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Instrument Number: 117884

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DECLARATION

Recorded On: September 25, 2017 09:03 AM

Number of Pages: 112

" Examined and Charged as Follows: "

Total Recording: $470.00

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File Information:

Document Number:	117884
Receipt Number:	20170925000134
Recorded Date/Time:	September 25, 2017 09:03 AM
User:	Melissa K
Station:	Station 40

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STATE OF TEXAS
COUNTY OF DENTON

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Juli Luke
County Clerk
Denton County, TX

CONDOMINIUM DECLARATION

FOR

LADERA AT HIGHLAND VILLAGE CONDOMINIUMS

After Recording Return To:
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This Declaration may only be used and reproduced in connection with the Ladera at Highland Village Condominiums and the operation of the Ladera at Highland Village Condominium Association, Inc.

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CONDOMINIUM DECLARATION

for

LADERA AT HIGHLAND VILLAGE CONDOMINIUMS

STATE OF TEXAS	§	
	§	KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF DENTON	§	

This CONDOMINIUM DECLARATION FOR LADERA AT HIGHLAND VILLAGE CONDOMINIUMS ("Declaration") is made on the date hereinafter set forth by HVLADERA, LLC, a Texas limited liability company, hereinafter referred to as "Declarant".

W I T N E S S E T H:

WHEREAS, Declarant is the fee simple owner of the real property described on Exhibit "A" attached hereto and made a part hereof for all purposes (the "Property");

WHEREAS, Declarant desires to establish a condominium regime under the Texas Uniform Condominium Act, according to the provisions of Chapter 82 of the Texas Property Code, herein called the "Condominium Act"; and

WHEREAS, Declarant does hereby establish a plan for the individual ownership in fee simple of estates consisting of Units and the co-ownership by the separate Unit Owners thereof, as tenants in common, of all the remaining property, which includes both the Limited Common Elements and the General Common Elements (collectively referred to as the "Common Elements"), herein called the "Condominium"; and

WHEREAS, Declarant desires to develop the Property as an age-restricted active adult single-family, residential condominium regime, together with any other land and/or improvements which Declarant at its sole discretion may hereinafter add thereto, and to provide and adopt a uniform plan of governance including assessments, conditions, covenants, easements, reservations, and restrictions designed to govern and control the Property for the development, improvement, sale, use and enjoyment of the Property as an age-restricted, active adult residential use condominium regime; and

WHEREAS, Declarant deems it desirable for the enforcement of the Declaration and the efficient preservation of the amenities in said condominium regime, to create an owners association (hereinafter defined) to which shall be delegated and assigned the power of administering and enforcing these assessments, conditions, covenants, easements, reservations and restrictions, including levying, collecting and disbursing the assessments; and

WHEREAS, Ladera at Highland Village Condominium Association, Inc. (hereinafter the "Association") has been or will be incorporated under the Texas Business Organizations Code as a nonprofit corporation and whose directors established Bylaws by which the Association shall be governed through its Board of Directors, for the purpose of exercising the functions

aforesaid. If the Association were to forfeit its charter it is the intention of this Declaration that it be afforded the protections provided by law for unincorporated associations, including but not limited to individual immunities and protections for its volunteers; and

W I T N E S S E T H:

NOW, THEREFORE, Declarant, hereby declares that the Property shall be developed, improved, sold, used and enjoyed in accordance with, and subject to the Texas Uniform Condominium Act, including the assessments, conditions, covenants, easements, reservations, and the restrictions hereinafter set forth, all of which are hereby adopted for, and placed upon the Property and shall run with the Property and be binding on all parties, now and at any time hereinafter, having or claiming any right, title or interest in the Property or any part thereof, their heirs, executors, administrators, successors and assigns, regardless of the source of, or the manner in which any such right, title or interest is or may be acquired, and shall inure to the benefit of each Owner of any part of the Property.

ARTICLE I. DEFINITION OF TERMS AND OTHER PROVISIONS

When used in this Declaration, the words set out below shall have the following meanings:

Section 1.1 "Additional Property" means the land, and improvements thereon, that may, at a subsequent time be added to the Property and become a part of the Condominium.

Section 1.2 "Age-Qualified Occupant" means any individual fifty-five (55) years of age or older who occupies a Dwelling. The terms "occupy," occupies,"or "occupancy" shall mean staying overnight in a particular Dwelling for at least ninety (90) days in any consecutive twelve (12) month period.

Section 1.3 "Allocated Interests" means the undivided interest in the Common Elements, the common expense liability, and votes in the Association allocated to each Unit as set forth on Exhibit "B" attached hereto and made a part hereof for all purposes. At all times each Unit shall have an equal undivided interest in the Common Elements. The Declarant, acting alone, or the President of the Association, upon approval of the Board, shall have the right to amend Exhibit "B" and re-record such amended Exhibit "B" to assign a revised Allocated Interest to a Unit pursuant to this Declaration. If a Unit is added or withdrawn from the Condominium, the assignment of Allocated Interest to a Unit and the re-assignment of the Allocated Interest to the other Units shall be established by using the formula provided above and shall be effective upon recordation of the amended Exhibit "B" by the Declarant, acting alone, or by the President of the Association, upon approval of the Board.

Section 1.4 "Appointed Board" means the initial Board of Directors who shall be appointed by the Declarant. The Declarant shall have the right to appoint all or some of the directors as set out in this Declaration. From and after the termination of the Declarant Control Period (as defined hereinafter), the then-current Board shall serve until an election can be conducted to elect the Fully Elected Board, pursuant to the Bylaws.

Section 1.5 "Association" means the Ladera at Highland Village Condominium Association, Inc., a Texas nonprofit corporation, it successors, assigns and/or replacements, the members of which shall be the Owners of Units during the period of their respective ownerships, and the successors and assigns of such Owners. Any lapse in the corporate charter shall result in the Association operating as an unincorporated nonprofit association pursuant to the Texas Business Organizations Code, Chapter 252. Any voluntary dissolution of the Association must be consented to by the City of Highland Village.

Section 1.6 "Board of Directors" or "Board" means the Board of Directors of the Association whether such Board be appointed by Declarant or elected by the Members in accordance with the provisions of this Declaration and the Bylaws.

Section 1.7 "Bylaws" mean the Bylaws of the Association, attached hereto as Exhibit "E", as they may be amended from time to time.

Section 1.8 "Common Area(s) or Common Element(s)" The Common Elements shall be and include all of the Property except the Units and shall include both General Common Elements and Limited Common Elements.

Section 1.9 "Common Expense Charge" means the annual assessment made and levied by the Board against each Owner and a Unit for administration, management and operation of the Condominium and the Condominium Regime and for repairs, maintenance, insurance, additions, alterations, reconstruction and operation of all or any portion of the Common Elements (including reserves for replacements) and other expenses provided by the terms of this Declaration to be paid by the Association, in accordance with the provisions hereof. When used herein the term "Common Elements" includes the "General Common Elements" and the "Limited Common Elements" unless otherwise expressly indicated. Each Unit shall pay the same amount of Common Expense Charge.

Section 1.10 "Common Expense Fund" means the accumulated Common Expense Charges and other amounts collected or received by the Association.

Section 1.11 "Condominium or Condominium Property" means a form of real property with portions of the real property designated for separate ownership or occupancy, and the remainder of the real property designated for common ownership or occupancy solely by the Owners of those portions; the Property and all other improvements located or to be located on the Property and all other rights appurtenant to the Property and all other improvements located or to be located on the Property. The components of the Condominium are further herein classified as "Common Elements" including "General Common Elements" and "Limited Common Elements") and "Units," as all are defined herein.

Section 1.12 "Condominium Regime" means the legal rights and duties of ownership, maintenance, and administration created by the terms of the Texas Uniform Condominium Act and all amendments thereto (to the extent that such amendments are applicable in this Declaration and the Condominium), the Condominium and this Declaration of Condominium, and the Bylaws and Rules and Regulations promulgated thereunder.

Section 1.13 "Declarant" means HVLadera, LLC, a Texas limited liability company, and its successors and assigns that have been designated as such by the Declarant pursuant to a written instrument duly executed by Declarant and recorded in the Official Public Records of Real Property of Denton County, Texas.

Section 1.14 "Dedicatory Instrument" or "Dedicatory Instruments" means each governing instrument covering the establishment, maintenance and operation of the Property, which is created under or pursuant to this Declaration. The term includes this Declaration, any annexation or supplemental amendment to the Declaration, any instrument (including, but not limited to the Guidelines and the Rules and Regulations) subjecting the Property to covenants, conditions, restrictions or assessments, any Certificate of Formation, Bylaws or other instruments governing the administration or operation of the Association, all properly adopted policies, rules and regulations of the Association and any and all lawful amendments or modifications to the Dedicatory Instruments.

Section 1.15 "Drawings" means the drawings for the Condominium, and are the Plat and Plans required pursuant to the provisions of the TUCA. A set thereof is attached hereto, but the same may be detached and filed separately herefrom by the appropriate public authorities.

Section 1.16 "Fully Elected Board" means the Board of Directors who shall be elected by the Members upon termination of the Declarant Control Period. Such election is to be held as set out hereinbelow and the Bylaws.

Section 1.17 "Guidelines" or "Architectural Guidelines" The Guidelines, as same may be amended or modified from time to time in accordance with this Declaration, may be promulgated by the Declarant or the Board for custom modifications made to Units from time to time by Owners. The initial Guidelines are attached as Exhibit "D" to this Declaration.

Section 1.18 "Limited Common Elements" means those portions of the Common Elements reserved for the exclusive use of one or more but less than all of the Owners of certain Units to the exclusion of the Owners of other Units. In the case of each Unit these Limited Common Elements consist of (a) the portion of the Common Elements in or on which there is located any portion of the air conditioning or heating system exclusively serving a particular Unit; (b) the yard area surrounding the Unit, specifically the contiguous fenced in patio area adjacent to and serving only the Unit, with a concrete pad and the improvements in that area; (c) the attic space or storage space above the living area of a Unit to which the Unit has direct and exclusive access; (d) any utility or electrical meter or control which serves only the Unit; (e) any mailbox that serves only a Unit; (f) all utility lines, pipes, ducts, wires, vents, conduits and other fixtures located partially within and partially outside the Unit or located wholly outside the boundaries of a Unit but servicing such Unit only; and (g) the driveway area in front of the Unit's garage. No expansion or modification of any Limited Common Element by the respective Owner is allowed or authorized without first obtaining written Association approval, which can be withheld, approved, or conditioned in the sole discretion of the Association, acting by and through its Board of Directors. Owners are responsible for the general housecleaning of the Limited Common Elements.

Section 1.19 "Managing Agent" means the person(s), firm or entity that may be selected by the Board in accordance with the provisions hereof for the purposes of performing any duties, powers or functions of the Board in connection with the administration, management and operation of the Condominium.

Section 1.20 "Marketing Period" means a period of time in which the Declarant owns at least one Unit.

Section 1.21 "Member" or "Members" means an Owner, as defined in this Article, pursuant to this Declaration.

Section 1.22 "Mortgage" means a security interest, mortgage, deed of trust or lien granted by an Owner and covering a Unit to secure the repayment of a loan made to an Owner, duly filed for record in the Official Public Records of Real Property of Denton County, Texas.

Section 1.23 "Mortgagee" means the person or entity who holds a Mortgage as security for the payment of a debt.

Section 1.24 "Occupant" shall mean Owners, residents, tenants, lessees, guests, and invitees of any Unit within the Property for any period of time, specifically including, without limitation, a Reverse Mortgage Unit purchased prior to completion of construction of the improvements thereon. An individual who occupies a Unit but does not satisfy the criteria set forth in Section 1.27 below, shall not be deemed to be a Resident and shall not be entitled to any rights or privileges granted to a Resident of the Subdivision.

Section 1.25 "Owner" means any person or persons, firm, corporation or other entity that owns, of record, a Unit, or legal interest therein, including the Declarant, but the term "Owner" as in a particular Unit shall not include any Mortgagee of that Unit.

Section 1.26 "Reserve Fund" means the fund that may be established pursuant to this Declaration for maintenance, repairs and replacements of the Common Elements.

Section 1.27 "Resident" or "Qualified Resident" means any of the following persons occupying a Dwelling:

(a) Any Age Qualified Occupant;

(b) Any person twenty-one (21) years of age or older occupying a Dwelling with an Age Qualified Occupant; and

(c) Any person twenty-one (21) years of age or older occupying a Dwelling with an Age Qualified Occupant who continues without interruption, to occupy the same Dwelling after termination of the Age Qualified Occupant's occupancy thereof.

Section 1.28 "Reverse Mortgage Unit" means a Unit purchased by a person prior to completion of construction of the improvements thereon, but who will be the Qualified Occupant of the Unit after completion of construction, and whose purchase of such Unit is

funded on whole or in part by a so called "reverse mortgage loan" to the extent authorized under federal law or Section 50(k), Article XVI, Texas Constitution, as applicable and as may be amended.

Section 1.29 "Rules and Regulations" means the Rules and Regulations which may be adopted by the Board concerning the management and administration of the Condominium, the use of the Common Elements, and the enforcement of the terms and provisions of this Declaration and the Rules and Regulations governing the Condominium in order to assure to all Owners the benefits of ownership of a Unit and use of the Common Elements. The initial Rules and Regulations are attached as Exhibit "D".

Section 1.30 "Special Assessment" means any assessment, approved by the Association as hereinafter set forth, over and above the Common Expense Charge deemed by the Board to be necessary for the preservation, repair, maintenance, improvement, management and administration of the Condominium.

Section 1.31 "Texas Uniform Condominium Act" or "TUCA" means Chapter 82 of the Texas Property Code, which permits the creation of condominium regimes and provides the basic rules for their operation, together with all amendments thereto to the extent such amendments affect this Declaration or anything covered hereby.

Section 1.32 "Unit(s) or Unit" means the condominium units, created pursuant to this Declaration, restricted to residential use, each of which is assigned an Allocated Interest as provided herein. The Units shall mean the physical portion of the Condominium designated for separate fee simple ownership or occupancy, the boundaries of which are described in this Declaration and shown on Exhibit "C" attached hereto. The boundaries of each Unit shall be the interior surfaces of the perimeter walls, floors, ceilings, windows and window frames, doors and door frames that provide access to and egress from Common Areas. Included within the boundaries of each Unit, without limitation, shall be any finishing materials applied or affixed to the interior surfaces of the interior walls, floors or ceilings (such as, but without limitation, paint, wallpaper, wall or floor coverings and carpets) non-load-bearing interior walls and doors separating rooms within a Unit and all utility pipes, lines, systems, fixtures and appliances servicing only that Unit including, without limitation, hot water heaters, water pipes, air handlers, fan coil units and all visible and exposed plumbing fixtures, lines and pipes whether or not within the boundaries of a Unit. "Unit" or "Units" is the portion of the Condominium constituting a "unit" or "units" under the provisions of the Texas Uniform Condominium Act; provided however, buildings intended for Units that are under construction by Declarant or an affiliate, are not "Units" until they are certificated for occupancy by the City or unless they are purchased as a Reverse Mortgage Unit prior to completion of construction of the improvement thereon.

Without limiting the generality of the foregoing, or, as appropriate, in addition, each Unit shall include:

(i) the decorated surfaces, including paint, lacquer, varnish, wall covering, tile and other finishing material applied to floors, ceilings, and interior and perimeter walls, carpeting, if any, and the drywall, paneling and other finishing wall material;

(ii) the finished walls, ceilings and floors themselves, but not the building's supporting elements, such as but not limited to rafters and joists, above the ceiling at the Unit's highest level, and the sub-flooring below the finished floors themselves, and the structural walls or structural components thereof to which the finished walls, such as but not limited to plaster, drywall, and paneling are affixed;

(iii) all windows, skylights, if any, and screens and doors, including garage doors and windows, if any, and the frames, sashes and jambs, and the hardware therefor;

(iv) all fixtures, appliances and systems (including, without limitation, the heating, cooling and ventilating systems and dueling located in the attic of the Unit or in the Common Elements outside of the Unit, but serving only that specific Unit) installed for the exclusive use of that Unit, commencing at the point of disconnection from the structural body of the building and from utility pipes, lines or systems serving the entire building or more than one Unit thereof, including, without limiting the generality hereof, built-in cabinets, dishwashers, garbage disposal units, refrigerators, stoves and hoods, television antennas and cables, furnaces, hot water heaters, heat pumps, air conditioning units (even though located outside the bounds of a Unit), and components of the foregoing, if any;

(v) all plumbing, electric, heating, cooling and other utility or service lines, pipes (including plumbing and piping lying in and below but not beyond the Unit's slab foundation and any overlying Limited Common Element patio), wires, ducts, conduits and apparatus, wherever located, which serve only that Unit;

(vi) all control knobs, switches, thermostats and electrical outlets and connections affixed to or projecting from the walls, floors and ceilings which service only the Unit or the fixtures located therein;

(vii) all interior walls that are not necessary for support of the structure, and all components thereof and all space encompassed thereby;

(viii) the portion of fireplaces, if any, actually within the interior of a Unit and the vents and dampers therefor accessible from the Unit's interior; and

(ix) the space in the attached garage;

excluding therefrom. however, all of the following items, whether or not located within the bounds of that Unit:

(i) any supporting element of the building contained in interior walls, floors and ceilings;

(ii) all plumbing, electric, heating, cooling and other utility or service lines, pipes, sump pumps and accessories thereto, wires, ducts and conduits outside of the footprint of the building in which the Unit is located and which serve any other Unit;

(iii) fireplace stacks and chimneys, if any; and

(iv) the floor structure between the first and second finished occupiable portions of the Unit.

It is currently anticipated that the maximum number of Units in the Condominium shall be 102 Units.

It is expressly stipulated, and each and every purchaser of a Unit, its heirs, executors, administrators, assigns, successors and grantees hereby agree, that the square footage area and dimensions of each Unit, and balcony, if applicable, as set out and shown in this Declaration or in the plats attached as exhibits hereto, are approximate and are shown for descriptive purposes only.

DECLARANT DOES NOT WARRANT, REPRESENT OR GUARANTEE THAT ANY UNIT ACTUALLY CONTAINS THE AREA, SQUARE FOOTAGE OR DIMENSIONS SHOWN BY THE PLATS ATTACHED HERETO. EACH PURCHASER AND OWNER OF A UNIT, OR ANY INTEREST THEREIN, HAS HAD FULL OPPORTUNITY AND IS UNDER A DUTY TO INSPECT AND EXAMINE THE UNIT PURCHASED BY IT PRIOR TO THE PURCHASE THEREOF (IF CONSTRUCTED PRIOR TO PURCHASE), AND AGREES THAT THE UNIT IS PURCHASED AS ACTUALLY AND PHYSICALLY EXISTING AND/OR PLANNED. EACH PURCHASER OF A UNIT HEREBY EXPRESSLY WAIVES ANY CLAIM OR DEMAND WHICH IT MAY HAVE AGAINST THE DECLARANT ON ACCOUNT OF ANY DIFFERENCE, SHORTAGE OR DISCREPANCY BETWEEN THE UNIT AS ACTUALLY AND PHYSICALLY EXISTING AND/OR PLANNED, AND AS IT IS SHOWN ON THE PLATS ATTACHED HERETO.

ARTICLE II. PURPOSE AND INTENT

The Condominium, as initially planned, is intended to be an age-restricted active adult single-family, residential condominium development that is planned to feature residential uses. This Declaration shall serve as the means by which design, maintenance and use of the Property, and additional property made a part of the Subdivision, will be established.

Ladera at Highland Village Condominiums is intended to provide housing primarily for persons fifty-five (55) years of age or older. The Condominium shall be operated as an age-restricted community in compliance with all applicable state and federal laws. No person under twenty-one (21) years of age shall stay overnight in any Dwelling for more than ninety (90) days in any twelve (12) month period.

Each Unit, if occupied, shall be occupied by at least one person fifty-five (55) years of age or older; provided however, that once a Unit is occupied by an Age Qualified Occupant, other Qualified Occupants of that Unit may continue to occupy the Unit, regardless of the termination of the Age Qualified Occupant's occupancy. Notwithstanding the above, at all times, at least eighty percent (80%) of the occupied Units within the Condominium (as calculated pursuant to federal or state law and applicable regulations, including 24 Code of Federal Regulations §100.305, as same may be amended from time to time) shall be occupied by at least one person fifty-five (55) years of age or older. The actual minimum percentage may be set higher by the Board of Directors of the Association in any duly approved Dedicatory Instrument.

The Board shall adopt and publish policies and procedures from time to time as necessary to maintain the status as an age-restricted community under State and Federal law and demonstrate its intent that the Condominium be operated as housing for persons fifty-five (55) years of age or older, which policies and procedures may include but are not limited to annual audits.

This Article shall not be amended without the prior written consent of HVLadera, LLC, so long HVLadera, LLC, owns any portion of the Property, as that term is defined in herein.

ARTICLE III. GENERAL PROVISIONS

Section 3.1 Use Restrictions.

The Condominium Regime and the Property shall be benefited by and subject to the following restrictions:

(a) **Age Restrictions.**

The Condominium is intended to be operated for occupancy by Persons fifty-five (55) years of age or older in accordance with the Age-Qualified Acts as applicable under both federal and State laws, which exempt "housing for older persons" from the prohibitions against certain types of discrimination. Except as herein set forth, each Unit, if occupied, must be occupied by at least one person fifty-five (55) years of age or older and no person under twenty-one (21) years of age shall occupy a Unit. With respect to the age restriction:

(i) The Board, in its sole and absolute discretion, shall have the right and power to determine what constitutes "occupancy" of a Unit.

(ii) In accordance with the Age-Qualified Acts, at least eighty percent (80%) of the occupied Units must be occupied by at least one person who is fifty-five (55) years of age or older. Accordingly, the Board, after the first forty-seven (47) Units have been sold (being twenty-five percent (25%) of the anticipated overall development), shall have the right and option, but without the obligation, at the Board's sole and exclusive discretion, to permit not more than 20% of the occupied Units, to be occupied by persons all of whom are under fifty-five (55) years of age, but above the age of twenty-one (21) years, if, in the Board's judgment and upon application by the occupant(s), (1) such occupancy will not jeopardize the familial status exemption or the development's status as "housing for older adults"; (2) the granting of the exemption would not result in less than eighty percent (80%) of the occupied Units being occupied by at least one person fifty-five (55) years of age or older; or (3) such occupancy is required to comply with other federal or state laws. The Board shall make its decision based upon criteria that the Board shall determine as appropriate, including, without limitation, information then known to the Board concerning potential or pending changes in occupancy of other Units, the ages of the persons requesting such permission, the proximity to age fifty-five (55) of the proposed occupants of the Unit, and any other information deemed relevant by the Board. So long as the variance will not result in less than eighty percent (80%) of the Units being occupied by one person fifty-five (55) years of age or older, the Association will grant a variance (i) when an Age-Qualified spouse dies, and the

surviving spouse is under fifty-five (55) years of age, the surviving spouse may continue to live in the Unit; (ii) when an Age-Qualified spouse must be relocated for medical reasons, and the remaining spouse is under fifty-five (55) years of age, the remaining spouse may continue to live in the Unit.

(iii) The Board, upon application, the form of which is as from time to time adopted by the Association, by a Person, because of undue hardship on such Person or other proposed occupant of the Unit, or due to extraordinary circumstances, in its sole and exclusive discretion [unless such action may jeopardize (whether at the time of the request or in the future) the Condominium's status as "housing for older persons" under the Age-Qualified Acts], shall have the right and option, but not the obligation, to permit a Unit to be occupied by a person under twenty-one (21) years of age.

(iv) A Person under twenty-one (21) years of age may visit a Unit as a guest of the Occupant(s) of that Unit for a period of not more than thirty (30) consecutive days, not more than sixty (60) days in any twelve (12) consecutive month period, and there shall be no right for that guest to occupy the Unit for thirty (30) days after the sixtieth (60^{th}) day of occupancy in any twelve (12) consecutive month period.

(v) On or about initial occupancy, during each bi-annual survey of age verification by the Association, and for other good cause, each occupant, as and when requested to do so by the Board, shall furnish the Board with the names and ages of all occupants of the Unit and such affidavits and other documents as the Board may request to verify the age of such occupants (such other documents including, without limitation, drivers licenses, birth certificates, passports, immigration card, other governmental identification or an affidavit from a non-occupant).

(vi) The Board shall publish and adhere to policies and procedures to demonstrate the intent that the Condominium Property is intended and operated for occupancy by persons fifty-five (55) years of age or older.

(vii) Owner's desiring to sell their Unit must adhere to the following:

A. The sales contract must contain the following provision:

"THE UNIT DESCRIBED IN THIS [CONTRACT AGREEMENT] IS LOCATED IN AN 'AGE-RESTRICTED' COMMUNITY AS ALLOWED UNDER THE FAIR HOUSING ACT (BOTH FEDERAL AND LOCAL) AND THE HOUSING FOR OLDER PERSONS ACT OF 1995. AS SUCH, EXCEPT AS SET FORTH IN THE DECLARATION, AT LEAST ONE PERSON OCCUPYING THE UNIT MUST BE AT LEAST 55 YEARS OF AGE AND THERE CAN BE NO PERSON UNDER 21 YEARS OF AGE OCCUPYING THE UNIT. PURCHASER IS REQUIRED TO PROVIDE APPROPRIATE AGE VERIFICATION TO THE ASSOCIATION GOVERNING THE CONDOMINIUM THAT THE PERSON(S) INTENDING TO OCCUPY THE UNIT MEET THE AGE REQUIREMENTS SET FORTH IN THE DECLARATION AND THE ASSOCIATION MAY DISAPPROVE ANY OCCUPANCY OF THE UNIT BY PERSONS WHO DO NOT MEET SUCH AGE REQUIREMENTS."

B. At the time a prospective purchaser of a Unit enters into a purchase agreement for the Unit, the prospective purchaser is required to certify, by execution and delivery to the Association of a certificate adopted by the Association, as to compliance with the fifty-five (55) years of age and older occupancy requirement. Upon receipt of the certification containing all required information, the Board will determine whether the proposed occupancy of the Unit is in compliance with the Declaration, and either approve or disapprove the proposed occupancy.

C. The proposed purchaser may not take occupancy prior to approval of such occupancy by the Board.

(viii) Owners desiring to lease their Unit must adhere to the following:

A. The lease or rental agreement must contain the following provision:

"THE UNIT DESCRIBED IN THIS [CONTRACT AGREEMENT] IS LOCATED IN AN 'AGE-RESTRICTED' COMMUNITY AS ALLOWED UNDER THE FAIR HOUSING ACT (BOTH FEDERAL AND LOCAL) AND THE HOUSING FOR OLDER PERSONS ACT OF 1995. AS SUCH, EXCEPT AS SET FORTH IN THE DECLARATION, AT LEAST ONE PERSON OCCUPYING THE UNIT MUST BE AT LEAST 55 YEARS OF AGE AND THERE CAN BE NO PERSON UNDER 21 YEARS OF AGE OCCUPYING THE UNIT. TENANT IS REQUIRED TO PROVIDE APPROPRIATE VERIFICATION TO THE ASSOCIATION GOVERNING THE CONDOMINIUM AND THE LEASING OF THE UNIT TO TENANT IS SUBJECT TO AGE VERIFICATION BY THE ASSOCIATION;"

and that the lease or rental agreement is subject to this Declaration and the other Condominium Documents and that an untruthful certificate or a violation of any of the terms or conditions of the Declaration or other Condominium Documents is a default by tenant under the lease and a default by Owner under the terms of this Declaration.

B. The Owner or its prospective tenants shall submit to the Association, a written certificate, the form of which has been adopted by the Association, as to compliance by the tenants with the fifty-five (55) years of age and older occupancy requirement to provide the Board with information for their approval or disapproval of the proposed tenant(s). The tenant is required to certify as to compliance with the fifty-five (55) years of age and older occupancy requirement. Upon receipt of the certification containing all required information, the Board will determine whether the proposed occupancy of the Unit by tenant is in compliance with the Declaration, and either grant or deny the proposed occupancy.

C. The proposed tenant may not take occupancy prior to approval of such occupancy by the Board.

D. Violation by the tenant of the age restriction or other term or condition of this Declaration, is a default by the Owner of the Unit under this Declaration.

E. The Association shall have the right to initiate or prosecute eviction proceedings to evict a tenant of a Unit, either in its own name, as agent of the Association, or in the name of the Unit Owner.

(ix) In the event of any change in persons who occupy the Unit for more than thirty (30) days in any twelve (12) consecutive calendar months, or as a result of a transfer of title, a lease or sublease of the Unit, a birth, the death, change in marital status, change in permanent residence, or otherwise, the Unit Owner shall immediately notify the Association in writing and provide the Association with the names and ages (together with a method of age verification, if requested by the Association) of all current Occupants of the Unit and such other information as the Association may reasonably request to verify the age of each Occupant and the eligibility of any of the Occupants with the age-qualifying restrictions. If the Unit Owner fails to notify the Association within twenty (20) days after the change of status that should have been reported to the Association, the Unit Owner shall be in default under this Declaration and the Association shall have all rights and remedies at law or in equity.

(x) The Declarant or the Association, acting through its Board, shall have the power to amend this Section 3.1(a), without the consent of the Unit Owners or any person except Declarant, for the purpose of making this definition consistent with the Age-Qualified Acts, the regulations adopted pursuant thereto, and any judicial decisions arising thereunder in order to maintain the intent and enforceability of this definition and the age-restricted community. Any other material amendment to this Section 3.1(a) must be approved by the City before it is effective.

(b) **Residential Use.**

No portion of the Condominium shall be used by an Owner, the Board, or the Association for any commercial activity or purpose.

(c) **No Business Use.**

No trade or business may be conducted in or from any Unit, except that an Owner or occupant may conduct business activities that are merely incidental to the Owner's residential use within a Unit so long as (a) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from outside the Unit; (b) the business activity conforms to all zoning requirements and other restrictive covenants applicable to the Property; (c) the business activity does not involve visitation of the Unit by clients, customers, suppliers or other business invitees or door-to-door solicitation of residents of the Property; and (d) the business activity is consistent with the residential character of the Property and does not constitute a nuisance, or a hazardous or offensive use, or threaten the security of other residents of the Property, as may be determined in the sole discretion of the Board. By way of illustration but not limitation, a day-care facility, church, nursery, home day care facility, beauty parlor, barber shop, pre-school, or other similar facilities are expressly prohibited.

The terms "business" and "trade" as used in this provision shall be construed to have their ordinary, generally accepted meanings and shall include, without limitation, any occupation, work or activity undertaken on an ongoing basis that involves the manufacture or provision of goods for or to persons other than the provider's family, regardless of whether: (i) such activity is engaged in full or part-time; (ii) such activity is intended to or does not generate a profit; or (iii) a license is required therefore. Notwithstanding the above, the leasing of a Unit shall not be considered a trade or business within the meaning of this Section. This Section does not apply to any activity conducted by the Declarant with respect to its development and sale of the Property.

(d) **Nuisance.**

No noxious or offensive activities of any sort shall be permitted, nor shall anything be done in any Unit, nor shall a nuisance be permitted to exist, or in or about any Common Element, that shall be or may become an annoyance or nuisance to the other Owners, nor shall any loud or disturbing noises be emitted from any Unit and/or balcony in such a manner as to be an annoyance to or objectionable to another Owner. Owners are hereby put on notice that the installation of hard surface floors within a Unit may be limited and will be subject to Rules and Regulations which may require a certain percentage of coverage by noise-abating material. No speaker, horn, whistle, bell or other sound device, except alarm devices used exclusively for residential monitoring purposes, shall be installed or operated on the Property, unless required by federal, state or local regulation.

(e) **Declarant's Use.**

Notwithstanding any other provisions of this Declaration, the Declarant may make such use of the Common Elements and Units as is reasonably necessary to facilitate and complete the improvements to the Property, the operation of Declarant's sales efforts and the showing of the Condominium and any unsold Units therein (including, without limitation, maintaining model units and sales offices for selection of allowance items (either or both of which may be located in a Unit), providing space for the closing of sales transactions covering other unsold Units owned by Declarant and the placing of signs or other advertising material in or about such unsold Units and the Common Areas). The provisions of this subsection shall not prohibit the use by the Association of all Common Elements in any reasonable manner necessary in connection with the operation and maintenance of the Condominium.

(f) **Insurance – Liability for Increase.**

Nothing shall be done in or kept in or on any Unit or Common Element that will increase the rate of insurance on the Condominium or any other Unit over that applicable to residential buildings, or result in uninsurability of the Condominium or any part thereof, or the cancellation, suspension, modification or reduction of insurance in or on or covering the Condominium or any part thereof. If, by reason of the occupancy of any Unit or Common Area by any Owner in contravention of the restrictions set forth in this Section, the rate of insurance on all or any portion of the Condominium shall be increased, such Owner shall immediately cease any such use and shall be personally liable to the Association for such increase caused thereby and such sum shall be payable to the Association upon presentation to such Owner by the Association of a statement thereof.

(g) **Electrical Installations.**

No Owner shall install, attach or hang or allow to be installed, attached or hung any equipment or wiring or electrical installations, television or radio transmitting or receiving antennas, air conditioning units or any other equipment, item, or wiring on, in or across any portion of any Common Element, or through any wall, floor, ceiling, window or door that is a Common Element, except as approved by the Association. All radios, television, electrical equipment or appliances of any kind or nature and the wiring thereof installed or used in a Unit shall fully comply with all rules, regulations or requirements of all state and local public authorities having jurisdiction. The Declarant by promulgating this Section is not attempting to violate the Telecommunications Act of 1996, as same may be amended from time to time. This Section shall be interpreted to be as restrictive as possible while not violating said act.

Each Owner shall promptly and fully comply with any and all applicable laws, rules, ordinances, statutes, regulations or requirements of any governmental agency or authority with respect to the occupancy and use of its Unit and with the provisions hereof, the Bylaws, the Dedicatory Instruments and Rules and Regulations promulgated hereunder. The Declarant by promulgating this Article is not attempting to violate applicable laws, rules, ordinances, statutes, regulations or requirements of any governmental agency or authority, as same may be amended from time to time. This Article shall be interpreted to be as restrictive as possible while not violating applicable laws, rules, ordinances, statutes or regulations or requirements of any governmental agency or authority.

Section 3.2 Decorations, Maintenance of Units, and Common Elements.

(a) Provided the same do not violate the current Guidelines or Rules and Regulations, every Owner shall have the right to decorate and redecorate their Unit and may make any non-structural improvements or non-structural alterations within its Unit (but not to Common Elements) and the right to paint, repaint, tile, wallpaper, or otherwise finish or decorate any interior of walls, partitions, ceilings and floors within the Unit.

(b) Each Owner shall, at its own cost and expense, maintain at all times their Unit in good condition and repair. Each Owner shall be obligated to clean the exterior glass surface of all windows which can be accessed from their Unit, balcony, or any other glass surface accessible from adjoining Common Areas. Additionally, each Owner shall be responsible for the maintenance of all exterior add-ons from the Unit's base model. These add-ons include, but are not limited to covered patios, pergolas, firepits, outdoor grills and/or appliances (including any decorative masonry/framework/countertop), televisions, fountains, screened-porches, concrete layovers, etc.

(c) Except as otherwise provided in this Declaration, the Association shall maintain all Common Elements and Limited Common Elements (except as specifically set out herein), the cost of which shall be an expense for which a Common Expense Charge may be assessed and levied (except to the extent that repair to Common Elements is made necessary by the negligence or misuse of a particular Owner, in which event such Owner shall be responsible to the Association for the cost of such repair), and such Common Expense Charge shall be due and payable upon presentation to each Owner by the Association of a statement thereof. The Board has the right, without the obligation, to enter into and inspect any Unit as necessary to

determine the need for maintenance to plumbing or utility service lines, or other items affecting the Common Areas or other Units.

(d) Unless part of a building-wide renovation, maintenance, repair and/or replacement of light fixtures, light bulbs, glass (including window panes and sliding glass doors), and hardware (including, but not limited to, door knobs and exterior doors including sliding glass and garage doors in each Unit garage door openers) shall be the obligation of the Owner. In the event any Owner of any Unit fails to maintain the glass, hardware, exterior doors light fixtures and/or light bulbs in a manner consistent with the overall standard established within the Condominium and satisfactory to the Board, the Board, after ten (10) days' notice to the Owners of the Unit, setting forth the action intended to be taken by the Association and after approval by a two-thirds (2/3) vote of the Board, shall have the right but not the obligation, through its agent, contractors and/or employees, to enter upon said Unit or Limited Common Elements and to maintain and/or replace such glass, hardware, exterior doors, light fixtures and light bulbs at the Owner's expense.

(e) The Association and the Board, and their respective agents, contractors, or employees shall not be liable, and are expressly relieved from any liability, for trespass or other tort in connection with the performance of the exterior maintenance or other work authorized in this Article. The cost of such exterior maintenance, interior hazard diminution and other work shall be the personal obligation of the Owner of the Unit on which it was performed and shall become part of the Assessment payable by the Owner and secured by the lien retained in the Declaration. Alternately, the Association or any Owner of a Unit may bring an action at law or in equity to cause the Owner to bring said Unit into compliance with these restrictions.

Section 3.3 Alterations to Common Elements.

(a) No Owner shall do any act or permit any act to be done in, on or to any Unit and/or any portion of the Common Element that will impair the structural integrity, weaken the support or otherwise adversely affect the Units or any Common Elements.

(b) Decorative wall items such as lights, shelves and art work may be affixed to or installed on the walls of any Unit that are not Common Elements without prior approval of the Association provided such affixation or installation is done in a good and workmanlike manner. No Owner shall make any alterations to any of the Common Elements (including walls, windows and doors that are Common Elements) nor install, attach, affix or nail any article thereto without the prior approval of the Association. No Owner shall place, affix, attach or install any item, including without limitation decorative items, such as lights, shelves, artwork, plants, furniture, accessories, rugs, carpets or any other item of whatsoever nature in any Common Area without the prior approval of the Association.

(c) A Unit Owner may not change or otherwise alter the appearance of or the hardware on the entry door of a Unit or the Garage door of a Limited Common Elements without prior approval of the Association.

(d) An Owner is responsible for all betterments made to his/her Unit and all improvements or alterations made to the Limited or General Common Elements. At no time shall the Association be responsible for any damage caused by improvements or alterations;

including but not limited to alterations to water flow, structural integrity of the improvement or maintenance/repair of such improvements. Notwithstanding Association approval of improvements and/or alterations to the Limited and/or General Common Elements, an Owner, by placing such improvement/alteration on the Limited and/or General Common Element, assumes all responsibility for maintenance, repair and liability caused by any such improvement.

(e) All Owners agree to hold harmless the Association for approval or disapproval of any Owners' improvement; including, but not limited to damage caused by the improvement to their Unit, any other Unit or any General and/or Limited Common Element.

(f) The responsibility to maintain any betterments made to the Unit shall run with the land and be the binding on any successors in title.

Section 3.4 Additional Provisions.

The Association, by provision of its Bylaws or by Rules and Regulations enacted pursuant to the provisions hereof, may provide such additional rules and regulations for use of the Common Elements and Units as are necessary or desirable in the judgment of the Board for the operation of the Condominium provided such Rules and Regulations and Bylaws are not in conflict with the provision of this Declaration.

Section 3.5 Guidelines.

In addition to any other provisions hereof relating to the alteration, maintenance, decoration or repair of any Unit, each Owner shall comply with the standards set by the Guidelines in effect at the time any alteration or modifications are made to such Owner's Unit or such Owner otherwise decorates its Unit. The object of the Guidelines is to establish standards for the appearance of the Units and to set standards for the alteration, maintenance, decoration or repair of any Unit by an Owner after construction by the Declarant of the Base Unit Improvements. The term "Base Unit Improvements" shall mean the original improvements constituting the Unit constructed by Declarant, if any. The Guidelines are not intended to control the construction of the Base Unit Improvements by the Declarant. The Board may promulgate the Guidelines and shall have the sole right to enforce same with respect to Units. Approval by the Board of any modification, alteration or decoration of a Unit shall be conclusive as to compliance with the standards set by the Guidelines unless the representations made to the Board by the Owner of such Unit with respect to such modification, alteration or decoration are incorrect or unless the facts upon which the Board makes its decisions shall materially change. Amendment or modification of the Guidelines shall be in the sole control and at the sole discretion of the Board and may be made from time to time without notice to any Owner. No amendment of the Guidelines, however, shall be retroactive or shall be applicable to any modification, alteration or decoration of a Unit made upon the approval of the Board or made or undertaken in good faith based upon the Guidelines in effect immediately prior to the date of enactment of such amendment and in progress at the date the amendment is voted on.

ARTICLE IV. LADERA AT HIGHLAND VILLAGE CONDOMINIUM ASSOCIATION, INC.

Section 4.1 Authority to Manage.

(a) The affairs of the Condominium and Condominium Regime shall be administered by the Association acting through the Board. The Board shall have all rights, powers and duties of an "Association", as that term is used in TUCA. The Board shall have the right and power to provide for the management, maintenance, and care of the Condominium and Condominium Regime as provided herein, in TUCA, in the Bylaws and in the Rules and Regulations. The business and affairs of the Association shall be managed by its Board. The Declarant shall determine the number of directors and appoint, dismiss, and re-appoint all of the members of the Board to ensure the stability of the Association's and the Condominium's affairs, until the Fully Elected Board is elected. The Board appointed by Declarant pursuant to the provision of this Section is herein referred to as the "Appointed Board".

(b) The Appointed Board may engage the Declarant or any entity, whether or not affiliated with Declarant, as the Managing Agent to perform the day to day functions of the Association and to provide for the maintenance, repair, replacement, administration and operation of the Condominium and Condominium Regime. The members of the Board shall not be liable for any acts or omissions of the Managing Agent.

Section 4.2 Membership in the Association.

Each Owner (including, without limitation, the Owner of a Reverse Mortgage Unit prior to and after its completion) shall be a Member of the Association so long as the Owner shall be an Owner, and such membership shall automatically terminate when such ownership ceases. Upon the transfer of ownership of a Unit however achieved, including, without limitation, by foreclosure of a Mortgage or a deed in lieu of foreclosure, the new Owner succeeding to such ownership shall likewise succeed to membership in the Association. It is the obligation of the Owner to notify the Association of any change in ownership. The Association may issue certificates evidencing membership therein.

Section 4.3 Administration of the Condominium.

The Association, acting through the Board, its officers or other duly authorized management representatives (including, but not by way of limitation, a Managing Agent), shall manage the business and affairs of the Condominium and without limitation, shall have the powers of collection and enforcement set forth herein; and on behalf of all the Owners in the Condominium, shall provide, perform, cause to be performed, maintained, acquired, constructed and paid for out of the Common Expense Fund, to the extent available, the cost of, including, without limitation, the following:

(a) Utility services used in or for the Common Elements, water and sewer services used by or consumed by the Units, charges for cable television systems and, if not separately metered or charged, other utility service for the Units. Electricity, telephone, utility services separately metered or charged (including without limitation, charges for water as allocated to

each Unit by the Board for the use of water in excess of the amount contemplated for such Unit under the Common Expense Charge) shall be paid for by the Owner of the Unit served by such utility service. If, as or when a separate water metering device and related water lines and facilities are installed for the purpose of separately metering water for each Unit, each Owner's water use will be billed directly by the water supplier, or any similar water system provider.

(b) The insurance required herein and such policies of casualty, liability and/or other insurance covering persons, property and risks as are determined by the Board to be in the best interest of the Condominium.

(c) The services of a Managing Agent and such persons as the Board shall, from time to time, determine are necessary or proper for the management, operation and maintenance of the Condominium and the Condominium Regime.

(d) All supplies, tools, and equipment reasonably required in the management, operation, maintenance, and cleaning of the Condominium, but not including the Units.

(e) The cleaning, maintenance, repairing, reconstruction and replacement of the Common Elements as the Board shall determine is necessary unless otherwise provided in this Declaration.

(f) The services of employees or contractors which may include but shall not be limited to gardeners, parking attendants, doormen, courtesy personnel, valets and such other persons utilized in the operation of the Condominium in the manner determined by the Board.

(g) The removal of all trash, garbage and rubbish from the central garbage receptacle or receptacles of the Units including the employment of the services of a garbage collection company or agency, public or private.

(h) Costs of bookkeeping of the accounts of the Association and the annual audit provided for in the Bylaws; costs of legal, accounting, and other professional services engaged by the Board; premiums of fidelity bonds; taxes or assessments of whatever type assessed or imposed against any of the Common Elements.

(i) All other costs of management, operation and maintenance of the Condominium.

The Board, or its management agent, shall have the authority to maintain monthly accounting records kept on a cash basis, with a conversion to accrual once annually at the end of the calendar year to facilitate an annual audit.

The Board shall not, without the prior authorization of a majority of the Members of the Association present at a meeting (in person or by proxy) of at least a quorum of the Members, contract to pay or pay for any such item of capital addition or improvement (other than replacement of existing Common Elements) having an aggregate cost exceeding an amount equal to ten percent (10%) of the amount of the then applicable annual budget referred to hereinafter.

Nothing herein shall authorize the Board to furnish to any person services primarily for the benefit of or a convenience to any Owner or Owners or any occupant or occupants of any Unit other than services customarily available to all Owners and occupants of Units. The Board shall have the exclusive right and obligation to contract for all goods, services and insurance in connection with the administration of the Condominium, payment for which is to be made from the Common Expense Fund.

Section 4.4 Right of Entry.

The Board, or its duly authorized representative (including any then-acting Managing Agent), shall have the right and authority to enter any Unit for the purposes of:

(a) Making necessary repairs to Common Elements;

(b) Performing necessary maintenance to the Common Elements (including, without limitation, cable television facilities), for which the Association is responsible;

(c) Abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in such Unit or any appurtenance thereto (including, without limitation, removal of objects placed upon or stored on any balcony without the prior written approval of the Board);

(d) Protecting the property rights and welfare of other Owners, including but not limited to, entering Units to dispense chemicals for the extermination of insects and pests within the Units and Common Elements (neither the Association nor the Declarant shall be liable for any illness, damage, or injury caused by the dispensing of these chemicals for this purpose);

(e) Enforcing the provisions of this Declaration, the Bylaws, the Guidelines, the Rules and Regulations and any other Dedicatory Instrument; and

(f) Gaining access to any balcony for any of the purposes set forth in Section 4.4 (a) through (e), and to permit authorized personnel to maintain, repair and/or replace the walls of the Units and to store temporarily on any balcony such equipment as is reasonably necessary to accomplish the purposes set forth in this Section 4.4.

Except in the event of an emergency or, as to balconies, when the periodic cleaning and maintenance of the perimeter walls of the Units have been scheduled, such right of entry shall be exercised only in the presence of the Owner or other occupant, or the express approval of the Owner or other occupant, of the Unit that is entered and in the presence of the Managing Agent or its agent. Such right of entry shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use or enjoyment of the Unit by the Owner or occupant thereof and shall, whenever possible, be preceded by a notice to the Owner or occupant thereof. The rights of entry herein granted to the Board or its duly authorized representative may be accomplished by and exercised subject to such methods and procedures as may be set forth in Rules and Regulations.

Section 4.5 Notices.

Any notice permitted or required to be given to a Member of the Association and to an Owner may be delivered personally, by mail, email, facsimile or other electronic means, or by placing such notice in the mail or in the Unit message center facilities for each Owner if such facilities are present in the Units. If delivery is made via mail, it shall be deemed to have been delivered when deposited in the U. S. mail postage prepaid, addressed to an Owner at its Unit or to such other address as the Owner may have given in writing to the Association for the purpose of service of notices. Any address for purposes of notice may be changed from time to time by notice in writing to the Board.

Section 4.6 Disputes.

In addition to the other powers conferred by law or hereunder, the Board is hereby empowered to create procedures for resolving disputes between Owners and the Board or the Association, including appointment of committees to consider and recommend resolution of or to resolve any such dispute. Mediation of disputes shall be conducted as set out herein.

Section 4.7 Board Action in Good Faith.

An officer, director, or committee member of the Board shall not be liable to the Association or any Owner for any action or omission occurring in such person's capacity as an officer, director, or committee member so long as such action or omission is made or taken in good faith or pursuant to the business judgment rule (as same is defined in the Bylaws).

ARTICLE V. COMMON EXPENSE FUND; ASSESSMENTS; COLLECTION

Section 5.1 Common Expense Charges.

Except as provided in Section 5.2 hereof, all Owners are bound to contribute to the Common Expense Fund by the Common Expense Charge in proportion to their Allocated Interest. The Common Expense Charge and Special Assessments shall be assessed in accordance with the provisions hereinafter set forth. Additionally, each Owner shall pay, upon demand, for any services rendered to such Owner by the Association or arising as the obligation of such Owner to the Association.

Section 5.2 Payment of Common Expense Charges by Declarant.

Recognizing that, to some degree, the cost of administration and maintenance of the Condominium and the Common Elements is related to the use of the Common Elements which is in turn related to the number of Units that are occupied, the Declarant may pay to the Association, until the date that is the earliest of: (i) the election of the Fully Elected Board; or (ii) five (5) years after Declarant's first conveyance of a Unit (the "Termination Date"), in lieu of any Common Expense Charge, or Special Assessment with respect to all Units that the Declarant continues to own, an amount, if any, by which the "Actual Operating Expenses" (as hereinafter defined) incurred for any fiscal year (or portion thereof) of the Association ending prior to the Termination date, exceeds the aggregate of the Common Expense Charges (without any obligation to fund reserves) payable during such period by other Owners of Units. Declarant

may establish a reserve fund (the "Reserve Fund"). The Board shall have the authority, but not the obligation, to annually determine the amount of Common Expense Charge for that year, if any, to be contributed to the Reserve Fund. For the purposes of this provision, the term "Actual Operating Expense" shall mean those expenses reasonably necessary for the normal maintenance and operation of the Condominium and shall not include (i) capital expenditures (determined in accordance with generally accepted accounting principles); (ii) any amount paid into the Reserve Fund; or (iii) prepaid items, inventory items, or similar expenses to the extent attributable to the period after such fiscal year (or part thereof). After the Termination Date, the Common Expense Charges to be paid by each Owner (including the Declarant) shall be determined as provided in this Article. The Declarant, by notice in writing to the Association, may waive the benefits of the first sentence of this Section and in the event of such waiver, shall thereafter be obligated to contribute to the Common Expense Fund, the Common Expense Charge, and Special Assessments amounts in proportion to the Allocated Interests attributable to the Units owned by the Declarant.

The Reserve Fund shall be used for repairs, replacement, and/or enhancement of the Common Elements and/or new improvements or amenities within the Common Elements and may not be used for the general operations of the Association. The Board shall have the authority to determine the expenditure of the Reserve Fund, including but not limited to the sole discretion to determine the amount and timing of any such expenditures.

Section 5.3 Budget, Establishment of Common Expense Charges, and Special Assessments.

Until the commencement of the first full fiscal year after the election of the Fully Elected Board, the Appointed Board shall have the right and obligation to establish the annual budgets for each fiscal year projecting all expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Condominium and Condominium Regime. Such budget, and all successive budgets, shall contain a reasonable allowance for contingencies, maintenance, repairs and replacements to Common Elements, including those that must be replaced on a periodic basis.

Commencing with the first full fiscal year after the election of the Fully Elected Board, the Board shall establish an annual budget in advance for each calendar year and such budget shall project all expenses for the forthcoming year that may be required for the proper operation, management and maintenance of the Condominium and the Condominium Regime, including a reasonable allowance for contingencies and a reasonable addition to the Reserve Fund. The Common Expense Charge for each year shall be established by the Board after calculation of such annual budget by the Board. The Common Expense Charge for each particular Unit for each year shall be provided to each Owner on or before the first day of the applicable fiscal year by such reasonable means as the Board may provide. If the Board at any time determines that the Common Expense Charges so levied are or may prove to be insufficient to pay the costs of operation, management, or maintenance of the Condominium, or the Condominium Regime, for such fiscal year or in the event of casualty losses, condemnation losses or other events (including non-payment of Common Expense Charges by Owners) that require that additional funds be supplied for the management, maintenance, and operation of the Condominium, the Board shall have authority, in its discretion, any time or from time to

time to increase such Common Expense Charges or to levy such Special Assessments as it shall deem necessary for that purpose. Except as otherwise specifically provided in this Declaration, such Special Assessment in excess of twenty percent (20%) of the Common Expense Charge shall not be levied, however, without the prior approval of Owners having at least a majority of the votes in the Association, unless a greater number of votes is required by law applicable to the Condominium.

The failure or delay of the Board to prepare any annual budget shall not constitute a waiver or release in any manner of any Owner's obligation to pay Common Expense Charges whenever the same shall be determined, and in the event of any delay or failure to establish any annual budget each Owner shall continue to pay the Common Expense Charge, monthly, at the rate established for the previous period until a new annual budget is established.

Section 5.4 Payment of Common Expense Charges, Special Assessments and Other Sums.

(a) **Initial Assessment Funding:**

i) Upon purchase of a Unit from the Declarant (or an affiliate) or the Association, the Owner shall pay or cause the title company or other closing entity to pay the Association a working capital reserve fee as has been then adopted by the Association or if none has been adopted, then an amount of $1,400.00.

ii) The contribution to the working capital reserve fee is non-refundable and is not pro-ratable, and is not and shall not act as a prepayment by such Owner of assessments of any kind to the Association, but acts as such new Owner's contribution to the working capital of the Association.

(b) **Common Expense Charge**

i) The Common Expense Charge shall be allocated among those Owners obligated by this Declaration to pay same according to their respective Allocated Interests. Common Expense Charges shall be due and payable quarterly in advance on the first day of each calendar month (or such other day as the Board may designate by written notice to all Owners) during the year for which such Common Expense Charge has been assessed. Special Assessments, Common Expense Charges and other sums for which an Owner may be liable hereunder (including, without limitation, charges for water allocated to a Unit by the Board and other sums incurred by the Association at the request of or on behalf of an Owner) shall be payable on or before ten (10) days after the date on which an invoice has been sent to an Owner. Payment of Common Expense Charges, Special Assessments, and other sums due hereunder shall be in default if such Common Expense Charges, Special Assessments, and other sums or any part thereof, are not paid to the Association on or before ten (10) days from the due date for such payment. Common Expense Charges, Special Assessments and other sums due hereunder in default shall bear interest, from the date due at the lesser of (1) eighteen percent (18%) or (2) the highest non-usurious rate permitted by law from and after the date of delinquency until paid, due credit being given for all charges or fees theretofore contracted for,

charged or received that shall be deemed to be interest under applicable law. The Board shall also have the right, in its sole discretion, by appropriate resolution of the Board, to establish late fees or delinquency charges to be imposed in addition to the interest to which such delinquent Common Expense Charges, Special Assessments and other sums due hereunder are subject. Each Owner (whether one or more persons) shall be personally liable for the payment of all Common Expense Charges, Special Assessments and other sums due hereunder, interest and late fees (or delinquency charges) that may be levied against such Owner and its Unit(s) pursuant to the provisions hereof.

(1) Upon purchase of a Unit from the Declarant (or an affiliate) or the Association, the Owner shall pay or cause the title company or other closing entity to pre-pay the full Common Expense Charge for the remainder of the fiscal year.

(2) Upon purchase from any other entity than the Declarant (or an affiliate) or the Association, an Owner, upon purchase, shall owe a pro-rated Common Expense Charge equal to the amount remaining in the purchase month, to be assessed at the time of closing, based upon the initial estimated closing date. If the closing date changes after the initial estimated closing date is established, the purchasing party agrees to pay the amount owed as of the initial estimated closing date.

ii) The fiscal year is as set forth by the Association.

Section 5.5 Enforcement.

In order to secure the payment of the Common Expense Charges, and Special Assessments levied hereunder, and other sums due hereunder (including interest, late fees, legal fees, collection costs, reimbursements, delinquency, and other charges made by the Association), an assessment lien and superior title shall be and is hereby reserved in and to each Unit and assigned to the Association, without recourse, which lien shall be enforceable as hereinafter set forth by the Association, or the Board on behalf of the Association. The liens described in this Section 5.5 and the superior title herein reserved shall be deemed subordinate to any Mortgage for the purchase or improvement of any Unit and any renewal, extension, rearrangement or refinancing thereof. The collection of such Common Expense Charges, Special Assessments and other sums due hereunder, in addition to any other applicable method at law or in equity, may be enforced by suit for a money judgment and in the event of such suit, the expense incurred in collecting such delinquent amounts, including interest, costs and attorney's fees, shall be chargeable to and be a personal obligation of such defaulting Owner. The right to use the Common Elements and the voting rights of any Owner in default more than thirty (30) days in the payment of the Common Expense Charge, any Special Assessment, or any other charges owing hereunder for which an Owner is liable, may be revoked by action of the Board for the period during which such default exists.

Notice of the lien referred to in the preceding paragraph may, but shall not be required to, be given by the recordation in the Official Public Records of Real Property Records of Denton County , Texas of an affidavit, duly executed, sworn to and acknowledged by an officer

of the Association or its duly authorized employee or agent, setting forth the amount owed, the name of the Owner (or Owners) of such Unit, according to the books and records of the Association, the legal description of such Unit, or in such other manner as may be specified by the TUCA.

Each Owner, by acceptance of a deed to its Unit, grants a power of sale to the Board to sell such Unit upon default in payment of any amount owed, and hereby expressly recognizes the existence of such lien as being prior to its ownership of such Unit. Each Owner, by acceptance of a deed to its Unit, hereby vests in the Board or its agents with the right and power to bring all actions against such Owner (or Owners) personally for the collection of such unpaid Common Expense Charges, Special Assessments, and other sums due hereunder as a debt and to enforce the aforementioned lien by all methods available for the enforcement of such liens, both judicially and by non-judicial foreclosure pursuant to Section 51.002 of the Texas Property Code (as same may be amended or revised from time to time hereafter). In addition to and in connection therewith, by acceptance of the deed to its Unit, each Owner expressly grants, bargains, sells and conveys to the President of the Board from time to time serving as trustee (and to any substitute or successor trustee as hereinafter provided for) such Owner's Unit, and all rights appurtenant thereto, for the purpose of securing the said Common Expense Charges, Special Assessments, and other sums due hereunder remaining unpaid hereunder by such Owner from time to time.

The trustee herein designated may be changed at any time and from time to time by execution of an instrument in writing signed by the President or Vice President of the Board and attested to by the Secretary of the Board and filed in the Official Public Records of Real Property of Denton County, Texas. In the event of the election by the Board to foreclose the lien herein provided for nonpayment of sums secured to be paid by such lien, it shall be the duty of the trustee, or his successor, as hereinabove provided, at the request of the Board (which request shall be presumed) to enforce this trust and to sell such Unit, and all rights appurtenant thereto, at the door of the county courthouse of Denton County, Texas on the first Tuesday in any month between the hours designated in the notice of such sale, to the highest bidder for cash at public venue after the Trustee and the Board, respectively, shall have given notice of the proposed sale in the manner hereinafter set forth and to make due conveyance to the purchaser or purchasers, with a trustee's deed to such purchaser or purchasers binding upon the Owner (or Owners) of such Unit and their heirs, executors, administrators and successors. The trustee shall serve notice of such proposed sale by posting a written notice of the time, place and terms of the sale at least twenty-one (21) consecutive days preceding the date of sale at the courthouse door of Denton County, Texas and, in addition, the Board shall serve written notice at least twenty-one (21) days preceding the sale or the proposed sale by certified mail on each of such Owner or Owners according to the records of the Association. Service of such notice shall be completed upon depositing the notice, enclosed in a postpaid wrapper, properly addressed to such Owner or Owners at the most recent address as shown by the record of the Association, in a post office or official depositary under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of such service.

At the foreclosure, judicial or non-judicial, the Association shall be entitled to bid for and purchase the Unit as a Common Expense, and to apply as a cash credit against its bid all

sums due to the Association covered by the lien foreclosed, together with costs, interest, and attorney's fees. From and after any such foreclosure, the occupants of such Unit shall be required to pay a reasonable rent for the use of such Unit, and such occupancy shall constitute a tenancy-at-sufferance, and the purchaser at such foreclosure sale shall be entitled to sue for recovery of possession of the Unit by forcible detainer without further notice.

It is the intent of the provisions of this Section to comply with the provisions of TUCA and Section 51.002 of the Texas Property Code, relating to non-judicial sales by power of sale and, in the event of the amendment of said Section 51.002, or TUCA hereafter, which amendment is applicable hereto, the President of the Board, acting without joinder of any other Owner or Mortgagee or other person may but is not obligated to, by amendment to this Declaration filed in the Official Public Records of Real Property of Denton County, Texas amend the provisions hereof so as to comply with said amendments to Section 51.002 or TUCA.

Section 5.6 Common Expense Fund.

The Common Expense Charges collected shall be paid into the Common Expense Fund to be held and used for the benefit, directly or indirectly, of the Condominium and the Condominium Regime; and such Common Expense Fund may be expended by the Board for the purposes set forth herein, including, without limitation, providing for the enforcement of the provisions of this Declaration and any other Dedicatory Instrument, for the maintenance, insurance, utilities, operation, repair, benefit and welfare of the Common Elements, and generally for doing those things necessary or desirable in the opinion of the Board to maintain or improve the Condominium. The use of the Common Expense Fund for any of these purposes, except as provided herein, is permissive and not mandatory, and the decision of the Board with respect thereto shall be final, so long as made in good faith.

Section 5.7 Reserve Assessment.

Upon the sale of a Unit by a person other than Declarant, the purchaser shall pay to the Association an amount equal to two (2) months of the then current monthly Common Expense Charge application to the Unit (hereinafter referred to as the "Reserve Assessment") to be paid into a Reserve Fund. The Reserve Assessment shall be due and payable on the date the deed conveying the Unit to the new Owner is recorded, or in the case of a contract for deed or similar instrument, the date the contract for deed is executed. Payment of the Reserve Assessment shall be in default if the Reserve Assessment is not paid on or before the due date for such payment. Reserve Assessments in default shall bear interest from the due date at the lesser of (1) eighteen percent (18%) or (2) the highest non-usurious rate permitted by law from and after the date of delinquency until paid, due credit being given for all charges or fees theretofore contracted for, charged or received that shall be deemed to be interest under applicable law. All Reserve Assessments collected by the Association shall be deposited into the Reserve Fund. No Reserve Assessment paid by an Owner shall be refunded to the Owner by the Association. Further, the Association may enforce payment of the Reserve Assessment in the same manner in which the Association may enforce the payment of Common Expense Charges and Special Assessments pursuant to Section 5.5 of this Article V.

This Section shall not apply in the case of a conveyance to a bona fide Mortgagee, foreclosure purchaser, or judicial sale of a Unit or to any conveyance made by the Owner of a

Unit to a bona fide Mortgagee in lieu of foreclosure, provided that the sale of such Unit by such Mortgagee to any other purchaser shall meet the requirements of this Section. Further, this Section shall not apply to the following: (i) transfers of any Unit by one spouse to or for the benefit of the other spouse; (ii) transfer between Owners of a Unit; or (iii) sales to the Association or its nominee pursuant to the Declaration.

ARTICLE VI. INSURANCE

Section 6.1 General Provisions.

The Board shall have authority to and shall purchase insurance for the Condominium as follows:

(a) Insurance on the Units (except as set forth in Section 6.2 below) and the Common Elements, against loss or damage by fire and loss or damage by all risks now or hereafter embraced by the so-called all-risk fire and extended coverage policy and any other extended coverage policy, policies, or endorsements thereto, designed for insuring condominium regimes in the State of Texas (with vandalism and malicious mischief endorsements), in amounts sufficient to prevent the Association from acting as a co-insurer within the terms of the applicable policies, but in any event in an amount not less than the full insurable replacement cost thereof and which policy shall contain a replacement cost endorsement so long as the policy is commercially reasonably available. The "full insurable replacement cost" of the Units and the Common Elements shall be determined from time to time by the Board, and the Board shall have the authority to obtain and pay for an appraisal by a person or organization selected by the Board in seeking such determination. The cost of any and all such appraisals shall be borne by the Common Expense fund.

(b) Insurance on the Units against all loss or damage from explosion of boilers, heating apparatus, pressure valves and pressure pipes installed in, on or about said Units, without co-insurance clause, so long as commercially reasonably available, in such amount as the Board may deem desirable.

(c) Comprehensive general liability, including medical payments insurance, and property damage insurance (including "umbrella" or "excess" coverage) against claims for personal injury or death or property damage suffered by the public or any Owner, the family, agent, employee or invitee of any Owner, occurring in, on or about the Common Elements or upon, in or about the driveways, roadways, walkways and passageways, on or adjoining the Condominium or the Condominium Regime, which general liability and property damage insurance shall be in a minimum amount of $1,000,000.00 combined single limit, or such greater amounts as the Board shall deem desirable.

(d) Such worker's compensation insurance as may be necessary to comply with applicable laws.

(e) Employer's liability insurance in such amount as the Board may deem desirable.

(f) Fidelity bonds indemnifying the Association, the Board, and the Owners from loss of funds resulting from fraudulent or dishonest acts of any employee of the Association or

of any other person handling the funds of the Association in such an amount as the Board may deem desirable. The Board may add its Managing Agent, as an additional insured.

(g) Liability insurance insuring the Board and officers of the Association against any claims, losses, liabilities, damages or causes of action arising out of or in conjunction with or resulting from any act or omission in their representative capacity.

(h) Such other insurance as may be required by TUCA or such other insurance in such reasonable amount as the Board shall deem desirable.

The premiums for all insurance required on behalf of the Association or the Owners pursuant to the provisions hereof shall be borne by the Common Expense Fund..

All insurance provided for in this Section shall be affected under valid and enforceable policies issued by insurers of recognized responsibility authorized to do business in the State of Texas, if available. Policies of insurance of the character described in Subsections (a), (b) and (c) of this Section 6.1, if commercially reasonably available shall contain an endorsement naming as insured the Association and each Owner as their interests may appear, shall contain standard mortgagee clause endorsements in favor of the Mortgagee or Mortgagees, if any, of each Unit, as their respective interests may appear, shall be without contribution with regard to any other such policies of insurance carried individually by any Owner, whether such other insurance covers the Unit owned by such Owner and/or the additions and improvements made by such Owner to its respective Unit shall waive the right of the insurer of subrogation under the policy against any Owner or the Association; shall provide that such policy shall not be terminated for non-payment of premiums or for any other cause without at least thirty (30) days prior written notice to the Association and at least ten (10) days prior written notice to the Mortgagee of each Unit, if possible. All policies of insurance of the character described in Subsection (a), Section 6.1 shall be adjusted and settled for the benefit of the affected Owner(s) by the Board acting on behalf of, and as trustee for, the Owners, and the proceeds of such claim shall be paid to the Board as trustee for the Owners and their Mortgagees, as their interests may appear. Subject to Article VII, Section 7.3, the proceeds paid under a policy must be disbursed first for the restoration of the damaged Common Elements and Units and Owners and Mortgagees shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored, or the Condominium Regime is terminated.

Section 6.2 Deductibles.

(a) The amount of the deductible under the Association's property insurance policy changes from time-to-time, as approved by the Board.

(b) It is the responsibility of each Owner to periodically check with the Association's managing agent to determine the amount of the then current deductible to ensure that the Owner has sufficient additional insurance or other means to pay the deductible under the procedures set forth below.

(c) In the event a loss or damage originates from a condition outside a Unit, but the loss or damage was not caused by an Owner or the Association, and the cost to repair a Unit

and/or Common Elements is less than the deductible, the Owner shall be responsible for the repair of the Owner's Unit and the Association shall be responsible for the repair of the Common Elements.

(d) In the event a loss or damage covered by the Association's property insurance policy is caused wholly or partly due to an act or omission of an Owner or the guest or invitee of an Owner, including tenants and occupants of the Owner's Unit, such Owner shall be liable for:

i) the full amount of any deductible on the Association's insurance policy, and

ii) any other expense in excess of insurance proceeds. The Owner (or tenant) must also submit a claim with his or her individual insurance carrier for any loss resulting from such actions.

Such expenses shall be assessed against the Owner and the Owner's Unit.

(e) The Owner shall be liable for the current full deductible on the Association's property insurance policy in the event that:

i) the loss originates within the Owner's Unit or results from unknown causes within the Unit (regardless of fault or negligence); or

ii) the cause of the loss cannot be determined and is only related to the Owner's Unit (regardless of fault or negligence). The deductible shall be assessed against the Owner and the Owner's Unit.

(f) In the event more than one Unit is involved in any insured loss, and the cause of the damage cannot be attributable to any one Unit, Owner or tenant, the deductible will be proportionately distributed among all Owners who have experienced the loss. The amounts proportionally distributed shall be assessed against each Owner and each Owner's Unit.

(g) The Board shall have the authority to determine whether any loss or damage was:

i) caused by or the result of the act (or negligence) of an Owner or the Owner's tenants, invitees or guests;

ii) caused by or the result of a condition that originated in a Unit; or

iii) caused by or the result of a condition or event exclusively related to a Unit.

The Board's reasonable, good faith determination of the cause of a loss or damage shall be conclusive and binding on all parties.

Section 6.3 Claims Procedures.

(a) In the event an Owner or tenant of a Unit is insured for any loss to the Unit, the Owner or tenant, as applicable, shall be required to submit a claim for the loss under such Owner/tenant's insurance policy.

(b) An Owner must file a claim with the Association's managing agent, not with the Association's insurance agent. The managing agent will not refer a claim to the Association's insurance agent if the claim reasonably appears to be less than the then current deductible.

(c) Only licensed and insured contractors shall be authorized to perform reconstruction or repair work. All work must be permitted as required by local ordinance.

(d) The Association shall disburse insurance claim proceeds directly to the licensed contractor(s) performing the repair or renovation work. Owners performing repairs must submit all required permits and licenses along with original receipts to receive reimbursement for work performed.

Section 6.4 General Conditions.

(a) Owners and tenants shall comply with all insurance risk management programs promulgated by the Association.

(b) All Owners and tenants should obtain personal general liability, improvements and betterments and content insurance policies. Such policies should remain in effect for as long as the Owner is a Member of the Association and as long as the tenant resides in the Unit.

Section 6.5 Individual Insurance.

Each Owner shall be responsible for insurance on the Owner's Unit's contents, furnishings, betterments, appliances and personal property therein, including rugs and floor coverings, EXCEPT FOR any of the as-built Unit and any part of a Common Element, provided, however, if the Unit is a Reverse Mortgage Unit, Owner's insurance shall not be required until substantial completion of the improvements and prior to that time, Declarant shall cover such Unit under its builder's risk insurance. The Association shall have the authority, without the obligation, to obtain insurance on all or any portion of the above-described contents of an Owner's Unit. All policies of insurance carried by each Owner shall be without contribution with respect to the policies of insurance obtained by the Association for the benefit of all the Owners as above set forth. Owners may carry individual policies of liability, at their own cost and expense, to provide for additional coverages and/or deductibles allocated to any loss.

Section 6.6 Subrogation.

Each Owner and the Association hereby agree to waive any rights of subrogation against the Declarant and each other.

ARTICLE VII. FIRE OR CASUALTY, RESTORATION

Section 7.1 Duty to Restore.

Any portion of the Condominium for which insurance is required under Section 82.111 of the Texas Uniform Condominium Act, or its successor statute, that is damaged or destroyed must be repaired or replaced promptly by the Association unless:

A. the Condominium Regime is terminated by a vote of Owners of an aggregate Allocated Interests of eighty percent (80%) or more of the Condominium;

B. repair or replacement would be illegal under any state or local health or safety statute or ordinance; or

C. at least eighty percent (80%) of the Owners vote not to rebuild.

Section 7.2 Cost.

The cost of repair or replacement in excess of insurance proceeds and reserves shall be paid out of the Common Expense Fund and/or (notwithstanding any other provision of this Declaration) levied as a Special Assessment. However, the costs of deductibles, if any, incurred by the Association shall be the responsibility of the Unit Owner(s) whose Units are damaged. The Board, in its sole and exclusive discretion, shall determine what Owner(s) are responsible for the reimbursement of the deductible and at what amount.

Section 7.3 Partial Restoration.

If the entire Condominium is not repaired or replaced, any insurance proceeds attributable to the damaged Common Elements shall be used to restore the damaged area to a condition comparable with the remainder of the Condominium. The insurance proceeds attributable to Units and Limited Common Elements that are not rebuilt shall be distributed to the Owners of those Units and the Owners of the Units to which the Limited Common Elements were assigned, or to their Mortgagees, as their interests may appear. If the Owners vote not to rebuild any Unit, that Unit's Allocated Interest shall be reallocated automatically as if the Unit had been condemned, and the Board shall prepare, execute and record an amendment to the Declaration reflecting the reallocation.

Section 7.4 Repair of Units.

Following any such fire or other casualty where there is no termination of the Condominium Regime as provided above, each Owner shall be responsible for the reconstruction, repair, and replacement of all personal property and other property not a Common Element, in or part of its as-built Unit, including, but not limited to, the floor coverings, wall coverings, interior walls, furniture, furnishings, decorative light fixtures and appliances located therein, to the extent each Owner wishes said reconstruction, repair, and replacement to be accomplished in compliance with the Dedicatory Instruments; the Association shall have no responsibility for any of same.

ARTICLE VIII. EMINENT DOMAIN

Section 8.1 Taking of Units.

If a Unit is acquired by condemnation, or if part of a Unit is acquired by condemnation leaving the Owner of the Unit with a remnant that may not practically and lawfully be used for any purpose permitted by this Declaration, the condemnation award must compensate the Owner for the Unit and its Common Element interest, whether or not any Common Element interest is acquired. On acquisition, unless the condemnation award provides otherwise, the condemned Unit's entire Allocated Interest shall be automatically reallocated to the remaining Units in proportion to the respective Allocated Interests of those Units before the taking, and the Board, acting without joinder of any other Owner or Mortgagee or other person, shall promptly prepare, execute and record an amendment to the Declaration reflecting the reallocations. A remnant of a Unit remaining after part of a Unit is taken under this subsection is a Common Element.

Section 8.2 Partial Taking of a Unit.

Except as provided by Section 8.1, if part of a Unit is acquired by condemnation, the award must compensate the Owner for the reduction in value of the Unit and its Common Element interests. On acquisition, the condemned Unit's Allocated Interest shall be reduced in proportion to the reduction in size of the Unit, and the portion of the Allocated Interest divested from the partially acquired Unit shall automatically be reallocated to that Unit and reallocated in proportion to the respective Allocated Interests of those Units before the partially acquired Unit participating in the reallocation on the basis of its reduced interest.

Section 8.3 Partial Taking of Common Elements.

If part of the Common Elements is lost in condemnation, the award must be paid to the Association, as trustee for the Owners, and the holders of liens on the condemned property, as their interests may appear. The part of the award not used for any restoration or repair of the remaining Common Element shall be distributed the Owners in proportion to their respective Allocated Interests before the taking. The portion of the award attributable to the acquisition of a Limited Common Element shall be allocated among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition.

Section 8.4 Recordation.

The court decree in the condemnation proceedings shall be filed in the Official Public Records of Real Property of Denton County, Texas.

ARTICLE IX. LEASING

No Unit shall be leased for a term of less than six (6) full consecutive calendar months, nor shall any lease be for less than the entire Unit. No Unit shall be leased unless the terms and provisions of such lease specifically provide that such Unit may not be sublet to or be occupied by persons other than those named in the lease without the prior written approval of the Board

being first obtained, and any lease shall provide that the lessee or occupant and any guest or invitee of such lessee or occupant shall comply with and abide by all of the restrictions pertaining to the use of Units and the Common Elements set forth in this Declaration, the Bylaws, Rules and Regulations, and the Guidelines promulgated hereunder and the laws of the State of Texas applicable to the Condominium now or hereafter established governing the use of such Units and the Common Elements. In addition, prior to executing a lease, the lessee shall sign a written agreement provided by the Association, agreeing to not violate the dedicatory instruments and any other rules set out by the Association. Should any lessee or occupant not comply with such lease provisions and the written agreement with the Association, then the Board shall have the right to cancel and terminate such lease, without any obligation or liability imposed upon the Association, and for such purpose, the Board shall be regarded as the Owner's agent fully authorized to take such steps as may be necessary to effect the cancellation and termination of such lease and the eviction of the tenant under such lease. The Board shall have the right to collect rents from any tenant of an Owner that is more than sixty (60) days delinquent in the payment of any amount due to the Association. It is not the intent of the Declarant to exclude from a Unit any individual who is authorized to so remain by any state or federal law.

During the Marketing Period, the Declarant may rent/lease the Declarant owned Units for a rental/lease term as decided upon by the Declarant, whether such rental/lease term is for one (1) evening or longer, in its sole and absolute discretion.

The leasing restrictions contained in this Article IX shall not apply to the Association or to any institutional lender, insurer or guarantor of a mortgage who takes title to any Unit pursuant to the remedies set forth in its mortgage or security instrument, provided, however, that it shall apply to any leases by any purchaser from such mortgagee and any successor to such purchaser.

Notwithstanding anything contained herein to the contrary, no Unit may be used as a Timeshare Unit or put to Timeshare Use, as those terms are defined in Chapter 221 of the Texas Property Code, or its successor statute.

ARTICLE X. AMENDMENTS, CONFLICTS BETWEEN PROVISIONS

Section 10.1 Amendment of Declaration.

Except as otherwise provided by law and elsewhere in this Declaration, the provisions of this Declaration, except for the specific matters described in 10.2 below, may be amended only by vote or agreement of an aggregate number of members having not less than sixty-seven percent (67%) of the total voting power of the Association and entitled to vote on such amendment, such agreement to be evidenced by written ballot or by vote at a meeting of the Association called for that purpose. Any amendment to this Declaration shall become effective only upon the recordation in the Official Public Records of Real Property of Denton County, Texas, of a written amendment signed and certified by the duly authorized officers of the Association, attesting to the proper adoption of such amendment and containing the text thereof. An action to challenge the validity of an amendment to the Declaration adopted by the Association under this Article X must be brought before the first anniversary of the date the amendment is recorded.

The Declarant hereby reserves the unilateral right to amend this Declaration at any time if such amendment is (a) necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination; (b) necessary to enable any reputable title insurance company to issue title insurance coverage on the Units; (c) required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase mortgage loans on the Units; or (d) necessary to enable any governmental agency or reputable private insurance company to insure mortgage loans on the Units; or (e) as necessary to clarify or resolve ambiguities or conflicts or to correct any inadvertent misstatements, errors or omissions in this Declaration as same may be amended from time to time; provided, however, any such amendment shall not adversely affect the title to any Unit unless the Owner shall consent thereto in writing.

The Declarant further reserves the unilateral right to amend this Declaration at any time prior to the election of the Fully Elected Board.

Notwithstanding any provision contained in this Section 10.1 to the contrary, the City of Highland Village must consent to any material amendment to this Declaration which terminates the Association's obligation to maintain the Common Elements or impairs the Association's right to levy and collect Common Expense Charges from the Owners.

Section 10.2 Exceptional Matters.

Except as specifically permitted elsewhere in this Declaration, an amendment to this Declaration may not create or increase special Declarant rights, increase the number of Units, change the boundaries of a Unit (without the agreement of those Unit Owners effected), alter or destroy a Unit or Limited Common Element without the approval of one hundred percent (100%) of affected Unit Owners, change a Unit's Allocated Interest (except in cases of combining), or change the use restrictions on a Unit (as opposed to all Units) unless the amendment is approved by agreement of an aggregate number of members having not less than 100% of the total voting power of the Association. The Board or the Declarant, if the Declarant owns a Unit that has never been occupied, may without a vote of the Owners or approval of the Association, amend the Declaration in any manner necessary to meet the requirements of the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, the Federal Housing Administration, or the Veterans Administration.

Section 10.3 Amendment of Bylaws.

The Bylaws of the Association may be amended from time to time as set out in the Bylaws.

Section 10.4 Amendment of Rules and Regulations.

The Rules and Regulations may be amended from time to time by the Board.

Section 10.5 Conflict Between Provisions.

In the event of any conflict among the terms and provisions of this Declaration, the Certificate of Formation of the Association, the Bylaws, the Rules and Regulations or applicable law, or between any of them, the Bylaws shall control over the Rules and Regulations; the Certificate of Formation shall control over both the Bylaws and the Rules and Regulations; this Declaration shall control over the Certificate of Formation, the Bylaws and the Rules and Regulations; and applicable law shall control over all of the foregoing.

ARTICLE XI. ALTERNATE DISPUTE RESOLUTION

Section 11.1 Dispute Resolution.

Except as set out in Section 11.4, no lawsuit between any of the following entities or individuals shall be commenced until the parties have submitted to non-binding mediation: the Declarant, Owners, Members, the Board, officers or committee members in the Association, the Association, or the Managing Agent, if any.

Disputes between Owners that are not regulated by the Declaration shall not be subject to the dispute resolution process.

Section 11.2 Outside Mediator.

In a dispute between any of the above entities or individuals, the parties must voluntarily submit to the following mediation procedures before commencing any judicial or administrative proceeding. Each party will represent himself/herself individually or through an agent or representative, or may be represented by counsel. The dispute will be brought before a mutually selected mediator. Such mediator will either be an attorney-mediator skilled in community association law, a Professional Community Association Manager ("P.C.A.M.") as certified by the Community Associations Institute, or a Certified Property Manager ("C.P.M.") as certified by the Institute of Real Estate Managers. In order to be eligible to mediate a dispute under this provision, a Mediator may not reside in the Condominium, work for any of the parties, represent any of the parties, nor have any conflict of interest with any of the parties. Costs for such mediation shall be shared equally by the parties. If the parties cannot mutually agree upon the selection of a mediator after reasonable efforts (not more than thirty (30) days), each party shall select their own mediator and a third will be appointed by the two selected mediators. If this selection method must be used, each party will pay the costs of their selected mediator and will share equally the costs of the third appointed mediator.

Section 11.3 Mediation is Not a Waiver.

By agreeing to use this Dispute Resolution process, the parties in no way waive their rights to extraordinary relief including, but not limited to, temporary restraining orders or temporary injunctions, if such relief is necessary to protect or preserve a party's legal rights before a mediation may be scheduled.

Section 11.4 Enforcement by Board.

The provisions of this Declaration dealing with Alternate Dispute Resolution shall not apply to the collection of assessments, enforcement of the Declaration, and/or Rules and Regulations by the Association.

ARTICLE XII. MISCELLANEOUS

Section 12.1 Estoppel Certificate.

Any Mortgagee and any prospective purchaser of a Unit shall be entitled, upon written request therefore, to a statement from the Board (or any party designated by the Board) setting forth the amount of any unpaid Common Expense Charges, Special Assessments or other sums due and owing to the Association against the Unit or the Owner thereof. The prospective purchaser shall not be liable for, nor shall the Unit conveyed be subject to the lien created in this Declaration for any unpaid Common Expense Charges, or Special Assessments made by the Board against the particular Unit involved or other sums due and owing against the Unit or the Owner thereof in excess of the amount set forth in such statement. The purchaser shall, however, be liable for any Special Assessments, Common Expense Charge, and any other sums owing hereunder against such Unit or the Owner thereof becoming due after the date of any such statement and shall be subject to the liens securing same as provided in this Declaration.

Section 12.2 No Partition.

Except as may be otherwise specifically provided in this Declaration, the Common Elements shall remain undivided and shall not be subject to an action for partition or division of the co-ownership thereof so long as the Condominium is maintained as a Condominium Regime in accordance with the provisions hereof, and, in any event, all Mortgagees having an interest in the Common Elements must be paid in full prior to bringing any action for partition or division of the Common Elements, the consent of all holders of such Mortgages must be obtained; provided however, that if a Unit shall be owned by two (2) or more Owners as tenants-in-common or as joint tenants, they shall be deemed to have agreed to not permit a judicial partition of such Unit as between such co-owners.

Section 12.3 Alteration of Boundaries of Units.

Notwithstanding anything to the contrary in this Article or in the Declaration, an Owner, when exercising its right and responsibility of repair, maintenance or replacement shall not alter the exterior appearance of its Unit without the prior written consent of the Board, which consent may be withheld in the Board's sole and absolute discretion. Similarly, no Owner shall add to the living area of Owner's Unit by expanding any improvements on the adjoining Common Elements or Limited Common Elements or by constructing additional or expanding existing living space within the attic or garage area of the respective Unit.

Section 12.4 Correction of Errors.

In addition to those rights set out in Article X, Section 10.1 of this Declaration, Declarant reserves the continuing right until election of the Fully Elected Board, without the consent of other Owners or the representatives of any Mortgagee, to amend this Declaration or the Bylaws for the purposes of clarifying or resolving any ambiguities or conflicts herein or in the Bylaws, for correcting any misstatements, errors or omissions herein, provided that no such amendment shall change the stated number of Units nor the Allocated Interest in the Common Elements attributable thereto (except as set forth in Section 10.2).

Section 12.5 Enforcement.

The Board or any Owner shall have the right to enforce, by an action at law or in equity, all terms and provisions hereof. Failure by the Board or any Owner to enforce any covenant or restriction herein contained shall in no event be deemed to be a waiver of the right to enforce such covenant or restriction thereafter.

Section 12.6 Easements.

Prior to the election of the Fully Elected Board (and the Association thereafter) the Declarant shall have the right to grant to utility companies and other entities, such easements, rights-of-way, and other rights as may be reasonably necessary to service the Condominium and establish, operate or maintain the same as a viable condominium regime, without the approval or joinder of any other Owners or any Mortgagee.

Each Owner is hereby granted an easement in common with each other Owner for ingress and egress through all Common Elements subject to this Declaration and the Rules and Regulations promulgated from time to time by the Board. Such easement shall be used jointly and in common with the other Owners and tenants of any Owners, each Mortgagee, and the agents, employees, guests, licensees and invitees of each Owner, tenant of each Owner, and each such Mortgagee. Nothing contained herein shall be construed to create any rights of any nature in the public, nor shall any portion of the Common Elements be deemed to be dedicated for public use.

The Board and parties authorized by the Board are hereby granted an easement over, across and upon each of the balconies for the purpose of maintenance and upkeep of the Units.

Section 12.7 Declarant's Right to Lease or Rent Units.

The Declarant shall have the right to rent or lease Units owned by the Declarant to such parties and upon such terms and conditions as the Declarant in its sole and absolute discretion desires; provided however, that a Unit may not be leased to a registered sex offender. All tenants or lessees of the Declarant shall have access to the Condominium Common Elements in the same manner as the Owners, and shall be bound by the terms of this Declaration, the Bylaws, and the Rules and Regulations.

Section 12.8 No Amendment Without Prior Written Consent of Declarant.

For so long as Declarant is the Owner of a Unit, the provisions of Sections 3.1, 4.6, 12.3, and 12.4 may not be added to, amended or deleted without prior written consent of the Declarant.

Section 12.9 Security.

NEITHER THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, NOR THE DECLARANT, NOR ANY SUCCESSOR DECLARANT SHALL IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE PROPERTY. NEITHER SHALL THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR SUCCESSOR DECLARANT BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. ALL OWNERS AND OCCUPANTS OF ANY UNIT, TENANTS, GUESTS AND INVITEES OF ANY OWNER, AS APPLICABLE, ACKNOWLEDGE THAT THE ASSOCIATION, ITS BOARD, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS WILL, IN ALL CASES, PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. EACH OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST AND INVITEE OF AN OWNER, AS APPLICABLE, ACKNOWLEDGES AND UNDERSTANDS THAT THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT ARE NOT INSURERS AND THAT EACH OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS AND FURTHER ACKNOWLEDGES THAT THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, AGENTS, OR EMPLOYEES, DECLARANT OR ANY SUCCESSOR DECLARANT HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, RELATIVE TO ANY FIRE AND/OR BURGLAR ALARM SYSTEMS OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE PROPERTY.

Section 12.10 Indemnity.

THE ASSOCIATION SHALL INDEMNIFY EVERY DIRECTOR, OFFICER, AND COMMITTEE MEMBER OF THE ASSOCIATION AGAINST, AND REIMBURSE AND ADVANCE TO EVERY DIRECTOR, OFFICER, AND COMMITTEE MEMBER FOR ALL LIABILITIES, COSTS AND EXPENSES INCURRED IN CONNECTION WITH SUCH DIRECTORSHIP, OFFICE, OR COMMITTEE MEMBERSHIP AND ANY ACTIONS TAKEN OR OMITTED IN SUCH CAPACITY TO THE GREATEST EXTENT PERMITTED UNDER ALL APPLICABLE LAWS AT THE TIME OF SUCH

INDEMNIFICATION, REIMBURSEMENT OR ADVANCE PAYMENT. THE ASSOCIATION SHALL ALSO OBTAIN DIRECTORS AND OFFICERS INSURANCE COVERAGE FOR THE DIRECTORS, OFFICERS, AND COMMITTEE MEMBERS IN AMOUNTS APPROVED BY A MAJORITY VOTE OF THE BOARD.

Section 12.11 Severability.

The invalidity of any one or more of the provisions of this Declaration shall not affect the validity of the other provisions thereof. The provisions of this Declaration shall be interpreted to be as restrictive as possible while not violating any federal, state, or local laws or regulations. If it is found that any provision contained in this Declaration is in violation of any law, then the provision shall be interpreted to be as restrictive as possible to preserve as much of the original provision as allowed by law.

Section 12.12 View Impairment.

Neither the Declarant, nor the Association, guarantee or represent that any view from Units or any view over and across the Common Areas, or open space within the Property will be preserved without impairment. The Declarant and the Association shall have no obligation to relocate, prune, or thin trees or shrubs on the Common Area. The Declarant and the Association shall have the right to add trees and other landscaping to the Common Area. There shall be no express or implied easements for view purposes or for the passage of light and air.

Section 12.13 Declarant Control Period.

The Declarant Control Period is the period during which the Declarant, or persons designated by the Declarant, may unilaterally appoint and remove the officers and members of the Board. The Declarant shall retain the unilateral right to appoint all directors until not later than the 120th day after conveyance of fifty percent (50%) of the Units to Unit Owners other than a Declarant at which time not less than one-third (1/3) of the members of the Board must be elected by Unit Owners other than the Declarant.

The Declarant Control Period shall terminate not later than the 120th day after conveyance of seventy-five percent (75%) of the total number of Units that may be created to Unit Owners other than the Declarant, at which time the Owners shall elect a Board of at least three (3) members pursuant to the provisions in the Bylaws. The persons elected shall take office upon election.

Notwithstanding anything contained herein to the contrary, the Declarant has the right, at any time to transfer all or a portion of its Declarant rights created in this Declaration, so long as such transfer is in writing and recorded in the Official Public Records of Real Property of Denton County, Texas. The termination of the Declarant Control Period to appoint and remove the officers and members of the Board, shall in no way affect any other rights of the Declarant created in this Declaration.

Section 12.14 Special Declarant Rights.

(a) **Declarant's Special Rights.**

In addition to those certain Special Declarant Rights identified in Section 82.003(a)(22) of TUCA, the Declarant reserves the following Special Declarant Rights. These Special Declarant Rights are reserved for itself, its successors and assigns. Any deed of trust lien encumbering the Declarant's interest in the Condominium Property is deemed to include the Special Declarant Rights, and any foreclosure sale pursuant to such deed of trust shall automatically convey such Special Declarant Rights:

i) The right to conduct on the Condominium Property, Declarant's business of developing, grading and construction the infrastructure, additional improvements to the Common Elements and additional Units and of disposing of the Units by sale or otherwise;

ii) The right, but not the duty, to modify, change, re-configure, remove and otherwise alter improvements located on the Common Elements, including, without limitation, the clubhouse, the swimming pool, and the walking trail, as well as the interior and exterior of Units (so long as they generally comply with the intended plans and elevations;

iii) The right, but not the duty to amend any Plat or Plan relating to the Condominium Property to vary the size, shape, layout and location of Units, to add Units not yet constructed and not yet shown thereon and to show on updates of the Plat other improvements that have been completed;

iv) The right to increase or reduce the overall number of Units planned to be constructed and to correspondingly adjust the percentages or fractions of ownership of the Common Elements for all Units;

v) The right to add new elevations and styles of Units to the development and to terminate the availability of other elevations and styles;

vi) The right to continue to develop the Units within the Condominium Property or to transfer that right to a third party;

vii) The right to do what is reasonably necessary to complete construction of any work in the Condominium Property and the right to continue to work on and complete additional Common Elements;

viii) The right to use a portion of the Clubhouse as sales and marketing officers until all Units planned to be constructed in the Condominium Property have been sold;

ix) The right to use one or more Units as a model unit and/or a sales and management office in such location as determined by Declarant;

x) The right, without consent of the Association or any other Owner, to make alterations, additions or improvements in, to and upon any Units owned by Declarant or any affiliate and to change the floor plan of any Unit owned by Declarant or an affiliate;

xi) The right to maintain a sigh or signs in, on and around the Condominium Property for the purpose of marketing the Units in the Condominium Property for sale;

xii) The right to modify, increase, reduce and relocate the landscaping;

xiii) The right, but not the obligation, to drill and equip, at any time and from time to time, one or more wells to supply non-potable water for use by the Association to water landscaping within the Condominium;

xiv) For as long as Declarant remains liable under any warranty, whether statutory, express or implied, for any act or omission of Declarant in the development, construction, sale and marketing of any portion of the Condominium, the right, for itself and its employees, agents and contractors, to enter the Common Elements and the Units for the purpose of making necessary inspections, test, repairs, improvements, or replacements required for Declarant to fulfill any of its warranty obligations; provided that no such entry into a Unit will unreasonably interfere with the use of such Unit by the Owner (FAILURE OF THE ASSOCIATION OR ANY OWNER TO PROVIDE SUCH ACCESS MAY RESULT IN THE APPROPRIATE WARRANTY BEING NULLIFIED AND OF NO FURTHER FORCE OR EFFECT); and

xv) The right to transfer the Special Declarant's Rights to a successor or assign.

(b) Limitations on Special Declarant Rights.

Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right may be exercised by the Declarant until December 31, 2020.

Section 12.15 Annexation of Additional Land.

Without the joinder of any other Owners, prior to the end of the Declarant Control Period, the Declarant reserves the exclusive right to annex any additional property into the Condominium. Such annexation shall be accomplished by the execution and filing for record of a Supplemental Declaration setting forth the land being annexed and/or the specific restrictions relating to such property, if different. The right of the Declarant to annex land under this Section shall pass to the Association upon the expiration of the Declarant Control Period.

Section 12.16 Adjacent Land.

Certain property located adjacent to or in close proximity to the Condominium, may be used for any purpose, including multi-family, condominium or commercial/retail uses (the "Other Property"). Owners acknowledge that the Association, its directors, officers, managers, agents, or employees, the Declarant, or any successor declarant, have made no representations or warranties nor has any Owner, occupant, tenant, guest or invitee relied upon any

representations or warranties, expressed or implied, relative to any future change in use of the Other Property. Declarant or any successor declarant, in its discretion, may choose to annex or not annex into the jurisdiction of the Association all or any portion of the Other Property and subject the Other Property to the Condominium Regime or one or more other condominium regimes. The Declarant may, but is not obligated to, impose additional and/or different restrictions on the Other Property, if, as and when such Other Property is annexed into the jurisdiction of the Association. Further, if not annexed, the owner of the Other Property may or may not impose restrictions regarding the Other Property.

Section 12.17 Fines for Violations.

The Association may assess fines for violations of the Dedicatory Instruments, other than non-payment or delinquency in Assessments, in amounts to be set by the Board, which fines shall be secured by the continuing lien set out in this Declaration.

Section 12.18 Current Address and Occupants.

Owners are required to notify the Association in writing of their current address if other than the physical address of the Unit at all times. If an Owner fails to notify the Association of their current address, the Association shall use the address of the Unit as the current address. If Owner leases the property, he shall supply the name of the Occupant present upon the execution of any lease.

Section 12.19 Video, Data and Communication Service Agreements.

Subject to the approval of the Declarant during the Declarant Control Period, the Association has or may hereafter enter into an agreement with a service provider for the provision of cable television and/or other communication services in order to obtain access to benefits and services for the benefit of Owners and Units. Payment for services and benefits provided pursuant to video, data and/or communication service agreements executed pursuant to this provision will be made from Assessments levied and collected by the Association pursuant to the authority granted herein, and such Assessments shall be supported by the lien created herein. While Owners are free to obtain the same or similar services from a provider of their choice, no Owner may avoid paying any portion of Assessments levied based on non-use of video, data or communication services provided and paid for by the Association with Assessments.

Section 12.20 Occupants Bound.

All provisions of the Dedicatory Instruments (applicable to the Condominium and Owners, shall also apply to all Occupants of any Unit (collectively referred to herein as "Occupants"). Every Owner shall cause all Occupants to comply with the foregoing, and every Owner shall be responsible for all violations, losses, or damages caused by an Occupant, notwithstanding the fact that such Occupant is jointly and severally liable and may be sanctioned for any violation. In addition to all other remedies available to the Association in the event of a violation by an Occupant, the Association may require that the Occupant be removed from and not be allowed to return to the Property and/or that any lease, agreement or permission given allowing the Occupant to be present be terminated.

Section 12.21 Use of "Ladera" Word or Mark.

No Person shall use the word "Ladera" or any logo or derivative in any printed or promotional material or web site without the prior written consent of the Declarant. However, Owners may use the term "Ladera" where such term is used solely to specify that a Unit is located in the Condominium and the Association shall be entitled to use the word "Ladera" in its name.

Section 12.22 Disclosures. Each Owner and Occupant acknowledges the following:

(a) The Property is located adjacent to thoroughfares that may be affected by traffic and noise from time to time and may be improved or widened in the future;

(b) The views and natural light from an Owner's Unit can change over time due to, among other things, additional development and the addition or removal of landscaping;

(c) No representations are made regarding the uses or zoning of adjacent property, or that the present uses of adjacent property may not change in the future;

(d) No representations are made regarding which schools may now or hereafter serve the Property;

(e) No representations are made that a Unit is or will be soundproof or that sound may not be transmitted from one Unit to another or within a Unit from one floor to another, and any such transmission of noise shall not constitute a use of Unit that interferes with or causes disruption to the use and quiet enjoyment of another Unit by its respective Owner and/or Occupant. EACH OWNER, BY ACCEPTANCE OF A DEED OR OTHER CONVEYANCE OF THEIR UNIT, HEREBY ACKNOWLEDGES AND AGREES THAT SOUND AND IMPACT NOISE TRANSMISSION IN A CONDOMINIUM BUILDING IS VERY DIFFICULT TO CONROL, AND THAT NOISES FROM ADJOINING OR NEARBY UNITS AND THE SURROUNDING DEVELOPMENT AND/OR MECHANICAL EQUIPMENT CAN AND WILL BE HEARD IN UNITS. DECLARANT DOES NOT MAKE ANY REPRESENTATION OR WARRANTY AS TO THE LEVEL OF SOUND OR IMPACT NOISE TRANSMISSION BETWEEN AND AMONG UNITS AND THE OTHER PORTIONS OF THE PROPERTY, AND EACH OWNER HEREBY WAIVES AND EXPRESSLY RELEASES, TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW AS OF THE DATE OF THIS DECLARATION, ANY SUCH WARRANTY AND CLAIM FOR LOSS OR DAMAGES RESULTING FROM SOUND OR IMPACT NOISE TRANSMISSION;

(f) The Condominium Plat and the dimensions and square footage calculations shown thereon are only approximations. Any Unit Owner who is concerned about any representations regarding the Plat should do its own investigation as to the dimensions, measurements and square footage of its Unit;

(g) Owners should expect that assessment amounts can and will increase over time due in part to inflation and increases in the cost of certain items beyond the control of the Association, such as the cost of utilities and insurance premiums;

(h) Since in every neighborhood there are conditions which different people may find objectionable, it is acknowledged that there may be conditions outside of the Condominium property which an Owner or tenant finds objectionable and that it shall be the sole responsibility of the Owners and tenants to become acquainted with neighborhood conditions which could affect the Unit;

(i) All Owners are hereby placed on notice that Declarant(s), and/or its agents, contractors, subcontractors, licensees and other designees, successors or assignees, may be, from time to time, conducting excavation, construction and other activities within or in proximity to the Property. By the acceptance of a deed or other conveyance or mortgage, leasehold, license, easement or other interest, and by using any portion of the Property, each Owner automatically acknowledges, stipulates and agrees (a) that none of the aforesaid activities shall be deemed nuisances or noxious or offensive activities, under any applicable covenants or at law generally, (b) not to enter upon, or allow their children or other Persons under their control or direction to enter upon (regardless of whether such entry is trespass or otherwise) any property within or in proximity to any portion of the Property where such activities are being conducted (even if not being actively conducted at the time of entry, such as at night or otherwise during non-working hours), (c) Declarant(s) and all of their agents, contractors, subcontractors, licensees and other designees, successors and assignees, shall not be liable but, rather, shall be held harmless, for any and all losses and damages (compensatory, consequential, punitive or otherwise), injuries or deaths arising from or relating to the aforesaid activities, and (d) any purchase or use of any portion of the Property has been and will be made with full knowledge of the foregoing;

(j) Concrete surfaces are subject to cracking due to, among other things, the following: (i) water penetration, (ii) expansion and contraction of the concrete with temperature changes, (iii) building settlement, (iv) the normal concrete curing process; and (v) external factors beyond the control of the contractor such as substantial changes in ambient air temperatures during the concrete curing process.

(k) The Condominium buildings are subject to settling and may experience settling cracks due to, among other things the normal expansion and contraction of the surrounding soil regardless of the Association's irrigation of the surrounding landscaping. Each Owner acknowledges that the soils in North Texas commonly expand and contract and that this expansion and contraction may result in settling cracks or doors or windows that do not easily open or close.

(l) A Unit may trap humidity created by everyday living (cooking, bathing, laundering, etc.). As a result, condensation may appear on the interior portion of windows and glass surfaces and fogging of windows and glass surfaces may occur due to temperature disparities between the interior and exterior portions of the windows, glass and framing. If left unattended and not properly maintained by Owners and Residents, the condensation may increase resulting in staining, damage to surrounding seals, caulk, paint, wood work and sheetrock, and potentially, mildew and/or mold; and

(m) The Condominium may be subject to erosion, settling and/or flooding during unusually intense or prolonged periods of rain or drought.

(n) The driveways are constructed to typical load-bearing capacities and neither the Declarant or the Association are responsible for any damage caused to the driveways if used to park or store heavy construction equipment, construction materials or large vehicles thereon.

Section 12.23 Common Elements and Units Under Construction.

Because of potential safety and health hazards present during construction of the Units, Owners access to certain portions of the Common Elements and their respective Units under construction may be restricted or prohibited. Should an Owner, its agents, representatives, or invitees enter onto the Property prior to completion of construction, THE OWNER SHALL AND HEREBY AGREES TO INDEMNIFY AND HOLD THE DECLARANT, THE ASSOCIATION, THEIR RESPECTIVE MEMBERS, OWNERS, DIRECTORS, AGENTS, AND EMPLOYEES, HARMLESS FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION, DAMAGES, COSTS, LIABILITIES, AND SETTLEMENTS ARISING IN FAVOR OF SUCH OWNER, OR ANY THIRD PARTY WHO ENTERS ONTO THE PROPERTY WITH OR AT THE REQUEST OF AN OWNER, ON ACCOUNT OF BODILY INJURY, DEATH OR DAMAGE TO OR LOSS OF PROPERTY IN ANY WAY OCCURRING OR INCIDENT TO THE CONDITION OF THE PROPERTY AND/OR THE UNIT WHILE UNDER CONSTRUCTION. THIS INDEMNITY IS GIVEN TO DECLARANT AND THE ASSOCIATION AND APPLIES REGARDLESS OF WHETHER THE DECLARANT OR THE ASSOCIATION OR THEIR RESPECTIVE MEMBERS, OWNERS, DIRECTORS, AGENTS OR EMPLOYEES ARE NEGLIGENT OR OTHERWISE AT FAULT OR STRICTLY LIABLE WITHOUT REGARD TO FAULT IN WHOLE OR IN PART AND EVEN WHEN THE INJURY, DEATH OR DAMAGE IS CAUSED BY THE SOLE NEGLIGENCE OR OTHER FAULT OR STRICT LIABILITY WITHOUT REGARD TO FAULT OF DECLARANT, THE ASSOCIATION, THEIR RESPECTIVE MEMBERS, OWNERS, DIRECTORS, AGENTS OR EMPLOYEES.

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IN WITNESS WHEREOF, Declarant has executed this instrument on this the 20TH day of September, 2017.

DECLARANT:

HVLADERA, LLC,
a Texas limited liability company

By: _____

Printed Name: John Delin

Title: Managing Member

STATE OF TEXAS §
§
COUNTY OF DENTON §

This instrument was acknowledged before me on the 20th day of September, 2017, by John Delin, the Managing Member of HVLadera, LLC, a Texas limited liability company, on behalf of the company.

_____
Notary Public – State of Texas

KATRINA HOOKS
Notary Public, State of Texas
My Commission Expires
August 04, 2018

LIENHOLDER CONSENT AND SUBORDINATION

Cielo Bank, being the sole beneficiary of a mortgage lien and other liens, assignments and security interests encumbering all or a portion of the Property hereby consents to the terms and provisions of this Declaration of Condominium for Ladera at Highland Village Condominiums (the "Declaration") to which this Lienholder Consent and Subordination is attached and acknowledges that the execution thereof does not constitute a default under the lien document or any other document executed in connection with or as security for the indebtedness above described, and subordinates the liens of the lien document and any other liens and/or security instruments securing said indebtedness to the rights and interests created under said Declaration, and acknowledges and agrees that a foreclosure of said liens and/or security interests shall not extinguish the rights, obligations and interests created under this Declaration. No warranties of title are hereby made by lienholder, lienholder's joinder herein being solely limited to such consent and subordination.

LIENHOLDER

Cielo Bank.

By: _____

Print Name: Steve Hackman

Print Title: SVP

THE STATE OF TEXAS §
§
COUNTY OF Tarrant §

BEFORE ME, the undersigned notary public, on this 12th day of September, 2017 personally appeared Steve Hackman, the Senior Vice President of Cielo Bank, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that s/he executed the same for the purpose and in the capacity therein expressed.

JAMIE L. MCPHEARSON
Notary Public, State of Texas
Comm. Expires 04-17-2020
Notary ID 126487586

_____
Notary Public in and for the State of Texas

EXHIBIT "A"

LEGAL DESCRIPTION AND CONDOMINIUM PLAN

Being all that certain lot, tract or parcel of land situated in the James Edmonson Survey, Abstract Number 398 and the G. W. Jackson Survey, Abstract Number 1599, City of Highland Village, Denton County, Texas, and being all that certain called 26.153 acre tract of land described in deed to Kay Marschel recorded in Instrument Number 2004-118736 of the Real Property Records of Denton County, Texas, and being more particularly described as follows: Lot 1, Block A, Ladera Highland Village, an Addition to the City of Highland Village, according to the Final Plat thereof dated June 20, 2017, and recorded under Document No. 2017-279 of the Plat Records of Denton County, Texas.

EXHIBIT A
LDHV PLAT

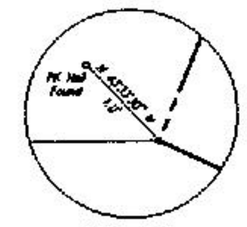
RF	=	REBAR FOUND
CRS	=	CAPPED REBAR SET
BL	=	BUILDING LINE
U.E.	=	UTILITY EASEMENT
CRF	=	CAPPED REBAR FOUND
P.O.B.	=	POINT OF BEGINNING
CM	=	CONTROLLING MONUMENT
G&A	=	G&A CONSULTANTS, INC.
PRDCT	=	PLAT RECORDS, DENTON COUNTY, TEXAS
RPRDCT	=	REAL PROPERTY RECORDS DENTON COUNTY, TEXAS
A.W.S.P.D.E.	=	ACCESS, WATER, SANITARY SEWER, & PRIVATE DRAINAGE
MAE	=	MUTUAL ACCESS EASEMENT
S.S.E.	=	SANITARY SEWER EASEMENT
W.L.E.	=	WATER LINE EASEMENT
P.E.	=	PIPELINE EASEMENT
D.C.E.C.	=	DENTON COUNTY ELECTRIC COOPERATIVE
D.E.	=	DRAINAGE EASEMENT

CURVE TABLE				
CURVE	RADIUS	DELTA ANGLE	ARC LENGTH	LONG CHORD
C1	980.00'	11°46'26"	306.58'	N 08°16'16" E, 306.08'
C2	880.00'	17°38'51"	362.83'	N 14°05'57" W, 360.63'
C3	530.00'	40°15'26"	185.38'	N 61°05'35" E, 183.23'
C4	150.00'	34°54'30"	91.40'	S 78°09'45" W, 90.00'
C5	290.00'	5°55'26"	29.96'	N 02°57'33" E, 29.95'
C6	208.00'	29°46'20"	108.10'	S 14°54'45" W, 106.91'
C7	38.50'	88°48'48"	59.66'	S 82°34'26" W, 53.82'
C8	70.00'	44°29'32"	54.36'	S 22°18'34" W, 53.00'
C9	290.00'	5°55'26"	29.96'	N 02°57'33" E, 29.95'
C10	100.00'	45°26'50"	79.35'	N 22°46'29" W, 77.30'
C11	290.00'	5°55'26"	29.96'	N 02°57'33" E, 29.95'
C12	150.00'	41°38'43"	108.97'	N 75°05'16" E, 106.59'
C13	810.00'	17°27'28"	246.80'	N 87°08'45" E, 244.48'

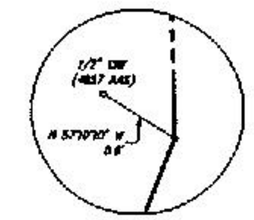
LINE TABLE		
LINE	BEARING	DISTANCE
L1	N 78°48'30" W	37.98'
L2	N 84°04'30" W	41.83'
L3	N 08°55'30" E	17.63'
L4	S 78°48'30" W	8.37'
L5	S 44°38'30" W	15.54'
L6	S 08°55'30" W	18.47'
L7	N 08°55'30" E	21.38'
L8	N 54°13'30" E	7.02'
L9	N 00°00'00" E	197.25'
L10	N 21°50'30" W	14.83'
L11	N 88°28'00" W	21.56'
L12	S 19°43'00" W	28.22'
L13	N 37°50'00" W	24.78'
L14	N 23°33'00" W	32.77'
L15	N 17°39'00" W	75.04'
L16	N 41°10'30" W	17.83'
L17	N 88°28'00" W	50.88'
L18	S 88°38'00" E	90.87'
L19	S 78°28'00" W	72.23'
L20	S 63°38'00" W	48.81'

LINE TABLE		
LINE	BEARING	DISTANCE
L21	S 08°30'00" W	72.67'
L22	S 27°30'20" W	138.50'
L23	S 62°38'40" W	160.00'
L24	S 08°19'20" E	88.55'
L25	S 20°05'20" E	301.77'
L26	S 08°55'30" E	327.44'
L27	N 39°53'30" W	327.45'
L28	N 44°51'10" E	5.14'
L29	S 88°38'40" W	22.06'
L30	S 44°38'40" W	75.55'
L31	S 08°21'40" E	73.75'
L32	N 44°51'10" E	71.45'
L33	S 88°38'40" W	22.06'
L34	S 44°38'40" W	88.88'
L35	S 08°21'40" E	41.01'
L36	S 45°20'20" E	32.86'
L37	N 08°55'30" E	171.05'
L38	N 08°55'30" E	41.05'
L39	N 08°55'30" E	200.00'
L40	S 84°04'30" E	270.48'

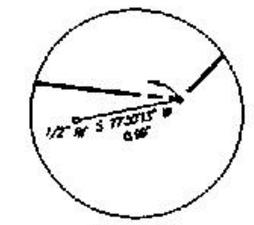
LINE TABLE		
LINE	BEARING	DISTANCE
L41	N 44°38'40" E	151.08'



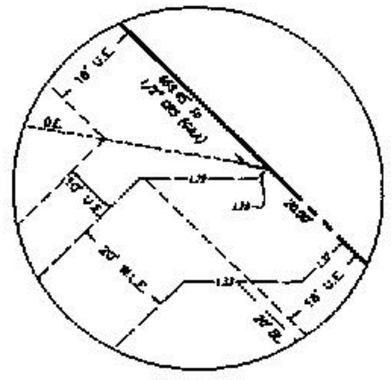
DETAIL "A"
Scale: 1"=1'



DETAIL "B"
Scale: 1"=1'



DETAIL "C"
Scale: 1"=1'



DETAIL "D"
Scale: 1"=30'

EXHIBIT B
SITE PLAN, 90% FINALIZED

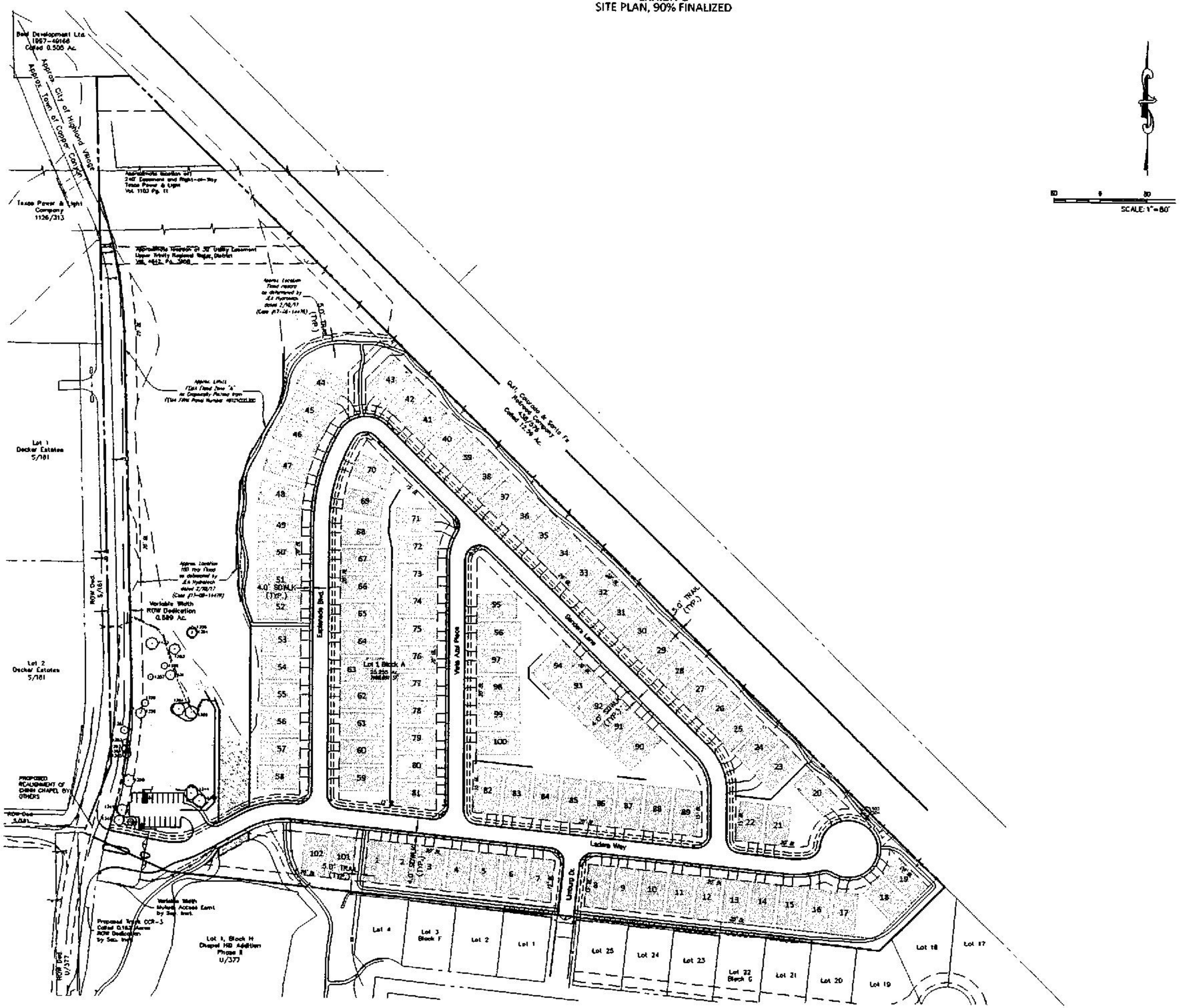


EXHIBIT "B"
ALLOCATED INTERESTS

Unit Number	Unit Address	Unit Type	Undivided Interest in the Common Elements
001	1011 Ladera Blvd		1/102
002	1013 Ladera Blvd		1/102
003	1015 Ladera Blvd		1/102
004	1017 Ladera Blvd		1/102
005	1019 Ladera Blvd		1/102
006	1021 Ladera Blvd		1/102
007	1023 Ladera Blvd		1/102
008	2005 Ladera Blvd		1/102
009	2007 Ladera Blvd		1/102
010	2009 Ladera Blvd		1/102
011	2011 Ladera Blvd		1/102
012	2013 Ladera Blvd		1/102
013	2015 Ladera Blvd		1/102
014	2017 Ladera Blvd		1/102
015	2019 Ladera Blvd		1/102
016	2021 Ladera Blvd		1/102
017	2023 Ladera Blvd		1/102
018	2027 Ladera Blvd		1/102
019	2029 Ladera Blvd		1/102
020	2022 Ladera Blvd		1/102
021	2018 Ladera Blvd		1/102
022	2016 Ladera Blvd		1/102
023	5046 Esplanade Blvd		1/102
024	5044 Esplanade Blvd		1/102
025	5042 Esplanade Blvd		1/102
026	5040 Esplanade Blvd		1/102
027	5038 Esplanade Blvd		1/102
028	5036 Esplanade Blvd		1/102
029	5034 Esplanade Blvd		1/102
030	5032 Esplanade Blvd		1/102
031	5030 Esplanade Blvd		1/102
032	5028 Esplanade Blvd		1/102
033	5026 Esplanade Blvd		1/102
034	5024 Esplanade Blvd		1/102
035	5022 Esplanade Blvd		1/102
036	5020 Esplanade Blvd		1/102
037	5018 Esplanade Blvd		1/102
038	5016 Esplanade Blvd		1/102
039	5014 Esplanade Blvd		1/102
040	5012 Esplanade Blvd		1/102
041	5010 Esplanade Blvd		1/102
042	5008 Esplanade Blvd		1/102
043	5006 Esplanade Blvd		1/102
044	4032 Lago Vista Lane		1/102

045	4030 Lago Vista Lane		1/102
046	4028 Lago Vista Lane		1/102
047	4026 Lago Vista Lane		1/102
048	4024 Lago Vista Lane		1/102
049	4022 Lago Vista Lane		1/102
050	4020 Lago Vista Lane		1/102
051	4018 Lago Vista Lane		1/102
052	4016 Lago Vista Lane		1/102
053	4012 Lago Vista Lane		1/102
054	4010 Lago Vista Lane		1/102
055	4008 Lago Vista Lane		1/102
056	4006 Lago Vista Lane		1/102
057	4004 Lago Vista Lane		1/102
058	4002 Lago Vista Lane		1/102
059	4003 Lago Vista Lane		1/102
060	4005 Lago Vista Lane		1/102
061	4007 Lago Vista Lane		1/102
062	4009 Lago Vista Lane		1/102
063	4011 Lago Vista Lane		1/102
064	4013 Lago Vista Lane		1/102
065	4015 Lago Vista Lane		1/102
066	4017 Lago Vista Lane		1/102
067	4019 Lago Vista Lane		1/102
068	4021 Lago Vista Lane		1/102
069	4023 Lago Vista Lane		1/102
070	4025 Lago Vista Lane		1/102
071	4020 Viento Lane		1/102
072	4018 Viento Lane		1/102
073	4016 Viento Lane		1/102
074	4014 Viento Lane		1/102
075	4012 Viento Lane		1/102
076	4010 Viento Lane		1/102
077	4008 Viento Lane		1/102
078	4006 Viento Lane		1/102
079	4004 Viento Lane		1/102
080	4002 Viento Lane		1/102
081	4000 Viento Lane		1/102
082	1018 Ladera Blvd		1/102
083	1020 Ladera Blvd		1/102
084	1022 Ladera Blvd		1/102
085	1024 Ladera Blvd		1/102
086	2006 Ladera Blvd		1/102
087	2008 Ladera Blvd		1/102
088	2010 Ladera Blvd		1/102
089	2012 Ladera Blvd		1/102
090	5039 Esplanade Blvd		1/102
091	5037 Esplanade Blvd		1/102

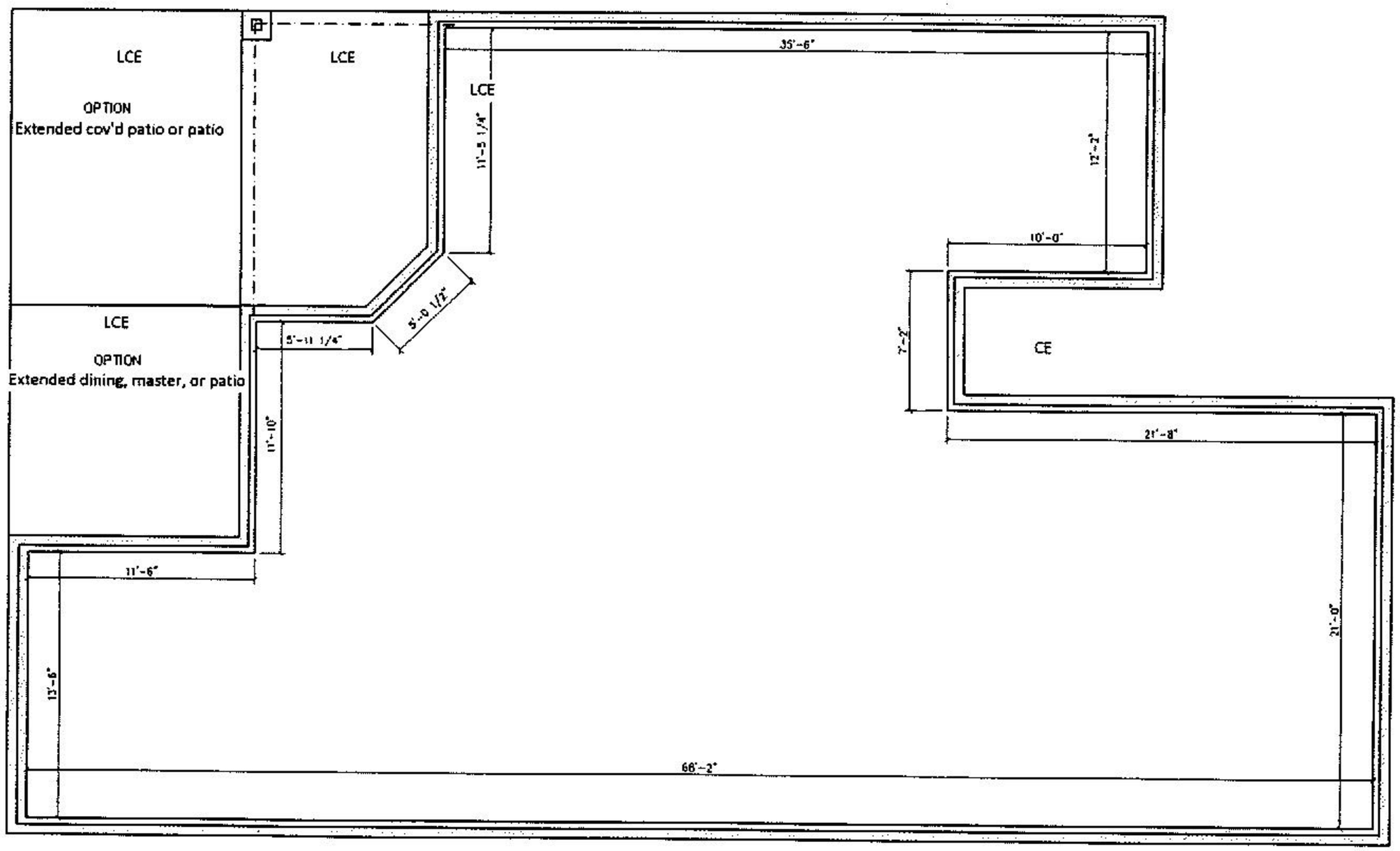
092	5035 Esplanade Blvd		1/102
093	5033 Esplanade Blvd		1/102
094	5031 Esplanade Blvd		1/102
095	4015 Viento Lane		1/102
096	4013 Viento Lane		1/102
097	4011 Viento Lane		1/102
098	4009 Viento Lane		1/102
099	4007 Viento Lane		1/102
100	4005 Viento Lane		1/102
101	1009 Ladera Blvd		1/102
102	1007 Ladera Blvd		1/102

EXHIBIT "C"

UNIT PLANS

EXHIBIT C
UNIT TYPES

Plan #	Plan Name	Option	Approx Gross Interior SF
1100-0	Salerno	Base	1654
1100-1	Salerno	Extended Cov'd Patio	1654
1100-2	Salerno	Extended Master +138	1792
1100-3	Salerno	Extended Dining +138	1792
1100-4	Salerno	Move Water Heater Closet into Garage +12	1666
1200-0	Portico	Base	1792
1200-1	Portico	Extended Cov'd Patio	1792
1200-2	Portico	Extended Master +111	1903
1210-0	Portico 2 Story	Base	2490
1210-1	Portico 2 Story	Extended Cov'd Patio	2490
1210-2	Portico 2 Story	Extended Master +111	2603
1300-0	Torino	Base	1891
1300-1	Torino	Extended Cov'd Patio	1891
1300-2	Torino	Extended Master +95	1986
1300-3	Torino	Extended Dining +95	1986
1300-4	Torino	Move Water Heater Closet into Garage +14	1905
1310-0	Torino 2 Story	Base	2676
1310-1	Torino 2 Story	Extended Cov'd Patio	2676
1310-2	Torino 2 Story	Extended Master +95	2771
1310-3	Torino 2 Story	Extended Dining +95	2771
1400-0	Promenade	Base	2061
1400-1	Promenade	Front Office/Bath +77	2138
1400-2	Promenade	Extended Master +106	2167
1400-4	Promenade	Office Bump-out into Garage +17	2078
1410-0	Promenade 2 Story	Base	2762
1410-1	Promenade 2 Story	Front Office/Bath +77	2839
1410-2	Promenade 2 Story	Extended Master +106	2868
1410-4	Promenade 2 Story	Office Bump-out into Garage +17	2779
1500-0	Verona	Base	2091
1500-1	Verona	Extended Cov'd Patio	2091
1500-2	Verona	Move Water Heater Closet into Garage +16	2107
1500-3	Verona	Office Bump-out into Garage +17	2108
1510-0	Verona 2 Story	Base	2915
1510-1	Verona 2 Story	Extended Cov'd Patio	2915
1510-2	Verona 2 Story	Office Bump-out into Garage	2932
1600-0	Castella	Base	2520



Salerno

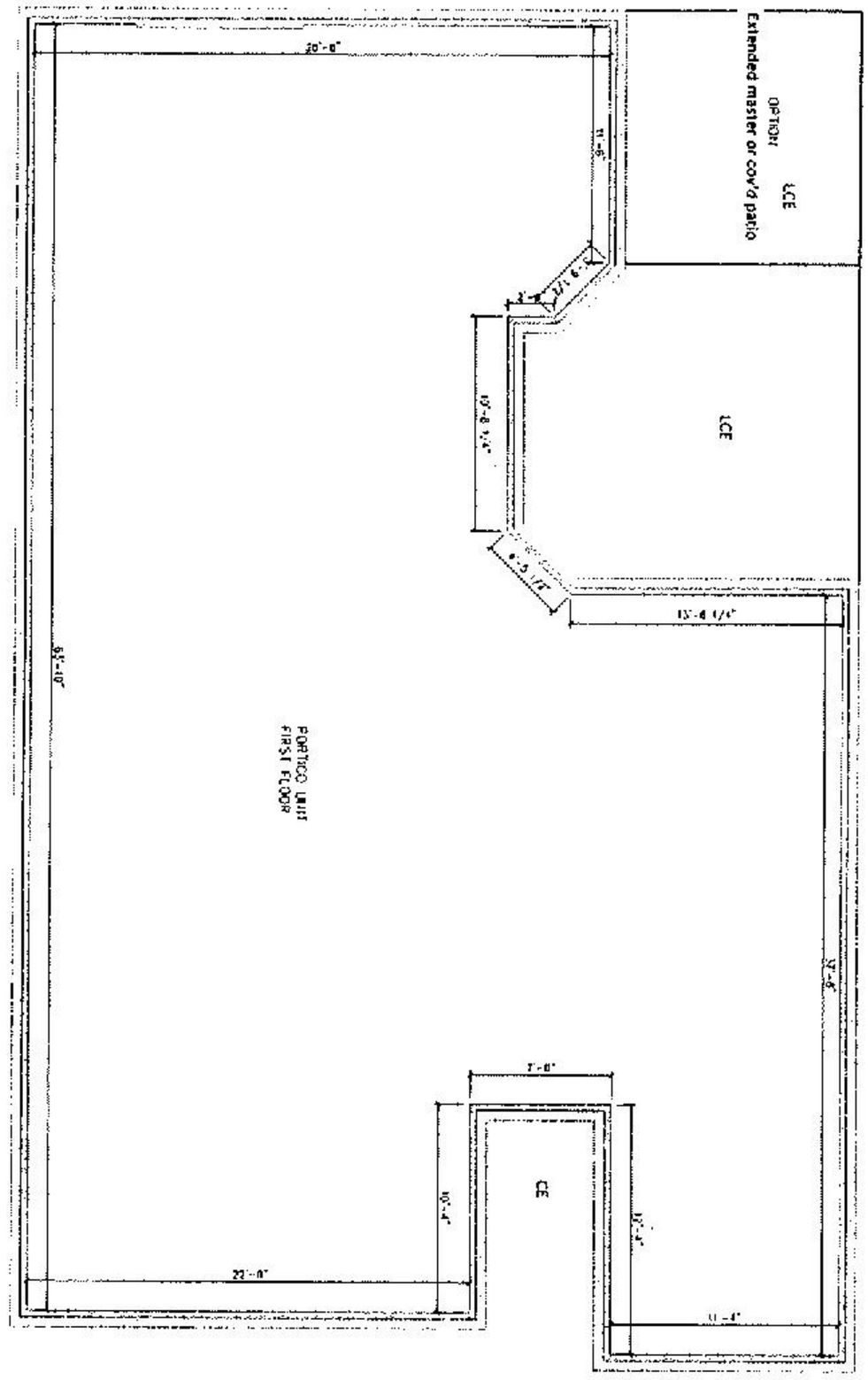
REVISIONS

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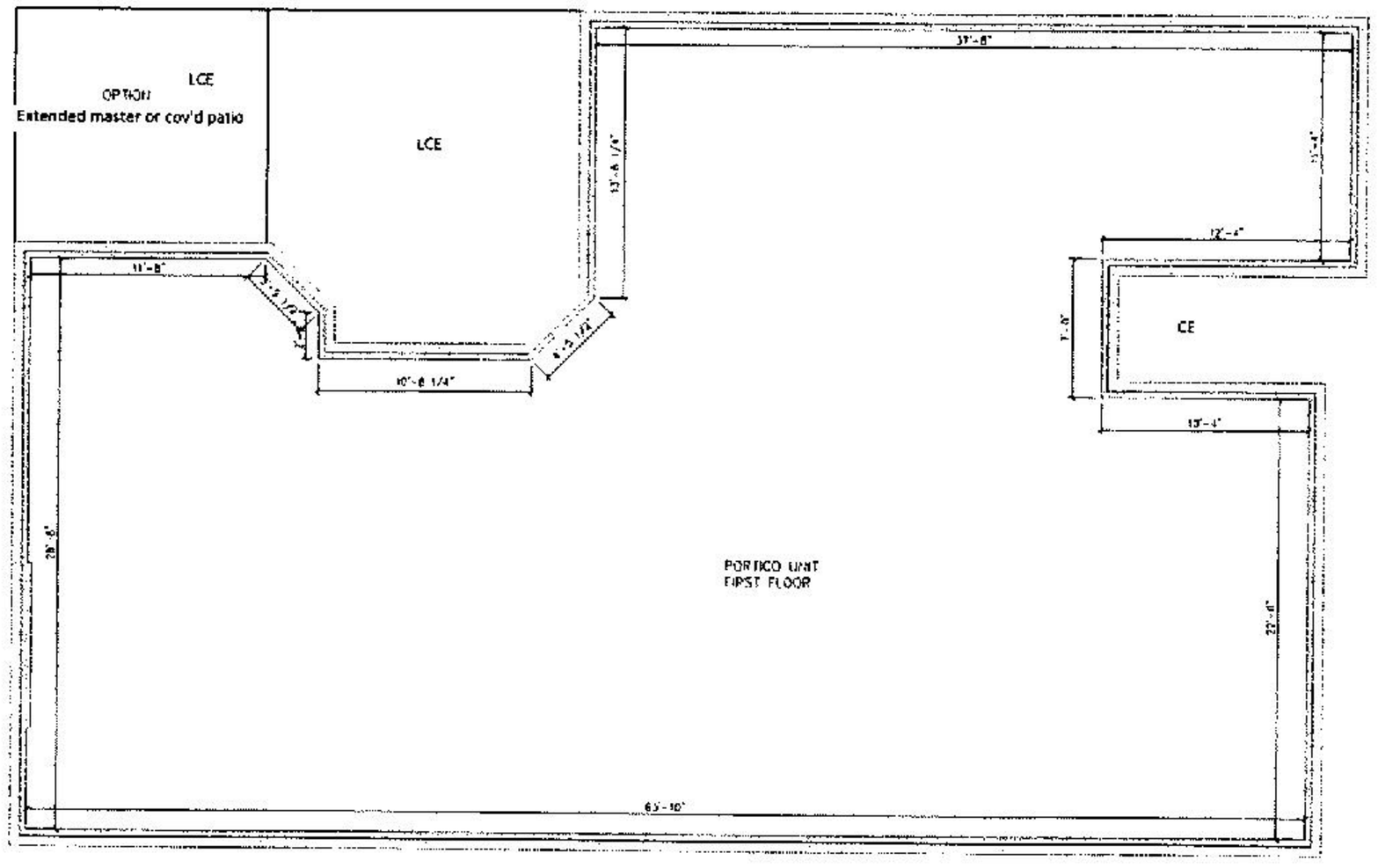
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Portico



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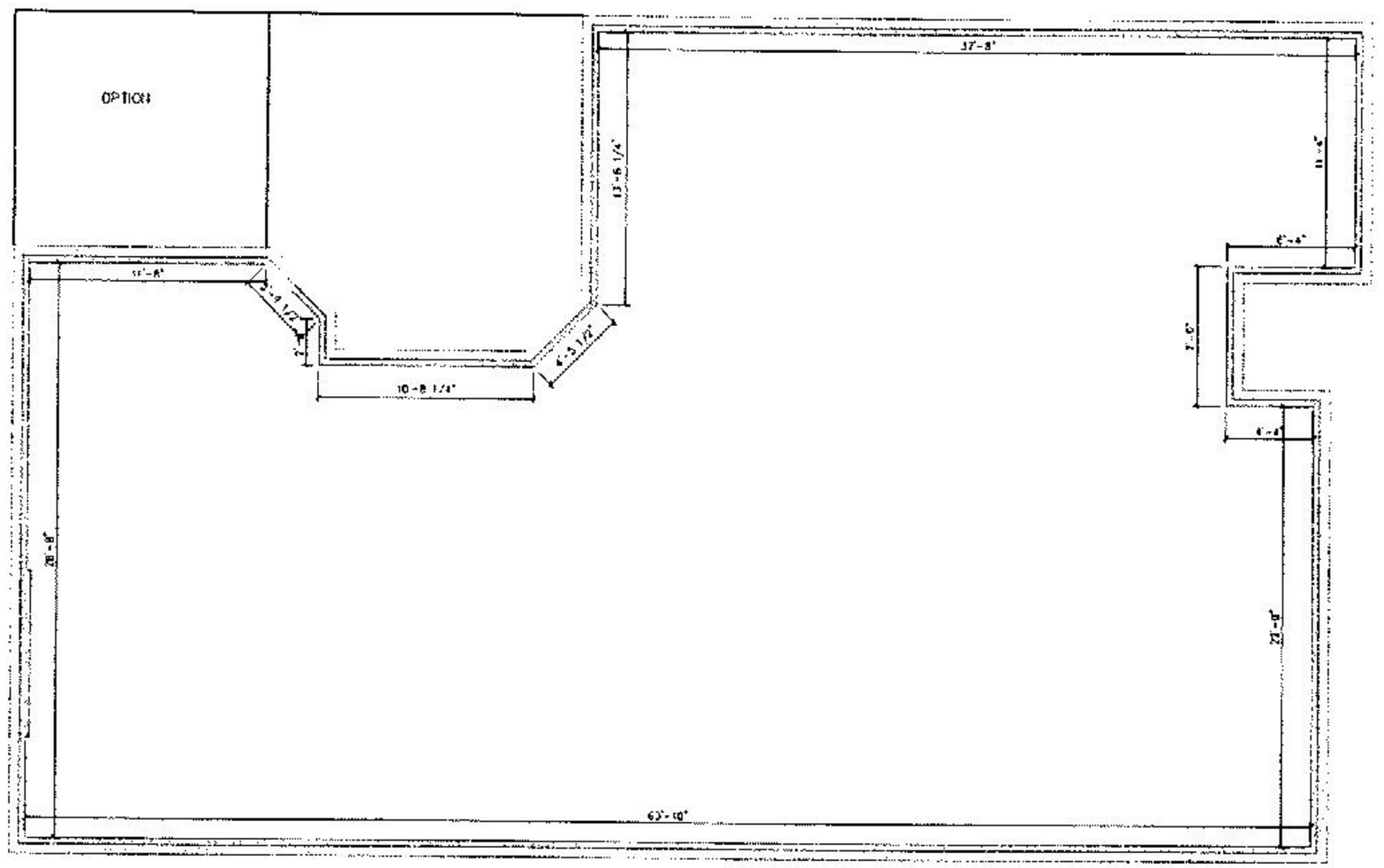
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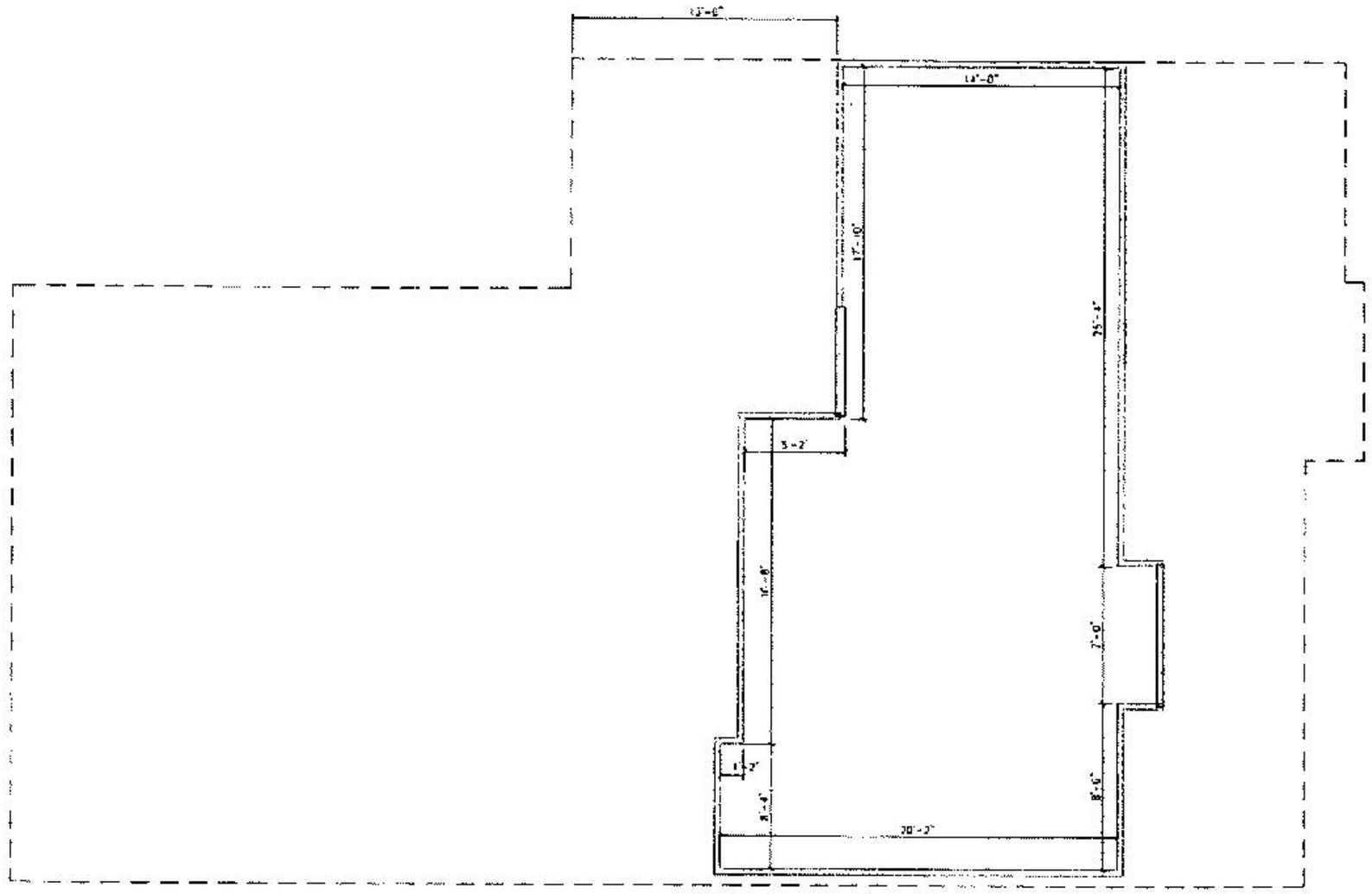
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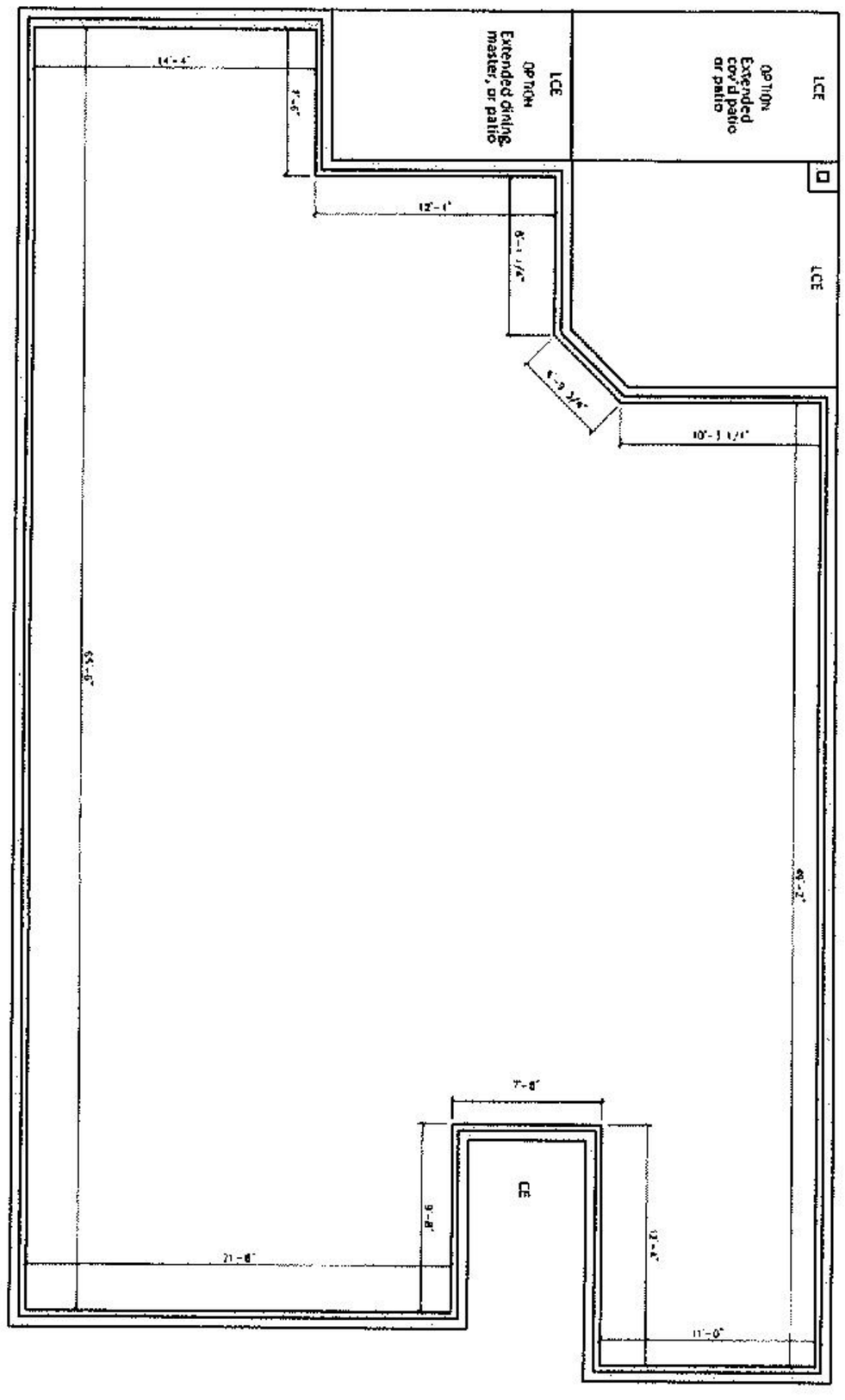
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Portico 2 Story



Portico 2 Story

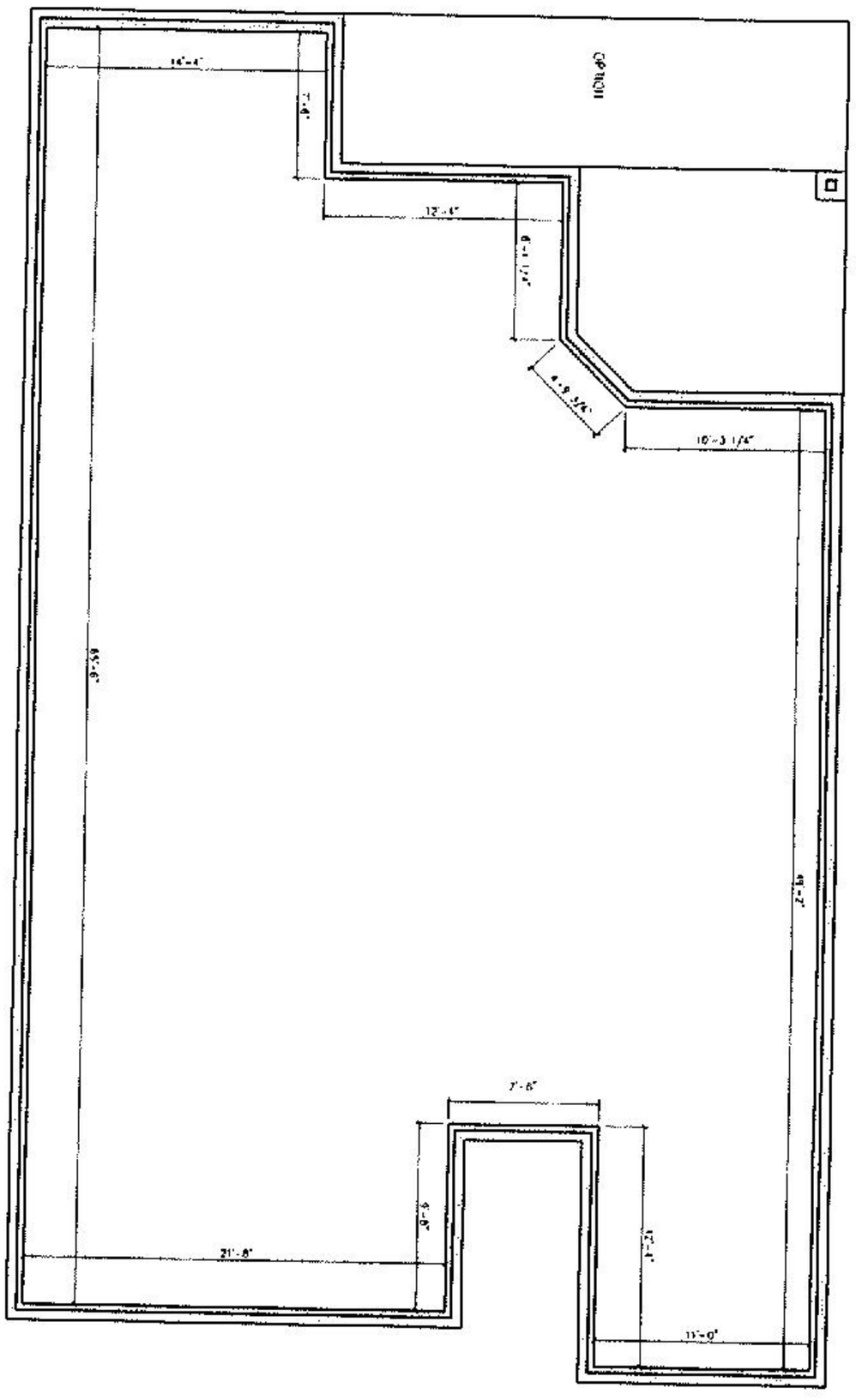


Torino

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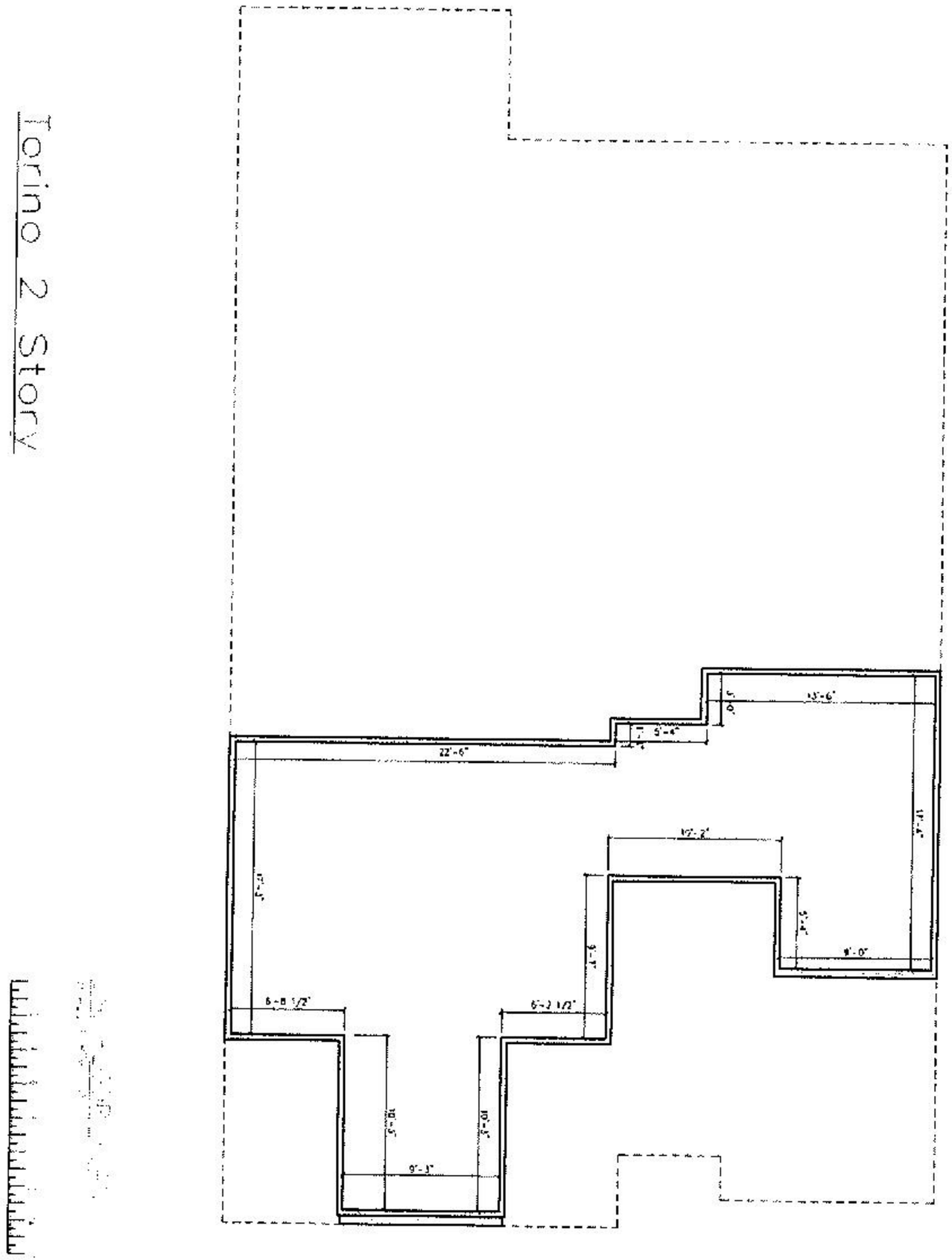
Torino 2 Story



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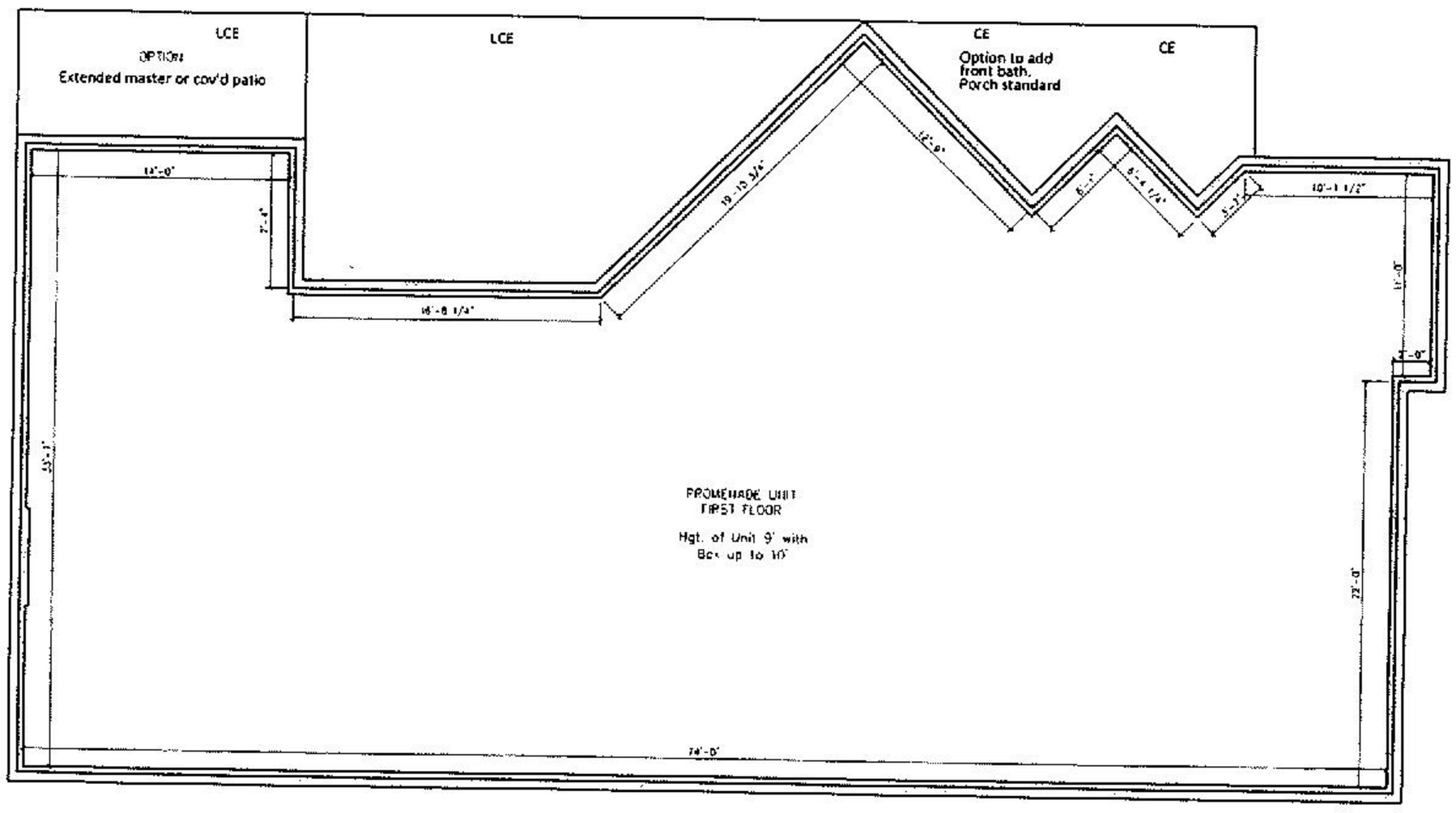
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Torino 2 Story





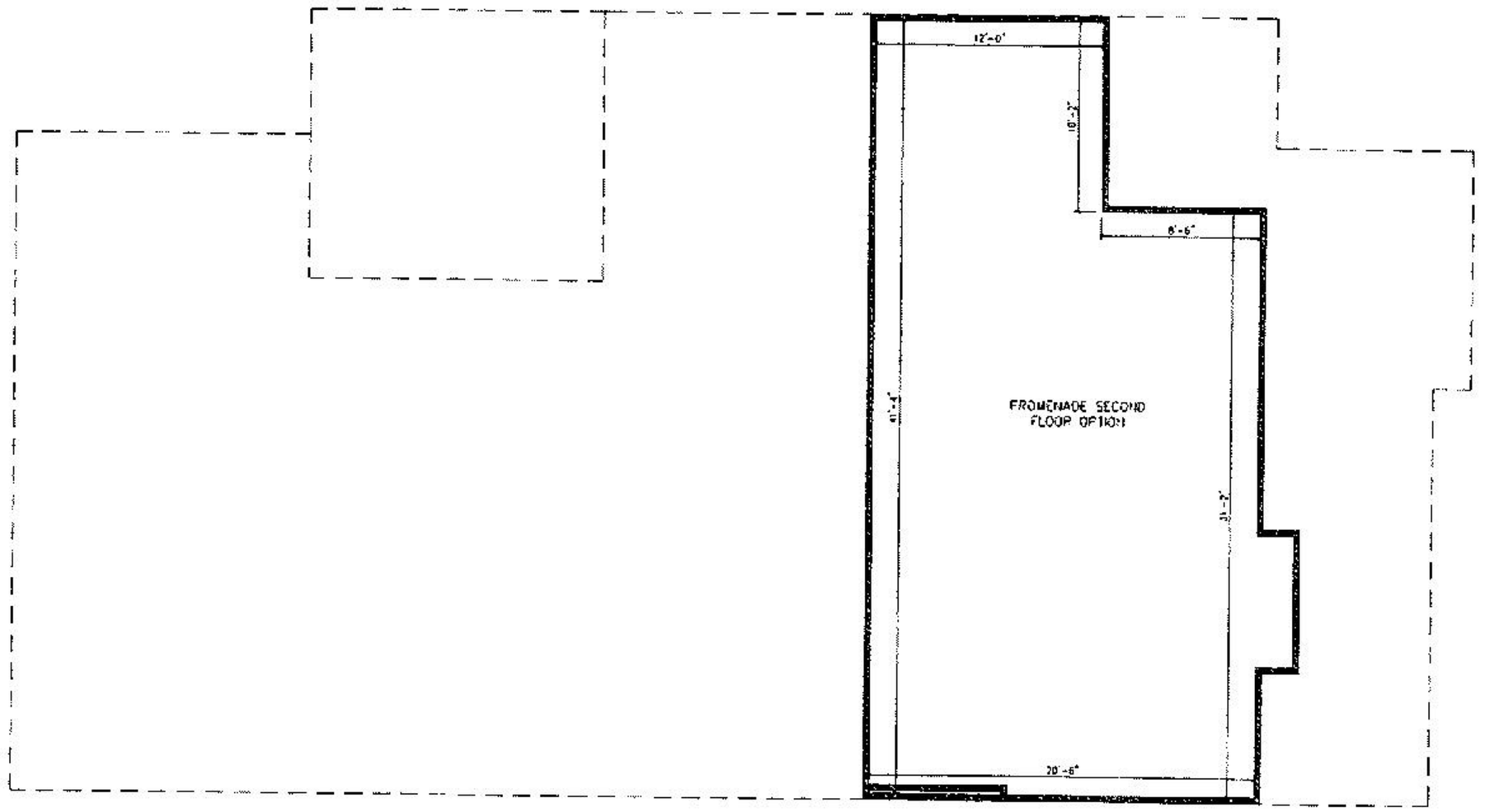




Promenade

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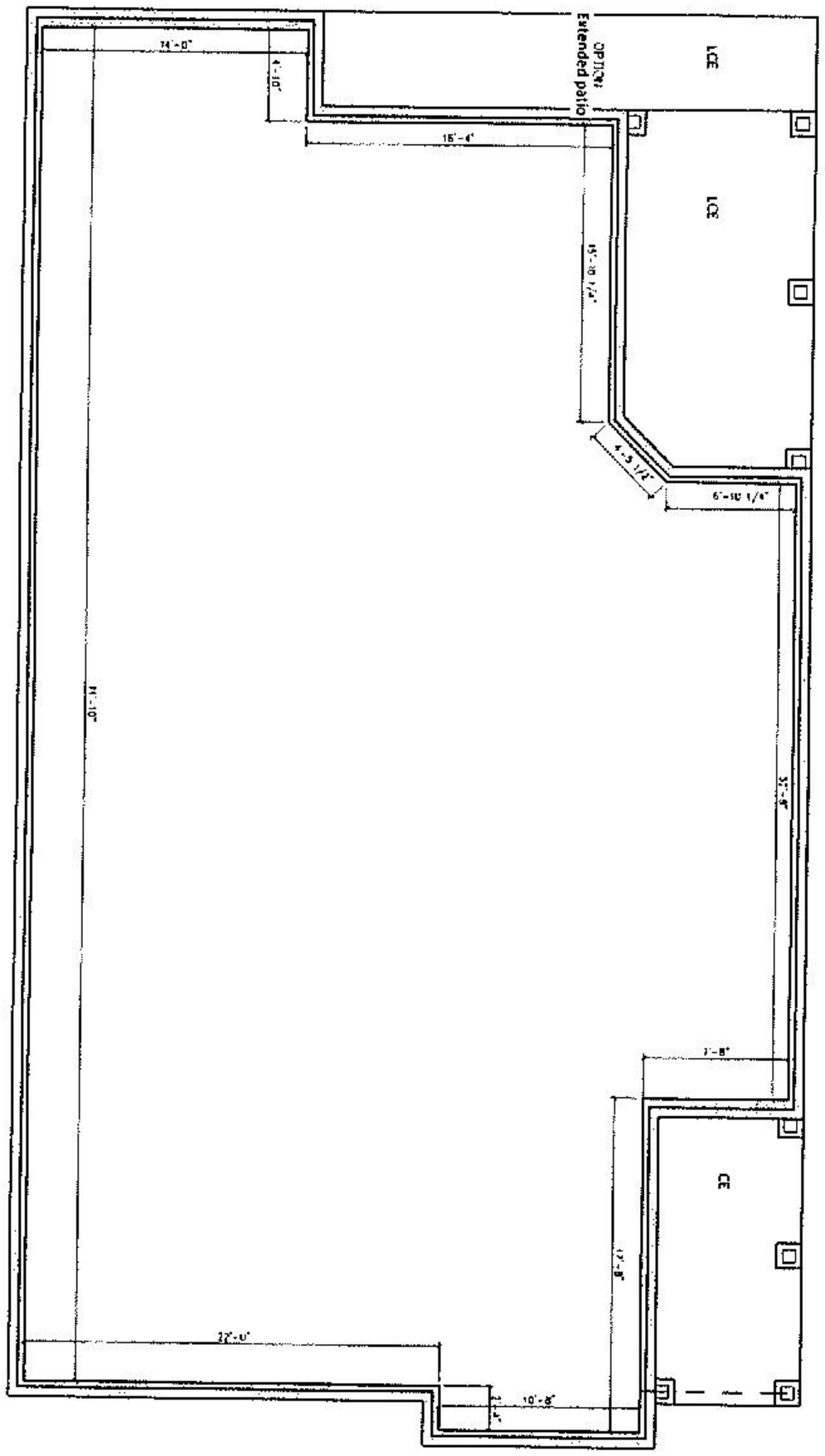
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Promenade 2 Story

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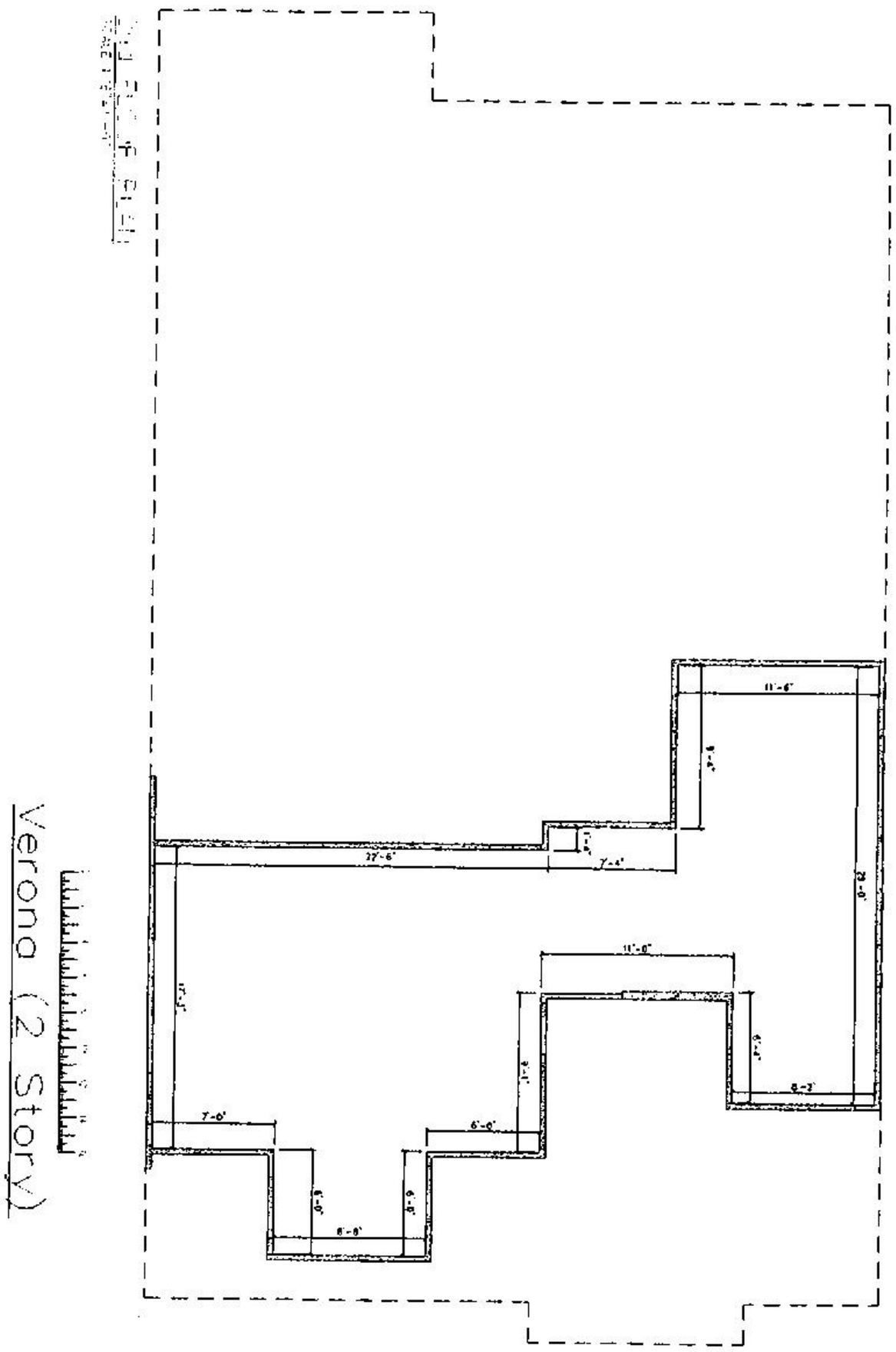
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VERONA

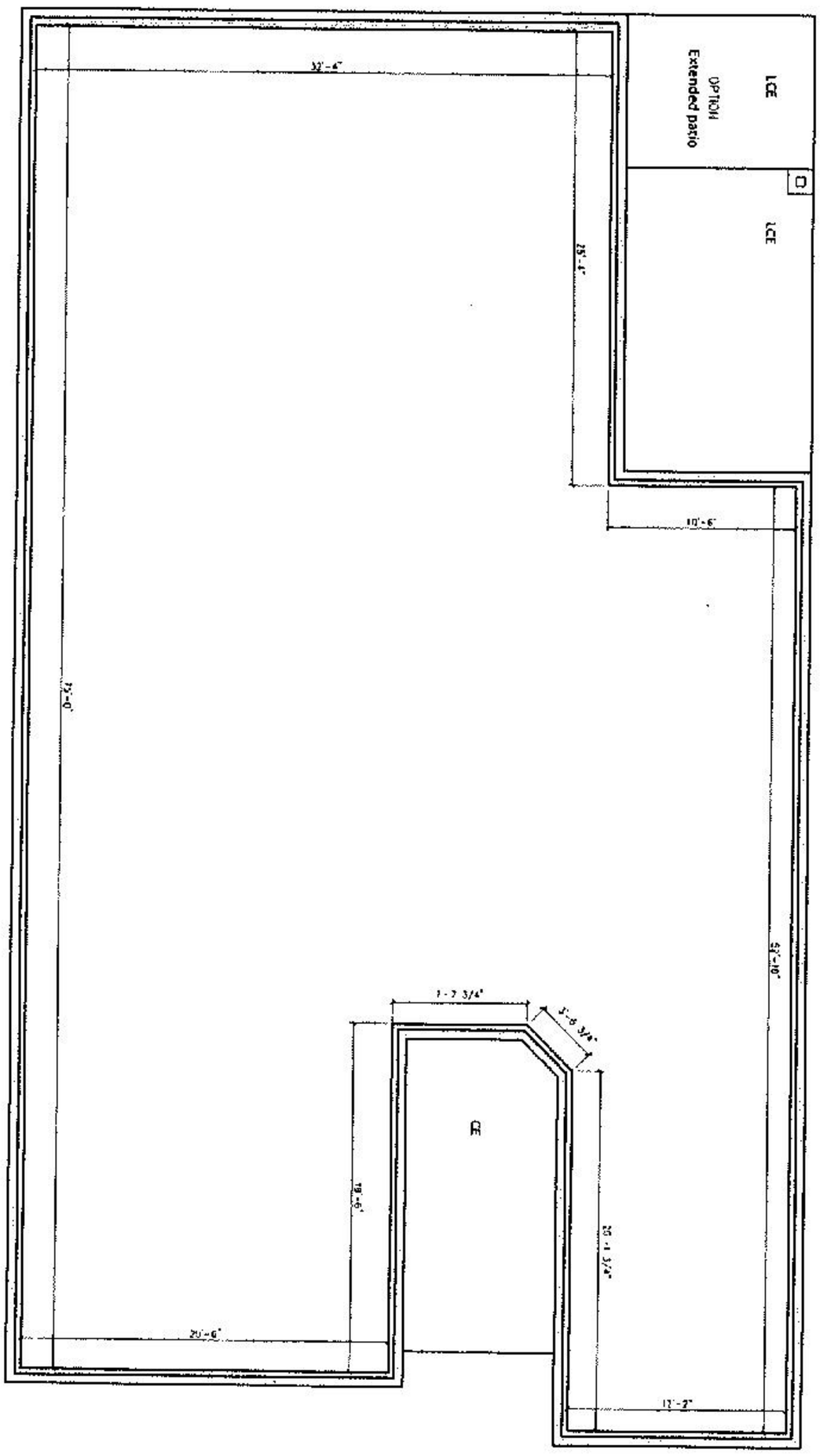
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CASTELLA

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EXHIBIT "D"

Community Rules and Regulations and Architectural Guidelines

These Community Rules and Regulations and Architectural Guidelines (the "Guidelines") are set forth to expand upon and detail the information provided by the Governing Documents of Ladera at Highland Village Condominium Association, Inc. (the "Association"). "Governing Documents" shall have the same meaning as "Dedicatory Instrument" as defined in Section 82.003 of the Texas Property Code. All Unit Owners, Occupants and Unit's occupied are subject to these Guidelines.

For purposes of these Guidelines, an "Owner" is a person who holds title to a Unit or a member of that person's immediate family; an "Occupant" is a person who occupies the Unit, whether as an Owner, a member of the Owner's immediate family, or a tenant; a "Guest" is a person who has been invited by the Owner or Occupant to the project; and a "Visitor" is a person who is not an Owner, Occupant, or Guest. An "Age Qualified Person" is a person who, at the time of initial occupancy of the Unit, is at least 55 years of age.

Any **capitalized** term used in these Guidelines, but that is not defined in this document, shall have the meaning as defined by the Governing Documents. In the event of an inconsistency or conflict between these Guidelines, the terms of the Governing Documents shall provide control and take precedent. However, the provisions in these Guidelines and the Declaration shall be construed in an effort to harmonize the documents and avoid conflicts.

All Owners, Occupants, Guests and Visitors are subject to the duties, obligations, restrictions and waivers imposed on them by the Governing Documents, including, without limitation, these Guidelines. A breach of these Guidelines is a breach of the Governing Documents.

These Guidelines have been adopted by the Board in conformity with the Governing Documents. The Board has the power to modify, amend, supplement and enforce these Guidelines in its sole and exclusive discretion. Lack of enforcement in any one or more instances shall not act as a waiver of the Association or Board's right and ability to thereafter enforce these Guidelines.

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Exhibits:

Exhibit "A" - Front of a Unit

A. ASSUMPTIONS AND TERMS

A-1 **Prior Written Approval:** Numerous items addressed in these Guidelines require Prior Written Approval, due to the exterior (Common & Limited Common Elements) of the Unit belonging to the Condominium. The Board may grant a Waiver to these Guidelines under certain circumstances.

1. *Prior Written Approval* must be obtained by an Owner from the Board **prior to any exterior modification being made to a Unit, any Limited Common Element, or any Common Element.**
2. Inquiries regarding requests for approval must be made by contacting the Manager in writing or through other means as designated by the Board.
3. Owners shall keep a record of any approval or variance issued, and provide such records upon the transfer or conveyance of title to another Owner(s).
4. Electronic mail ("E-mail") correspondence from the Manager or the Association may serve as written approval.
5. After a Unit's initial transfer from the Declarant, an Owner will be held responsible for any damage or additional maintenance required to the Unit's exterior, Limited Common Elements and/or Common Elements resulting from the Owner's modification or improvement of a Unit's exterior, whether approved or not, unless otherwise noted by the Board and/or the Association, in writing.

A-2 **Waiver:** Certain circumstances may warrant a waiver or variance of these Guidelines. An Owner or Occupant must submit a written request to the Board for such a waiver or variance. Should the Board deem a waiver or variance is warranted, the Board may, in the Board's opinion and sole discretion, grant a waiver or variance as the Board deems appropriate. No waiver or variance shall be effective unless issued by the Board in writing. *A waiver or variance of any of these Guidelines for one person **shall not** act as a waiver for any other persons.*

A-3 **Front of a Unit:** The following definitions will be used to refer to specific areas in the *Front of a Unit*:

1. The elements consisting of the *Front of a Unit* are illustrated in **Exhibit A**, attached to this document.
2. The *Front of a Unit* consists of the front-facing exterior surface of the Unit which runs parallel with the direction of the street.
3. The *Front of a Unit* also includes the **Driveway, Paved Walkway, Covered Front Porch, Landscape Areas,** and any other surface area spanning from the front-facing exterior to the street.
4. The *Landscape Areas* may include (but are not limited to): grass, dirt and ***Mulched Landscape Beds***.

A-4 **Limited Common Elements:** The following terms have been created to further define and refer to elements within, or in close proximity to, the Limited Common Elements as

described in the Association's Declaration, **Article I, Section 1.18.** The following definitions apply for the purpose of these Policies and Guidelines:

1. The "**Paved Patio Area**," shall mean the contiguous fenced in patio area adjacent to and serving only the Unit, including any structure or covering (e.g. fire pits, pergolas, patio covers, etc.), and the exterior surface(s) of any portion of the Unit's exterior that enclose and surround the patio area (e.g. the outer brick wall, the ceiling of a roof, doors, windows, etc.).
2. The "**Yard Area**" shall mean the ground surface area, other than the *Paved Patio Area*. This area may also include *Mulched Landscape Beds* and other approved landscape items or decorative items permitted to exist over the ground surface area.

A-5 **Personal Property:** *Personal Property* is any item owned by a Unit Owner which is not part of the Undivided Interest of all Owners under the Maintenance and care of the Association. These Guidelines describe the locations and conditions in which items of Personal Property are permitted. Unless explicitly stated within these Guidelines, no Personal Property is permitted in the Common Elements or Limited Common Elements and all Personal Property must be kept inside the garage or on the Paved Patio Areas. No item may be positioned or placed in such a way as to block sprinkler spray patterns or to prevent or inhibit mowing or maintenance.

A-6 **Unsightly Appearance:** In the Board's opinion and sole discretion, the Board may instruct an Owner to clear or remove any exterior personal property items which present an unsightly appearance.

A-7 **Additional Rules:**

(1) Each Owner and Occupant shall comply with all rules and signs posted from time to time within the Condominium by the Association, including, without limitation, posted signs or rules regulating the use of recreational facilities or amenities.

(2) Each Owner and Occupant shall comply with notices published by the Association from time to time relating to seasonal or temporary rules or changes affecting the use of the Condominium.

(3) Each Owner and Occupant shall comply with any additional rules found on forms or applications in relation to requests for Prior Written Approval, use or rental of the facilities and/or amenities of the Condominium, or for other purposes.

B. COMPLIANCE POLICY

Compliance with the Guidelines is important to the Association and its Owners. In conformity with Texas Property Code Section 82.102(d), if an Owner is in violation of any of the Guidelines described herein, the following Compliance Policy will apply as follows:

B-1 ***First Letter.*** Before charging any fine for a violation of the Governing Documents, the Association shall provide the Owner written notice which:

(1) Describes the violation or property damages and states the amount of the proposed fine or damage charge;

(2) States that not later than the thirtieth (30th) day after the date of the notice, the Owner may request a hearing before the Board to contest the fine or damage charge; and

(3) Allows the Owner a reasonable time, by a specified date, if the violation is curable, to cure the violation and avoid the fine unless the Owner has been given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months.

(4) The notice will be mailed to the mailing address on file with the Association.

Note: *The Association is not responsible for Owners who fail to update the Association with current mailing addresses or other contact information.*

B-2 ***Compliance Date.*** The specified date (Compliance Date), by which the Owner may cure the violation to avoid incurring the fine, unless the Owner has been given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months. Additionally, an Owner **will not** be provided a Compliance Date if the violation is not curable within a reasonable time.

B-3 ***First Penalty.*** If the Owner fails to resolve the violation by **5:00 p.m.** on the Compliance Date provided by the First Letter, a non-compliance fine in the amount of **$35** may be assessed to the Owner's account.

B-4 ***Subsequent Letter.*** After the First Penalty has been assessed, an additional written letter will be sent, stating the violation and fine amount. The Owner will be provided a reasonable time, if the violation is curable, including the specified date (Compliance Date), by which the Owner may cure the violation to avoid incurring any additional non-compliance fines.

(1) Should the Owner fail to cure the violation by **5:00 p.m.** on the Subsequent Letter Compliance Date, an additional non-compliance fine of **$75** may be assessed to the Owner's account. The Association may continue to assess a non-compliance fine against the Owner every thirty (30) days until such time the Owner becomes compliant.

B-5 ***Additional Penalties.*** If the Owner continues to be in violation after the mailing of the First Letter and two (2) Subsequent Letters, the Manager will notify the Board of the Owners non-compliance. The Board, upon review of the situation, may use any other means as provided by the Governing Documents to enforce such compliance.

B-6 ***Late fees.*** All payments for fines assessed pursuant to Section II of these Guidelines shall be due to the Association within fifteen (15) days from the date of the First Letter or Subsequent Letter notifying the Owner of the violation. If an Owner fails to pay a non-compliance fine within fifteen (15) days from the date of the First Letter or Subsequent Letter notifying the Owner of the violation, the Association may use the policies described in Article XV of the Declaration to charge late fees to such Owner's account.

C. OBLIGATIONS OF OWNERS AND OCCUPANTS

C-1 ***Safety***. Each Owner and Occupant is responsible to the Association for his/her own safety and for the safety, well-being and supervision of his/her family members and guests.

C-2 ***Damage.*** Each Owner or Occupant is responsible to the Association for any loss or damage (including, but not limited to, damage resulting from modification of the Unit) to his/her Unit, other Units, the personal property of other Owners or Occupants or their guests, or to the Common Elements, if such loss or damage is caused by the act or omission of the Owner or Occupant or any guest of an Owner or Occupant.

C-3 ***Association Does Not Insure.*** Other than as provided for in the Declaration and/or the Condominium Master Insurance Policy, each Owner or Occupant is solely responsible for insuring his/her personal property in the Unit and the Condominium, including his/her furnishings, vehicle(s), and items kept in any storage area of the Condominium. The Association is **not responsible** for personal property placed or kept in the Condominium by an Owner or Occupant. Each Owner or Occupant is encouraged to obtain appropriate insurance covering loss or damage to personal property.

C-4 ***Risk Management.*** No Owner or Occupant shall permit anything to be done or kept in his/her Unit or the Common Elements which may result in the cancellation of insurance on any Unit or the Common Elements or which may be in violation of any law.

C-5 ***Reimbursement for Enforcement.*** If necessary, the Association may enforce the Governing Documents through whatever means necessary, including legal action. An Owner or Occupant shall promptly reimburse the Association for any expenses incurred by the Association in enforcing the Governing Documents against the Owner or Occupant, his/her Unit, or persons for whom the Owner or Occupant is responsible.

C-6 ***Reimbursement for Damage.*** An Owner or Occupant shall promptly reimburse the Association for the cost to repair damage to any part of the Condominium caused by the negligent, intentional or reckless conduct of the Owner or Occupant or persons for whom the Owner or Occupant is responsible.

C-7 ***Report Malfunctions and Maintenance.*** An Owner or Occupant shall immediately report to the Association, through the Manager (primary) or Board of Directors of any leak, break, or malfunction in any portion of his/her Unit or the Common Elements. The failure to timely report a known problem may be deemed to be negligent, thereby resulting in possible reimbursement of the Association from the Owner or Occupant for any additional damage resulting from the delay.

C-8 ***Frozen Water Pipes.*** Because the Units are constructed with water lines in exterior walls, it is the duty of every Owner and Occupant to protect water lines from freezing during winter months. Between November 1 and March 25 of any year, no Unit may be left unheated. During periods of anticipated below-freezing temperatures, water lines in exterior walls should be left ajar. Freeze covers must be placed over exterior hose connections and do not require prior Board approval. Dishwashers on exterior walls should not be used during and immediately after periods of extreme cold. Failure by an Owner or Occupant to monitor the local weather and take appropriate precautions may

be deemed to be negligent, thereby resulting in possible reimbursement of the Association from the Owner or Occupant for resulting damage.

D. EXTERIOR ALTERATIONS AND IMPROVEMENTS

D-1 ***No alterations*** may be made to the exterior surface of the building in which the Unit is located, and no fences, walls, patios, decks, landscaped areas, lawns, beds, plant materials etc., may be modified or added (Architectural Improvements), nor may any trees or shrubs be planted, transplanted or removed (Landscape Improvements), without *Prior Written Approval (p3)*, unless specified herein. Requests for Architectural and Landscape Improvements are to be made through the appropriate request form by contacting the Manager. At the Board's sole discretion, in keeping with the Board's duties to protect and maintain the Common Elements further described in the Governing Documents, the Board of Directors may reasonably request additional professionals to review all plans for alterations, work in progress, and/or completed alterations – all costs shall be an expense of the requesting Owner(s).

D-2 **Utility Alterations, Permits and the Law:** *Prior Written Approval (p3)* must be obtained prior to commencement of any alteration **and** such alteration must comply with all local, city, county, state and/or federal codes and laws. An approval by the Board does not signify the alteration is compliant with all local, city, county, state and/or federal codes and laws. It is the Owner's responsibility to verify any alteration complies with all local, city, county, state and/or federal codes and laws. After a Unit is sold and conveyed to the first non-Declarant Owner, the Owner will specifically notify the Manager of any such exterior alterations, in writing, which require any form of approval from any governing entity (such as, but not limited to, a permit or a license) and supply a final copy of any such approval to the Association through the Manager. For any alteration of electrical, gas or water supply lines not requiring approval from any governing entity: a written notice is required to be delivered to the Manager describing the location, the reason for the alteration(s), and the name of the properly licensed and insured contractor performing the work. The requesting Owner may be required to supply the contractor's current insurance documentation to the Association, upon request.

E. DECORATIVE ITEMS

Detail. For clarification purposes, any reference to a *Decorative Item's* height shall be measured from where the object makes contact with the dirt, mulch, paved, or other ground surface area, including any mounting object, post, pole, or object suspending the decorative item from the ground surface area – the entire object shall be considered a decorative item. Any and all *Decorative Items*, subject to the Board's sole and exclusive judgment, cannot detract from the appearance of the Unit.

The following *Decorative Items* are permitted, within the locations noted below, under the conditions noted below. If an item is not explicitly listed, or the Owner or Occupant does not intend to display it according to the required conditions, the item is not permitted to be displayed. Items listed under Prohibited Items are prohibited.

E-1 **Front of the Unit** (described on page 3)

1. **Permitted Items**

a. **Flower/plant pots**. A maximum of four (4) flower pots are allowed on the *Covered Front Porch* or *Paved Walkway* outside the front door or in a *Mulched Landscape Bed.* Stacked pot fixtures which may contain multiple pots, but were sold as one fixture may be counted as one (1) flower pot, within reason, but may only be placed on the *Covered Front Porch* area.

b. **Benches**. Limit of 1 per Unit and placed in the front *Covered Front Porch* area only.

c. **Yard/Lawn Ornaments**. Limit 5 per Unit. Limited to 12 inches height and placed only in a *Mulched Landscape Bed.*

d. **Decorative Yard Sign**. Limit 1 per Unit. Limited to 14 inches height and placed only in a *Mulched Landscape Bed.*

e. **Ornamental Rocks or Stones**. May be placed in *Mulched Landscape Beds* only and may not be reasonably visible from the street.

f. **Statues**. Limit 1 per Unit. Limited to 12 inches height. Placed in *Mulched Landscape Beds* only.

g. **Hanging baskets**. Limit 2 per Unit; reasonably considered as decorative and/or a small hang-able object. These may be affixed to the Unit neatly, with minimal impact to the exterior and without approval. Any other hanging or mountable item must be approved.

E-2 ***Limited Common Elements*** (described on page 3, the "fenced in yard and patio area")

1. **Permitted Items**

A. Paved Patio Area (described on page 3 under Limited Common Elements)

a. **Patio furniture, Umbrellas and Grills**. Only furniture or products constructed and sold for outdoor use.

b. **Fountains**

c. **Statues**

d. **Birdbaths**

e. **Televisions**

f. **Potted Plants** (Artificial Flowers Permitted)

g. **Flags** (see Flag Display on p9)

h. **Hanging baskets, wind chimes, wall plaques, bird houses, bird feeders, clocks or other items.** Must be reasonably considered as decorative and/or a small hang-able object, remaining in a reasonable and limited quantity. These may be affixed to the Unit neatly, with minimal impact to the exterior and without approval.

i. **Garden Hose Hangers and Hose Reels.** Hoses may at no time be kept on the ground.

B. **Yard Area** (described on page 3 under Limited Common Elements)

a. **Fountains**. Limit 1

b. **Statues**. Limit 1

c. **Bird Baths**. Limit 1

d. **Hanging baskets, wind chimes, wall plaques, bird houses, bird feeders, clocks or other items**. Must be reasonably considered as decorative and/or a small hang-able object, which are aesthetically pleasing, remaining in a reasonable and limited quantity, and contribute positively to the community's appeal. These may be affixed to the Unit neatly, with minimal impact to the exterior and without approval.

e. **Garden Hose Hangers and Hose Reels**

E-3 ***Prohibited Items in the <u>Front of the Unit</u>.*** Including but not limited to the following:

a) **Garden Hose Hangers and Hose Reels** – Must be mounted neatly on an exterior wall anywhere <u>BUT</u> the *Front of a Unit.*

b) **Artificial Flowers**

E-4 ***Prohibited Items <u>Anywhere</u>.*** Including but not limited to the following:

a) **Flag Poles and Windsocks** (see Flag Display on p9)

b) **Laundry poles, clotheslines, clothes hanging over any fence, swing sets, unauthorized lighting.**

E-5 ***Flag Display***

a) ***Flag Bracket.*** Permitted flags shall be **displayed from a bracket** attached to the exterior of the Unit in a location approved by the Association. Unless otherwise approved by the Association, flag brackets may only be affixed to brick surfaces and must be of a silver, black, brown, white or gold color.

b) ***Display.*** Only one (1) flag may be flown at any given time. Permitted flags may be exchanged to display other permitted flags at the Owner or Occupants discretion, without approval. Only flag poles constructed by the Declarant or the Association may be permitted in the Common Elements.

c) ***Permitted Flags.*** Certain flags are permitted to be flown or displayed, which are described as follows:

1. **Permitted Flags**
   a. **The American Flag**
   b. **The Official State of Texas Flag**
   c. **Armed Forces or POW Flag**
      i. May be displayed on Fourth of July, Memorial Day, Veteran's Day, September 11th, December 7th, March 29th, July 27th, May 8th, August 15th, official birthdays of Armed Forces branches, or any