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**BYLAWS**  
**OF**  
**THE CHAMPIONS ESTATES RESIDENTIAL OWNERS ASSOCIATION, INC.**  
**A Texas Non-Profit Corporation**

(Also known as the Estates at Champions Run Homeowners Association)

**ARTICLE I**

**GENERAL**

**Section 1. Definitions.** In addition to words and terms defined in other provisions of these Bylaws, the following words, when used in these Bylaws, unless the context shall prohibit, shall have the following meanings:

- (a) "Architectural Committee" and "Architectural Control Committee" shall mean the committee created pursuant to the Declaration to review and approve plans for the construction of Improvements upon the Property.
- (b) "Architectural Control Committee Rules" shall mean the rules and regulations adopted by the Architectural Control Committee, as the same may be amended from time to time.
- (c) "Articles" shall mean the Articles of Incorporation of the Association, that have been filed in the office of the Secretary of State of the State of Texas, as the Articles may from time to time be amended.
- (d) "Assessment" or "Assessments" shall mean such assessments as may be levied by the Association under the terms and provisions of the Declaration.
- (e) "Association" shall include the terms the Champions Estates Residential Owners Association, Inc., a Texas non-profit corporation, and the Estates at Champions Run Homeowners Association.
- (f) "Association Property" shall mean all real or personal property now or hereafter owned by or leased to the Association.
- (g) "Board" shall mean the Board of Directors of the Association.
- (h) "Bylaws" shall mean the Bylaws of the Association adopted by the Board and as amended from time to time.
- (i) "Common Area" shall mean all real property, including streets and roadways, including the improvements thereto, conveyed to the Association by Plat

dedication or otherwise. The Common Area shall be owned by the Association for the common use and enjoyment of the Owners. The original Declarant, Champions Estates, Ltd., has designated common Areas.

- (j) "Declarant" shall mean Champions Estates Residential Owners Association, Inc.
- (k) "Declaration" shall mean the Declaration of Covenants, Conditions and Restrictions for Estates at Champions Run, filed in the Real Property Records of Bexar County, Texas, and amendments thereto.
- (l) "Estates at Champions Run Rules" shall mean the rules and regulations adopted by the Board, as the same may be amended from time to time.
- (m) "Improvement" shall mean every structure and all appurtenances thereto of every type and kind, including, but not limited to, buildings, outbuildings, storage sheds, patios, exterior lighting, tennis courts, swimming pools, garages, storage buildings, fences, screening walls, retaining walls, stairs, decks, landscaping, poles, signs, exterior air conditioning, water softener fixtures or equipment, and poles, pumps, wells, tanks, reservoirs, pipes, lines, meters, antennas, towers and other facilities used in connection with water, sewer, gas, electric, telephone, regular or cable television, or other utilities.
- (n) "Landscaping" shall mean growing plants, including grass, vines, ground cover, trees, shrubs, flowers, and bulbs, and related materials, including mulch, landscape edging and underground irrigation systems.
- (o) "Lot" or "Lots" shall mean any parcel or parcels of land within the Property shown as a subdivided lot on a Plat of a Subdivision out of the Property, together with all the Improvements located thereon.
- (p) "Manager" shall mean the person, firm or corporation, if any, employed by the Association pursuant to the Declaration and these Bylaws and delegated the duties, powers and functions of the Association as provided in Section 9(h) of Article 11 hereof.
- (q) "Member" or "Members" shall mean any person, persons, entity or entities holding membership rights in the Association.
- (r) "Mortgage" shall mean any mortgage or deed of trust covering any portion of the Property given to secure the payment of a debt.
- (s) "Mortgagee" or "Mortgagees" shall mean the holder or holders of any Mortgage or Mortgages.

- (t) "Owner" or "Owners" shall mean a person or persons, entity or entities, including Declarant, holding a fee simple interest in any portion of the Property, but shall not include a Mortgagee.
- (u) "Person" or "Persons" shall mean any individual, individuals, entity or entities having the legal right to hold title to real property.
- (v) "Plans and Specifications" shall mean any and all documents designed to guide or control the construction or erection of any Improvement including but not limited to, those indicating location, size, shape, configuration, materials site plans, excavation and grading plans, foundation plans, drainage plans, landscaping and fencing plans, elevation drawings, floor plans, specifications on all building products and construction techniques, samples of exterior colors, plans for utility services and all other documentation or information relevant to such improvement
- (w) "Property" shall mean that real property that is subject to the terms of the Declaration, as described on Exhibit "A" to the Declaration, together with any land that is added to the terms thereof as provided in Section 2.02 of the Declaration.
- (x) "Subdivision" shall mean a portion of the Property that is subdivided for residential purposes as shown on a map or plat of record in the Plat Records of Bexar County, Texas.

**Section 2. Other Definitions.** Other terms are defined in other provisions of these Bylaws and shall have the meanings set forth in such other provisions of these Bylaws.

## ARTICLE II

### OWNERS ASSOCIATION

**Section 1. Members.** Any Person upon becoming an Owner shall automatically become a Member of the Association. Membership shall be appurtenant to and shall run with the property interest that qualifies the Owner thereof for membership. Membership may not be severed from, or in any way transferred, pledged, mortgaged, or alienated except together with title to such property interest

**Section 2. Voting Rights.** The right to cast votes and the number of votes that may be cast for election of members to the Board of Directors of the Association, and on all other matters to be voted on by the Members, shall be such that the Owner of each Lot within the Property shall have one vote for each Lot so owned.

**Section 3. Semiannual Meetings.** There shall be semiannual meetings of the Members of the Association at a time and place set by the Board; provided, however, that such meetings

shall be held on days other than Saturday, Sunday or a holiday and shall be on days during March and during October of each year.

**Section 4. Quorum.** Members holding fifty-one percent (51%) of the votes of all Members entitled to be cast, represented in person or by legitimate proxy shall constitute a quorum at any legally constituted meeting of the Association. If any meeting of the Association cannot be organized because a quorum is lacking, then by a majority vote of the Members present, either in person or by proxy, the meeting may be adjourned and reconvened not less than ten (10) nor more than thirty (30) days from the date on which such meeting was to have been held originally. If notice of a meeting adjourned hereunder was required hereunder, notice of reconvening of the adjourned meeting, including all specific information required to be included in the notice of the adjourned meeting, shall be delivered as provided herein not less than three (3) days prior to the date fixed for the reconvened meeting.

**Section 5. Voting.** The vote of the majority of the aggregate votes entitled to be cast by the Members present or represented by legitimate proxy at a legally constituted meeting at which a quorum is present shall be the act of the Members, except where a vote by a greater percentage is required pursuant to other provisions of the Declaration, the Articles, these Bylaws or a governmental requirement. Any Owner, including Declarant, may give a revocable written proxy to any person authorizing such person to cast all or any portion of the Owner's votes on any matter. Such written proxy shall be executed in writing by the Owner or by his duly authorized attorney in fact, but no such proxy shall be valid for a period of greater than eleven (11) months. The cumulative system of voting shall not be allowed. The rights of any Owner to cast votes on Association matters shall automatically be suspended during any period of time when such Owner owes any past due Assessments to the Association. Any Owner may collaterally assign his voting rights hereunder to the Mortgagee of a first Mortgage affecting the Lot or Lots owned by such Owner, which said assignment shall not be effective until written notice thereof is actually received by the Association, together with evidence of such assignment.

**Section 6. Notice.** Any notice which shall be given to a Member with respect to any meeting or any other purpose shall be deemed to have been properly delivered when personally delivered or when deposited in the United States mail with postage prepaid and addressed to the Member's address as it appears in the records of the Association. Any notice required or permitted to be given to a Member hereunder may be waived by execution of a written waiver by such Member.

### ARTICLE III

#### BOARD OF DIRECTORS

**Section 1. Number.** The authorized number of members (the "Directors") that shall constitute the Board is five (5). By amendment to the Bylaws, the authorized number of Directors may be increased or decreased, but never decreased below three (3). No decrease shall have the effect of shortening the term of any incumbent Director. Increases in positions authorized shall be filled only by election, not by appointment.

**Section 2. Elections and Appointments.**

- (a) **Elections.** The Secretary of the Board shall supervise the election of Board Members as herein delineated. Not later than August 1 of each year that a Board position will expire or will otherwise be vacant the Secretary of the Board will request in writing from each Member of the Association nominations to fill such position(s). Not later than the following September 1 the Secretary will mail each Member of the Association a ballot listing all Board nominees and requesting each member to vote for as many candidates as there are contemplated vacancies, with provisions for write-in candidates. Each ballot will indicate the number of Lots owned by the Member, and will be counted consistent with the provisions of Section 2 of Article II of these Bylaws. The signed and completed ballots shall be sent to the Secretary by return mail not later than September 30. The Secretary and one other Member of the Association who is selected by the President of the Board and who is not on the Board nor is a candidate for Board membership shall tabulate and certify the results of the election. The Secretary shall announce the results of the election at the following October Semiannual Meeting of the Association.

**Section 2. Appointments.** Vacancies in the Board caused by any reason other than an increase in the authorized number of Directors or the removal of a Board member by the Association shall be filled by a vote of the majority of the remaining Board members, even though they may constitute less than a quorum. Each person so appointed shall be a Board member until a successor is elected at the next October semiannual meeting of the Association or special meeting called for that purpose.

**Section 3. Terms of Office.** The term of office of each Board Member, except as noted below, shall be two (2) years and shall begin on January 1 after election. The term of office of Board Members appointed by the Board to replace a resigned or otherwise removed Board Member shall expire at the end of the calendar year appointed. (Exception: To reduce the possibility of the terms of all Board Members expiring on the same date two (2) of the five (5) Board members elected to serve beginning January 1, 2000 will be elected for a term of one (1) year. These will be the two Directors elected with the fewer number of votes.)

**Section 4. Duties and Authority.** The Association performs its duties through the Board of Directors. The Board shall perform the duties of the Association and manage the affairs of the Association, and the Board shall have such powers, duties, functions, authority and responsibility as shall be specified in the Declaration or these Bylaws or as may be delegated to it from time to time by the Members, including but not limited to the following:

- (a) Election of officers of the Association as hereinafter provided.
- (b) Administration of the affairs of the Association.
- (c) Keeping or causing to be kept sufficient books and records with a detailed accounting of the receipts and expenditures of the Assessments. Both the books

and vouchers accrediting the entries made thereon shall be available for inspection by all Owners at convenient hours on normal working days, i.e., Monday through Friday. An independent auditor shall audit the books and financial records annually.

- (d) Engaging the services of a Manager who may be delegated any of the duties and responsibilities of the Association that are to be performed by the Board pursuant to the Declaration or these Bylaws with respect to managing, maintaining and operating any areas and Improvements as are or shall become the responsibility of the Board, upon such terms and for such compensation and with specific duties and authority as the Board may approve or as may be specified in a contract of employment executed by the Board on behalf of the Association.
- (e) Promulgating rules and regulations not in conflict with the Declaration or these Bylaws.
- (f) Obtaining policies of insurance that, in the opinion of the Board, are reasonably necessary and appropriate to carry out the Association's functions.
- (g) Delegating any of its duties, powers and authority to the Manager employed by the Board.
- (h) Adopting an annual budget pursuant to Section 3 of Article V herein assessing and collecting from the Owners their respective Assessments as provided in Article V herein.
- (i) Adopting Assessments as provided in Article V below.
- (j) Providing for the designation, hiring and removal of employees and other personnel, including bookkeepers and accountants, and engaging or contracting for the services of others, and in general making purchases of labor, material and/or services.
- (k) Authorizing to convey, lease or sublease all or any of real or personal property now or hereafter owned by or leased to the Association and Improvements thereto, to grant easements across the Association Property, and to encumber the same.
- (l) In general, the Board shall have all such duties, rights and authority to do all such acts and things as are not by the Declaration or these Bylaws directed to be done or exercised exclusively by the Owners or the Association, and that shall be necessary or reasonably required for the successful and orderly administration, management and operation of the development established by the Declaration.

**Section 5. Contractual Authority.** With respect to the performance of the obligations of the Association hereunder, the Board shall have the right to contract for all goods, services

and insurance, and the exclusive right and obligation to perform the functions of the Association, except as otherwise provided herein.

**Section 6. Regular Meetings.** Regular meetings of the Board may be held at such time and place as shall be determined from time to time by the President or by a majority of the Board members, but at least four (4) such meetings shall be held during the calendar year, one of which must be held in January. Notice of the date, time and place of regular meetings shall be given to each Board member personally or by mail or telephone, at least three (3) days prior to the day designated for such meeting.

**Section 7. Special Meetings.** Special Meetings of the Board may be called by the President and shall be called by the Secretary on the written request of two (2) Board members. Notice of any special meeting of the Board shall be given to each Board member at least three (3) days before the date of the meeting.

**Section 8. Waiver of Notice.** Before or after any meeting of the Board, any Board member may waive notice of the time, date, place and purpose of such meeting by execution of a waiver thereof in writing, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a member of the Board shall be deemed as a waiver of the required notice of such meeting. If all the members of the Board are present at any meeting, no notice thereof shall be required and any business may be transacted at such meeting.

**Section 9. Quorum.** At all meetings of the Board a majority of the members of the Board shall constitute a quorum for the transaction of business, and the acts and decisions of the majority of the Board members present at any duly called meeting at which a quorum is present and of which notice was properly given or waived shall be the acts of the entire Board.

**Section 10. Action By Unanimous Consent.** Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting, if a consent in writing, specifying the actions so taken, is signed by all of the members of the Board. A unanimous consent signed by all of the Directors shall have the same force and effect as a unanimous vote at a meeting of the Directors.

**Section 11. Resignation.** Any member of the Board may resign at any time by giving written notice of resignation to any officer of the Association.

**Section 12. Removal By Association.** At any regular meeting or at any special meeting called for that purpose, the Association may by a majority vote remove any one or more members of the Board, with or without cause, provided that a successor or successors shall then and there be elected to fill the vacancy or vacancies thus created, for the unexpired term of the Board member or members removed. Any Board member whose removal has been proposed shall be given an opportunity to be heard at such meeting.

## ARTICLE IV

### OFFICERS

**Section 1. General.** The officers of the Association shall consist of a President, a Vice President, a Secretary and a Treasurer, each of whom shall be elected annually by the Board from among the Members of the Board. Elections will take place at the Board's meeting in January. The same person may not hold the offices of the President and of the Secretary. The Board shall have full authority to remove any officer from office, with or without cause, by the vote of a majority of the members of the entire Board at any time and to appoint his or her successor at any regular meeting of the Board or at any special meeting called for that purpose.

**Section 2. Duties.** The duties of the officers of the Association shall be as follows:

- (a) The President shall be the chief executive officer of the Association, and shall have general and active management and control of the business and affairs of the Association, and shall see that all orders and resolutions of the Board and Association are carried into effect. He or she shall call annual and special meetings of the Association and Board in accordance with law and these Bylaws and shall preside at all such meetings. He or she shall appoint, discharge and fix the compensation of agents and employees other than those appointed by the Board. The President shall also execute contracts, conveyances and other documents on behalf of the Association. He or she shall perform such other duties as may be prescribed from time to time by the Board.
- (b) In the absence of the President or when it is inconvenient for the President to act, the Vice President shall perform the duties and exercise the powers of the President. At any time when the Vice President is performing a duty or exercising a power of the President, any third party dealing with the Association may presume conclusively that the President was absent and that the Vice President was authorized to act in his or her place. He or she shall perform such other duties and have such other authority and powers as the Board may from time to time prescribe, or as the President may from time to time delegate.
- (c) The Secretary shall attend all meetings of the Board and of the Association and shall record all business transacted and resolutions passed at such meetings in the minutes book to be kept for that purpose and he or she shall perform like duties for standing committees, if any, when required. The Secretary shall supervise and authenticate the results of the process for electing members of the Board of Directors. The Secretary shall give, or cause to be given, notice of all meetings of the Association and regular and special meetings of the Board, and he or she shall perform such other duties as the Board may from time to time prescribe, or as the President may from time to time delegate. The Secretary shall, at least ten (10) days before each meeting of the Members, make a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order with address of, and the number of votes held by each, that list



for a period of ten (10 days prior to such meeting shall be kept on file at the registered office of the Association and shall be subject to inspection by any Member at any time during usual business hours. The Board may, if it deems it advisable, from time to time, designate one or more persons as Assistant Secretaries, who may perform the duties and exercise the powers of the Secretary when the Secretary is absent or it is inconvenient for him or her to act. Any third person dealing with the Association may presume conclusively that any Assistant Secretary acting in the capacity of the Secretary was duly authorized to act. They shall perform such other duties and have such other powers as the Board may from time to time prescribe, or as the President or Secretary may from time to time delegate.

- (d) The Treasurer shall be responsible for the custody of corporate funds and securities, shall keep full and accurate accounts and records of receipts, disbursements and other transactions and books belonging to the Association and shall deposit all funds and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board. The Treasurer shall disburse funds of the Association, as co-signatory with one other officer, as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the Board whenever they may require it an account of all his transactions as Treasurer and of the financial condition of the Association. The Treasurer shall collect dues, assessments, liens, etc., including those that are delinquent. The Treasurer shall perform such other duties and have such other authority as the Board may from time to time prescribe, or as the President may from time to time delegate. The Board may, from time to time if it deems advisable, designate one or more persons as Assistant Treasurers who may perform the duties and exercise the powers of the Treasurer if the Treasurer is absent or it is inconvenient for him or her to act. Any third person dealing with the Association shall be entitled to presume conclusively that any Assistant Treasurer, acting in the capacity of Treasurer, was duly authorized to do so. The Treasurer and/or Assistant Treasurers shall prepare a roster of the Members and the Assessments applicable thereto, and a record of the payment of such Assessments, and such records shall be kept at the principal offices of the Association and shall be open to inspection by any Member at any reasonable time during business hours. They shall perform such other duties and have such other powers as the Board may from time to time prescribe, or as the President or Treasurer may from time to time delegate.

**Section 3. Terms of Office and Vacancies.** The officers of the Association shall hold office for one year or until election by the Board at its January meeting, whichever is sooner. Any vacancy occurring in any office of the Association by death, resignation, removal or otherwise, may be filled by the Board.

**Section 4. Compensation of Officers.** The officers shall receive no compensation for their services as such, except that if the Manager or any other employee of the Association holds

any office he may be paid for the services as Manager, including performance of the duties of his office.

## ARTICLE V

### ARCHITECTURAL CONTROL COMMITTEE

**Section 1. Number.** The authorized number of voting members that shall constitute the Architectural Control Committee (ACC) is three (3). The Board may appoint up to two (2) nonvoting advisors/alternates to the ACC.

**Section 2. Appointments.** Membership on the ACC shall be by majority vote of the Board of Directors. ACC members serve at the pleasure of the Board and may be removed with or without cause at any time by majority vote of the Board. Otherwise, appointments shall be for a maximum of one year or until the January meeting of the Board, whichever is sooner.

**Section 3. Duties.** The ACC shall accomplish those duties delineated in the Declaration. The authority of the ACC and decisions therefrom shall be limited to the scope of the Declaration.

**Section 4. Resignations.** Any member of the ACC may resign at any time by giving written notice of resignation to any officer of the Association.

## ARTICLE VI

### ASSESSMENTS AND CHARGES

**Section 1. Assessments.** The Association (or to an independent entity or agency that may be designated by the Association to receive such monies) shall levy, collect and receive, through the Board and in accordance with the provisions of Article VII of the Declaration, the following Assessments: (a) the Regular Assessments (as hereinafter defined); (b) the Special Group Assessments (as hereinafter defined); and (c) the Special Individual Assessments (as hereinafter defined), together with such interest thereon and costs of collection thereof as provided below.

**Section 2. Maintenance Fund and Assessments.** The Board shall establish a maintenance fund into which shall be deposited all monies paid to the Association and from which disbursements shall be made in performing the duties and obligations of the Association. The maintenance fund shall be established from Assessments levied by the Association and any other revenues and income of the Association. The Assessments levied by the Association shall be used exclusively for the purpose of paying the costs and expenses of the Association in performing and satisfying its duties and obligations and of promoting the enjoyment and welfare of the Owners of the Property, or any part thereof, and in particular, for the payments of the costs of:

- (v) hazard insurance in connection with the Association Property and public liability insurance for the Association with respect to liabilities arising from damages or injuries sustained or occurring on the Association Property;
- (c) labor, equipment (including the expense of leasing any equipment) and material required for, and management and supervision of, the Association Property;
- (d) carrying out the duties of the Association and the Board as set forth in the Declaration and these Bylaws and of the Architectural Committee as set forth in the Declaration;
- (e) carrying out the purposes of the Association as stated in the Articles;
- (f) carrying out the various matters set forth or envisioned in the Declaration;
- (g) reimbursing the reasonable expenses of, and paying reasonable compensation, to (in such amounts, if any, established by the Board) the members of the Architectural Committee for the performance of their duties under the Declaration;
- (h) taxes, if any, on any portion of the Association Property;
- (i) any and all accounting, processing, bookkeeping and auditing expenses incurred in the operation of the Association, including but not limited to expenses relating to the collection and disbursement of Assessments, expenses incurred in the preparation of financial reports and any other accounting activities usually incurred by non-profit incorporated owner's associations in Bexar County, Texas;
- (j) any and all expenses associated with the management and operation of the Association, including but not limited to salaries and fees of any Manager, management personnel and security personnel (including any employees of Declarant who provide management or security services to the Association, the use of such employees and the payment of reasonable salaries to such employees by the Association being expressly authorized hereby), office supplies and equipment, rent for office space, utilities, and tenant finish-out expenses;
- (k) any and all bank or other financial institution fees relating to the Association's accounts and interest on short term loans to the Association;
- (l) any and all expenses relating to the maintenance, cleaning, repair and/or replacement, or the employment of any person to maintain, clean, repair and/or replace the Association Property, the right-of-ways adjacent to the Property and any improvements thereon or thereto, including, without limitation, the following: streets, curbs and gutters, open and closed storm sewers, pavement, crosswalks, painted street directionals, street and pedestrian signage, street embankments, retaining walls,

medians and median landscaping, pedestrian foot paths, pedestrian tunnels under roadways, light posts and lighting in street right-of-ways, drainage and repair of lakes, park benches, picnic areas, special events areas, lighting on the Association Property, sidewalks, sprinkler systems, landscaping, irrigation, fertilization, and removal of trash and debris on the Association Property;

- (m) the general operating and administrative expenses of the Architectural Committee; and
- (n) any other purposes required by the Declaration, the Articles or these Bylaws. Assessments for the costs referenced in the immediately preceding sentence, as levied pursuant to Article V, Section 3 of these Bylaws, are referred to herein as the "Regular Assessments."

Special Assessments for costs ordinarily covered by Regular Assessments but that were not anticipated or that were not included in the budget that formed the basis of the Regular Assessments are referred to herein as the "Special Group Assessments." Special Assessments for any of the costs referenced in this Article V, Section 2 that result from (i) requests of the Owner of a Lot for approval by the Architectural Committee of the plans and specifications for any Improvements to be placed on such Lot and the performance of the Architectural Committee's duties and obligations with respect to such approval, (ii) the negligence or willful misconduct of an Owner, or any costs or liabilities of the Association incurred as the result of the actions or omissions of an Owner or (iii) the failure or refusal of an Owner to comply with or satisfy any of the requirements and provisions of the Declaration are referred to herein as the "Special Individual Assessments."

**Section 3. Regular Assessments.** Prior to the levying of the first Regular Assessments by the Board, the Board shall adopt a budget ("Budget") based upon: (i) anticipated expenses to be incurred by the Association during the remainder of the then current calendar year, that said expenses shall include only expenditures for the approved purposes set forth in Section 2 of this Article V; plus (ii) a reasonable provision for contingencies and appropriate replacement reserves; less (iii) any expected income. The Board will send written notice of the proposed Budget to each Owner at least ten (10) but not more than fifty (50) days prior to the date the Board will vote on the proposed Budget. Owners will not have the right to vote for or against the proposed Budget, but any Owner may attend the meeting in which the Board will approve or disapprove the proposed Budget. Thereafter, prior to the beginning of each calendar year, the Board shall approve a Budget by following the same procedure set forth herein for the approval of the Budget for the first year. At the end of any given year, any surplus sums that are not disbursed proportionately among the Owners will be applied by the Association to reduce the Budget needed for the year. In the event that prior to the commencement of any particular calendar year, a Budget has not been approved for that particular year, then Regular assessments will be based upon the Budget for the prior year until such time as a Budget for the current year has been approved. The Association may increase or decrease the Regular Assessments each year from the prior year as the Association deems necessary. The board annually shall set the Regular Assessments for the ensuing 12 months based on the Budget for such period. The amount of any Assessment against each Lot shall be determined by dividing the total amount

determined by the Board to be necessary pursuant to Section 7.03 and/or 7.04 of the Declaration by the total number of Lots within the Property at the time the Assessment is levied, as determined by reference to each plat of a portion of the Property that is of record at the time the Assessment is levied.

**Section 4. Special Group Assessments.** The Board may set Special Group Assessments at any time relating to costs incurred by the Association that are intended to be covered by the Regular Assessments but that were unanticipated or not included in the Budget that formed the basis of the Regular Assessments for the year in which such unanticipated or not included costs were incurred or arose. The Special Group Assessments shall be allocated and assessed against the Lots in the same manner as are the Regular Assessments.

**Section 5. Special Individual Assessments.** The Board may set Special Individual Assessments from time to time as such costs intended to be covered thereby are incurred by the Association. The Special Individual Assessments shall be assessed only against the Lot owned by the Owner or Owners whose negligence, willful misconduct or other actions resulted in the such costs incurred..

**Section 6. Date of Commencement of Assessments; Due Dates.** The initial Regular Assessments provided for herein shall commence on a date fixed by the Board to be the date of commencement and shall be payable in a single annual payment, in installments on a monthly or trimester basis, or in such other manner as the Board may designate. The due date or dates, if to be paid in installments, of any Special Group Assessment or Special Individual Assessment shall be set by the Board not earlier than 30 days after notice of such assessment is given to the Owners. Where an Owner's obligation to pay Assessments first arises after the commencement of the year or other period for which an Assessment was levied, such Assessment shall be in a prorated amount proportionate to the fraction of the year or other period remaining after said date.

**Section 7. Duties of the Board and of the Owners with Respect to Assessments.** In the event of a sale of any Lot, it shall be the sole obligation of the selling Owner (and not the Association) to disclose to any buyer whether or not there are any unpaid Assessments. A copy of such disclosure notice shall be delivered to the Board when it is given. Upon written request, the Board shall provide any Owner a certificate in writing signed by an officer of the Association setting forth whether any applicable Assessments have been paid. Such certificate shall be conclusive evidence of the payment for any Assessment therein stated to have been paid.

**Section 8. Interest on Unpaid Assessments.** If any Assessment or part thereof is not fully paid within 30 days after the due date, the unpaid amount of such Assessment shall bear interest from the date of delinquency at the maximum legal rate of interest, and if there is no maximum legal rate of Interests then at the rate of 2% per month, and the Association, at its election, may retain the services of any attorney for collection and/or to foreclose the lien against the Lot against which such unpaid Assessment has been made and/or pursue any other remedy that the Association may have under the Declaration or these Bylaws, at law or in equity, and there shall be added to the amount of such unpaid Assessment any and all collection costs incurred hereunder by the Association including reasonable attorney's fees and costs of suit.

**Section 9. Liens to Secure Assessments; Enforcement of Lien; Payment of Assessment Upon Sale of Lot; Personal Liability for Assessments.** Under the terms of Section 7.05 of the Declaration, the Assessments imposed against each Lot are the personal and individual debt of the Owner of the subject Lot. Under the terms of Section 7.06 of the Declaration, the Association is granted a continuing lien and charge on the Lot owned by each such Owner and all Improvements. Reference is made to Section 7.06 of the Declaration for the terms and conditions of such continuing lien and charge, each Owner's personal liability for Assessments, the enforcement and foreclosure of such continuing lien and charge and the respective rights, powers, duties and obligations of the Association, the Board and the Owner of each Lot with respect to the subject continuing lien and charge.

**ARTICLE VII**

**MISCELLANEOUS**

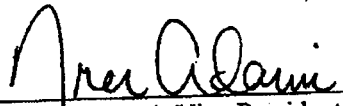
**Section 1. Resolutions.** Resolutions, Rules and regulations adopted by the Board from time to time, pursuant to the Declaration or these Bylaws or in the exercise of its duties that do not amend these Bylaws, need not be filed for record in the County Clerk's office, but the records thereof shall be kept in the minute book.

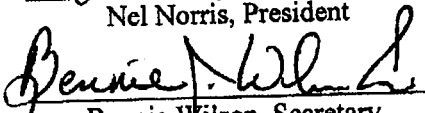
**Section 2. Amendment by the Board.** The Board may at any time alter, amend and repeal such Bylaws or adopt new Bylaws, all by a vote of a majority of the Directors.

**Section 3. Declaration.** The Association shall at all times be subject to, and operated in conformity with, the terms of the Declaration and any amendments to the Declaration recorded in the Real Property Records of Bexar County, Texas, which Declaration and any amendments to the Declaration are incorporated as a part hereof. If any provision of these Bylaws conflict with the provisions of the Declaration, the applicable provision of the Declaration shall control.

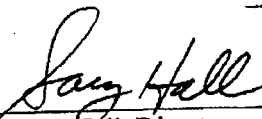
IN WITNESS WHEREOF, the Directors of Champions Estates Residential Owners Association have executed these Bylaws as of the 11<sup>th</sup> day of July, 1999.

  
\_\_\_\_\_  
Nel Norris, President

  
\_\_\_\_\_  
Tres Adami, Vice President

  
\_\_\_\_\_  
Bennie Wilson, Secretary

  
\_\_\_\_\_  
Marlene Merritt, Treasurer

  
\_\_\_\_\_  
Gary Hall, Director