** No Unit owner will make any structural addition or alteration in or to his or her Unit without the prior written consent of the Board of Directors. On request by any Unit owner for approval of a proposed addition or alteration, the Board of Directors will answer the same within thirty days after receipt, and failure to do so within the stipulated time will constitute a consent. Any application to any governmental authority for a permit to make any addition or alteration in or to any Unit will be executed by the Board of Directors only. However, neither the board nor any member will be liable to any contractor, subcontractor, or material supplier, or to any person claiming injury to person or property as a result of such addition or alteration or any construction. The provisions of this section will not apply to

Units owned by developer until the Units have been initially sold by developer and paid for.

5.10. **RIGHT OF ENTRY.** Each Unit owner will grant to the manager, managing agent, or other person or persons authorized by the Board of Directors, a right of entry to correct any condition threatening his or her Unit or originating in his or her Unit and threatening another Unit or a Common Element; to install, alter, or repair mechanical or electrical services or other Common Elements located in his or her Unit or elsewhere; and to correct any condition which violates the provisions of any mortgage secured by, or deed of trust covering, any other Unit. Requests for entry will be made in advance and will be scheduled for times convenient to the owner except that in case of emergencies, right of entry will be immediate, and will exist whether the Unit owner is present at the time or not.

5.11. **USE OF COMMON ELEMENTS.** Unit owners will not place or cause to be placed in the lobbies, vestibules, stairways, and other condominium areas and facilities of a similar nature comprising either general or limited Common Elements, any furniture, packages or objects of any kind. Such areas (other than lobbies) will be used for no other purpose than for normal transit through them.

5.12. **MODIFICATIONS BY BOARD OF DIRECTORS.** Any additions or alterations in or to the Common Elements costing \$5,000 or less may be made by the Board of Directors without approval of the Owners' Association, and the costs will be treated as common expenses. Whenever in the judgment of the Board of Directors, the Common Elements require additions or alterations costing in excess of \$5,000, the making of additions or alterations will require approval by a majority of Unit owners. After approval has been obtained, the Board of Directors will proceed with the additions or alterations, and the costs will be treated as common expenses.

5.13. **REPAIR OR RECONSTRUCTION.** In the event of any damage to or destruction of any improvements on the condominium property or any part thereof, including any Unit, but excluding furniture, fixtures, decorations, equipment or personal property installed or placed there by Unit owners or to any Common Element or elements or any part thereof, such improvements or Common Elements will be promptly repaired and restored by the Board of Directors using the proceeds of any insurance procured and maintained as provided. If the proceeds are inadequate to cover the cost of repair and restoration, Unit owners directly affected by the damage or destruction will be assessed on an equitable basis according to the benefit to be derived by them from such repair and restoration. If any one or more of those comprising a minority of Unit owners refuses to pay such assessments, on proper resolution setting forth the circumstances of the case, the majority may proceed with the repair or restoration at the expense of the Unit owners to be benefited. However, if sixty-six and two-thirds percent (66 2/3%) or more of a building is destroyed or substantially damaged, as determined by the Owners' Association, unless otherwise unanimously agreed on by the Unit owners; the Board of Directors will proceed to realize on the salvage value of the portion of the condominium property damaged or destroyed, by sale or otherwise, and will collect the proceeds of any insurance. The net proceeds of such sale or other disposition of the property, together

with the proceeds of any insurance, after making provision for the removal of all debris and the restoration of the land to level grade, if appropriate, will be considered as one fund, and will be divided among Unit owners directly affected by the damage or destruction or their mortgagees or trust deed beneficiaries, as their interests may appear, in accordance with the percentages of their common interest as set forth in the declaration.

5.14. **FIRE AND EXTENDED COVERAGE INSURANCE**. The Board of Directors, or the managing agent or manager, as the case may be, will obtain and continue in effect insurance against loss by fire and other casualties normally covered under broad-form fire and extended coverage insurance as written in Texas, covering all general and limited Common Elements, all structural portions of the condominium property, and all Units, but not including furniture, fixtures, decorations, equipment, or personal property installed or placed there by Unit owners. The premiums for insurance will be a common expense to be paid by monthly assessments levied by the Board of Directors.

5.15. **LIABILITY INSURANCE**. The Board of Directors or the managing agent or manager, as the case may be, will obtain and continue in effect insurance against liability for personal injury and death and for damage to property arising from accidents occurring within the general and limited Common Elements in such amounts as will be determined by the Board of Directors. The premiums for the insurance will be a common expense to be paid by monthly assessments levied by the Board of Directors.

5.16. **BENEFICIARIES OF INSURANCE**. All policies of insurance required to be obtained will be written in the name of the Owners' Association or in the name of CSGM Canyon Ridge, LP, as trustee for all Unit owners, mortgagees, and trust deed beneficiaries. Even though not named in the policies, however, each Unit owner and his or her mortgagee or mortgagees, or trust deed beneficiary or beneficiaries, if any, will be a beneficiary in the percentage assigned to his or her respective Unit in the declaration.

5.17. **RIGHT OF OWNERS TO INSURE UNITS**. Any insurance procured or maintained by the Board of Directors, or managing agent or manager, as the case may be, will be without prejudice to the right of each Unit owner to procure and maintain the Unit insurance as he or she sees fit.

5.18. **RULES AND REGULATIONS**. Rules and regulations concerning the use of the Common Elements and of individual Units may be promulgated and amended from time to time by the Board of Directors with the approval of a majority of Unit owners. Copies of all rules and regulations will be furnished by the Board of Directors to each Unit owner prior to their effective date. Initial rules and regulations, which will be effective until amended by the Board of Directors with the approval of a majority of Unit owners, are shown in Exhibit A attached hereto and incorporated by reference.

5.19. **ABATEMENT OF VIOLATIONS**. Violation of any provision of the declaration, of these Bylaws, or of any relevant rule or regulation, will give the Board of Directors, acting on behalf of all Unit owners, the right, in addition to any other rights set forth:

- (a) To enter any Unit in or as to which the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit owner, any thing or condition constituting the violation or breach; and the Board of Directors will not be deemed guilty of trespass in so doing; or
- (b) To enjoin, abate, or remedy the continuance of the violation or breach by appropriate legal proceedings, or to bring an action for recovery of damages.

ARTICLE 6. MORTGAGES AND DEEDS OF TRUST

6.1. **NOTICE OF ENCUMBRANCE.** An owner who mortgages his or her Unit or deeds his or her Unit in trust will, within ten days after the mortgage or deed of trust has been executed, notify the manager, managing agent, or secretary of the Association of the name and address of his or her mortgagee or trust deed beneficiary; and the secretary will maintain the information in a book entitled “Mortgagees of Units.”

6.2. **PAYMENT OF ASSESSMENTS.** No Unit owner will be permitted to convey, mortgage, deed in trust, pledge, sell, or lease his or her Unit unless and until he or she has paid in full to the Board of Directors all unpaid charges assessed against his or her Unit, and until he or she has satisfied all unpaid liens against his or her Unit other than mortgage liens.

6.3. **NOTICE OF UNPAID ASSESSMENTS.** The secretary of the Association will, at the request of a mortgagee or trust deed beneficiary of an Unit, report any unpaid assessments due from the owner of such Unit.

6.4. **NOTICE OF DEFAULT.** On giving notice to an Unit owner of a default, whether in payment of common charges or otherwise, the Board of Directors will send a copy of the notice to each holder of a mortgage secured by the Unit, or trust deed beneficiary of the Unit, whose name and address appears in the book entitled “Mortgagees of Units.”

6.5. **INSPECTION OF BOOKS.** Unit owners, mortgagees, and beneficiaries under deeds of trust covering Units will be permitted to inspect the books of account of the condominium at reasonable times during business hours.

ARTICLE 7. SALES AND LEASES OF UNITS

7.1. **COMPLIANCE WITH ARTICLE.** No Unit owner may sell or lease his or her Unit or any interest therein except by complying with the provisions of this article.

7.2. **SEVERANCE OF OWNERSHIP.** Any sale of an Unit must include the sale of the undivided interest in the Common Elements appurtenant to that Unit; the interest of the seller in any Units acquired by the Board of Directors, or the proceeds of the sale or lease thereof; and the interest of the seller in any other assets of the condominium (collectively referred to as appurtenant interests). No part of the appurtenant interests of any Unit may be sold, transferred, or otherwise disposed of; except as part of a sale, transfer, or other disposition of the Unit to which the interests are appurtenant; or as a

part of a sale, transfer, or other disposition of such part of the appurtenant interests of all Units. Any deed, mortgage, deed of trust, or other instrument purporting to affect an Unit or one or more appurtenant interests without including all interests will be deemed to include the interest or interests that were omitted; it being the intention to prevent any severance of combined ownership of Units and their appurtenant interests.

ARTICLE 8. EMINENT DOMAIN

8.1. **CONDEMNATION OF COMMON ELEMENTS.** If all or any part of the general or limited Common Elements is taken, injured, or destroyed by eminent domain, each Unit owner will be entitled to participate, through the Association, in the proceedings incident thereto. However, any damages will be for the taking, injury, or destruction as a whole, and will be collected by the Board of Directors. If those Unit owners entitled to exercise sixty percent (60%) or more of the total voting power of the Association duly and promptly approve the repair and restoration of the general or limited Common Elements, the Board of Directors will contract for repair and restoration, and will disburse the proceeds of the award in appropriate progress payments to contractors engaged in repair and restoration. If the proceeds of the award are insufficient to defray the entire expense of repair and restoration, the excess of the expense over the proceeds will be treated as a common expense or limited common expense. In the event that those Unit owners entitled to exercise sixty percent (60%) or more of the total voting power of the Association do not duly and promptly approve the repair and restoration of the Common Elements, the net proceeds will be divided by the Board of Directors among all Unit owners in proportion to their respective general or limited common interests, as the case may be, paying out of the share of each Unit owner the amount of any unpaid liens on his or her Unit, in the order of priority of the liens.

8.2. **CONDEMNATION OF UNITS.** If all or any part of any Unit or Units, other than the undivided interest or interests in the general and limited Common Elements appurtenant thereto, is taken, injured, or destroyed by eminent domain, each Unit owner so affected will be entitled to participate directly in the proceedings incident thereto. Any damages will be payable directly to the Unit owner or owners.

ARTICLE 9. RECORDS

9.1. **RECORDS.** The manager, managing agent, and Board of Directors will keep detailed records of all actions of the manager, managing agent, and Board of Directors, as well as minutes of the meetings of the Board of Directors, minutes of the meetings of the Owners' Association, and financial records and books of account for the condominium, including a chronological record of all receipts and disbursements. A separate account will also be kept for each Unit containing, among other things, the amount of each assessment against the Unit, the date when due, amounts paid, and the balance remaining due. The Board of Directors will also prepare a quarterly written report summarizing receipts and disbursements of the condominium, copies of which will be made available to all Unit owners. Additionally, an annual report of receipts and disbursements of the condominium, certified by an independent certified public accountant, will be rendered

by the Board of Directors to all Unit owners, mortgagees, and trust deed beneficiaries requesting it, promptly after the end of each fiscal year.

ARTICLE 10. MISCELLANEOUS

10.1. **NOTICES**. All notices required or permitted to be sent to the Board of Directors will be sent by registered or certified mail in care of the manager or managing agent, or if there is no manager or managing agent, to the office of the Board of Directors at 8012 Bee Caves Road, Austin, Texas 78746, or to such other address as the board may, from time to time designate. All notices required or permitted to be sent to any Unit owner will be sent by registered or certified mail to the condominium or to such other address as the owner may have designated in writing to the Board of Directors. All notices to Unit mortgagees or trust deed beneficiaries will be sent by registered or certified mail to their respective addresses, as maintained by the secretary in the book entitled "Mortgagees of Units." All notices will be deemed to have been given when mailed, except notices of change of address which will be deemed to have been given when received.

10.2. **WAIVER**. No restriction, condition, obligation, or provision contained in these Bylaws will be deemed to have been abrogated or waived by reason of any failure to enforce it, irrespective of the number of violations and failures to enforce that may occur.

10.3. **INVALIDITY**. If any provision or provisions of these Bylaws is or are declared invalid, the invalidity will in no way impair or affect the validity, enforceability, or effect of the remaining provisions of these Bylaws.

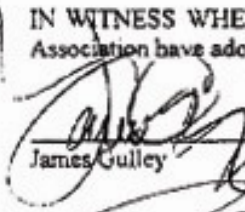
10.4. **CAPTIONS**. Captions are inserted in these Bylaws for convenience and reference only, and will not be taken in any way to limit or describe the scope of these Bylaws or any provision thereof.

10.5. **AMENDMENTS**. These Bylaws may be amended or supplemented by the vote of those Unit owners entitled to exercise 80% percent or more of the total voting power of the Owners' Association at a meeting of the Association duly called and held for this purpose.

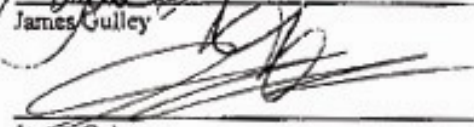
10.6. **CONFLICTS**. These Bylaws are intended to comply with the requirements of, and are written according to Sections 81.001 et seq. of the Property Code. If these Bylaws or any provisions here are so construed as to be in conflict with the provisions of these statutes or of the declaration of the condominium regime, the provisions of the statutes or of the declaration, as the case may be, will control.

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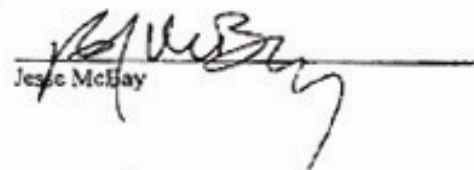
IN WITNESS WHEREOF, the undersigned members of the Board of Directors of the Association have adopted these Bylaws to be effective as of March 5, 2007.



James Gulley



James Coleman



Jesse McBay

Form 202

Secretary of State
 P.O. Box 13697
 Austin, TX 78711-3697
 FAX: 512/463-5709



**Certificate of Formation
 Nonprofit Corporation**

Filed in the Office of the
 Secretary of State of Texas
 Filing #: 800781933 03/04/2007
 Document #: 162351130002
 Image Generated Electronically
 for Web Filing

Filing Fee: \$25

Article 1 - Corporate Name

The filing entity formed is a nonprofit corporation. The name of the entity is :

The Hillside Condominium Owners Association, Inc.

The name must not be the same as, deceptively similar to that of an existing corporate, limited liability company, or limited partnership name on file with the secretary of state. A preliminary check for the "name availability" is recommended.

Article 2 – Registered Agent and Registered Office

A. The initial registered agent is an organization (cannot be corporation named above) by the name of:

OR

B. The initial registered agent is an individual resident of the state whose name is set forth below:

Name:

Jesse McBay

C. The business address of the registered agent and the registered office address is:

Street Address:

8012 Bee Caves Road, Suite 300 Austin TX 78746

Article 3 - Management (Complete items A or B)

A. Management of the affairs of the corporation is to be vested solely in the members of the corporation.

OR

B. Management of the affairs of the corporation is to be vested in its board of directors. The number of directors, which must be a minimum of three, that constitutes the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting or until their successors are elected and qualified are set forth below.

Director 1: **Jesse McBay**

Title: **Director**

Address: **8012 Bee Caves Road, Suite 300 Austin TX, USA 78746**

Director 2: **James Coleman**

Title: **Director**

Address: **8012 Bee Caves Road, Suite 300 Austin TX, USA 78746**

Director 3: **James Gulley**

Title: **Director**

Address: **8012 Bee Caves Road, Suite 300 Austin TX, USA 78746**

**Article 4 - Organization Structure
 (You must select either A or B below)**

A. The corporation will have members.

B. The corporation will not have members.

Article 5 - Purpose

The corporation is organized for the following purpose or purposes:

To act as the owners' association for The Hillside, a residential condominium development as created pursuant to that certain Condominium Declaration for The Hillside, a Condominium Project in Travis County, Texas, as recorded under Document No. 2006207830 of the Official Public Records of Travis County, Texas

Supplemental Provisions / Information

1. The corporation shall indemnify any director or officer or former director or officer of the corporation for expenses and cost (including attorney's fees) actually and necessarily incurred by him in connection with any claim asserted

against the director or officer by action in court or otherwise by reason of being or having been the director or officer, except in relation to matters as to which the officer or director is guilty of gross negligence or willful misconduct in respect of the matter in which indemnity is sought.

2. The members of the Board of Directors, the officers of the corporation, and committee members of the Association shall not be liable to any member or any person claiming by or through any member for any act or omission of the director or officer in the performance of his duties unless the director's or officer's act or omission is: (1) a breach of a duty of loyalty to the corporation or its members, (2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, (3) a transaction from which a director or officer receives an improper benefit, whether or not the benefit resulted from an action taken within the scope of the person's office, or (4) an act or omission for which the liability of the director is expressly provided for by a statute. The corporation shall indemnify all such directors and officers from all claims, demands, actions and proceedings and any expenses in connection therewith except if the director or officer has acted in violation of the foregoing. The Board of Directors may purchase (but is not required to purchase) directors and officers liability insurance.

3. The business and affairs of this corporation shall always be conducted so that the corporation does not exercise any power or engage directly or indirectly in any activity that would invalidate its status as a corporation which is exempt from federal income taxation under. 501 (c) (4) of the Internal Revenue Code of 1986, as amended.

4. In the event of dissolution of, the corporation, the assets of the corporation shall belong to the members of the corporation at the time of dissolution, pro rata according to the respective members' percentage ownership of common area of The Hillside.

[The attached addendum, if any, is incorporated herein by reference.]

Effectiveness of Filing

A. This document becomes effective when the document is filed by the secretary of state.

OR

B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of its signing. The delayed effective date is:

Organizer

The name and address of the organizer are set forth below.

Steven M. Bowers **3724 Jefferson, Suite 306, Austin TX 78731**

Execution

The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument.

Steven M Bowers

Signature of organizer.