

158.00
40

1000 31481 158.00 W.D.
2 10/04/83

DONDI RESIDENTIAL PROPERTIES, INC.

DECLARATION AND MASTER DEED

FOR

RIDG MAR CROSSROADS CONDOMINIUMS

COUNTY OF TARRANT
STATE OF TEXAS
hereby certify that this instrument was filed on the
10th day of October 1983 at 10:00 AM and was duly
recorded in the Public Records of Tarrant County, Texas,
Book 1000, Page 31481.
OCT 9 1983
Madrine Shuffman
COUNTY CLERK
TARRANT COUNTY, TEXAS

DATED: 9-19, 1983

NOTICE - SECTION 8.01(c) 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.

TABLE OF CONTENTS

		<u>Page</u>
ARTICLE I	DEFINITIONS	2
ARTICLE II	PROPERTY SUBJECT TO THIS DECLARATION	6
2.01	Description and Ownership of Project and Apartments	6
2.02	Parking Spaces	6
2.03	Balconies and Patios	7
2.04	Ownership of Common Elements	7
2.05	Alteration of Apartments	7
2.06	Easements	7
2.07	Encroachments	8
2.08	Sale of Interest in Common Elements	9
2.09	Addition of Additional Property to the Project	9
ARTICLE III	ORGANIZATION AND MANAGEMENT	10
3.01	The Board of Directors	10
3.02	Voting	10
3.03	Election, Tenure and Proceedings of Board of Directors	11
3.04	Consent of Owners in Lieu of Meeting	12
3.05	Delegation	12
3.06	Powers and Duties of Board of Directors	12
3.07	Additional Rights, Powers and Duties of the Board	14
3.08	Board Powers, Exclusive	17
3.09	Membership in the Association	17
3.10	Limited Liability of the Board and the Owners	17
3.11	Availability of Records	18
ARTICLE IV	ASSESSMENTS - MAINTENANCE FUND	18
4.01	Estimated Cash Requirements; Assess- ments	18
4.02	Omission of Assessments	19
4.03	Detailed Records	19
4.04	Commencement of Payment of Assess- ments; Taxes	19
4.05	Maintenance Fund; Working Capital Fund	20
4.06	No Exemption from Liability	20
4.07	Default in Payment of Assessments	21

4.08	Payment of Assessments Upon Sale or Conveyance of a Condominium	24
4.09	Capital Assessments	24
ARTICLE V	PROVISIONS WITH RESPECT TO THE APART- MENTS, THE COMMON ELEMENTS AND MORTGAGES	25
5.01	Each Owner's Obligation to Repair	25
5.02	Alterations, Additions and Improvements	26
5.03	Restrictions on Use of Apartments and Common Elements	26
5.04	Liability of Owners for Negligence	28
5.05	Rules of the Board	28
5.06	Abatement of Violations; Powers to Enforce Declaration of Owners	28
5.07	Advances	30
5.08	Failure of the Board to Insist on Strict Performance; No Waiver	30
5.09	Mortgagee Protection Provisions	30
5.10	Right of Access	33
5.11	Use by Developer	33
5.12	Transfers	34
5.13	Right of Ingress and Egress	34
ARTICLE VI	INSURANCE	34
6.01	Maintenance of Hazard Insurance	34
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	40
6.07	Premiums	41
6.08	Distribution of Proceeds	42
6.09	Responsibility of Each Owner	42
ARTICLE VII	DAMAGE AND DESTRUCTION	42
7.01	Reconstruction or Repair	42
7.02	Insufficiency of Proceeds	43
ARTICLE VIII	MISCELLANEOUS	44
8.01	Eminent Domain	44
8.02	Audit	47

(ii)

8.03	Personal Property	47
8.04	No Partition	48
8.05	Effect and Interpretation	49
8.06	Amendment	49
8.07	Severability	51
8.08	Power of Attorney	51
EXHIBIT "A"	Property Description	
EXHIBIT "B"	Property Description of Additional Property	
EXHIBIT "C"	Plan	
EXHIBIT "D"	Percentage Ownership Interest in Common Elements	

DECLARATION AND MASTER DEED
FOR
RIDGEMAR CROSSROADS CONDOMINIUMS
(with Deed of Trust to Secure Assessments)

THIS DECLARATION AND MASTER DEED made this 19TH day of September, 1983, by DONDI RESIDENTIAL PROPERTIES, INC., a Texas corporation ("Developer"), pursuant to 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:

W I T N E S S E T H:

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 and Master Deed, to establish a Condominium Project (as defined in the Act) to be known as Ridgmar Crossroads Condominiums 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, leased, rented, used, occupied, and improved and in any other manner utilized, subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Declaration and 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 I
DEFINITIONS

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

(a) "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.

(b) "Additional Property" shall mean the land adjacent to the Property situated in the County of Tarrant containing approximately 11.2151 acres, and being more particularly described on Exhibit "B", attached hereto and made a part hereof for all purposes.

(c) "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 it 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 a fee simple interest bounded by the interior surfaces of

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.

(d) "Association" shall mean the RIDGEMAR CROSSROADS CONDOMINIUM ASSOCIATION, 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.

(e) "Board of Directors" or "Board" shall mean the governing body of the Association, elected pursuant to the Bylaws of the Association.

(f) "Bylaws" shall mean such bylaws of the Association adopted by the Board, and as the same may be amended from time to time.

(g) "Common Elements" shall mean both the General Common Elements and the Limited Common Elements.

(h) "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.

(i) "Declaration" shall mean this instrument.

(j) "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.

(k) "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:

- (i) any Mortgagee;
- (ii) FNMA or FHLMC to the extent either shall hold any Mortgage; and
- (iii) FHA or VA to the extent either shall insure or guarantee any Mortgage.

(l) "FHA" shall mean the Federal Housing Administration.

(m) "FHLMC" shall mean the Federal Home Loan Mortgage Corporation.

(n) "FNMA" shall mean the Federal National Mortgage Association.

(o) "General Common Elements" shall mean and include the following:

- (i) the Land;
- (ii) the foundations, piers, bearing walls, perimeter walls and columns;
- (iii) roofs, halls, lobbies, stairways, and entrances and exits or communication ways;
- (iv) 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;
- (v) the premises and facilities, if any, used for the maintenance or repair of the Condominium Project;
- (vi) all common recreational facilities such as the clubhouse, the swimming pool and the grounds, yards and walkways;

(vii) greens, gardens, balconies and patios (subject to the provisions of Section 2.03 hereof), storage sheds, service streets and parking areas; and

(viii) all other elements desirable or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Project.

(p) "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.

(q) "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.

(r) "Mortgage" shall mean a first lien deed of trust as well as a first lien mortgage on one or more Condominiums.

(s) "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.

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

(u) "Plan" shall mean the Condominium Plan of the Project attached hereto as Exhibit "C" and made a part hereof for all purposes.

(v) "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 II.

(w) "Property" shall mean the Land together with the easements appurtenant thereto.

(x) "VA" shall mean the Veterans Administration.

ARTICLE II
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". 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 entitle 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 limited 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 apurtenant 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, on 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 assigns, 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 or any 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 the Project, 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, 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 and 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:

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 III
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. At 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 a majority of the Condominiums. Any vacancy in the Board shall be filled by the other members of the Board, provided that the Owners, acting at a 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 Project or 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 Project or 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 multi-peril 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 Owners (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 Project or for the enforcement of this Declaration; provided that if any such materials, 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 costs 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 written request of the Owners of one-third (1/3rd) 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 all Condominiums 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 resolution 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 3.07(o) 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 certificates evidencing membership therein.

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 mistake 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 IV
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 FNMA, FHA 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 Bruce P. Stoddard, as 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, 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 the 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 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 or 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, 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. The lien or liens described in Section 4.07 hereof shall not be affected by any sale or transfer of a 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 provision 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 for the