

Ridgmar Crossroads Condominiums, Inc.  
 (formerly Dondi Residential Properties, Inc.)  
**DECLARATION & MASTER DEED**  
 Dated 19 September 1983

NOTICE: Section 8.01© of this instrument is subject to arbitration under the Texas General Arbitration Act, Articles 224 through 238-b, Texas revised civil statutes annotated, as amended.

(This is not an original, official document.)

**TABLE OF CONTENTS**

| <b>ARTICLE</b> | <b>DESCRIPTION</b>                                   | <b>PAGE</b> |
|----------------|--|-------------|
|                |  |             |
| <b>1</b>       | <b>DEFINITIONS</b>                                   | <b>5</b>    |
|                |  |             |
| <b>2</b>       | <b>PROPERTY SUBJECT TO THIS DECLARATION</b>          | <b>9</b>    |
| 2.01           | Description and Ownership of Project and Apartments  | 9           |
| 2.02           | Parking Spaces                                       | 9           |
| 2.03           | Balconies and Patios                                 | 9           |
| 2.04           | Ownership of Common Elements                         | 9           |
| 2.05           | Alteration of Apartments                             | 10          |
| 2.06           | Easements  | 10          |
| 2.07           | Encroachments  | 11          |
| 2.08           | Sale of Interest in Common Elements                  | 11          |
| 2.09           | Addition of Additional Property to the Project       | 11          |
|                |  |             |
| <b>3</b>       | <b>ORGANIZATION &amp; MANAGEMENT</b>                 | <b>12</b>   |
| 3.01           | The Board of Directors                               | 13          |
| 3.02           | Voting   | 13          |
| 3.03           | Election, Tenure & Proceedings of Board of Directors | 13          |
| 3.04           | Consent of Owners In lieu of Meeting                 | 14          |
| 3.05           | Delegation   | 14          |
| 3.06           | Powers and Duties of Board of Directors              | 15          |
| 3.07           | Additional Rights, Powers & Duties of the Board      | 16          |
| 3.08           | Board Powers, Exclusive                              | 19          |
| 3.09           | Membership in the Association                        | 19          |
| 3.10           | Limited Liability of the Board & the Owners          | 19          |

|          |   |           |
|----------|---|-----------|
| 3.11     | Availability of Records   | 20        |
| <b>4</b> | <b>ASSESSMENTS – MAINTENANCE FUND</b>   | <b>21</b> |
| 4.01     | Estimated Cash Requirements; Assessments  | 21        |
| 4.02     | Omission of Assessments   | 21        |
| 4.03     | Detailed Records  | 21        |
| 4.04     | Commencement of Payment of Assessments; Taxes                                     | 22        |
| 4.05     | Maintenance Fund; Working Capital Fund  | 22        |
| 4.06     | No Exemption from Liability   | 23        |
| 4.07     | Default in Payment of Assessments   | 23        |
| 4.08     | Payment of Assessments Upon Sale or Conveyance of a Condominium                   | 25        |
| 4.09     | Capital Assessments   | 26        |
| <b>5</b> | <b>PROVISIONS WITH RESPECT TO APARTMENTS, THE COMMON ELEMENTS &amp; MORTGAGES</b> | <b>27</b> |
| 5.01     | Each Owner's Obligation to Repair   | 27        |
| 5.02     | Alterations, Additions & Improvements   | 27        |
| 5.03     | Restrictions on Use of Apartments & Common Elements                               | 28        |
| 5.04     | Liability of Owners for Negligence  | 29        |
| 5.05     | Rules of the Board  | 29        |
| 5.06     | Abatement of Violations; Powers to Enforce Declaration of Owners                  | 29        |
| 5.07     | Advances  | 30        |
| 5.08     | Failure of the Board to Insist on Strict Performance; No Waiver                   | 31        |
| 5.09     | Mortgagee Protection Provisions   | 31        |
| 5.10     | Right of Access   | 33        |
| 5.11     | Use by Developer  | 33        |
| 5.12     | Transfers   | 34        |
| 5.13     | Right of Ingress and Egress   | 34        |
| <b>6</b> | <b>INSURANCE</b>  | <b>35</b> |
| 6.01     | Maintenance of Hazard Insurance   | 35        |
| 6.02     | Insurance Trustee   | 36        |
| 6.03     | Maintenance of Liability Insurance  | 38        |
| 6.04     | Flood Insurance   | 38        |
| 6.05     | Fidelity Bonds  | 39        |
| 6.06     | Governing Provisions  | 39        |
| 6.07     | Premiums  | 40        |
| 6.08     | Distribution of Proceeds  | 41        |

|          |                                 |           |
|----------|---------------------------------|-----------|
| 6.09     | Responsibility of Each Owner    | 41        |
|          |                                 |           |
| <b>7</b> | <b>DAMAGE &amp; DESTRUCTION</b> | <b>42</b> |
| 7.01     | Reconstruction or Repair        | 42        |
| 7.02     | Insufficiency of Proceeds       | 42        |
|          |                                 |           |
| <b>8</b> | <b>MISCELLANEOUS</b>            | <b>44</b> |
| 8.01     | Eminent Domain                  | 44        |
| 8.02     | Audit                           | 46        |
| 8.03     | Personal Property               | 46        |
| 8.04     | No Partition                    | 47        |
| 8.05     | Effect & Interpretation         | 47        |
| 8.06     | Amendment                       | 48        |
| 8.07     | Severability                    | 49        |
| 8.08     | Power of Attorney               | 49        |

**DECLARATION & MASTER DEED**  
for  
Ridgmar Crossroads Condominiums, Inc.  
(with Deed of Trust to Secure Assessment)

This Declaration & Master Deed made this 19<sup>th</sup> day of September 1983, by Dondi Residential Properties, Inc., a Texas corporation (Developer), pursuant the provisions of the Texas Condominium Act, Article 1301a of the Texas Revised Civil Statutes (the Act), for the purpose of submitting the hereinafter described real property and the improvements located thereon to a condominium regime:

**WITNESSETH:**

Whereas, Developer is the owner of certain real property consisting of a total of approximately 3.15 acres of land (the Land) located in Tarrant County, Texas, as more particularly described on Exhibit A attached hereto and made a part hereof for all purposes, together with twelve (12) buildings (the Buildings) containing a total of forty-five (45) apartment units, covered and uncovered parking areas, and certain other improvements located thereon (the Land and improvements located thereon being sometimes hereinafter called the Project); and

Whereas, it is the desire and intention of Developer, by recording this Declaration & Master Deed, to establish a Condominium Project (as defined in the Act) to be know as Ridgmar Condominiums, Inc. under the provisions of the Act and to impose upon the Project mutually beneficial restrictions under a general plan for the benefit of all of the Condominium apartments contained therein and the Owners thereof.

Now, therefore, Developer does, upon the recording hereof, establish the Project as a Condominium Project under the Act and does hereby declare that the Project shall, after such establishment, be held, conveyed, hypothecated, encumbered, issued, rented, used, occupied, and improved and in any other manner utilized, subject to the provision of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Declaration & Master Deed, all of which are declared and agreed to be in furtherance of a plan for the improvement of said property and the division thereof into Condominiums, and all of which shall run with the Land and shall be binding on all parties (including Owners, as hereafter defined) having or acquiring any right, title, or interest in the Project or any part thereof, and shall be for the benefit of each Owner of any portion of the Project, or any interest therein, and shall inure to the benefit of and be binding upon each successor in interest of the Owners thereof.

**ARTICLE 1**  
**DEFINITIONS**

Certain terms as used in this Declaration shall be defined as follows, unless the context clearly indicates a different meaning therefor:

1. **Act** shall mean the Texas Condominium Act, Article 1301a of the Texas Revised Civil Statutes, and as the same may be amended from time to time.
2. **Additional Property** shall mean the land adjacent to the Property situated in the County of Tarrant containing approximately 11.21 acres and being more particularly described on Exhibit attached hereto and made a part hereof for all purposes.
3. **Apartment** shall mean an enclosed space consisting of one (1) or more rooms occupying all or part of a floor in a building of one (1) or more floors or stories regardless of whether is designed for a residence or for any other type of independent use, provided it has a direct exit to a thoroughfare or to common space leading to a thoroughfare. Each Apartment shall be the element of a Condominium which is not owned in common with the Owners of other Condominiums in the Project. Each Apartment is identified in a diagrammatic floor plan of the building in which it is situated as shown on the Plan and shall consist of fee simple interest bounded by the perimeter walls, floors, ceilings, windows and doors thereof and the exterior surfaces of balconies and patios. An Apartment includes both the portions of the building so described and the air space so encompassed. Heating or air conditioning equipment serving an Apartment exclusively shall be a part of such Apartment.
4. **Association** shall mean the RIDGMAR CROSSROADS CONDOMINIUM ASSOCIATION, INC., a non-profit corporation organized pursuant to the Texas Non-Profit Corporation Act, of which all Owners shall be members and through which the Owners shall act as a council of co-owners (as defined in the Act), which corporation shall administer the operation and management of the Project as a Condominium Project.
5. **Board of Directors** or **Board** shall mean the governing body of the Association, elected pursuant to the Bylaws of the Association.

6. **Bylaws** shall mean such bylaws of the Association adopted by the Board, and as the same may be amended from time to time.
7. **Common Elements** shall mean both the General Common Elements and the Limited Common Elements.
8. **Condominium** shall mean the entire estate in the real property owned by any Owner, consisting of an undivided interest in the General Common Elements, any Limited Common Elements allocated to his Apartment, and ownership of a separate interest in an Apartment.
9. **Declaration** shall mean this instrument.
10. **Developer** shall mean Dondi Residential Properties, Inc. its successors and any assignee, other than an Owner, who shall receive by assignment from the said Dondi Residential Properties, Inc., all, or a portion, of its rights hereunder as such Developer by an instrument expressly assigning such rights as Developer to such assignee.
11. **Eligible Holder** shall mean and include any of the following who have made written request (such request to state the name and address of the party requesting notice and the Condominium number) to the Association for notice of any of the matters referred to in Section 5.09 or Section 8.06 hereof:
  - a. Any Mortgagee
  - b. FNMA or FHLMC to the extent either shall hold any Mortgage; and
  - c. FHA or VA to the extent either shall insure or guarantee any Mortgage.
12. **FHA** shall mean the Federal Housing Administration.
13. **FHLMC** shall mean the Federal Home Loan Mortgage Corporation.
14. **FNMA** shall mean the Federal National Mortgage Association.
15. **General Common Elements** shall mean and include the following:
  - a. the Land;
  - b. the foundations piers, bearing walls, perimeter walls and columns;

- c. roofs halls, lobbies, stairways, and entrances and exits or communication ways;
  - d. the compartments or installations of central services such as central air-conditioning and heating, power, light, electricity, telephone, gas, cold and hot water, plumbing, reservoirs, water tanks and pumps, incinerators and the like, and all similar devices and installations existing for common use;
  - e. the premises and facilities, if any, used for the maintenance or repair of the Condominium Project;
  - f. all common recreational facilities such as the clubhouse the swimming pool and the grounds, yards and walkways;
  - g. Greens, gardens, balconies and patios (subject to the provisions of Section 2.03 hereof), storage sheds service streets and parking areas; and
  - h. all other elements desirable or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Project.
16. **Limited Common Elements** shall mean and include those items which would otherwise be considered General Common Elements which are reserved by the Developer for the use of Owners of specific Apartments to the exclusion of other Owners, such as entry halls, stairways, garages and parking spaces, both open and covered. The Limited Common Elements shall either be designated by Developer on the Plan or in each Condominium deed with both a number and a Letter corresponding to an Apartment number and letter as set forth in the Plan, and such Limited Common Elements shall be appurtenant to each such Apartment.
17. **Managing Agent** or **Manager** shall mean the person or firm designated by Developer or the Board of Directors as hereafter provided to manage the affairs of the Project.
18. **Mortgage** shall mean a first lien deed of trust as well as a first lien mortgage on one or more Condominiums.
19. **Mortgagee** shall mean a beneficiary under or holder of a Mortgage who has given to The Association written notice that it is the beneficiary under or holder of a Mortgage affecting all or any part of the Project, as hereinafter defined.
20. **Owner** shall mean and refer to every person or entity who is a record owner of a fee or an undivided fee interest in any Condominium, including contract settlers.

The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation.

21. **Plan** shall mean the Condominium Plan of the Project attached hereto as Exhibit C and made a part hereof for all purposes.
22. **Project** shall mean the Property and all structures and improvements now or hereafter erected thereon, together with all additions which may hereafter be made thereto as provided in Article 2.
23. **Property** shall mean the Land together with the easements appurtenant thereto.
24. **VA** shall mean the Veterans Administration.



## ARTICLE 2

### PROPERTY SUBJECT TO THIS DECLARATION

**2.01. Description and Ownership of Project and Apartments.** The Project covered by this Declaration is called Ridgmar Crossroads Condominiums, Inc. The Project consists of twelve (12) buildings containing a total of forty- five (45) Apartments one hundred one (101) parking spaces, and Common Elements Each Owner shall be entitled to exclusive ownership and possession of his Apartment. The legal estate of each Owner of a Condominium shall be fee simple. The percentage undivided interest of each Owner in the Common Elements shall not be separated from the Apartment to which it appertains and shall be deemed to be conveyed or encumbered or released from liens with the Apartment even though such interest is not expressly mentioned or described in the document of conveyance or other instrument.

**2.02. Parking Spaces.** Each Owner may be granted an exclusive easement for the use of one or more additional parking spaces or garages, as Limited Common Elements, as designated in the Plan or granted in the Condominium deed to the Owner. Such easement shall not entitle the Owner to (i) construct any garage carport, or other structure upon the parking space or spaces, or (ii) alter or remove any existing garage, carport or other structure upon the parking space or spaces. The Board shall have the right to grant an Owner the exclusive use of any unassigned parking space.

**2.03. Balconies and Patios.** The exterior surfaces of balconies and patios if any shown and graphically described in to the Plan are part of the Apartment designated. An Owner shall not be entitled to construct anything thereon or to change any structural part thereof.

**2.04. Ownership of Common Elements.** Each Owner shall own an undivided interest in the Common Elements as a tenant in common with all other Owners of the Project, and except as otherwise stated in this Declaration, shall have the right to use the General Common Elements for all purposes incident to the use and occupancy of his Apartment as a place of residence and such other incidental uses permitted by this Declaration, without hindering or encroaching upon the lawful rights of the other Owners, which right shall be appurtenant to and run with the Apartment. The extent or

amount of such ownership shall be expressed by a percentage relating to each Apartment and shall remain constant, unless changed (i) by the unanimous approval of all Owners and Mortgagees, (ii) as in accordance with the provisions of Section 2.09 hereof, or (iii) as otherwise provided for herein. The percentage ownership in the Common Elements relating to each Apartment is as set forth on Exhibit D attached hereto. None of the Common Elements, recreational facilities, parking spaces or other amenities contemplated as a part of the Project shall be leased to the Owners or to the Association; nor shall the same be subject to any other restriction in favor of Developer or any affiliate of Developer except as provided in Section 5.11 hereof.

**2.05. Alteration of Apartments.** Developer reserves the right to change the interior design and arrangement of all Apartments and to alter the boundaries between Apartments so long as Developer owns the Apartments so altered. No such change shall increase the number of Apartments nor alter any boundaries of the Common Elements without an amendment of this Declaration approved by the Owners and Mortgagees in the manner elsewhere herein provided. Changes in the boundaries between Apartments, as hereinbefore provided, shall be reflected by an amendment of the Plan and, if necessary of this Declaration.

**2.06. Easements**

A. The Board, behalf of the Association, shall have the right to grant licenses, permits and utility easements under, through, or over the Common Elements, which are reasonably necessary to the ongoing development and operations of the Project; provided, however, that easements of such nature through an Apartment shall only be such as are shown in the plans for the building to be constructed, or as the building shall be constructed, unless approved in writing by the Owner and Mortgagee of the servient Apartment.

B. There are appurtenant to the Apartments air conditioning compressors which are located in the General Common Elements appurtenant to such Apartments. An easement is hereby reserved in favor of each such Apartment for the purpose of placement, maintenance, repair and replacement of the said air conditioning compressors by Developer and the respective Owners; provided that no air conditioning compressor shall be placed in any part of the General Common Elements other than the present location unless the written approval of the Board shall have been first obtained.

C. Developer hereby reserves for Developer, its successors and assigns, forever, the nonexclusive, free, continuous and uninterrupted use, liberty, privilege and easement (the Easement) of passing in, upon and along the private streets situated on the Property as shown on the Plan. The Easement shall run with the land and shall inure to the benefit of all parties having or acquiring any right, title, or interest in the Additional Property. The Easement is not granted or created for the use or benefit of the public in general. The Easement shall be used for such pedestrian and vehicular traffic as Developer, its successors and assignees shall deem necessary or convenient at all times.

**2.07. Encroachments.** The existing physical boundaries of an Apartment or of an Apartment reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries rather than any metes and bounds description expressed in the Plan or in an instrument conveying, granting or transferring an Apartment, regardless of settling or lateral movement and regardless of minor variances between boundaries shown on the Plan or reflected in the instrument of grant, assignment or conveyance and those existing from time to time- in the event any portion of the Common Elements encroaches upon any Apartment cranny, Apartment encroaches upon the Common Elements or another Apartment, as a result of the construction, reconstruction. repair: shifting, settlement or movement of any portion of a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists.

**2.08. Sale of Interest in Common Elements.** NO Owner shall be entitled to sell v lease or otherwise convey his interest in any of the Common Elements, or in any element of the component interests which comprise his Condominium, except in conjunction with a conveyance of his Condominium, and any attempted or purported transaction in violation of this provision shall be void.

**2.09. Addition of the Additional Property to the Project.** The Additional Property may become subject to this Declaration in the following manner:

A. Developer may, subject to the provisions of Article 8.06 hereof, at any time prior to the seventh (7th) anniversary of the date of the recordation of this Declaration, add all or any portion of the Additional Property and any improvements thereon in one or more phases (hereinafter referred to as Phase or Phases) to the Project and to the concept of this Declaration by filing of record a Condominium Plan for the Additional Property

and a Supplementary Declaration & Master Deed for each Phase which shall extend the concept of the covenants, conditions and restrictions of this Declaration to the particular Phase added to the Project. In the event that FHA, VA or FNMA holds, insures, or guarantees any Mortgage, no Phase shall be added to the Project without the prior written consent of each of them that shall hold, insure, or guarantee any Mortgage at the time such Phase is to be added.

B. In the event a Phase is added to the Project as set forth in this Section, such addition when made shall automatically extend the jurisdiction, functions and duties of the Association to the particular Phase added to the Project. Upon the filing of the Condominium Plan and the Supplementary Declaration and Master Deed for such Phase, the percentage ownership in the Common Elements relating to each Apartment and liability for assessments shall be adjusted in accordance with the following formula:

- a. Each Condominium 's undivided interest in the General Common Element shall be adjusted to equal the quotient obtained by dividing (i) the total number of square feet in the Apartment associated with each Condominium by (ii) the total number of square feet in all Apartments after such Phase has been added to the Project. The total percentage ownership in the General Common Elements shall always equal one hundred percent (100%).
- C. All improvements to the Additional Property shall be consistent with initial improvements to the Project in terms of quality of construction. All Intended improvements to the particular Phase to be added to the Project must be substantially completed prior to the time such Phase is added to the Project.

**ARTICLE 3**  
**ORGANIZATION AND MANAGEMENT**

**3.01. The Board of Directors.** The Project shall be organized and operated as a condominium residential development. The Owners shall operate the Project as provided herein through the Association. The Board of Directors of the Association shall consist of not less than three (3) nor more than seven (7) members, the exact number to be fixed from time to time by the Owners of a majority of the Apartments. The initial Board of Directors shall consist of three (3) members.

**3.02. Voting.** The Association shall have two classes of voting membership:

**CLASS A:** Class A Members shall be all Owners with the exception of Developer. Class A Members shall be entitled to one (1) vote for each Condominium in which they hold the interest required for membership. When more than one person holds such interest or interests in any Condominium, all such persons shall be Members, and the vote for such Condominium shall be exercised as they, among themselves, determine, but in no event shall more than one vote be cast with respect to any such Condominium.

**CLASS B:** The Class B Member(s) shall be Developer. The Class B Member(s) shall have a total number of votes equal to one (1) more than the total number of votes of the Class A Members. However, at such times as the total number of Condominiums owned by the Class A Members equals or exceeds three (3) times the total number of Condominiums owned by the Class B Member(s) the Class B Member(s) shall, during the time such equality or excess continues, be entitled to only one (1) vote for every Condominium owned by it. Control of the Association shall become vested in the Class A Members not later than the earlier of (i) 120 days after completion of transfer to such Class A Members of title to Condominiums representing seventy-five percent (75%) of the Condominiums in the Project, including any additional Phase or (ii) the fifth (5th) anniversary of the date of the conveyance of the first Condominium by Developer to a Class A Member.

**3.03. Election, Tenure and Proceedings of Board of Directors.**

- A. The organizational meeting of the Association, as provided in the Bylaws. the Owners shall elect a new Board of Directors and at each annual meeting the Owners shall elect members of the Board to replace the members whose terms have expired, as provided in the Bylaws Members of the Board (other than the initial Board of Directors as specified in the Articles of Incorporation) shall be

Owners or spouses of Owners. If an Owner is a partnership or corporation, any partner or officer thereof shall qualify as an Owner and may be a member of the Board. A majority of the total number of members on the Board shall constitute a quorum. Members of the Board elected at the organization meeting shall serve until the first annual meeting. At the first annual meeting, three (3) Board members shall be elected.

- B. At the organization meeting, each member of the Board shall be elected for a term of one (1) year. Thereafter members of the Board shall serve for a term of two (2) years and until their respective successors are elected, or until their death, resignation or removal; provided, that if any member ceases to be an Owner, or the spouse of an Owner, his membership on the Board shall thereupon terminate. Any member of the Board may resign at any time by giving written notice to the other members of the Board, and any member of the Board may be removed from membership on the Board by the vote of the Owners of the Condominiums. Any vacancy in the Board shall be filled by the other members of the Board, provided that the Owners acting at meeting called within ten (10) days after the occurrence of the vacancy, may fill the vacancy.
- C. The Board may Act (i) by majority vote at a meeting at which a majority of its members are present and of which notice has been given or for which notice has been waived, or (ii) by the unanimous written consent of its members without a meeting. The Board shall by resolution establish the required notice of meetings and other regulations for the conduct of meetings.

#### **3.04. Consent of Owners in Lieu of Meeting.**

- A. Any action, except election of the Board, which may be taken by the vote of the Owners at a meeting, may be taken without a meeting if authorized by the written consent of the Owners owning at least a majority of the Condominiums, provided that if any greater proportion of voting power is required for such action at a meeting, then such greater proportion of written consents shall be required.
- B. In no instance where action is authorized by written consent need a meeting of Owners be called or noticed.

**3.05. Delegation.** The Board shall elect (i) a President of the Association who shall preside over both its meetings and those of the Owners, and who shall be the chief

executive officer of the Association. (ii) a Secretary who shall keep the minutes of all meetings of the Board and of the Owners and who shall, in general, perform all the duties incident to the office of Secretary, (iii) a Treasurer to keep the financial records and books of account, and (iv) such additional officers as shall be authorized by the Bylaws of the Association. The Board may delegate any of its duties, power or functions, including, but not limited to, the authority to give the certificates provided for in Article IV hereof, to any person or firm, to act as Manager of the Projector any separate portion thereof, provided that any such delegation shall be revocable upon not more than thirty (30) days written notice by the Board. The members of the Board shall not be liable for any omission or improper exercise by the Manager of any such duty, power or function so delegated by written instrument executed by a majority of the Board.

**3.06. Powers and Duties of Board of Directors.** The Board for the benefit of the Condominiums and the Owners shall provide, and shall pay for out of the maintenance fund hereinafter provided, the following:

- a. Taxes and assessments, and other liens and encumbrances, which shall properly be assessed or charged against the Projector the Common Elements rather than against the individual Owners and individual Apartments .The Board will endeavor to have each Condominium separately assessed, and each Owner shall execute such instruments and take such action as may reasonably be required by the Board to obtain such separate assessment;
- b. Exterior maintenance painting, gardening, care, preservation and any desired minor improvements for each Apartment and the Common Elements, and full maintenance of and utility services for the Common Elements, including the parking spaces and streets, and all other improvements to the Project except for those items specifically required to be maintained by each Owner hereunder and including furnishing and upkeep of any desired personal property for use in the Common Elements;
- c. Maintenance of utility systems in the Common Elements, and any required structural repairs. The Owner of each Condominium shall pay for maintenance and repair of heating, plumbing and air conditioning systems which service only his Condominium, and shall pay for any repairs resulting from his fault or neglect or that of any of his guests or any occupant of his Condominium;
- d. Maintenance and repair of any Apartment of a type normally the sole responsibility of the Owner of the Apartment if such maintenance or repair is

reasonably necessary in the discretion of the Board to protect the interests of Owners generally and if the Owner Of the Apartment has failed or refused to perform such maintenance or repair; provided, however, that the Board shall levy a special assessment against the Condominium of which the Apartment is a part for repayment of the cost of such maintenance or repair;

- e. Legal and accounting services;
- f. A multiperil policy or policies of insurance insuring the Project (including Common Elements and the Apartments) against loss or damage by the perils of fire, lightning and those contained in the extended coverage, vandalism and malicious mischief endorsements, as required by Section 6.01 hereof;
- g. A policy or policies of insurance insuring the Board, the Association, the Owners, and the Managing Agent against any liability to the public or to the owner (and their invitees or tenants), incident to the ownership or use of the Project. as required by Section 6.03 hereof;
- h. Workmen' s compensation insurance to the extent necessary to comply with any applicable laws;
- i. Such fidelity bonds as may be required by Section 6.05 of this Declaration;
- j. Any other materials, supplies, insurance, furniture , labor, services, maintenance, repairs, structural alterations, insurance, taxes or assessments (including taxes or assessments assessed against an individual Owner) which the Board is required to obtain or pay for pursuant to the terms of this Declaration or by law or which in its opinion shall be necessary or proper for the operation or protection of the Projector for the enforcement of this Declaration; provided that if any such material, supplies, furniture, labor, services, maintenance repairs, structural alterations insurance, taxes, or assessments are determined by the Board to be for the special benefit of particular Apartments, the cost thereof shall be specially assessed to the Owners of the Condominiums of which such Apartments are a part.

**3.07. Additional Rights, Powers and Duties of the Board.** The Board shall have the following additional rights ,powers and duties:

- a. To execute all declarations of ownership for tax assessment purposes with regard to the Common Elements, on behalf of all Owners;



- b. To borrow funds to pay cost of operation, secured by assignment or pledge of rights against delinquent Owners, if the Board sees fit;
- c. To enter into contracts, maintain one or more bank accounts (granting authority as the Board shall desire to one or more persons to sign checks) and generally, to have all the powers of an apartment house manager;
- d. To protect or defend the Project from loss or damage by suit or otherwise, and to provide adequate reserves for replacements;
- e. To make reasonable rules and regulations for the operation of the Project and to amend them from time to time, provided that any rule or regulation may be amended or repealed by an instrument in writing signed by the Owners of a majority of the Condominiums or, with respect to a rule applicable to less than all of the Project, by the Owners of a majority of the Condominiums in the portions affected (without limiting the generality of the foregoing language the rules and regulations must provide that any pet deemed a nuisance by the Board shall be removed from the premises and may provide for limitations on use of the swimming pool, tennis courts or other common recreational areas during certain periods by youthful persons, visitors or otherwise);
- f. To keep all books and records of the Association in accordance with good accounting procedures and to have such books and records audited at least once a year by an auditor outside the Association, to make available to each Owner within sixty (60) days after the end of each year an annual report and, upon the request of the Owners of one-third (1/3<sup>rd</sup>) of the Condominiums, to have such report audited by an independent certified public accountant, which audited report shall be made available to each Owner within thirty (30) days after completion;
- g. To adjust the amount. collect, and use any insurance proceeds to repair damage or replace Lost property; and if proceeds are insufficient to repair damage, or replace lost property, to assess a Condominium in proportionate amounts to cover the deficiency;
- h. To sell the entire Project for the benefit of the Owners when partition of the Project may be had under Section 8.04 hereafter;

- i. To enforce the provisions of the Bylaws, this Declaration, and any rules made hereunder and to enjoin and seek damages from any Owner for violation of such provisions or rules;
- j. To execute or join in the execution of any plat or replat of the Property on behalf of all Owners;
- k. The Board or its agents upon reasonable notice may enter any Apartment when necessary in connection with any maintenance or construction for which the Board is responsible. The Board or its agents may likewise enter any balcony or stairway for maintenance, repairs, construction or painting. Such entry shall be made with as little inconvenience to the Owners as practicable, and any damage caused thereby shall be repaired by the Board at the expense of the maintenance fund;
- l. The Board's powers hereinabove enumerated shall be Limited in that the Board shall have no authority to acquire and pay for out of the maintenance fund any structural alterations capital additions to, or capital improvements of the Common Elements (other than for purposes of replacing or restoring portions of the Common Elements subject to all the provisions of this Declaration) requiring an expenditure in excess of Ten Thousand Dollars (\$10,000) exclusive of any insurance proceeds applied to such alterations additions, improvements, or repair of damages, without in each case the prior approval of the Owners holding a majority of the total votes of the Association. Expenditures for such purposes shall be made from the maintenance fund;
- m. All agreements, contracts, deeds, leases, vouchers for payment of expenditures and other instruments shall be signed by such officer or officers. agent or agents of the Association and in such manner as from time to time shall be determined by written reason of the Board. In the absence of such determination by the Board, such documents shall be signed by the Treasurer and countersigned by the President of the Association;
- n. The Board may engage an experienced, Professional person or firm as the Managing Agent. Any management agreement for the Project shall be terminable by the Association for cause upon 30 days written notice thereof and shall be subject to the provisions of Section 3.07o hereof.
- o. The Board shall have the authority to enter into contracts, leases, or to grant licenses or concessions with respect to any part of the Common Elements, subject to the terms of this Declaration. In the absence of a waiver by FNMA. FHLMC,

FHA or VA, all such contracts, leases, Licenses, and concessions to which Developer is a party and all management agreements shall provide that the Association shall have the right of termination of any such contract, lease, license or concession, without cause, which is exercisable without penalty at any time after transfer of control to Class A Members pursuant to Section 3.02 hereof, upon not more than ninety (90) days' notice to the other party thereto.

Any agreement for the professional management of the Project, or any other contract providing for the services of the Developer shall not exceed three (3) years, provided, however, any agreement for professional management of the Project negotiated by Developer shall not exceed one (1) year. Nothing hereinabove contained shall be construed to give the Board authority to conduct an active business for profit on behalf of the Association or the Owners.

**3.08. Board Powers, Exclusive.** The Board, on behalf of the Association, shall have the exclusive right to contract for all goods, services, and insurance, payment for which is to be made from the maintenance fund and the exclusive right and obligation to perform the functions of the Board, except as otherwise provided herein.

**3.09. Membership in the Association.** Every Owner shall be a member of the Association, entitled to vote as herein provided, but such membership and voting rights shall automatically terminate upon the sale, transfer or other disposition by such member of his Condominium, at which time the new Owner shall automatically become a member of the Association. The Association may issue nontransferable certification.

**3.10. Limited Liability of the Board and the Owners.** The members Of the Board shall not be personally liable to the Owners or others for any mi stake of judgment or for any acts or omissions made in good faith as such Board member or acting as the Board. Each member of the Board shall be indemnified by the Association against all expenses and liabilities, including attorneys' fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a member of the Board, or any settlement thereof, whether or not he is a member of the Board at the time such expenses are incurred, except in such cases wherein the member of the Board is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that, in the event of a settlement, the indemnification shall apply only when the Board approves such settlement and reimbursement as being for the best interests of the

Association. Every agreement made by the Board, Developer or by the Managing Agent on behalf of the Association shall provide that the members of the Board, Developer or the Managing Agent, as the case may be, are acting only as agents for the Association and shall have no personal liability thereunder.

**3.11. Availability of Records.** The Association shall make available to Owners, Eligible Holders and Mortgagees, during normal business hours or under other reasonable circumstances current copies of this Declaration, the Bylaws and other rules concerning the Project, and other books, records and financial statements of the Association. The Association shall make available to prospective purchasers of Condominiums current copies of the Declaration, Bylaws, other rules governing the Project and the most recent annual audited financial statement, if such is prepared.

## ARTICLE 4

### ASSESSMENTS - MAINTENANCE FUND

#### 4.01. Estimated Cash Requirements; Assessments.

- A. Commencing upon the conveyance of the first Condominium and, thereafter, within thirty (30) days prior to the beginning of each succeeding calendar year, the Board shall estimate the net charges to be paid during such year (including a reasonable provision for contingencies, replacements and such amounts as are necessary to fund the amounts required by Section 4.05 hereof, and less any expected income and any surplus from the prior year's fund). Such estimated cash requirement shall be assessed to the Owners according to the percentage interest of each in the Common Elements. If the said estimated sum proves inadequate for any reason, including nonpayment of any Owner's assessment, the Board may at any time levy a further assessment, which shall be assessed to the Owners in like proportions, unless otherwise provided herein. Each Owner, including Developer, shall be obligated to pay assessments made pursuant to this paragraph to the Association in equal monthly installments on or before the first (1st) day of each month during such year, or in such other reasonable manner as the Board shall designate.
- B. Subject to the provisions of Section 3.02 hereof, the rights, duties and functions of the Board set forth in this Article IV may, at the election of Developer, be exercised by Developer for the period commencing on the date hereof and ending on the vesting of control of the Association in Class A members pursuant to Section 3.02.
- C. All funds collected hereunder shall be expended for the purposes designated herein.

**4.02. Omission of Assessments.** The omission by the Board, before the expiration of any year, to fix the assessments hereunder for that or the next year shall not be deemed a waiver or modification in any respect of the provisions of this Declaration, or a release of any Owner from the obligation to pay the assessments or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed.

**4.03. Detailed Records.** The Board shall keep detailed, accurate records in chronological order of the receipts and expenditures affecting the Common Elements, specifying and itemizing the maintenance and repair expenses of the Common Elements and any other expenses incurred. Records and vouchers authorizing the payments involved shall be available for examination by any Owner at convenient hours of weekdays.

**4.04. Commencement of Payment of Assessments; Taxes.** Each Owner shall pay monthly assessments as above specified commencing with the close of the purchase of the Condominium owned by the Owner. In addition, each Owner shall pay, within ten (10) days after notice by Developer or the Board as to the amount due, which notice shall be given at least fifteen (15) days prior to delinquency of the taxes, an amount equal to the portion of real property taxes and utility bills attributable to his Condominium which are assessed or charged against the Project rather than against the Condominiums.

**4.05. Maintenance Fund; Working Capital Fund.**

- A. The Association shall establish and maintain an adequate maintenance fund for the periodic maintenance, repair and replacement of improvements to the General Common Elements and those Limited Common Elements which the Association may be obligated to maintain. The monthly assessments collected by the Association shall constitute the maintenance fund for the Project. The Board may at any time ratably increase or decrease the amounts of monthly assessments to such level as shall be reasonably necessary in the judgment of the Board to cover obligations of the Association under this Declaration, including provisions of reasonable reserves for replacements. The Board is obligated to maintain assessments at a level sufficient to enable payment of all costs of operation of the Project.
  
- B. The Association shall establish a working capital fund for the initial months of the Project operation equal to at least two months estimated Common Element charges for each Condominium. Each Owner's share of the working capital shall (i) be collected and transferred to the Association at the time of closing of the sale of each Condominium and (ii) be maintained in a segregated account for the use and benefit of the Association. Unless waived by FNMA, FHA or VA, the contribution to the working capital fund for each unsold Condominium shall be paid to the Association within sixty (60) days after the date of conveyance of the first Condominium in the Project. Developer shall have the

right to reimbursement for such contributions from funds collected at the time of closing of the sale of such unsold Condominiums unless waived by ENMA, EH-A or VA, contributions for unsold Condominiums in a subsequent Phase, if any, of the Project shall be payable sixty (60) days following the addition of such Phase to the Project pursuant to Section 2.09 hereof.

**4.06. No Exemption from Liability.** No Owner may exempt himself from liability for his assessment by any waiver of the use or enjoyment of the Common Elements, or by the abandonment of his Condominium, but an Owner shall not be liable for assessments accruing after consummation of a transfer of his Condominium accomplished in accordance herewith, or after he has executed and delivered to the Board a recordable instrument conveying to the Association his interest in his Condominium free and clear of all liens and encumbrances other than a Mortgage held by an Eligible Holder, a bank, savings and loan association, insurance company or similar institutional lender and/or a mortgage held by Developer and/or the lien for unpaid assessments.

**4.07. Default in Payment of Assessments.** There is hereby created a present Deed of Trust lien upon each Condominium to secure the payment of all assessments, whether regular or special, levied by the Board pursuant to the terms hereof. In connection therewith, and for the purpose of securing the payment of the aforesaid assessments, Developer hereby grants, sells and conveys to the Trustee, the Condominiums, IN TRUST, upon the terms and conditions herein set forth, and for such purposes this Section 4.07 shall constitute a Deed of Trust under the laws of the State of Texas. At the option of the Association, with or without any reason, a successor or substitute Trustee may be appointed by the Association without any formality other than the designation in writing of a successor or substitute Trustee, who shall thereupon become vested with and succeed to all the powers and duties given to the Trustee herein named, the same as if the successor or substitute Trustee had been named original Trustee herein; and such right to appoint a successor or substitute Trustee shall exist as often and whenever the Association desires. The deed of trust lien to secure the payment of assessments granted in this Section 4.07 and any other lien which the Association may have on any Condominium for (i) common expense charges and assessments becoming payable on or after the date of recordation of the first Mortgage on any Condominium or (ii) any fees or late charges, fines or interest that may be levied by the Association in connection with unpaid assessments shall be subordinate to the lien or equivalent security interest of any Mortgage on any Condominium. Each assessment shall be a separate, distinct and personal debt and obligation of the Owner against whom the same is assessed. The personal obligations for assessments described in the preceding sentence shall not pass to

successors in title to the Owner unless assumed by them or required by applicable law. Any delinquent assessment shall, after thirty (30) days' delinquency, bear interest from the original due date at the highest lawful rate, in the event of a default or defaults in payment of any assessment or assessments and in addition to any other remedies herein or by law provided, the Board may enforce each such obligation as follows:

- a. By suit or suits at law to enforce each such assessment obligation. Each such action must be authorized by a majority of the Board, and any such suit may be instituted on behalf of the Association by any one (1) member of the Board or by the Manager, if latter is so authorized in writing. Each such action shall be brought in the name of the Association and the Association shall be deemed to be acting on behalf of all the Owners. Any judgment rendered in any such action shall include, where permissible under any law, a sum for reasonable attorneys' fees in such amount as the court may adjudge against such defaulting Owner .Upon full satisfaction of any such judgment, it shall be the duty of the President of the Association, acting in the name of the Association, to execute and deliver to the judgment debtor an appropriate sati satisfaction thereof.
  
- b. At any time within ninety (90) days after the occurrence of any such default the Board may give a notice to the defaulting Owner, which notice shall state the date of the delinquency and the amount of the delinquency, and make a demand for payment thereof, if such delinquency is not paid within ten (10) days after delivery of such notice, the Board may elect to record a notice of assessment against the Condominium of such delinquent Owner. Such notice of assessment shall state (1) the name of the record Owner, (2) a description of the Condominium against which the assessment is made, (3) the amount claimed to be due and owing, (4) that the notice of assessment is made by the Board pursuant to the terms of this Declaration (giving the date of execution and the date, book and page references of the recording hereof in the Office of the Clerk of the county(ies) in which the Project is located, and (5) that a lien is claimed against the described Condominium in an amount equal to the amount of the stated delinquency . Any such notice of assessment shall be signed and acknowledged by any member of the Board. Upon recordation of a duly executed original or duly executed copy of such notice of assessment by the Clerk of the county(ies) in which the Project is located, the Deed of Trust lien herein created shall immediately become subject to foreclosure, subject only to the limitations hereinafter set forth. Each default shall constitute a separate basis for a notice of assessment or a lien. If any Owner shall continue to default in the payment of any assessment payable hereunder for a period of ten (10) days after the delivery and recordation of any said notice of assessment, the Association, as Trustee acting through any authorized officer or by



any agent or attorney-in-fact properly authorized by any such officer, may, when authorized so to do by a majority of the Board, sell the Condominium owned by the delinquent owner at public auction to the highest bidder for cash pursuant to the provisions of Article 3810 of the Texas Revised Civil Statutes as in force and effect on January 1, 1976, or in accordance with the prescribed manner for foreclosure of Deed of Trust liens provided by any future amendment to such Article 3810 or any other statute or article enacted in substitution therefor. In lieu of the foregoing, the Board may enforce any such lien as a mortgage lien in accordance with the provisions of the laws of the State of Texas, now or hereafter in effect, which provisions (including matters incorporated therein by reference) are hereby incorporated herein by reference in the event such foreclosure is by action in court, reasonable attorneys' fees shall be allowed to the extent permitted by law. In the event the foreclosure is as in the case of a deed of trust under power of sale, the Board, or any person designated by it in writing, shall be deemed to be acting as the agent of the lienor and shall be entitled to actual expenses and such fees as may be allowed by law or as may be prevailing at the time the sale is conducted. The deed upon foreclosure shall be executed and acknowledged by any member of the Board or by the person conducting the sale.

- c. For the purposes of this Section 4.07, a deed upon foreclosure executed and acknowledged by any member of the Board shall be conclusive upon the Board and the Owners in favor of any and all persons who rely thereon in good faith as to the matters therein contained. In the event any notices of assessment have been recorded as herein provided, and thereafter the Board shall receive payment in full of the amount claimed to be due and owing, then upon demand of the Owner his successor and payment of a reasonable fee not to exceed the reasonable administrative legal, and other expenses actually incurred by the Association in connection with such delinquent assessment, the Board, acting by any member shall execute and acknowledge (in the manner above provided) a release of such notice, stating the date of the original notice of assessment the amount claimed, the date, book, and page wherein the notice of assessment was recorded, and the fact that the assessment has been fully satisfied.

#### **4.08. Payment of Assessments Upon Sale or Conveyance of a Condominium.**

A. Upon the sale or conveyance of a Condominium, all unpaid assessments against an Owner levied by the Board pursuant to the terms hereof shall first be paid out of the sale price paid by the purchaser in preference over any other assessments or charges of whatever nature t except the following:

- i. Assessments, liens, and charges in favor of the State of Texas and any political subdivision thereof for taxes past due and unpaid on the Apartment; and
- ii. Amounts due under mortgage instruments duly recorded.

B. Condominium, except that a sale or transfer of a Condominium pursuant to a foreclosure of a Mortgage shall extinguish a subordinate lien for common expense charges and assessments which become payable prior to such sale or transfer. Provided, however any such delinquent assessments which shall be extinguished pursuant to the foregoing Section shall be reallocated and assessed to all Condominiums as a common expense Any such sale or transfer pursuant to a foreclosure shall not relieve the purchaser or transferee of a Condominium from liability for. nor the Condominium so sold or transferred from the Lien of any expense charges or assessments made thereafter.

**4.09. Capital Assessments.** Should the Board determine the need for a capital improvement or other such addition to the Project or to establish a reserve & or the repair or replacement of any capital improvement to the Project, then the vote or written consent of Members representing at least a majority of the voting power of the Association shall be required to approve and render effective a capital assessment levied by the Board to cover the cost of such expenditure. Such capital assessment shall be a charge against each Owner and his Condominium, representing a portion of the costs to the Association for installation, construction, repair or replacement of any capital improvement on the Project which the Association may from time to time authorize. Such charge shall be assessed to the Owners according to the percentage interest of each in the Common Elements Upon election, such capital assessment shall be placed in a separate account segregated from other funds of the Association and designated for the specific purposes set forth -in the resolution or other document evidencing the approval of such capital assessment.

## ARTICLE 5

### PROVISIONS: RESPECT TO THE APARTMENTS,

#### COMMON ELEMENTS & MORTGAGES

##### 5.01. Each Owner' s Obligation to Repair.

- a. Except for those portions which the Association is required to maintain and repair hereunder (if any), each Owner shall at such Owner' s expense keep the interior of his Apartment and its equipment and appurtenances in good order, condition and repair in a clean and sanitary condition, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Apartment In addition to decorating and keeping the interior of his Apartment in good repair, each Owner shall be responsible for the maintenance, repair or replacement of any plumbing fixtures, water heaters, furnaces, lighting fixtures, refrigerators, air conditioning equipment .dishwashers, disposals or ranges that may be in, or connected exclusively with, his Apartment.
- b. At such Owner s own expense, keep the balcony and the interior of the patio area (if any) and carport or other covered parking area (if any) which have been assigned to his Apartment in a clean and sanitary condition. The Association shall not be responsible to any Owner for loss or damage by theft or otherwise of articles which may be stored by the Owner in any Common Elements or his Apartment.

##### 5.02. Alterations, Additions and Improvements.

- a. No Owner shall make any alterations, repairs of or additions to his Apartment which would substantially affect the exterior appearance thereof, or erect a radio or television antenna upon the Building of which his Apartment is a part, or paint any part of the exterior of his Apartment, without the prior written approval of the plans and specifications therefor, and the color, by the Board- The Board shall grant its approval only in the event that the proposed work will benefit and enhance the Project in a manner generally consistent with the plan of development thereof . The Board' s approval or disapproval shall be in writing. In the event that the Board fails to approve or disapprove within thirty (30) days after the appropriate plans and specifications have been submitted to it, or in any event, if no suit to enjoin such work has been commenced before thirty (30) days after commencement thereof .approval will be deemed given and compliance with the terms of this paragraph conclusively presumed.

- b. The Board may delegate its powers under this Section to an Architectural Committee appointed by the Board, which need not consist in part or in whole of Owners.
- c. Nothing shall be done in or to any part of the Project which will impair the structural integrity of any part of the Project except in connection with alterations or repairs specifically permitted or required hereunder.
- d. Notwithstanding anything to the contrary herein contained, there shall be no impairment of the structural integrity of, or any plumbing or electrical work within, any common wall without the prior consent of all Owners of the affected Apartments. Each Owner shall have the right to paint, wallpaper, or otherwise furnish the interior surfaces of his Apartment as he sees fit.

**5.03. Restrictions on Use of Apartments and Common Elements.** The Project shall be occupied and used as follows:

- a. Each Apartment shall be used exclusively for residential purposes, and carports and parking spaces shall be used exclusively for the parking of passenger automobiles.
- b. There shall be no obstruction of the Common Elements, nor shall anything be kept or stored in the Common Elements, nor shall anything be altered, or constructed or planted in, or removed from the Common Elements, without the written consent of the Board.
- c. No Owner shall permit anything to be done or kept in his Apartment or in the Common Elements which will result in any increase of fire insurance premiums or the cancellation of insurance on any part of the Project, or which would be in violation of any law. No waste shall be committed in the Common Elements.
- d. No sign of any kind shall be displayed to the public view on or from any part of the Project, without the prior consent of the Board, except signs temporarily used by Developer in the original sale or in leasing of Condominiums.
- e. No noxious or offensive activity shall be carried on, nor shall any outside lighting or loudspeakers or other sound-producing devices be used, nor shall anything be done in any part of the Project, which, in the judgment of Board, may be or become an unreasonable annoyance or nuisance to the other Owners.
- f. No Owner shall cause or permit anything to be placed on the outside walls of his Apartment, and no sign, awning, canopy, window air conditioning unit, shutter, or other fixture shall be affixed to or placed upon the exterior walls or roof of any building or any part thereof, without the prior consent of the Board.

- g. No clothes, sheets blankets, laundry of any kind or other articles shall be hung out or exposed on any part of the Common Elements. The Common Elements shall be kept clear of rubbish, debris and other unsightly materials.
- h. No Owner shall lease his Condominium for an initial term of less than six (6) months nor for subsequent terms of less than thirty (30) days. Any Lease agreement shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the Bylaws and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be required to be in writing. Other than the foregoing, there is no restriction on the right of any Owner to lease his unit.

**5.04. Liability of Owners for Negligence.** Each Owner shall be liable to the Board for any damage to the Common Elements caused by the negligence or willful misconduct of the Owner or his family, guests, or invitees, to the extent (i) permitted under the laws of the State of Texas, and (ii) that the damage shall not be covered by insurance. Each Owner shall indemnify, hold harmless, and pay any costs of defense of each other Owner from claims for personal injury or property damage occurring within the Apartment of the indemnifying Owner, provided that this protection shall not extend to any Owner whose negligence or willful misconduct caused or contributed to the cause of the injury or damage.

**5.05. Rules of the Board.** All Owners and occupants shall abide by any rules and regulations adopted by the Board. The Board shall have the power to enforce compliance with said rules and regulations by all appropriate legal and equitable remedies, and an Owner determined by judicial action to have violated said rules and regulations shall be liable to the Association for all damages and costs, including attorneys' fees.

**5.06. Abatement of Violations; Powers to Enforce Declaration of Owners.**

- A. The violation of any rule or regulation adopted by the Board, or the breach of this Declaration, or of any other declaration of covenants, conditions or restrictions to Which a Condominium may be subject, shall give the Board the right, in addition to any other right or remedy elsewhere available to it:
  - i. to enter into an Apartment in which, or as to which, such violation or breach exists, and to summarily abate and remove, at the expense of its Owner, any structure, thing or condition that may exist therein contrary to

- the intent and meaning of the provisions of any of the foregoing documents, and the Board shall not be deemed to have trespassed; or
- ii. to enjoin, abate or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any such breach.

Notwithstanding the foregoing provisions prior to the use of summary abatement similar means to enforce any rule or regulation adopted by the Board, the Declaration or any other covenant, condition or restriction against a Condominium or its use, judicial proceedings must be instituted before any items of construction can be altered or demolished. The failure of any Owner to comply with the provisions of the Declaration, Bylaws or Articles of Incorporation of the Association will give rise to a cause of action in the Association and any aggrieved Owner for the recovery of damages, or for injunctive relief, or both, to the extent permitted under the laws of the State of Texas.

All expenses of the Board in connection with such actions or proceedings , including court costs and attorneys' fees and other fees and expenses, and all damages, liquidated or otherwise, together with interest thereon at the highest Lawful rate until paid, shall be charged to and assessed against such defaulting Owner, and the Board shall have a Lien for all of the same upon the Condominium of such defaulting Owner, upon all of his additions and improvements thereto, and a security interest under the Texas Uniform Commercial Code upon a lien of his personal property in his Apartment or located elsewhere on the Project; such lien and security interest shall be subordinate to the lien of any Mortgage affecting any such Apartment . Any and all of such rights and remedies may be exercised at any time and from time to time, cumulatively or otherwise, by the Board.

- B. If the Board has failed to act to enforce any provision of this Declaration, the Bylaws or decisions made by the Association pursuant thereto for thirty (30) days after written demand by any Owner, then any such Owner shall be entitled to prosecute, on behalf of the Association and all the Owners, any action authorized hereunder to be prosecuted by the Board and shall be entitled to any other appropriate equitable relief. Each Owner shall have similar rights of action against the Association.

**5.07. Advances.** Should any Owner or any Mortgagee of any Condominium advance any sum toward discharge of an obligation of the Board on behalf of the Association in order to protect the Project against the consequences of a delinquency in discharging such obligation, such Owner or Mortgagee, in connection with such advance, shall be subrogated to all rights of the Board, including the right to collect interest rate those Owners whose defaults have made necessary the advance concerned, until such advance shall have been repaid together with interest thereon at the highest lawful rate, plus any reasonable attorneys' fees or other reasonable costs incurred in collection.

**5.08. Failure of the Board to insist on Strict Performance, No Waiver.** The failure of the Board to insist in any one or more instances upon the strict performance of any of the terms, covenants, conditions or restrictions of this Declaration, or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or a relinquishment for the future of such term, covenant, condition or restriction but such term, covenant, condition or restriction shall remain in full force and effect. The receipt by the Board or Manager of any assessment from an Owner with knowledge of the breach of any covenant hereof shall not be deemed a waiver of such breach, and no waiver by the Board or the Manager of any provision hereof shall be deemed to have been made unless expressed in writing and signed by the Board or the Manager.

**5.09. Mortgagee Protection Provisions.**

- A. Any Mortgagee, upon written request, shall be given written notification by the Association of any default by the Owner of the Condominium covered by such Mortgage in 'the performance of such Owner's obligations hereunder which is not cured within sixty (60) days. Any Eligible Holder upon written request to •the Association (such request to state the name and address of such Eligible Holder and the Apartment number), shall be entitled to timely written notice of:
- a. Any proposed amendment of the Declaration affecting a change in (a) the boundaries of any Apartment or the exclusive easement appertaining thereto, (b) the interests in the general or limited common elements appertaining to any Condominium or the liability or common expenses appertaining there co (c) the number of votes in the Association appertaining to any Condominium, or (d) the Purposes to which any Can—dominium or the Common Elements are restricted:
    - i. Any proposed termination of the Project;
    - ii. Any condemnation loss or any casual loss which affects a material portion of the project which affects any Condominium on which there is a Mortgage held, insured or guaranteed by such Eligible Holder;
    - iii. Any delinquency in the payment of assessments or charges owed by an Owner of a Condominium subject to the Mortgage of such Eligible Holder where such delinquency has continued for a period of sixty (60) days;
    - iv. Any lapse. cancellation or material modification of any insurance policy or fidelity bond maintained by the Association pursuant to the requirements of any such Eligible Holder; and
- B. Any proposed action which would require the consent of a specified percentage of Eligible Holders as specified in Section 5.09 or Section 5.06 hereof. Any

restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be substantially in accordance with the Declaration and the original plans and specifications unless the approval of the Eligible Holders of Mortgages on Condominiums to which at least fifty-one percent (51%) of the votes of Condominiums subject to Mortgages held by such Eligible Holders are allocated. is obtained.

- C. Any election to terminate the condominium regime after substantial destruction or a substantial taking in condemnation of the Project shall require the approval of the Eligible Holders of Mortgages on Condominiums to which at least fifty-one percent (51%) of the votes of Condominiums subject to Mortgages held by such Eligible Holders are allocated.
- D. No reallocation of interests in the Common Elements resulting from a partial or total destruction of the Project may be effected without the prior approval of the Eligible Holders holding Mortgages on all remaining Condominiums whether existing in whole or in part and which have at least fifty-one percent (51%) of the votes of such remaining Condominiums subject to Mortgages held by such Eligible Holders.
- E. Any Eligible Holder shall, upon written request, be entitled to receive an audited financial statement of the Association for the immediately preceding fiscal year, free of charge to the party so requesting within a reasonable time following such request.
- F. Any Mortgagee who obtains title to a Condominium pursuant to the remedies provided in a Mortgage or foreclosure of a Mortgage shall not be liable for such Condominium's unpaid dues or charges which accrue prior to the acquisition of title to such Condominium by the Mortgagee; any such unpaid dues or charges may be reallocated and assessed to all Condominiums as a common expense.
- G. Except as provided by statute in case of condemnation or substantial loss to the Condominiums and/or Common Elements of the Project, unless at least two-thirds (2/3rds) of the Mortgagees (based upon one vote for each Mortgage owned) or Owners (other than the Developer of the Condominiums have given their prior written approval, the Association shall not be entitled to:
  - i. By act or omission, seek to abandon or terminate the Project;
  - ii. Change the pro rata interest or obligations of any Condominium for the purpose of:
    - a. Levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards; or



- b. Determining the pro rata shares of ownership of each Condominium in the Common Elements;
- c. By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements. (The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Project shall not be deemed a transfer within the meaning of this clause); or
- d. Use hazard insurance proceeds for losses to any condominium property (whether to Apartments or to Common Elements) for other than the repair, replacement or reconstruction of such condominium property.

H. No provision of this Declaration, the Bylaws, the Articles of Incorporation, or other condominium constituent document shall entitle any Owner of a Condominium, or any other party to priority over any rights of the Mortgagee of such Condominium pursuant to such Mortgagee's Mortgage in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or a taking of Condominiums and/or Common Elements.

**5.10. Right of Access.** The Association shall have a reasonable right of entry into each Apartment to effect emergency repairs or other work reasonably necessary for the proper maintenance or operation of the Project.

**5.11. Use by Developer.** Subject to the rights of the Mortgagees hereunder, until Developer has completed all of Developer's contemplated improvements and closed the sales of all of the Condominiums, neither the Owners nor the Board nor the use of the Project nor the application of this Declaration shall interfere with the completion of the contemplated improvements and the sale of the Condominiums. Subject to the rights of the Mortgagees hereunder, Developer may make such use of the unsold Apartments and of the Common Elements as may facilitate such completion and sale, including, but not limited to maintenance of a sales office, the showing of the Project and the Apartments therein, and the display of signs thereon and therein. Developer shall have an easement over the Common Elements (i) for completion of the improvements for which action is made in this Declaration but only if access thereto is not otherwise available and (ii) for making repairs to improvements to the Project. Developer shall have the right to maintain facilities on the Project which are reasonably necessary to market the Condominium, including but not limited to, sales and management offices, model apartments, parking areas, and advertising signs.

**5. 12. Transfers.**

- a. No transfer of a Condominium shall be of any force or effect for any purpose until an Owner who transfers the Condominium shall notify the Board in writing of the name and address of the transferee, the nature of the transfer and the Condominium involved, as well as such other information relative to the transfer and the transferee as the Board may reasonably request. Such notice shall also contain an executed copy of the instrument of transfer. The provisions hereof shall apply by way of illustration and not in limitation of a transfer occurring by reason a sale, gift, devise or inheritance, or by lease or by any other manner not heretofore considered. The provisions of this Section 5.12 a. shall not apply to Developer.
- b. The right of an Owner to sell, transfer, or otherwise convey a Condominium shall not be subject to any right of first refusal or similar restriction.

**5. 13. Right of Ingress and Egress.** Each Owner shall have the right of ingress to and egress from his Apartment which right shall be perpetual and appurtenant to the respective Condominium of which the Apartment is a part.

## ARTICLE 6

### INSURANCE

**6.01. Maintenance of Hazard Insurance.** The Board on behalf of the Association, shall obtain, maintain and pay the premiums upon, as a common expense, a “master” or “blanket” type policy or policies of multiperil type hazard insurance, including insurance for such other risks of a similar or dissimilar nature as are or shall hereafter customarily be covered with respect to other condominium projects similar in construction, design and use, insuring the Common Elements against loss or damage by the perils of lightning and those contained in extended coverage, vandalism and malicious mischief endorsements, on a replacement cost basis an amount not less than that necessary to comply any co-insurance percentage stipulated in the policy, but not less than one hundred percent (100%) of the insurable value (based upon current replacement costs) of the Common Elements, including fixtures to the extent they are part of the Common Elements building service equipment and supplies, and other common personal property belonging to the Association, but exclusive of the Land, foundations, excavation and other items normally excluded from coverage, (but not less than the aggregate amount of all outstanding indebtedness secured by Mortgages against the Apartments) written in the name of, and the proceeds thereof shall be payable to, the Association (or the Insurance Trustee named pursuant to Section 6.02 of this Declaration) as trustee for the use and benefit of the individual Owners (without naming them) in the proportions established in Section 2.04.

Loss payable shall be in favor of the Association (or the Insurance Trustee), as a trustee for each Owner and each such Owner's Mortgagee. Evidence of insurance shall be issued to each Owner and Mortgagee. ALI references herein to a "master" or "blanket" type policy of hazard insurance are intended to denote single entity condominium insurance coverage in addition, any fixtures equipment or other property within the Apartments which are to be financed by a Mortgage to be purchased by FNMA or EHLMC (regardless of whether or not such property is a part of the Common Elements) shall be covered in such "master" or "blanket" policy or policies.

Such policy or policies must be consistent with the insurance laws of the State of Texas, including any political subdivision thereof having jurisdiction over the Project, and the coverage of such policy or policies shall be at least equal to such coverage as is commonly required by prudent institutional mortgage investing in the area in which the Project is located. Prior to the renewal of any such policy or policies of insurance the Board shall obtain an appraisal, a qualified appraiser for the purpose of determining the cost of the Common Elements and the Apartments for the amount of insurance to be

affected pursuant hereto. The cost of any and all such appraisals shall be maintenance fund expenses.

All such policies of insurance shall comply with the provisions of Section 6.02 hereof and shall (i) contain standard mortgagee clause endorsement, or equivalent endorsement (without contribution) which is commonly accepted by private institutional mortgage investors in the area in which the Project is located in favor of the Mortgagee (and its successors and assigns) of each Apartment, if any, and which appropriately names FNMA and FHLMC if such corporations are Eligible Holders; (ii) provide that the insurance shall not be prejudiced by any act or neglect of any Owner which is not the control of the Association; (iii) contain an endorsement to the effect that such policy shall not be terminated for non-payment of premiums, cancelled or substantially modified, without at least ten (10) days' prior written notice to the Association or the Insurance Trustee, as hereinafter defined, and the Mortgagee which is listed as a scheduled holder of a Mortgage in such policy or policies; (iv) contain the following endorsements, if available: Replacement Cost Endorsement, Agreed Amount and Inflation Guard Endorsement, Construction code endorsements (such as Demolition Cost Endorsements, Contingent Liability from Operation of Building Laws Endorsement, and Increased Cost of Construction Endorsement), and Steam Boiler Coverage Endorsement (\$50,000 per accident minimum coverage) ; (v) contain a recognition of any insurance trust agreement created pursuant to Section 6.02 of this Declaration; (vi) contain a waiver of the right of subrogation against Owners individually, and (vii ) provide that such policy or policies shall be primary in the event an Owner has other insurance covering the same loss. All such policies shall afford, as a minimum, protection against the following:

- a. loss or damage by fire and other perils normally covered by the standard extended coverage endorsement;
- b. in the event the Project contains a steam boiler, loss or damage resulting from steam boiler equipment accidents in an amount not less than \$50,000 per accident per location (or such greater amount as deemed prudent based on the nature of the property); and
- c. all other perils which are customarily covered with respect to Projects similar in construction, location and use, including all perils normally covered by the standard allowable risk endorsement .where such is available.

**6.02. Insurance Trustee.** The Board may engage the services of a bank or trust company authorized to do trust business in the State of Texas and having capital and reserves of not less than Fifty Million Dollars (\$50,000,000) to insurance trustee (the Insurance Trustee 's) disburse the insurance proceeds resulting from any Loss upon such

terms as the Board shall determine consistent the provisions of this Declaration. Insurance on behalf of the Association, may be named as an insured under any policy or policies required by this Declaration. The Insurance Trustee, if any, shall have exclusive authority to negotiate losses under any such policy or policies. In the event the Lowest of two (2) bids from reputable contractors for making all repairs required by any such loss shall exceed Twenty Thousand Dollars (\$20,000), the Board upon written demand of the Mortgagee of any Apartment shall engage the services of an insurance Trustee as aforesaid. Except as otherwise provided in Section 6.08 hereof, the fees of such Insurance Trustee shall be maintenance fund expenses.

The proceeds of such insurance shall be applied by the Board or by the Insurance Trustee on behalf of the Board for the reconstruction of the Building damaged, or shall be otherwise disposed of, in accordance with the provisions of Article 7 of this Declaration; and the rights of the Mortgagee of any Apartment under any standard mortgage clause endorsement to such policies shall , notwithstanding anything to the contrary therein or in any Mortgage contained, at all times, be subject to the provisions hereof with respect to the application of insurance proceeds to reconstruction of the Building damaged; provided. however, that if the Board or the Insurance Trustee fails to perform all of the conditions precedent required by the policy or policies of insurance, and fails to collect the amount of the loss within the time required by law, and the Mortgagee or Mortgagees are required to avail themselves of their rights under the standard mortgage clause to collect the proceeds of the policy or policies of insurance , any amounts so collected through the efforts of said Mortgagee or Mortgagees shall be applied as directed by said Mortgagee or Mortgagees.

All insurance policies shall contain a waiver of subrogation with respect to the Board, the Association, its employees the Owners and members of their households, and Mortgagees; or such parties shall be named as additional insureds Each Owner hereby irrevocably appoints the Association, or any Insurance Trustee if one shall have been appointed, or any substitute Insurance Trustee designated by the Association, as attorney-in-fact for the purpose of purchasing and maintaining such insurance , including: (i) the collection and appropriate disposition of the proceeds thereof; (ii) the negotiation of losses and execution of releases of liability; (iii) the execution of all documents and the performance all other acts as necessary to accomplish such purpose. The Association, or any Trustee, shall receive, hold or otherwise properly dispose of any proceeds of insurance in the trust for Owners Mortgagees, as their interests may appear.

**6.03. Maintenance of Liability Insurance.**

- a. The Board, on behalf of the Association, shall obtain and maintain at all times a policy or policies of comprehensive general liability insurance insuring the Association, the Board, the Owners and the Managing Agent against any liability to the public or to the Owners (and their families, invitees or tenants), incident to the ownership or use of and covering the Project, the Common Elements and individual Condominiums, which insurance shall contain endorsements providing that the rights of the name insureds shall not be prejudiced with respect to actions against other named insureds.
- b. Coverage limits of such liability insurance policy or policies shall be in amounts generally required by private institutional mortgage investors for projects similar in construction, location and use to the Project. However, such coverage shall be for at least \$1,000,000 for bodily injury including deaths of persons and property damage arising out of a single occurrence. Coverage under such policy or policies shall include without limitation, legal liability of the insureds for property damage, bodily injuries and deaths of persons in connection with the operation, maintenance or use of the Common Elements and legal liability arising out of lawsuits related to employment contracts of the Association.
- c. Such policy or policies shall provide that they may not be cancelled or substantially modified by any party without ten (10) days prior written notice to the Association and each Mortgagee which is listed as a scheduled holder of a Mortgage in such policy or policies.

**6.04. Flood Insurance.** If any part of the Project is in a special flood hazard area, as defined by the Federal Emergency Management Agency, and for which flood insurance has been made available under "The National Flood Insurance Program (NFIP), the Association shall, as a common expense, obtain and pay the premiums upon a master or blanket policy for flood insurance on the Buildings and any other property covered by the required form of policy (the Insurable Property), in an amount deemed appropriate, but not less than the following:

- a. the maximum coverage available under the NFIP for all Buildings and other insurable Property within any portion of the Project Located within a designated flood hazard area; or
- b. one hundred per cent (100%) of current replacement cost of all such Buildings and other Insurable Property.

### **6.05. Fidelity Bonds.**

- A. The Board, on behalf of the Association, shall obtain and maintain at all times blanket fidelity bonds for all officers, directors, trustees, and employees of the Association and all other persons handling or responsible for funds of or administered by the Association. Where the Association delegates some or all of the responsibility for the handling of funds to a Managing Agent, blanket fidelity bonds shall be obtained and maintained for the officers, employees, and agents of such Managing Agent handling or responsible for funds or administration on behalf of, the Association.
- B. The total amount of fidelity bond coverage required shall be based upon best business judgment and shall not be less than the estimated maximum of funds, including reserve funds, in the custody of the Association or the Management Agent, as the case may be, at any given time during the term of each bond. However, amount of such bonds be less months' aggregate assessments funds.
- C. Fidelity bonds must meet the following requirement:
  - a. Fidelity bond shall name the Association as an obligee;
  - b. the bonds shall contain waivers by the issuers of the bonds of all defenses based upon the exclusion of persons serving without compensation from the definition of "employees," or similar terms or expressions;
  - c. the premiums on all bonds required herein for the Association (except for premiums on fidelity bonds maintained by a Management Agent for its officers, employees, and agents) shall be paid by the Association as a common expense; and
  - d. the bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least ten (10) days prior written notice to the Association or to any Insurance Trustee appointed pursuant to Section 6.02 of this Declaration and each servicer of Mortgages on behalf of FNMA.

**6.06. Governing Provisions.** All insurance provided above shall be governed by the following provisions:

- a. All policies shall (i) comply with the hazard insurance requirements of FHLMC and FNMA as they apply to condominium loans; and (ii) be written with a company licensed to do business in the State of Texas and holding a rating of Class VI or better by Best's Key Rating Guide or other then comparable rating. To the extent that the provisions of this Declaration with respect to the maintenance of insurance shall conflict with the hazard insurance requirements of FHLMC or

by FNMA, then the requirements of EHLMC and EN<sup>V</sup>IA shall control and such requirements shall be complied with by the Board.

- b. Exclusive authority to adjust all claims under policies hereafter in force on the Project shall be vested in the Board or its authorized representatives.
- c. In no event shall the insurance coverage obtained and maintained by the Board hereunder be brought into contribution with insurance purchased by individual Owners or their Mortgagees.
- d. Each Owner may obtain additional insurance at his own expense; provided, however, that no Owner shall be entitled to exercise his right to maintain insurance coverage in such a way as to decrease the amount which the Board, in behalf of all of the Owners, may realize under any insurance policy which the Board may have in force on the Project at any particular time.
- e. Each Owner shall be required to notify the Board of all improvements made by the Owner to his Apartment, the value of which is in excess of One Thousand Dollars (\$1,000).
- f. Any Owner who obtains individual insurance policies covering any portion of the Project other than personal property belonging to such Owner shall be required to file a copy of such individual policy or policies with the Board within thirty (30) days after purchase of such insurance.
- g. The Board shall be required to make every effort to secure insurance policies that will provide for the following:
  - i. A waiver of subrogation by the insurer as to any claims against the Association the Board, the Manager, or the Owners.
  - ii. That the policy cannot be cancelled, invalidated or suspended on account of the conduct of any officer or employee of the Board or Manager. or on account of the conduct of any one or more individual Owners, without a prior demand in writing that the Board, Manager or Owner(s) cure the defect.
  - iii. That any no other insurance clause in the master policy excludes individual Owners' policies from consideration.

**6.07. Premiums.** Premiums upon insurance policies purchased by the Board shall be paid by the Board as a maintenance fund expense; except that the amount of increase over the usual premium occasioned by the use, misuse, occupancy or abandonment of an



Apartment or its appurtenances or of the Common Elements by an Owner shall be assessed against that Owner.

**6.08. Distribution & Proceeds.** Proceeds of insurance policies received by the Board or the Insurance Trustee be distributed to or for the benefit of the beneficial owners in the following manner:

- a. Subject to the approval of Mortgagees as provided any Mortgage, all expenses of the Insurance Trustee (if any) shall be first paid or provision made therefor.
- b. If the damage for which the proceeds are paid is to be repaired or reconstructed the remaining proceeds shall be used to defray the cost thereof as provided in Article 7 hereafter. Any proceeds remaining after defraying such costs shall be distributed first to the Mortgagees and then to the Owners, as their interests may appear.
- c. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittances to Owners and their Mortgagees being payable jointly to them.
- d. In making distribution to Owners and their Mortgagees, the Insurance Trustee (if any) may rely upon a certificate of the Association made by its President and Secretary as to the names of Owners and their respective shares of the distribution.
- e. Notwithstanding any other provision hereof the proceeds shall be distributed on a reasonable and equitable basis.

**6.09. Responsibility of Each Owner.** Each Owner shall be responsible for his own insurance and his personal property in his Apartment, his personal property stored elsewhere on the Project and his personal liability to the extent not covered by the liability insurance for all the Owners obtained by the Board as hereinbefore provided.

**ARTICLE VI 1 DAMAGE**  
**DESTRUCTION**

**7.01. Reconstruction or Repair.** Subject to the provisions of this Account, Section 1 on 5.09b hereof in case of casual, or any other disaster, insurance proceeds sufficient to reconstruct the buildings damaged, shall be applied to such reconstruction. Reconstruction of the buildings described, in Section 7.02, means rescoring the Buildings to substantially the same condition in which they existed or to the fire casualty or other disaster, with each Apartment and the Common Elements having the same vertical and horizontal boundaries as before such reconstruction shall be caused to be accomplished by the Board.

**7.02. Insufficiency of Proceeds.** If the insurance proceeds are insufficient to reconstruct a Building, damage to or destruction of such Building shall be promptly repaired and restored by the Board using proceeds of insurance, if any, on the Buildings for that purpose and the Owners shall be liable in proportion to their respective percentage interests in the Common Elements for assessment for any deficiency. However, subject to any provision of the Act to the contrary, if Reconstruction of the Buildings comprises the whole or more than two-thirds (2/3rds) of the Project (exclusive of the Property) as determined by the Board, unless otherwise unanimously agreed upon by the Owners and the Mortgagees, the damage shall not be repaired or restored and the provisions of the following sentence shall control. In the event that the Owners and the Mortgagees do not elect to repair or rebuild any damage in accordance with the preceding sentence, the Board shall record with the County Clerk of the county(ies) in which the Project is located, a notice setting forth such facts, and upon the recording of such notice:

- a. the Project shall be deemed to be owned in common by the Owners;
- b. the undivided interest in the Project owned in common which shall appertain to each Owner shall be the fractional undivided interest previously owned by such Owner in the Common Elements;
- c. any liens affecting any of the Condominiums shall be deemed to be transferred in accordance with the existing priorities to the undivided interest of the Owner in the Project;
- d. the Project shall be subject to an action for partition of the suit of any Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Project, if any, shall be considered as one fund and shall be

divided among all the Owners in proportion to the fractional undivided interest owned by each Owner in the Common Elements, after first paying out of the respective shares of the Owners, to the extent sufficient for the purposes, all indebtedness secured by liens on the individual interest in the Project owned by each Owner; and

- e. notwithstanding any other provision hereof, no Apartment in the Project may be partitioned or subdivided without the prior written approval of the holder of each Mortgage on such Apartment.

**ARTICLE 8**  
**MISCELLANEOUS**

**8.01. Eminent Domain.** Subject to the provisions of Section 5.09c hereof, the following provisions shall apply in the event of any taking of a portion of any of the Common Elements by eminent domain. The taking of a portion of an Apartment or the Common Elements by eminent domain shall be deemed to be a casualty, awards for such taking shall be deemed to be proceeds from insurance on account of the casualty and shall be deposited with the insurance Trustee. The Association or the Insurance Trustee shall represent the Owners in any condemnation proceedings or in negotiations, settlements and agreements with the condemning authority for acquisition of the Common Elements or part thereof. Each Owner hereby appoints the Association and any insurance Trustee as his attorney-in-fact for the purposes of this Section 8.01. The awards or proceeds for such taking shall be payable to the Association, or any insurance Trustee, for the use of the Owners and their Mortgagees, as their interests may appear.

Notwithstanding any other provision of this Declaration any distribution made as a result of any condemnation or termination of the Project shall be accomplished on a reasonable and time table basis. Even though the awards may be payable to the Owners, the Owners shall deposit the awards with the Insurance Trustee; and in the event of failure to do so in the discretion of the Board of Directors of the Association, a special assessment shall be made against a defaulting Owner in the amount of his award, or the amount of each award shall be set off against the same hereafter made payable to each Owner.

If any Apartment or portion thereof or the Common Elements or any portion thereof is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then the Mortgagee of such Apartment shall be entitled to timely written notice of any such proceeding or proposed acquisition and no provision hereof shall entitle the Owner of such Apartment or other party to priority over such Mortgages with respect to the distribution to such Apartment of any award or settlement. Subject to the rights of Mortgagee with respect to the distribution to such Apartment of any award or settlement. Subject to the rights of Mortgagees under the terms of their Mortgages, the proceeds of the award shall be distributed or used in the manner heretofore provided for insurance proceeds, except that when the Condominium is not to be terminated and one or more Apartments are taken in part, the taking shall have the following effect:

- A. If the taking reduces the size of an Apartment and the remaining portion of that Apartment can be made tenantable, the award for the taking of a portion of the

Apartment shall be used for the following purposes in the order stated, and the following changes shall be effected in the Condominium:

- a. The Apartment shall be made tenantable and cost of such work exceeds the amount of the award, the additional funds shall be assessed against the Owner of the Apartment.
  - b. Balance of the award, if any, shall be distributed to the Owner of the Apartment and to the Mortgagee of the Apartment the remittance being payable jointly to such Owner Mortgagee.
  - c. If there is a balance of the award distributed to the Apartment Owner and the Mortgagee, the share in the Common Elements appurtenant to the Apartment shall be equitably reduced. This shall be done by reducing such share by the proportion which the balance of the award so distributed bears to the market value of the Apartment immediately prior to the taking, and then recomputing the shares of all Owners in the Common Elements as percentages of the total of their shares as reduced by the taking.
- B. If the taking destroys or so reduces the size of an apartment that it cannot be made tenantable, the award for the taking of the apartment shall be use for the following purposes in the order stated, and the following changes shall be affected in the Condominium:
- i. Market value of such Apartment immediately prior to the taking shall be paid to the Owner of the Apartment and to each Mortgagee of the Apartment, the remittance being payable jointly to the Owner and Mortgagee.
  - ii. The remaining portion of such Apartment, if any, shall become a part of the Common Elements and be placed in condition for use by all of the Owners, in the manner approved by the Board of Directors of the Association; provided, however, that if the cost of such work shall exceed the balance of the fund from the award for the taking, such work shall be approved in the manner elsewhere required for further improvement of the Common Elements.
  - iii. The shares in the Common Elements appurtenant to the Apartment which continue as a part of the Condominium shall be equitably adjusted to distribute the ownership to the Common Elements among the reduced of Owners. This shall be done by recomputing the shares of such contributing Owners in the Common Elements as percentages of the total of the shares of such Owners as they exist prior to the adjustment.

- iv. If the amount of the award for taking is not sufficient to pay the market value of the condemned Apartment to the Owner and to restore the remaining portion of the Apartment in condition for use as a part of the Common Elements, the additional funds required for such purposes shall be raised by assessment against all of the Owners who will continue as Owners of Apartments after the changes in the Project effected by the taking. Such assessments shall be made in proportion to the shares of such Owners in the Common Elements after the changes effected by the taking.
- C. If the market value of an Apartment prior to the taking cannot be determined by agreement between its Owner and Mortgagee and the Association within thirty (30) days after notice by any such party, such values shall be determined by arbitration in accordance with the then existing rules of the American Arbitration Association, except that the arbitrators be appraisers appointed by the American Arbitration Association who shall base their determination upon an average of their appraisals of said Apartment; and a judgement of specific performance upon the award rendered by the arbitrators may be entered in any court of competent jurisdiction. The cost of arbitration proceedings shall be assessed against all Owners in proportion to the shares of the Owners in the Common Elements as they existed prior to the changes effected by the taking.
- D. Subject to the provisions of Section 5.09 and Section 8.06 hereof, the changes in Apartments, in Common Elements, in the Ownership of the Common Elements, and in shares of liability for common expenses which are effected by eminent domain, shall be evidenced by an amendment of this Declaration approved in accordance with the terms of this Declaration.

**8.02. Audit.** Any Owner may at any time and at his own expense cause an audit or inspection to be made of the books and records of the Association.

**8.03. Personal Property.** The Board or Manager may acquire and hold for the benefit of the Owners' tangible and intangible personal property and may dispose of the same by sale or otherwise; and the beneficial interest in ~~su~~personal property shall be owned by the Owners in the same proportion as their respective interests in the Common Elements and shall not be transferable except transfer of a Condominium. If personal property is for the use of Owners of Condominiums in only one separate portion of the Project, such personal property shall be owned only by such Owners. A transfer of a Condominium shall transfer to the transferee ownership of the transferor's beneficial interest in such personal property.

**8.04. No Partition.** Except as otherwise permitted in Section 7.02 and subject to the provisions of Article 5, there shall be no judicial partition of the Project, nor shall Developer or any person acquiring any interest in the Project or any part thereof seek any judicial partition; provided, that if any Condominium shall be owned by two (2) or more co-tenants, as tenants in common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition as between such co-tenants, and provided further that an action may be brought for partition by sale of the Project, if any of the following conditions exist:

- a. Three (3) years after damage or destruction to the Project which renders a material part thereof unfit for its use prior thereto, the Project has not been rebuilt or repaired substantially to its state prior to its damage or destruction; or
- b. Except as may be otherwise provided in the Act, three-fourths (3/4ths) or more of the structures in the Project have been destroyed or substantially damaged, and Owners holding in the aggregate more than a fifty percent (50%) interest in the Common Elements are opposed to repair or restoration of the Project; or
- c. The Project has been in existence in excess of fifty (50) years, is obsolete and uneconomic and Owners holding in the aggregate more than a sixty-seven percent (67%) interest in the Common Elements are opposed to repair or restoration of the Project.

In any event, and notwithstanding the foregoing provisions of this Section 8.04, no Apartment may be partitioned or subdivided without the or written approval of the holder of each Mortgage on such Apartment and the provisions of the Act with respect to partition shall be strictly complied with.

**8.05. Effect and Interpretation.** This Declaration shall run with the land, and shall continue in full force and effect until (a) it is terminated by a court of competent jurisdiction pursuant to law, (b) there is a total destruction of the improvements in the Project and a determination of the Owners not to rebuild the improvements, or a total abandonment of the Project by the Owners, (c) the Project is judicially partitioned in accordance with the provisions of Section 8.04 hereof, or (d) the Project is deemed owned in common by the Owners as provided in Section 7.02 hereof. Each purchaser by accepting a deed to a Condominium accepts the interest thereby conveyed subject to all of the provisions of this Declaration and agrees to be bound thereby. The provisions of this Declaration shall be liberally construed to effectuate its purpose of creating a uniform plan for the development and operation of a condominium town-home project. Failure to enforce any provision hereof shall not constitute a waiver of the right to enforce said provision or any other provision hereof.

### **8.06. Amendment.**

- A. Subject to any applicable additional limitations imposed by Section 8.06b or Section 8.06c hereof, the provisions of this Declaration may only be amended at a meeting of the Owners at which the amendment is approved by the holders of at least sixty-seven percent (67%) of the ownership interests in the Common Elements and by Developer (so long as Developer owns any Condominium in the Project). Any amendment so approved shall be evidenced by an instrument in writing signed and acknowledged (i) by Developer alone, prior to recordation of the sale of any Condominium in the Project, or (ii) by the President of the Association and by Developer (so long as Developer owns any Condominium in the Project), which amendment shall be effective upon recordation in the Office of the County Clerk of the county(s) which the Project is located.
- B. The consent of Owners of Condominiums to which at least one hundred percent (100%) of the votes in the Association allocated and the approval of the Eligible Holders of Mortgages on Condominiums to which at least sixty-seven percent (67%) of the votes of Condominiums subject to a Mortgage appertain shall be required to terminate the condominium regime.
- C. The consent of Owners of Condominiums to which at least sixty-seven percent (67%) of the votes in the Association allocated and the approval of Eligible Holders of Mortgages on Condominiums to which at least fifty-one percent (51%) of the votes of Condominiums subject to a Mortgage appertain shall be required to materially amend any provisions of the Declaration, Bylaws, or equivalent documents of the condominium regime, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:
- a. Voting;
  - b. Assessments, assessment liens, or subordination of such liens;
  - c. Reserves for maintenance, repair and replacement of the Common Elements;
  - d. Insurance or fidelity bonds;
  - e. Rights to use of the Common Elements;
  - f. Responsibility for maintenance and repair of the several portions of the Project;
  - g. Expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;
  - h. Boundaries of any Apartment;
  - i. The interest in the General or Limited Common Elements;



- j. Convertibility of Condominiums into Common Elements or Common Elements into Condominiums;
  - k. Leasing of Condominiums;
  - l. Imposition of any right of first refusal of similar restriction on the right of an Owner to sell, transfer, or otherwise convey his or her Condominium;
  - m. Establishment of self-management by the Association when professional management had been required previously by an Eligible Holder;
  - n. Restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified in the Declaration, Bylaws or equivalent documents;
  - o. Any action to terminate the legal status of the Project after substantial destruction or condemnation occurs; or
  - p. Any provisions that expressly benefit Eligible Holders.
- D. If an addition or amendment to this Declaration, the Articles, the Bylaws or equivalent documents is not considered as a material change, such as the correction of a technical error or the clarification of a statement, an Eligible Holder who receives a written request to approve additions or amendments to this Declaration, the Articles, the Bylaws or equivalent documents, who fails to submit a response to any written proposal for an amendment within thirty (30) days shall be deemed to have approved such request. Notwithstanding any other provision hereof, an amendment of this Declaration may not alter or destroy an Apartment or a Limited Common Element without the consent of the Owners affected and the Owners' Mortgagees.

**8.07. Severability.** The provisions hereof shall be deemed independent and severable and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

**8.08. Power of Attorney.** An irrevocable power of attorney coupled with an interest is granted by the Owners to the Board, acting on behalf of the Association, to the extent of the powers and rights given to the Board by the provisions of this Declaration.

IN WITNESS WHEREOF, the undersigned has executed this instrument this the 19<sup>th</sup> day of September, 1983 -

DONDI RESIDENTIAL PROPERTIES, INC.

By:   
Its: VICE PRESIDENT

THE STATE OF TEXAS

COUNTY OF DALLAS §

BEEORE ME, the undersigned authority on this day personally appeared ~~KENNETH F. CHENULT~~ VICE PRESIDENT of DONDI RESIDENTIAL PROPERTIES, INC., a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the Act deed of said DONDI RESIDENTIAL PROPERTIES, INC.

19<sup>th</sup> GIVEN UNDER MY HAND AND SEAL OF OFFICE, this the 19<sup>th</sup> day of SEPT., 1983.

and  deed of

Notary Public

My Commission n Expires:

1-4-86