70 2007 00013790

Denton County
Cynthia Mitchell
County Clerk
Denton, Tx 76202

Instrument Number: 2007-13790

As

Recorded On: February 02, 2007 **Declaration**

Parties: VISTA RIDGE TOWNHOMES LLC **Billable Pages: 106**

To **Number of Pages: 106**

Comment:

(Parties listed above are for Clerks reference only)

**** Examined and Charged as Follows: ****

Declaration	436.00
Total Recording:	**436.00**

************** DO NOT REMOVE THIS PAGE IS PART OF THE INSTRUMENT **************

Any provision herein which restricts the Sale, Rental or use of the described REAL PROPERTY because of color or race is invalid and unenforceable under federal law.

File Information:

Document Number: 2007-13790
Receipt Number: 357419
Recorded Date/Time: February 02, 2007 02:19:20P

User / Station: P Sallee - Cash Station 4

Record and Return To:

JASON ROSE
1207 BETHEL SCHOOL CT
COPPELL TX 75017

THE STATE OF TEXAS }
COUNTY OF DENTON }

I hereby certify that this instrument was FILED in the File Number sequence on the date/time printed heron, and was duly RECORDED in the Official Records of Denton County, Texas.

County Clerk
Denton County, Texas

Upon Recording: Return to:

Jason Rose
1207 Bethel School Ct.
Coppell, Texas 75017

CONDOMINIUM DECLARATION

FOR

VISTA RIDGE CONDOMINIUMS, A CONDOMINIUM

Made and Established on February 2nd, 2007.

CONDOMINIUM DECLARATION

FOR

VISTA RIDGE CONDOMINIUMS, A CONDOMINIUM

This Condominium Declaration is made and established on February 2, 2007, by Declarant.

RECITALS:

A. Declarant is the fee simple owner of the Property.

B. Declarant desires to create a Condominium pursuant to the provisions of the Act.

C. Declarant intends hereby to establish a plan for the individual ownership of estates in real property consisting of the Units and the appurtenant undivided interests in the Common Elements.

NOW, THEREFORE, Declarant does hereby submit the Property to the provisions of the Act and the Condominium established hereby, and does hereby publish and declare that the following terms, provisions, covenants, conditions, easements, restrictions, reservations, uses, limitations and obligations are hereby established and shall be deemed to run with the Property and shall be a burden and benefit to Declarant, the Association, the Owners and their respective heirs, legal representatives, successors and assigns:

ARTICLE I

Definitions

Section 1.1 Terms Defined. As used in this Declaration, the following terms shall have the meanings set forth below:

"Access Easement." An easement as more particularly described in Section 3.6(a) of this Declaration.

"Act." The Uniform Condominium Act, Texas Property Code, Chapter 82, Section 82.001 et seq., as amended from time to time.

"Acquired Property." Shall have the meaning set forth in Section 13.2 of this Declaration.

"Affiliate." Means "Affiliate of declarant" as defined in Section 82.003(a)(1) of the Act.

"Allocated Interests." The undivided interests of each Owner in the Common Elements and the Common Expenses allocated to each Unit as reflected on Exhibit "C" to

this Declaration, as may be reallocated in accordance with the Reallocation Percentages as required from time to time pursuant to the provisions of this Declaration.

"Assessments." Monthly Assessments, Special Assessments and Individual Assessments owing to the Association by an Owner or levied against a Unit by the Association.

"Association." The Vista Ridge Condominium Association, Inc., a Texas nonprofit corporation organized under the Act and the TNCL and created for the purposes and possessing the rights, powers and authority set forth in the Governing Documents.

"Board of Directors." The board of directors of the Association named in the Certificate of Formation and their successors as duly elected and qualified from time to time.

"Budget." A budget prepared by the Association and delivered to each Owner that includes the anticipated Common Expenses for the Property for the ensuing year and a statement setting forth each Owner's monthly share thereof.

"Building." The building (whether one or more) located on the Land in which the Units are located.

"Bylaws." The bylaws of the Association, as amended from time to time, adopted by the Board of Directors.

"Certificate of Formation." The certificate of formation of the Association filed with the Secretary of State of Texas, as amended from time to time.

"CGL." The broadest available form of commercial general liability insurance (utilizing the then prevailing ISO form or an equivalent form approved by the Board of Directors and reasonably acceptable to Declarant's Mortgagee).

"Common Elements." All portions of the Condominium, including the General Common Elements and Limited Common Elements, but excluding the Units.

"Common Elements Easement." An easement as more particularly described in Section 3.6(b) of this Declaration.

"Common Expenses." Expenses for which the Association is responsible, including those related to: (a) maintenance and repair of the applicable Common Elements; (b) casualty, public liability and other insurance coverages required or permitted to be maintained by the Association under the Governing Documents; (c) Governmental Impositions levied and assessed against the Common Elements; (d) utilities relating to the applicable Common Elements; (e) professional services, such as management, accounting and legal services; (f) trash removal; (g) all water; and (h) such other costs and expenses as may be reasonably related to the proper

maintenance, care, operation and management of the Common Elements and the administration of the Association.

"Condominium." The form of real property established by this Declaration with respect to the Property located in the County, in which portions of the Property are designated for individual ownership or occupancy and the remainder of the Property is designated for common ownership or occupancy solely by the Owners of such portions, containing a maximum of 50 Units.

"Condominium Records." The records and books maintained by the County Clerk in the County where condominium declarations and condominium plats and plans are filed in accordance with Section 82.051(d) of the Act.

"Construction Dispute." Any claim, grievance or other dispute involving Declarant or any Affiliate of Declarant, including any construction company which is an Affiliate of Declarant, and arising out of or relating to the construction or design of the Property, including the interpretation or enforcement of any warranty.

"County." Denton County, Texas.

"Damaged Unit." One or more Units damaged or destroyed by fire or other casualty.

"Declarant." Haas Rose JV, a Texas limited partnership, whose address for notice is 1207 Bethel School Court, Coppell, Texas 75019, and any successor or assignee of Declarant having the rights, powers, authority and obligations described in this Declaration evidenced by a written instrument filed for record in the Condominium Records assigning the rights, powers, authority and obligations of Declarant hereunder.

"Declarant Control." The period commencing on the date of this Declaration and continuing until the date which is: 120 days after the date that deeds to not less than 75% of the Units have been recorded in the Real Property Records.

"Declarant's Mortgagee." Any Person that is the holder of any bona fide indebtedness which is the result of an arm's length negotiation that is secured by a first lien or encumbrance upon any portion of the Condominium owned by Declarant.

"Declaration." This Condominium Declaration for The Vista Ridge Condominiums, a Condominium and all amendments thereto, which shall be recorded in the Condominium Records.

"Designee." A Person acting at the request of another Person, including contractors, subcontractors, employees, agents, representatives and licensees.

"Development Rights." A right or combination of rights: (a) to create, relocate or properly designate Units or Common Elements within the Condominium and to make and record corrections to the Map to conform the Map to the actual location of the Units and/or the proper designation of the elements of the Condominium as Units or Common

Elements; (b) to convert Units into Common Elements or convert Common Elements into Units; (c) to withdraw or add real property from or to the Condominium; or (d) to subdivide Units within the Condominium.

"Director." A member of the Board of Directors.

"Dispute." Any claim, grievance or other dispute, other than a Construction Dispute, arising out of or relating to: (a) the interpretation, application or enforcement of the Governing Documents; (b) any conflict or dispute arising between or among two or more Owners; (c) the proper party to bear a maintenance cost or expense or a capital expenditure or the proper amount of the expense, fee or Assessment to be charged or collected; (d) the rights, obligations and duties of any Owner under the Governing Documents; (e) the authority of the Association or Declarant under any Legal Requirement or under the Governing Documents to: (i) require any Owner to take any action or not to take any action involving such Owner's Unit; or (ii) alter, subtract from or add to the Common Elements or the Condominium; or (f) the failure of the Association, in accordance with Legal Requirements and the Governing Documents to: (w) properly conduct elections; (x) give adequate notice of meetings or actions; (y) properly conduct meetings; or (z) allow inspection of books or records. The following shall not be considered "Disputes" unless all parties shall otherwise agree to submit the matter to the dispute resolution provisions of Article XI of this Declaration: (1) any suit by the Association to obtain a temporary restraining order and such ancillary relief as the court may deem necessary to maintain the status quo and preserve the Association's ability to enforce the provisions of the Governing Documents; (2) any suit between Owners that does not include Declarant, the Association if such suit asserts a dispute that would constitute a cause of action independent of any of the Governing Documents; (3) any disagreement that primarily involves title to any Unit or the Common Elements; or (4) any suit in which the applicable statute of limitations would expire within 180 days of the giving of notice as provided in Article XI of this Declaration unless the Persons against whom the Dispute is made agree to toll the statute of limitations for a period of time necessary to comply with Article XI of this Declaration.

"Easements." Collectively, those Easements described in Section 3.6 and Section 3.7 of this Declaration.

"General Common Elements." All portions of the Common Elements that are not Limited Common Elements.

"Governing Documents." Individually and collectively, the Act, Certificate of Formation, Bylaws, this Declaration, Regulations, and the Restrictive Covenants.

"Governmental Authority." Any and all applicable courts, boards, agencies, commissions, offices or authorities of any nature whatsoever for any governmental entity (federal, state, county, district, municipal, city or otherwise) whether now or hereafter in existence.

"Governmental Impositions." All real estate and personal property taxes, charges, assessments, standby fees, excises and levies and any interest, costs or penalties with respect thereto, general and special, ordinary and extraordinary, foreseen and unforeseen, of any kind and nature whatsoever, which at any time prior to or after the execution hereof, may be assessed, levied or imposed upon the Condominium or any Unit therein by any Governmental Authority.

"Improvements." The Building and its infrastructure, and the pavement, fencing, landscaping, facilities, Systems and man-made objects of every type, existing or in the future placed on the Land, including all cable television, cellular phone, internet and other utility or communication installations or equipment.

"Individual Assessments." The assessments levied by the Association against one or more Owners pursuant to Section 7.2 of this Declaration.

"Insurance Proceeds." Any and all proceeds that the Association or an Owner is entitled to receive from an insurance company as a result of a casualty loss, including such proceeds in connection with a casualty loss to a Unit, the Common Elements or to improvements within an Easement area established pursuant to this Declaration.

"Insurance Trustee." The Association acting in the capacity of a trustee in accordance with the provisions of Section 6.5 of this Declaration to receive, hold and disburse Insurance Proceeds under any property insurance policies required to be obtained by the Association in this Declaration.

"Land." That certain real property located in the County and more particularly described in Exhibit "A" attached to this Declaration, together with all and singular the rights and appurtenances pertaining thereto, including any additional real property that becomes part of the Property, but excluding, to the extent appurtenant, the Easements.

"Legal Requirements." The Restrictive Covenants and any other matters of record and any and all then-current judicial decisions, statutes, rulings, rules, regulations, permits, certificates or ordinances of any Governmental Authority in any way applicable to any Owner's use and enjoyment of the Condominium, any Unit or the Property, including zoning ordinances, subdivision and building codes, flood disaster laws and applicable architectural barrier, health and environmental laws and regulations.

"Limited Common Elements." Those portions of the Common Elements that are allocated by this Declaration and the Map for the exclusive use of less than all of the Units.

"Maintenance Standard." Good repair, and in an attractive and clean condition including the operation, upkeep, repair and restoration, ordinary wear and tear excepted, to the extent necessary to maintain the Condominium or Unit, as applicable, in a condition reasonably suitable for its intended purpose and shall include: (a) regular and timely removal of litter, trash and waste; (b) maintenance of the Systems; and (c) keeping walks, driveways, ramps, stairwells and all other facilities clean and in good repair

including maintaining surface areas in a smooth condition by repatching holes and resurfacing from time to time.

"Manager." Any professional manager or management company with whom the Association contracts for the day-to-day management of either or both of the Property or the administration of the Association and the Condominium.

"Map." The plats and plans in Exhibit "B" attached to this Declaration and made a part of this Declaration, including a survey plat of the Property and dimensional drawings that horizontally and vertically identify and describe the Units and the Common Elements.

"Monthly Assessment." Assessments established and collected by the Association pursuant to Article VII of this Declaration for payment of the Common Expenses when due.

"Mortgagee." Any Person, including Declarant's Mortgagee, that is the holder, insurer or guarantor of any bona fide indebtedness which is the result of an arm's length negotiation, that is secured by a first lien or encumbrance upon the Property and/or a Unit and which has provided the Association with written notice of its name, address and description of the Unit encumbered thereby.

"Owner." Any Person (including Declarant) owning fee title to a Unit, but excluding any Person having an interest in a Unit solely as security for an obligation.

"Past Due Rate." The maximum lawful rate of interest under Texas law or, if no maximum lawful rate exists, the rate of 18% per annum.

"Person." Any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other legal entity, including any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

"Priority Lien Indebtedness." Any bona fide indebtedness, which is the result of an arm's length negotiation, that is secured by a first lien or encumbrance upon the Property and/or a Unit and which shall also include subordinate financing in connection with a purchase or refinancing of a Unit or home equity loan or reverse mortgage loan secured by a Unit, and such other indebtedness as is approved by the Association on a case by case basis as Priority Lien Indebtedness.

"Property." The Units and the Common Elements.

"Real Property Records." The records of the office of the county clerk of the County where instruments concerning real property are recorded.

"Reallocation Percentage." The percentage of the undivided interest of each Owner in the Common Elements as set forth on a Supplemental Declaration (if applicable), determined by dividing (a) the square footage of a Unit by (b) the combined

total square footage of all Units, which measurement of the square feet within each Unit shall be done in the same manner as the measurement used to establish the initial Allocated Interests set forth on Exhibit "C" to this Declaration.

"Regulations." The rules and regulations of the Association initially adopted by the Board of Directors and as amended from time to time, relating to the appearance, use and occupancy of the Property, including the exterior appearance, use and occupancy of the Units and certain construction on the Property.

"Rents." Any and all rental or other income received by an Owner in connection with the leasing of such Owner's Unit or the granting or licensing of a right to use all or any portion of such Unit.

"Restrictive Covenants." Collectively, all items filed of record in the Real Property Records affecting title to the Land.

"Roof Easement." An easement as more particularly described in Section 3.6(c) of this Declaration.

"Roof Easement Area." The roofs of the Building.

"Sales Restriction Period." A period commencing on the date that a Unit is conveyed to an Owner by Declarant and ending on the earlier of (a) one year after the date of the conveyance of such Unit to the Owner by Declarant; and (b) the date the last of the Units is conveyed to an Owner by the Declarant.

"Special Assessments." Assessments established and collected from time to time by the Association pursuant to Section 7.1(c) of this Declaration, when due.

"Special Declarant Rights." Rights reserved for the benefit of Declarant to: (a) complete the Improvements shown on the Map; (b) make the Condominium a part of a larger condominium or planned community; (c) exercise any Development Right; (d) maintain the sales, management and leasing offices and models described in Section 3.4 of this Declaration and use signs advertising the Units or the Condominium; (e) use any Easement for the purpose of making improvements within the Condominium; and (f) appoint or remove any officer or board member of the Association during the period of Declarant Control.

"Structure." All foundations, footings, columns, flat slabs, sheer walls, girders, support beams, post tension cables or rods and including any and all other structural components that support, uphold or are a part of the Building or other Improvements.

"Supplemental Declaration." An instrument executed by Declarant and recorded in the Condominium Records for the purpose of (a) modifying the Allocated Interests, (b) adding real property to the Condominium; (c) withdrawing any portion of the Condominium from the effect of this Declaration; or (d) for such other purposes as are provided in this Declaration.

"Systems." All fixtures, utilities, equipment, pipes, lines, wires, computer cables, conduits, circuits, junction boxes, hangers, pull boxes, terminal points, electronic devices, air compressors, air handlers, chillers and other systems used in the production, heating, cooling and/or transmission of air, water, gas, electricity, communications, waste water, sewage, audio and video signals and other utility services, including the main switch gear conduits, plumbing chases and mechanical shafts on the Property.

"Systems Easement." An easement as more particularly described in Section 3.6(d) of this Declaration.

"Taking." The taking or threat of taking of all or a portion of the Property for any public or quasi-public use, by eminent domain proceedings or otherwise, by a Governmental Authority or by an action in the nature of eminent domain (whether permanent or temporary) or the sale or other transfer of the Property in lieu thereof.

"Tenant." Any Person having the right to occupy a Unit pursuant to a lease granted by an Owner.

"TNCL." The Texas Nonprofit Corporation Law, as amended from time to time.

"Unit." A physical portion of the Condominium that is designated for separate ownership or occupancy (the boundaries of which are depicted on the Map), which is contained within the interior perimeter walls, floor, ceiling, windows and doors of a Unit depicted on the Map, and includes (a) the finish materials, wall coverings and treatments, floor coverings, fixtures and appliances contained in the Unit; and (b) all Systems which exclusively serve such Unit, but excludes (i) Systems which serve more than one Unit; and (ii) any portion of the Structure, all as subject to and further described in Section 82.052 of the Act.

"Utility Easement." An easement as more particularly described in Section 3.6(e) of this Declaration.

"Working Capital Contribution." An amount equal to the Monthly Assessment multiplied by two to be contributed to the Association by each Owner, not including Declarant as provided in Section 10.3 of this Declaration.

ARTICLE II

General Provisions

Section 2.1 Creation of Units, Map.

(a) Division of Property. The Property is hereby divided into fee simple estates composed of separately designated Units and each such Unit's undivided interest in and to the Common Elements. Each Unit, together with such Unit's undivided interests in the Common Elements, is for all purposes a separate parcel of and estate in real property. The separate parcels of and estates in real property designated hereby shall be created on the date of filing of this Declaration in the Condominium Records and shall

continue until this Declaration is revoked or terminated in the manner provided in this Declaration.

(b) Map. The Map sets forth the following: (i) a general description and diagrammatic plan of the Condominium; (ii) the location and dimension of all real property subject to the Development Rights; (iii) all major Improvements, including each Unit, showing its location within the Building, the floor(s) and the number of the Unit and the Limited Common Elements appurtenant to each Unit; and (iv) such other information as is desirable or required pursuant to the Act, including a certification as to compliance with the Act. The measurements set forth on the Map as to each Unit are approximate values taken from the plans and specifications for the Property and may not be precisely accurate as to any Unit due to variances in construction and interior floor plans. NEITHER THE DECLARANT NOR ANY OWNER SHALL BE LIABLE TO ANY OTHER OWNER AS A RESULT OF ANY DISCREPANCIES IN ACTUAL MEASUREMENTS FROM THOSE SET FORTH ON THE MAP OR IN ANY CONDOMINIUM PURCHASE CONTRACT TO WHICH DECLARANT OR ANY OWNER IS OR WAS A PARTY, AND EACH OWNER, BY ACCEPTING A DEED TO A UNIT, WAIVES ANY SUCH CLAIM OR CAUSE OF ACTION. Upon completion of the construction of Improvements contemplated by Declarant, if deemed necessary by Declarant, Declarant, (without the joinder of any Owner) shall file a Supplemental Declaration amending the Map to reflect the actual measurements for each Unit, any other appropriate changes, and amending Exhibit "C" attached to this Declaration to reflect the Allocated Interests based upon completion of construction.

Section 2.2 Allocation of Interests in Common Elements. The initial Allocated Interests have been determined by dividing the square footage of each Unit by the square feet of all Units and are shown opposite the Unit numbers in Exhibit "C" attached to this Declaration. The Common Elements shall remain undivided. Each Supplemental Declaration filed in accordance with this Section 2.2 shall include a revised listing of all the Units reflecting the Allocated Interests opposite the Unit description.

Section 2.3 Inseparability of Units; No Partition. Each Unit shall be inseparable and shall be acquired, owned, conveyed, transferred, leased and encumbered only as an entirety. In no event shall a Unit be subject to physical partition and no Owner shall bring or be entitled to maintain an action for the partition or division of a Unit or the Common Elements. Any purported conveyance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements without the Unit to which such Common Elements are allocated is void *ab initio*.

Section 2.4 Permissible Relationships; Description.

(a) Ownership of Units. A Unit may be acquired and held by more than one Person in any form of ownership recognized by the Legal Requirements.

(b) Description of Units. Any contract or other instrument relating to the acquisition, ownership, conveyance, transfer, lease or encumbrance of a Unit shall legally describe such Unit as follows: "Unit _____ of The Vista Ridge Condominiums, a

Condominium, located in Denton County, Texas," with further reference to the recording data for this Declaration (including the Map and any amendments to the Declaration in the Condominium Records). Every such description shall be good and sufficient for all purposes to acquire, own, convey, transfer, lease, encumber or otherwise deal with such Unit, and any such description shall be construed to include all incidents of ownership relating to a Unit.

Section 2.5 Mortgage of Unit. An Owner shall be entitled from time to time to mortgage or encumber its Unit by creating a lien or liens covering such Unit under the provisions of a mortgage or deed of trust, but any lien created thereby shall be subject to the terms and provisions of this Declaration and any mortgagee or other lienholder which acquires a Unit through judicial foreclosure, public sale or any other means shall be subject to the terms and provisions of this Declaration. An Owner that mortgages its Unit shall notify the Association, giving the name and address of said Owner's mortgagee, and the Association shall maintain such information.

ARTICLE III

Uses, Reservations and Restrictions

Section 3.1 Permitted Use. Except as otherwise provided in the Governing Documents, no Unit shall be used or occupied for other than residential purposes. Each Unit shall also be subject to limitations on use, occupancy, architectural standards and such other matters as are set forth in the Governing Documents.

Section 3.2 Leases. Units may be leased; however: (a) each lease shall be for a term of at least one year; (b) such lease shall be in writing, shall state that it is subject in all respects to the provisions of the Governing Documents and shall provide that any failure by the Tenant thereunder to comply with the terms and provisions of Governing Documents shall constitute a default under such lease; (c) each lease shall be subject to leasing restrictions set forth by the Association in the Governing Documents; (d) an executed copy of each lease shall be submitted to the Association promptly following execution; and (e) all leases shall be on forms approved by the Association.

Section 3.3 Compliance with Governing Documents. Each Owner, by accepting a deed conveying title to a Unit and any Tenant, by execution of a lease or by occupancy of a Unit, shall automatically be deemed to have agreed to strictly comply with the provisions of the Governing Documents and all Legal Requirements. A failure or refusal of an Owner or Tenant to so comply with any such provisions, after written notice, shall constitute a Dispute (to the extent so included within the definition of "Dispute" set forth in Section 1.1 of this Declaration), that shall be resolved in accordance with Article XI of this Declaration. In addition, an Owner's voting rights in the Association may by written notice be suspended by the Association during the period of such noncompliance.

Section 3.4 Rights of Declarant. In accordance with, and only if permitted by the Act, Declarant reserves the following rights:

(a) the Development Rights and the Special Declarant Rights, at all times while Declarant or any Affiliate of Declarant owns any Unit or any other real property interest in the Condominium. Declarant will not assign the Development Rights or the Special Declarant Rights without obtaining prior written consent to such assignment by Declarant's Mortgagee, so long as Southwest Securities, FSB is Declarant's Mortgagee;

(b) the right (but not the obligation), by a Supplemental Declaration, to supplement or modify any Unit by adding additional facilities or deleting facilities, to designate additional portions of the Condominium as part of any Unit, or to combine Units; provided, however, Declarant may not add or delete facilities from any Unit or combine Units, unless Declarant or an Affiliate of Declarant is the owner of such Unit or Units. No such addition or deletion to any such Unit or combination of Units shall affect the interest in the Common Elements, the share of Common Expenses or the voting rights appurtenant to the Units. Any Units which are combined shall be treated for all such purposes as separate Units. Declarant may separate any Units it has combined, at its sole expense, into separate and distinct Units as originally set forth in the survey and the Map. Nothing in this Declaration, however, shall obligate Declarant to add to the Condominium or otherwise take any of the actions to which Declarant is entitled pursuant to this Section 3.4(b);

(c) the right to maintain a model unit and a sales, leasing and/or management office within any Unit or on the Common Elements in connection with the sale, leasing and/or management of Units, in such location as determined by Declarant. No such model unit or office shall be larger than 2,147 square feet and Declarant shall have the right to relocate such model unit and/or office from time to time. Declarant shall have the right to authorize placement, upon the Common Elements, of signs designating any such model unit and/or sales, leasing and/or management office and advertising the sale or leasing of the Units. Such signs may be placed in such locations and shall be of such size and character as Declarant may determine;

(d) the right to include, in any instrument initially conveying a Unit, such additional reservations, exceptions and exclusions as it may deem consistent with and in the best interests of the Owners and the Association;

(e) the right, without the vote or consent of the Association or any other Owner, to: (i) make alterations, additions or improvements in, to and upon any Units owned by Declarant or its Affiliates, whether structural or non-structural; and (ii) change the floor plan and layout of any Unit owned by Declarant or its Affiliates. However, in no event shall any such alteration, improvement or change interfere with any structural support of any Unit or the Common Elements or the provision of utility service to any Unit or the Common Elements. All work done in accordance with the provisions of this Section 3.4(e) shall be done in compliance with the Governing Documents and all applicable Legal Requirements; and

(f) for as long as Declarant or its Designees remain liable under any warranty, whether statutory, express or implied, for any act or omission of Declarant or its Designees in the development, construction, sale and marketing of any portion of the

Condominium, the right, for itself and its Designees, in Declarant's sole discretion and from time to time, to enter the Common Elements and the Units for the purpose of making necessary inspections, tests, repairs, improvements or replacements required for Declarant or its Designees to fulfill any of its warranty obligations, provided that no such entry into a Unit shall unreasonably interfere with the use of such Unit by its 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. Nothing in this Section 3.4(f) shall be deemed or construed as Declarant making or offering any warranty, all of which are disclaimed.

In addition to all other rights granted or reserved to Declarant in the Governing Documents, in order that the development of the Condominium may be undertaken and established as a fully operating development, Declarant shall have the following rights, and the Owners and the Association shall refrain from interfering with Declarant's activities in such regard: (i) Declarant and its Designees shall have the right to conduct any activity or operations on or in connection with the Condominium that Declarant determines to be necessary or advisable in connection with the completion of the development of the Condominium, including the right to alter its construction plans and designs as Declarant deems advisable in the course of development or enlargement of any Improvements; (ii) Declarant and its Designees shall have the right to erect, construct and maintain on any of the Property owned by Declarant or its Affiliates, such structures as may be reasonably necessary for the conduct of its or their business of completing said development and establishing the Condominium as a community and disposing of the same by sale, lease or otherwise; (iii) Declarant and its Designees shall have the right to conduct on the Property its business of developing, subdividing, grading and constructing Improvements in the Condominium and of disposing of the Units thereon by sale, lease or otherwise; (iv) Declarant shall have the right to determine in its sole discretion the nature of and the types of Improvements to be constructed as part of the Condominium; (v) Declarant shall have the right to file any amendments or any Supplemental Declarations to this Declaration; (vi) Declarant and its Designees shall have the right to modify, change, re-configure, remove and otherwise alter any Improvements located on the Common Elements, except as prohibited or limited elsewhere by the Governing Documents; and (vii) Declarant and its Designees shall have the right to enter upon the Property and operate thereon such vehicles and equipment as shall be necessary in the sole discretion of Declarant or its Designees for such purposes. In general, Declarant shall be exempt from all restrictions set forth in this Declaration to the extent such restrictions interfere in any manner with Declarant's plans for construction, development, use, sale, lease or other disposition of all or any portion of the Property.

The rights of the Declarant set forth in this Section 3.4 may be exercised as to different portions of the Property at different times. Declarant provides no assurance whether any rights of the Declarant set forth in this Section 3.4 will be exercised, the portions of the Property as to which rights of the Declarant set forth in this Section 3.4 may be exercised or as to the order of exercise of any such rights. The exercise of any rights of the Declarant set forth in this Section 3.4 in any portion of the Property does not obligate Declarant to exercise that right in any other portion of the Property.

Section 3.5 Restriction on Resale of Units. No Owner shall offer any Unit for sale or advertise or otherwise market or attempt to market a Unit for sale in any way during the Sales

Restriction Period. Each Owner agrees that the breach of this provision during the Sales Restriction Period shall entitle the Association and the Declarant to exercise the remedy of specific performance or damages against the Owner. This restriction shall not apply to any foreclosure or exercise of the power of sale by the holder of any Priority Lien Indebtedness.

Section 3.6 Easements. Each Owner accepts a deed conveying title to a Unit subject to the Easements granted and reserved, as applicable, in this Section 3.6, which Easements (and all related rights and obligations related to such Easements arising on or after the date of any transfer) shall run with the Condominium.

(a) Access Easement. Declarant hereby grants and reserves a perpetual, assignable and non-exclusive Access Easement over, on and across each Unit as may reasonably be necessary for its own benefit and for the benefit of each Owner and the Association, and its agents, employees and representatives as applicable, as may be reasonably necessary for: (i) the maintenance, repair or replacement of any of the Common Elements thereon or accessible therefrom; (ii) the use of a Unit by its Owner, provided no other reasonable means of access exists; (iii) the exercise by Declarant of the Special Declarant Rights or the performance of any obligations of Declarant under the Governing Documents; (iv) the making of emergency repairs therein necessary to prevent damage to the Common Elements or to any Unit; (v) the evacuation of all or any part of the Property in the event of an emergency; and (vi) such other reasonable purposes as are deemed by the Association to be necessary for the performance of the obligations of the Association as described herein and in the Bylaws.

The Association, its agents, employees and representatives, may enter a Unit to the extent reasonably necessary in case of an emergency originating in or threatening the Unit or any other Unit whether or not the Owner or Tenant of such Unit is present at the time. The Person making such entry shall take reasonable precautions to protect such premises and any property contained therein from damage and theft. This right of entry may be exercised by all police officers, firefighters and other emergency personnel in the performance of their respective duties. Also, the Association, its agents, employees and representatives may enter a Unit to perform installations, alterations or repairs to the mechanical, electrical or utility services which, if not performed, would affect the use of other Units or the Common Elements; provided that, if possible, requests for any entry shall be made in advance and at a time convenient to the Owner and further subject to the foregoing limitations. In case of an emergency, the right of entry is immediate and if an Owner refuses to provide entry, such Owner is liable for the cost of repairs to the Unit or the Common Elements caused by the chosen method of access under such circumstances.

(b) Common Elements Easement. Declarant hereby grants and reserves a perpetual, assignable and non-exclusive Common Elements Easement over, on and across the Common Elements for its own benefit and for the benefit of each Unit which is an intended beneficiary of such Common Element and the Association for ingress and egress from each Unit and for the use of the Common Elements.

(c) Roof Easement. Declarant hereby grants and reserves (as applicable) a perpetual and non-exclusive Roof Easement over, on and across the Roof Easement Area

for the benefit of the Units, for the placement, use and maintenance of satellite and telecommunications equipment serving the Units. Declarant shall not be required to insure equipment or improvements installed pursuant to the Roof Easement and is not liable to the Association, any Owner, or any other Person for any loss or damage from any cause to the equipment or improvements in the Roof Easement Area. The Roof Easement Area used by an Owner shall be maintained by such Owner and the remaining portions of the Roof Easement Area shall be maintained by the Association in accordance with the Maintenance Standard and Section 5.1 and Section 5.2 of this Declaration.

(d) Systems Easement. Declarant hereby grants and reserves a perpetual, assignable and non-exclusive Systems Easement over, on and across the Systems for its own benefit and for the benefit of each Owner and the Association for the use of and the connection to any portion of the Systems intended for such Owner's or the Association's use.

(e) Utility Easement. Declarant hereby grants and reserves a perpetual, assignable and non-exclusive Utility Easement over, on and across the Common Elements for its own benefit, the benefit of the Association and the benefit of utility companies supplying utility service to the Condominium for supplying utility service to any part of the Condominium. Declarant hereby reserves for Declarant, prior to the termination of Declarant Control, and grants to the Association, after the termination of Declarant Control, the right to grant easements for purpose of utilities over any and all of the Common Elements. Declarant may record an easement agreement or easement relocation agreement in the Condominium Records, specifically locating or relocating any Utility Easement subsequent to the recordation of this Declaration, and each Owner, by acceptance of the deed to a Unit, hereby grants Declarant an irrevocable power of attorney, coupled with an interest, with full power and authority to locate or relocate any Utility Easement.

(f) Miscellaneous. None of the Easements granted or reserved in this Section 3.6 shall be used in a manner which materially adversely affect the structural integrity of the Improvements. Except as otherwise provided by this Section 3.6, notwithstanding the assignability of the Easements, no Easement may be assigned to any Person that is not a Tenant of the Unit that is benefited by the respective Easement nor shall any Owner that is benefited by a Easement grant a sub-easement or a license to any area covered by any Easement. Use and availability of any facilities or areas covered by the Easements are subject to the Regulations.

Section 3.7 Encroachments. If, as a result of the original construction, reconstruction, repair, shifting, settlement or other circumstance, any portion of the Common Elements encroaches upon a Unit, a perpetual easement over, on and across such Unit for such encroachment and for the maintenance of the same is hereby granted and conveyed to the Association by each Owner at the time each Unit is conveyed to the Owner. If as a result of the original construction, reconstruction, repair, shifting, settlement or other circumstance any portion of a Unit encroaches upon the Common Elements, or upon any adjoining Unit, an irrevocable and perpetual easement for such encroachment and for the maintenance of the same over, on and across such Unit, or such portion of the Common Elements, as applicable, is hereby

granted to the Owner of such Unit. Such encroachments and easements shall not be considered or determined to be encumbrances either upon a Unit or upon the Common Elements.

ARTICLE IV

Matters Regarding the Association

Section 4.1 General. The Association has been incorporated as a nonprofit corporation under the TNCL. In addition to the powers conferred on the Association under the TNCL, the Association may take all actions authorized by the Governing Documents. Any and all actions taken by the Association pursuant to the Governing Documents are binding on all Owners. This Declaration is not intended to place any limitations or restrictions on the power of the Association or the Board of Directors, except as set forth in this Declaration or the Governing Documents.

Section 4.2 Allocation of Votes in the Association. Each Owner shall automatically be a member of the Association. Each member shall be entitled to cast one vote for each Unit owned with respect to any matter on which members of the Association are entitled to vote. **[Any matter described in this Declaration as requiring approval by a stated percentage or a majority of the Owners shall be calculated on the basis of the Allocated Interests.]**

Section 4.3 Suspended Voting Rights. All voting rights of an Owner may be suspended during any period that such Owner is delinquent in the payment of any Assessment duly established pursuant to this Declaration, or is otherwise in default under the terms of the Governing Documents. Following an Owner's cure of any such delinquency or default in full, its voting rights shall be completely reinstated 24 hours after such cure is effected.

Section 4.4 Right of Action by Owners, Limitation of Liability of Officers and Directors of Association. Owners, acting collectively or individually, shall have the right to maintain actions against the Association for its willful failure to perform its duties and responsibilities hereunder; provided, however, except as otherwise provided by the Governing Documents, no other action shall be brought against the Association or its affiliates, parents, subsidiaries, officers, directors, agents, employees, predecessors, successors, contractors, consultants, insurers, sureties and assigns by the Owners. The Association shall not have the power to institute, defend, intervene in, settle or compromise litigation or administrative proceedings in the name of any Owner. Subject to the Association's obligations under this Declaration, and except as otherwise provided by the Governing Documents, each Owner hereby releases, acquits and forever discharges the Association, and its affiliates, parents, members, subsidiaries, officers, directors, agents, employees, predecessors, successors, contractors, consultants, insurers, sureties and assigns and agrees to hold such Persons harmless of and from any and all claims, damages, liabilities, costs and/or expenses (including reasonable attorneys' fees) relating to the construction of, repair or restoration of, or the sale to the Owners of the Units or the Common Elements. This release shall release and forever discharge the Association and its affiliates, parents, members, subsidiaries, officers, directors, agents, employees, predecessors, successors, contractors, consultants, insurers, sureties and assigns from all claims and causes of action, whether statutory or under the common law, known or unknown, now accrued, or that arise in the future.

Section 4.5 Limitation of Liability of Officers and Directors of the Association. No officer or director of the Association shall be liable to any Owner of any Unit or any Tenant, for any claims, actions, demands, costs, expenses (including attorneys' fees), damages or liability, of any kind or nature, except as otherwise expressly set forth in the Governing Documents, and such officers and directors shall be indemnified in accordance with the provisions of the Governing Documents.

ARTICLE V

Maintenance, Alterations, Taxes and Utilities

Section 5.1 Maintenance.

(a) Maintenance of Units. All maintenance, repairs and replacements of, in or to any Unit, ordinary or extraordinary, foreseen or unforeseen, including maintenance, repair and replacement of interior non-structural walls, doors within or affording access to a Unit, fixtures, outlets and floor coverings, and all Systems exclusively serving such Unit, shall be performed by the Owner in accordance with the Maintenance Standard at the sole cost and expense of such Owner. In addition, all instances of water damage within a Unit or sightings of mold within the Condominium must be reported to the Association in writing immediately.

(b) Maintenance of Common Elements. All Common Elements shall be maintained by the Association (unless provided otherwise in the Regulations) in accordance with the Maintenance Standard, the cost and expense of which shall constitute a Common Expense. The Association shall establish and maintain an adequate reserve fund for such purposes, to be funded by Monthly Assessments rather than by Special Assessments; provided, however, that the Association may require Special Assessments for such purposes in accordance with Section 7.1(c) of this Declaration. Nothing in this Declaration shall be deemed or construed as relieving any Owner from liability or responsibility for damage to the Common Elements caused by the negligence or misconduct of an Owner or an Owner's occupants or invitees.

(c) Limitation of Liability. The Association shall not be liable: (i) for injury or damage to any person or property caused by the elements or by an Owner or the occupant of any Unit, or any other Person, or resulting from any utility, rain, snow or ice which may leak or flow from or over any portion of the Common Elements, or from any pipe, drain, conduit, appliance or equipment which the Association is responsible to maintain under this Declaration; (ii) to any Owner or occupants of any Unit for loss or damage, by theft or otherwise, of any property which may be stored in or upon any of the Common Elements; or (iii) to any Owner or occupant of a Unit for any damage or injury caused in whole or in part by the failure of the Association to discharge its responsibilities under this Section 5.1.

Section 5.2 Failure of Owner to Maintain Unit. If any Owner fails or neglects to maintain, repair, or clean its Unit as required by Section 5.1(a) of this Declaration, or any *Limited* Common Element appurtenant thereto required to be maintained by such Owner

pursuant to the Regulations, and such failure or neglect continues for ten days after such Owner's receipt of written notice of such neglect or failure from the Association, then the Association acting on its own behalf may, but shall not be obligated to, enter the Unit or applicable Limited Common Element and take appropriate steps to perform, or cause to be performed, the maintenance, repair, cleaning and replacement in the manner as required by this Declaration. The defaulting Owner shall, upon demand, reimburse the Association for all costs and expenses incurred in exercise of its rights in this Declaration. Any such costs and expenses not paid within ten days from the defaulting Owner's receipt of demand from the Association shall bear interest at the Past Due Rate.

Section 5.3 Additions, Alterations or Improvements by Owner. Subject to the provisions in this Declaration, no Owner (other than Declarant) shall: (a) make any addition, alteration or improvement in its Unit, to the extent either visible from any other Unit, the Common Elements or the exterior of the Building, whether structural or non-structural; (b) make any addition, alteration or improvement to any Common Element; (c) change the floor plan and layout of such Owner's Unit; or (d) make any material changes to the configuration or size of any Unit, create apertures in or otherwise remove or alter any partition wall separating such Unit from any adjoining Unit or relocate the boundaries of such Unit and any adjoining Unit without the prior written approval of the Association, which approval may be withheld in the sole and absolute judgment of the Association. However, in no event shall any such alteration, improvement or change interfere with any structural support of any Unit, the Common Elements or any System serving another Unit. All work done in accordance with this Section 5.3 shall be done in compliance with the plans approved by the Association, all Legal Requirements and the Governing Documents. **ANY OWNER, MAKING OR CAUSING TO BE MADE SUCH ADDITIONS, ALTERATIONS OR IMPROVEMENTS, AGREES, AND SHALL BE DEEMED TO HAVE AGREED, FOR SUCH OWNER, TO HOLD DECLARANT, THE ASSOCIATION, AND ANY OFFICER, DIRECTOR, PARTNER, MEMBER OR EMPLOYEE THEREOF, AND ALL OTHER OWNERS HARMLESS FROM AND TO INDEMNIFY THEM FOR ANY LIABILITY OR DAMAGE TO THE PROPERTY RESULTING FROM SUCH ADDITIONS, ALTERATIONS OR IMPROVEMENTS. ANY OTHER OWNER SUBMITTING PLANS HEREUNDER, BY DISSEMINATION OF THE SAME, AND ANY OWNER, BY ACQUIRING TITLE TO THE SAME, AGREES NOT TO SEEK DAMAGES FROM THE ASSOCIATION ARISING OUT OF ITS REVIEW OF ANY PLANS HEREUNDER. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE ASSOCIATION SHALL NOT BE RESPONSIBLE FOR REVIEWING, NOR SHALL ITS REVIEW OF ANY PLANS BE DEEMED APPROVAL OF ANY PLANS FROM THE STANDPOINT OF THE STRUCTURAL SAFETY, SOUNDNESS, WORKMANSHIP, MATERIALS, USEFULNESS, CONFORMITY WITH BUILDING OR OTHER CODES OR INDUSTRY STANDARDS, OR COMPLIANCE WITH THE GOVERNING DOCUMENTS AND ALL LEGAL REQUIREMENTS. FURTHER, EACH OWNER AGREES TO INDEMNIFY AND HOLD THE ASSOCIATION AND ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS HARMLESS FROM AND AGAINST ANY AND ALL COSTS, CLAIMS, DAMAGES, EXPENSES OR LIABILITIES WHATSOEVER, ARISING AS A RESULT OF THE REVIEW OF ANY PLANS HEREUNDER.**

Section 5.4 Mechanic's Liens; Indemnification. No labor or services performed or materials furnished and incorporated in an Owner's Unit or any Common Element, shall be the basis for the filing of a lien against the Unit of any other Owner not expressly consenting to or requesting the same or against the Common Elements. **EACH OWNER (TO THE EXTENT ARISING THROUGH SUCH OWNER) SHALL INDEMNIFY AND HOLD HARMLESS EACH OF THE OTHER OWNERS AND THE ASSOCIATION FROM AND AGAINST ALL LIABILITIES AND OBLIGATIONS ARISING FROM THE CLAIM OF ANY MECHANIC'S LIEN AGAINST THE UNIT OF SUCH OWNER, THE UNIT OF SUCH OTHER OWNERS AND/OR THE COMMON ELEMENTS.** All contracts for labor, services and/or materials with respect to any of the Units shall be in compliance with the provisions hereof.

Section 5.5 Taxes.

(a) Payment of Governmental Impositions. Each Owner shall be responsible for and shall pay when due all Governmental Impositions lawfully levied or assessed with respect to its Unit, except to the extent such Governmental Impositions are being actively and diligently contested in good faith by appropriate legal proceedings, and if requested by the Association, have been bonded or reserved in an amount and manner satisfactory to the Association. Any Governmental Impositions lawfully levied or assessed with respect to the Property not separately assessed to the Owners shall constitute a Common Expense and be payable by the Association when due.

(b) Notice to Taxing Authorities. Declarant shall give written notice to the appropriate taxing authorities of the creation of the Condominium established pursuant to this Declaration. Each Owner shall promptly request and diligently pursue from the applicable taxing authority separate tax parcel status and a separate tax identification number for its Unit.

(c) Units Not Separately Assessed. If any Governmental Impositions with respect to the Property are not separately assessed to the Owners of a Unit, each Owner shall pay its respective allocated portion of such Governmental Impositions (which allocations shall be determined in the manner set forth in this Declaration) when requested by the Association (but in no event prior to 20 days or later than ten days before the date of delinquency, without any additional notice or grace period) to permit the Association to make full payment of such Governmental Impositions prior to the date on which such Governmental Impositions would become delinquent; provided that the Association shall not require any Owner to make any payment to the Association for such Governmental Impositions to the extent such amounts have already been deposited by such Owner in accordance with any escrow arrangement.

(d) Failure to Pay Governmental Impositions. The Association or any Mortgagee may pay the portion of such Governmental Impositions that any Owner has failed to pay when due, and the Association or such Mortgagee shall have a lien against such Unit to secure repayment thereof that may be enforced by any means available at law or in equity, including non-judicial foreclosure sale of such Unit in accordance with Texas Property Code Section 51.002 (as now written or hereafter amended); provided,

however, no such lien for delinquent Governmental Impositions shall be valid until a notice of such lien is duly recorded in the Real Property Records, notwithstanding any applicable statute, law (including case law), equitable doctrine, ordinance or regulation that permits any such lien to attach absent such recordation in the Real Property Records. Each Owner, by its acquisition of such Unit, grants a power of sale in connection with such lien in favor of the Association or any Mortgagee that makes payment of the Governmental Impositions on behalf of a defaulting Owner. Any lien pursuant to this Section 5.5(d) shall have the same priority as a lien by the Association for Assessments; provided that any such lien for delinquent Governmental Impositions shall be subordinate to the lien of any Priority Lien Indebtedness encumbering the defaulting Unit, provided that such Priority Lien Indebtedness was recorded prior to the date such lien for Governmental Impositions was duly recorded (notwithstanding any applicable statute, law (including case law), equitable doctrine ordinance or regulation that permits any such lien to attach absent such recordation in the Real Property Records).

(e) This Section 5.5 shall terminate and be of no further force or effect whatsoever, upon the later of the date upon which (i) each Unit within the Condominium shall be separately assessed and billed as a separate tax parcel by the tax assessor; and (ii) all the Governmental Impositions due and owing prior to all Units being separately assessed and billed as a separate tax parcel by the tax assessor have been paid in full to the appropriate taxing authority.

Section 5.6 Utilities. Each Owner shall be responsible for and shall pay all charges for gas, electricity, water and other utilities relating to such services used or consumed at or with respect to the occupancy of its Unit, to the extent such charges are separately metered by the respective utility companies. Any utility charges not so separately metered and charges relating to such services used in connection with the use and maintenance of the Common Elements, shall constitute a Common Expense and be payable by the Association.

ARTICLE VI

Insurance

Section 6.1 Insurance. All insurance coverage required to be obtained pursuant to this Article VI or purchased at the election of an Owner or the Association shall:

(a) be in such form, approved by the Association and shall be issued by responsible insurance companies licensed to do business in the State of Texas and shall be rated by Best's Insurance Guide (or any successor publication of comparable standing) as "A-/VI" or better;

(b) not be brought into contribution with insurance purchased by other Owners or the Association;

(c) waive any right to claim (i) by way of subrogation against Declarant, Tenants, the Association, the Board of Directors, any Manager, the Owners, and their

respective agents and employees; and (ii) invalidity arising from the acts of the insured; and

(d) provide that insurance trust agreements shall be recognized.

Section 6.2 Insurance by Association.

(a) Commencing upon the first conveyance of any Unit to an Owner other than Declarant, the Association shall obtain and maintain as a Common Expense, all insurance coverage required by the Act. In addition, each insurance policy maintained by the Association shall provide that: (i) each Owner is named as an insured under such policies with respect to liability arising out of the Owner's ownership of an undivided interest in the Common Elements or membership in the Association; (ii) no action or omission by any Owner, unless validly exercised on behalf of the Association, will void the policy or be a condition to recovery under the policy; and (iii) such policy is primary insurance if at the time of a loss under the policy any Owner has other insurance covering the same property covered by the policy.

(b) The Association shall carry such other or additional insurance in such amounts and against such risks as the Association shall reasonably deem necessary or appropriate with respect to the Common Elements or the operation of the Association, including liability insurance for all officers, directors, trustees and employees of the Association. The premiums for all insurance coverages maintained by the Association pursuant to this Section 6.2 shall constitute a Common Expense and be payable by the Association.

Section 6.3 Insurance by Owners. An Owner shall be responsible for obtaining and maintaining at such Owner's sole cost and expense property insurance covering its Unit and all alterations, additions, betterments and improvements to its Unit and all other personal property located at its Unit or constituting a part thereof and insurance covering damage to other Units or property located therein, the cause of which originates from such Owner's Unit. Nothing in this Declaration shall be deemed or construed as prohibiting an Owner, at such Owner's sole cost and expense, from obtaining and maintaining such further and supplementary insurance coverages as such Owner may deem necessary or appropriate.

Section 6.4 Other.

(a) The Association shall not be liable for failure to obtain any insurance coverage required by this Declaration or for any loss or damage resulting from such failure, if such failure is because such insurance coverage is not reasonably available.

(b) Neither the Association nor any Owner shall obtain any policy of insurance where: (i) under the terms of the carrier's charter, bylaws or policy, contributions or assessments may be made against the Owner or a Mortgagee or become a lien against the Condominium; (ii) by the terms of the carrier's charter, bylaws or policy, loss payments are contingent upon action by the carrier's board of directors, policyholders or members; or (iii) the policy includes any limiting clauses (other than

insurance conditions) which could prevent the Association, Owners or Mortgagees from collecting Insurance Proceeds.

Section 6.5 Insurance Trustee. By acceptance of a deed to a Unit, each Owner shall be deemed to have irrevocably appointed the Association as the Insurance Trustee. All property insurance policies required to be obtained by the Association as described in this Article VI shall be issued in the name of the Association as Insurance Trustee for the Condominium. Loss payable provisions shall be in favor of the Insurance Trustee as a trustee for the Association, each Owner and each Mortgagee. The Insurance Trustee shall not be liable for the payment of premiums, nor the renewal or sufficiency of policies, except those policies required to be purchased and maintained by the Association pursuant to this Article VI. The duty of the Insurance Trustee shall be to receive such proceeds as are paid and to hold the same in trust for the purposes stated in this Article VI and in Article VIII of this Declaration, and for the benefit of each Owner, including Declarant, and each Mortgagee.

ARTICLE VII

Assessments

Section 7.1 Monthly and Special Assessments by Association. The Association shall possess the right, power, authority and obligation to establish a regular Monthly Assessment for payment of Common Expenses and such Special Assessments as provided for in this Declaration.

(a) Common Expenses. The Association shall possess the right, power, authority and obligation to establish a regular Monthly Assessment sufficient in the judgment of the Association to pay all Common Expenses when due and to maintain an adequate reserve fund for such purposes. Such Monthly Assessments so established shall be payable by the Owners on the first day of each calendar month, and shall be applied to the payment of Common Expenses for which the Association is responsible.

(b) Budget for Common Expenses. Prior to the commencement of each fiscal year of the Association, the Association shall deliver to the Owners a Budget. Such Budget shall be in sufficient detail so as to inform each Owner of the nature and extent of the Common Expenses anticipated to be incurred in the upcoming fiscal year, and shall be accompanied by a statement setting forth each Owner's monthly share thereof, which shall be determined in accordance with such Owner's Allocated Interests, and the date as of which such Monthly Assessment commences to be payable. No further communication shall be necessary to establish the amount of each Owner's obligation regarding the Monthly Assessment payable hereunder and the failure of the Association to timely deliver the Budget shall in no event excuse or relieve an Owner from the payment of the Monthly Assessments contemplated hereby, in which case, each Owner shall continue to pay to the Association an amount equal to such Owner's Monthly Assessment as established pursuant to the most recent Budget delivered to the Owners. If the proposed Budget for a fiscal year increases more than 30% above the Budget for the preceding fiscal year, such Budget must be approved by the affirmative vote of the Owners holding not less than 67% of the votes of the Members voting at the meeting

called to consider such matter. Any Budget prepared and delivered to the Owners as contemplated in this Article VII may be amended as and to the extent reasonably necessary, and the amount of an Owner's Monthly Assessment changed to correspond therewith.

(c) Special Assessments. In addition to the Monthly Assessments contemplated by Section 7.1(a) and Section 7.1(b) of this Declaration, the Association shall possess the right, power, authority and obligation to establish Special Assessments from time to time as may be necessary or appropriate in the judgment of the Association to pay non-recurring Common Expenses relating to the maintenance, care, alteration, improvement, replacement, operation and management of the Condominium and the administration of the Association.

Section 7.2 Individual Assessments. In addition to Monthly Assessments and Special Assessments contemplated in Section 7.1 of this Declaration, the Association shall possess the right, power and authority to establish or levy Individual Assessments in accordance with the provisions of this Declaration against individual Owners or an Owner's Unit for charges properly borne solely by one or more but less than all the Owners, such as (without limitation) charges for additional services, damages, fines or fees, or insurance deductible payments. Individual Assessments shall be the personal obligation of the Owner against whom the Individual Assessment is assessed, and shall constitute a lien against the Unit in the same manner and with the same consequences as the Monthly Assessment and any duly authorized Special Assessment.

Section 7.3 Obligation to Pay Assessments. Each Owner shall be personally obligated to pay such Owner's share of all Assessments duly established pursuant to this Declaration to the Association. Unpaid Assessments due as of the date of the conveyance or transfer of a Unit shall not constitute a personal obligation of the new Owner (other than such new Owner's pro rata share of any reallocation thereof); however, the former Owner shall continue to be personally liable for such unpaid Assessment. No Owner shall be entitled to exemption from liability for the Owner's obligation to pay such Assessments by waiver of the use and enjoyment of the Common Elements, by an abandonment of its Unit or by any other action or otherwise. Any Assessment not paid within five days of the date due shall bear interest at the Past Due Rate, and shall be recoverable by the Association, together with interest as aforesaid and all costs and expenses of collection, including reasonable attorneys' fees, by suit in a court of competent jurisdiction sitting in the County. It shall be the responsibility of the Association to collect any such delinquent Assessment, the existence of which shall be made known by written notice delivered to the defaulting Owner and, where requested, the Owner's Mortgagee. The Association shall give written notice of any 60 day delinquency in the payment of Assessments by an Owner to such Owner's Mortgagee to the extent the Mortgagee has requested such notices be provided.

Section 7.4 Lien to Secure Payment of Assessments. Declarant hereby reserves and assigns to the Association a lien, pursuant to the provisions of the Act, against each Unit, the Rents, if any, payable to the Owner of any Unit and Insurance Proceeds to which an Owner may be entitled, to secure the payment of all Assessments, which lien shall be and constitute a lien and encumbrance, in favor of the Association, upon such Units, the Rents, and any Insurance

Proceeds. The liens established in this Declaration shall be prior and superior to all other liens and encumbrances subsequently created upon such Units, Rents and Insurance Proceeds, regardless of how created, evidenced or perfected, other than the lien securing the payment of Priority Lien Indebtedness (provided such lien was recorded prior to the date on which the Assessment became delinquent) and the liens for Governmental Impositions. The liens and encumbrances created in this Declaration may be enforced by any means available at law or in equity, including a non-judicial foreclosure sale of the Unit of a defaulting Owner; such sale to be conducted in the manner set forth in Texas Property Code Section 51.002 (as now written or as hereafter amended). Each Owner, by acquisition of its Unit, grants to the Association a power of sale in connection with the Association's liens. By written resolution, the Association may appoint, from time to time, an officer, agent, trustee or attorney of the Association to exercise the power of sale on behalf of the Association. The Association may bid for and purchase the Unit, as a Common Expense, at any such foreclosure sale. The foreclosure of a lien encumbering a Unit in order to satisfy the Priority Lien Indebtedness will extinguish the subordinate lien for any Assessments which became payable prior to the date of such foreclosure sale, provided that in no event shall a defaulting Owner be relieved from liability incurred for past Assessments.

Section 7.5 Commencement of Obligation to Pay Assessments. Each Owner, other than Declarant, shall be obligated to commence payment of all Assessments against its Unit on the date the Unit is conveyed to the Owner. If such date is other than the first day of a month, then such Owner shall be obligated to pay only a pro rata share of the Assessment against its Unit based on the number of days during such month that the Owner will hold title to its Unit. If a Tenant occupies a Unit and the Owner of that Unit becomes delinquent in the payment of any Assessment against such Unit, the Association shall have the right, upon written notice to the Tenant and Owner, to collect any rental payments due from the Tenant until the full amount of the Assessment plus any applicable late fees or fines is collected. Prior to the commencement of the obligation to pay the initial Monthly Assessment, Declarant shall pay all Common Expenses of the Condominium (excluding portions thereof allocable to reserves and less Assessments paid by other Owners); provided, however, nothing contained in this Declaration shall prevent Declarant from collecting from the purchaser of a Unit at closing any expenses, such as Governmental Impositions or insurance premiums, to the extent that Declarant prepaid such expenses on behalf of the Unit being purchased. After commencement of the initial Monthly Assessment and prior to the end of the period of Declarant Control, Declarant shall pay the amount by which the Common Expenses of the Condominium (excluding the portion thereof allocable to reserves) exceed Monthly Assessments required to be paid by Owners other than Declarant; thereafter, Declarant shall pay Monthly Assessments the same as any other Owner. If such date is other than the first day of a month, then Declarant shall be obligated to pay only a pro rata share of the Assessments against such Unit based on the number of days remaining during such month.

Section 7.6 Redemption by Owner. The Owner of a Unit purchased by the Association at a foreclosure sale of the Association's lien for Assessments may redeem the Unit in accordance with the provisions of the Act.

Section 7.7 Notice of Default. If an Owner defaults in its monetary obligations to the Association, the Association may notify other lienholders of the default and the Association's intent to foreclose its lien. The Association shall notify any holder of a recorded lien or duly

perfected mechanic's lien against a Unit which has given the Association a written request for notification of the Owner's monetary default or the Association's intent to foreclose its lien.

Section 7.8 Alternative Actions. Nothing contained in this Declaration shall prohibit the Association from taking a deed in lieu of foreclosure or from filing suit to recover a money judgment for sums that may be secured by the lien.

Section 7.9 Statement of Expenses and Access to Records. Upon request, the Association shall promptly provide any Owner, contract purchaser or Mortgagee with a written statement of all unpaid Assessments due with respect to such Unit. The Association may impose a reasonable charge for the preparation of such statement to the extent permitted by the Act. The Association shall make available during normal business hours for inspection, upon request by the Owners, Mortgagees, Tenants, prospective purchasers and any of their authorized agents, current copies of the books, records and financial statements of the Association (including, if such is prepared, the most recent annual audited financial statement available).

ARTICLE VIII

Loss and Obsolescence

Section 8.1 Loss or Damage to Common Elements. The following provisions shall govern if the Common Elements or any part thereof, are damaged or destroyed by fire or other casualty: (a) prompt written notice of any substantial damage or destruction shall be given (i) by the affected Owner or Owners to the Association; and (ii) by the Association to all of the Mortgagees; (b) the Association shall promptly proceed with the full restoration and repair of such damage or destruction unless (i) the Condominium is terminated; (ii) repair or replacement would be illegal under any Legal Requirement; or (iii) at least 80% of the votes in the Association, including each Owner of a Unit to which a Limited Common Element that will not be rebuilt or repaired is assigned, vote not to rebuild; (c) the amount by which such restoration and repair costs exceed collectible Insurance Proceeds shall be and constitute a Special Assessment payable by the Owners within 60 days of the date notice of such Special Assessment is delivered by the Association, in accordance with Section 7.1(c) of this Declaration; (d) any excess Insurance Proceeds remaining after such restoration and repair, or any insurance or sales proceeds available absent such restoration and repair, shall be received and held in trust by the Insurance Trustee in separate accounts for each Owner, as their interests may appear (with any proceeds attributable to Limited Common Elements allocated among the Owners of the Units to which such Limited Common Elements were assigned in this Declaration and any other proceeds allocated in accordance with the Allocated Interests of the Owners), and distributed as follows: (i) first, to the payment of any Governmental Impositions in favor of any assessing entity having authority with respect to the Common Elements or such Unit; (ii) second, to the payment of the balance of the Priority Lien Indebtedness of such Owner; (iii) third, to the payment of any delinquent Assessment with respect to such Unit; and (iv) the balance, if any, to each Owner entitled thereto.

Section 8.2 Damaged Units. The following provisions shall govern in relation to a Damaged Unit: (a) prompt written notice of any substantial damage or destruction shall be given by the Owner of the Damaged Unit to the Association and the Mortgagee of the Damaged Unit;

(b) the Owner of the Damaged Unit shall promptly proceed with the full restoration and repair of such damage or destruction unless: (i) the Condominium is terminated; (ii) repair or replacement would be illegal under any Legal Requirement; or (iii) the Owners holding at least 80% of the votes in the Association, including the Owner of the Damaged Unit, vote not to rebuild; and (c) the Owner of each Damaged Unit shall pay all costs of such restoration, repair and replacement or rebuilding in excess of the net proceeds of the collectible Insurance Proceeds.

Section 8.3 Obsolescence of Common Elements. If the Owners holding not less than 100% of the Allocated Interests shall vote, at a meeting of the Association duly called for purposes of considering same, that the Common Elements, or any part thereof, (or any Systems which serve only, or are a part of, individual Units), are obsolete, the Association shall promptly proceed with the necessary replacements and improvements thereto pursuant to a budget established for such purpose, and the cost thereof shall be and constitute a Special Assessment payable by all the Owners within 30 days of the date notice of such Special Assessment is delivered to them by the Association.

Section 8.4 Association as Attorney-in-Fact. Each Owner, by acceptance of a deed to a Unit, hereby irrevocably makes, constitutes and appoints the Association, and each and every one of its successors in interest hereunder (which appointment shall be deemed a power coupled with an interest), as such Owner's true and lawful attorney-in-fact, for and in such Owner's name, place and stead, upon the damage or destruction of the Condominium, or any part thereof, or upon any determination by the Owners made pursuant to this Article VIII, to take any and all actions, and to execute and deliver any and all instruments, as the Association may, in its sole and absolute discretion, deem necessary or advisable to effect the intents and purposes of this Article VIII, hereby giving and granting unto the Association full power and authority to do and perform all and every act whatsoever requisite or necessary to be done in and about the premises as fully, to all intents and purposes, as an Owner might or could do, hereby ratifying and confirming whatsoever the Association may do by virtue hereof. The Association is hereby authorized, in the name and on behalf of all Owners, to do and perform all actions necessary or appropriate to effect the intent and purposes of this Article VIII as aforesaid, including the power and authority to make and settle claims under any insurance policies maintained by the Association, contract for and with respect to restoration and repair work, contract for and with respect to replacements and improvements to the Common Elements (to the extent authorized as contemplated by Section 8.3 of this Declaration) and to execute and deliver all instruments necessary or incidental to any such actions.

Section 8.5 Matters Relating to Restoration and Repairs. Any restoration and repair work undertaken by the Association or an Owner pursuant to this Article VIII shall be performed in a good and workmanlike manner in order to restore the Improvements to a condition similar to that existing prior to such damage or destruction; provided, however, that in no event shall the Association be responsible for restoring, repairing or replacing any improvements to a Unit made by an Owner, or the contents located in such Unit. All such restoration and repair work, whether done by the Association or an Owner, shall be effected in a manner so as to observe all vertical and horizontal Unit boundaries existing prior to such damage or destruction.

ARTICLE IX

Condemnation

Section 9.1 General Provisions. If all or any part of the Property is subject to a Taking, the Association and each Owner affected thereby shall be entitled to participate in proceedings incident thereto at their respective expense. The Association shall give such notice as it receives of such proceeding to all the Owners and to all the Mortgagees which have requested such notice; provided, however, that the failure of the Association to give such notice shall not prejudice the right of any Mortgagee to participate in such proceedings. The expense of participation in such proceedings by the Association shall be a Common Expense. The Association is specifically authorized to obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses and other persons as the Association in its discretion deems necessary or advisable to aid or advise it in matters relating to such proceedings. Any restoration or repair of the Property following a partial Taking shall be performed in accordance with the provisions of this Declaration and shall follow, as nearly as possible, the original plans and specifications for the Property, unless otherwise approved by all the Mortgagees.

Section 9.2 Taking of All or Substantially All of One Unit. If a Unit (or a substantial part thereof such that the remnant may not practically or lawfully be used for any purpose permitted by this Declaration) is subject to a Taking, the Owner and any Mortgagee of such Owner shall be entitled to the award for such Taking, including the award for the value of such Owner's interest in the Common Elements, whether or not such Common Element interest is acquired, and, after payment thereof, such Owner and any Mortgagee of such Owner shall be divested of all interest in the Property. In such event, 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, unless the decree relating to the Taking provides otherwise. A remnant of a Unit remaining after part of a Unit is the subject of a Taking described in this Section 9.2 shall be a Common Element. If any repair or rebuilding of the remaining portions of the Property is required as a result of such Taking, the remaining Owners shall determine by the affirmative vote or written consent of the remaining Owners holding not less than 80% of the votes in the Association either to rebuild or repair the Property or to take such other action as such remaining Owners may deem appropriate. If no repair or rebuilding shall be required, or if none be undertaken, the remaining portion of the Property shall be resurveyed, if necessary, and this Declaration shall be amended to reflect such Taking. This Declaration shall in all circumstances be amended to reflect the re-allocated Allocated Interests following the Taking.

Section 9.3 Partial Taking of a Unit. If only a portion of a Unit is subject to a Taking, such that the remaining portion of such Unit can practically and lawfully be used for any purpose permitted by this Declaration, the Owner shall be entitled to the award for such Taking, including the award for the value of such Owner's interest in the Common Elements, whether or not such Common Element interest is acquired, and the Allocated Interest of the Unit subject to such Taking shall be reduced and the Allocated Interests of the other Units shall be increased in accordance with the Reallocation Percentage. The Owner of such Unit, at its sole cost and

expense, shall promptly repair, restore and rebuild the remaining portions of such Unit as nearly as possible to the condition which existed prior to such Taking.

Section 9.4 **Taking of Common Elements**. If an action is brought to effect a Taking of all or any portion of the Common Elements together with or apart from any Unit, the Board of Directors, in addition to the general powers set out herein, shall have the sole authority to determine whether to defend or resist any such proceeding, to make any settlement with respect thereto, or to convey such property to the condemning authority in lieu of such condemnation proceeding unless the action involves a material portion of the Common Elements in which case such decision shall be made by the affirmative vote or written consent of the Owners holding not less than 80% of the votes in the Association. With respect to any such Taking of the Common Elements only, all damages and awards shall be determined for such Taking as a whole and not for any Owner's interest therein. After the damages or awards for a Taking of the Common Elements are determined, such damages or awards shall be held by the Association, acting as trustee for each Owner, and their Mortgagees, as their interests shall appear, and any amounts not used for repair or restoration of the remaining Common Elements shall be divided among the Owners in proportion to each Owner's Allocated Interest before the Taking, except that such portion of any such award attributable to the condemnation of a Limited Common Element shall be divided among the Owners of the Units served by such Limited Common Elements, as such Owners' interests existed in the Limited Common Elements condemned. The Owners shall determine by the affirmative vote or written consent of the Owners holding not less than 80% of the votes in the Association either to rebuild or repair the remaining Common Elements or to take such other action as such Owners may deem appropriate. If it is determined that such Common Elements should be replaced or restored by obtaining other land or building additional structures, this Declaration and the Map attached hereto shall be duly amended by instrument executed by the Board of Directors on behalf of the Owners and recorded in the Condominium Records.

Section 9.5 **Taking of Several Units.** If an eminent domain proceeding results in the Taking of all or part of multiple Units, then the damage and awards for such Taking shall be determined and paid for each Unit as described in Section 9.2 and Section 9.3 of this Declaration, and the following shall apply: (a) the Association shall determine which of the Units damaged by such Taking may be practically and lawfully used for any purpose permitted by this Declaration, taking into account the nature of the Property and the reduced size of each Unit so damaged; (b) if the remaining Owners shall determine by the affirmative vote or written consent of the remaining Owners holding not less than 80% of the votes in the Association, with the written consent of 51% of the Mortgagees, that it is not reasonably practicable to operate the undamaged Units and the damaged Units which can be practically and lawfully used for any purpose permitted by this Declaration as a condominium project in the manner provided in this Declaration, then the Property shall be deemed to be regrouped and merged into a single estate owned jointly in undivided interests by all the remaining Owners, as tenants-in-common, in the percentage of the Allocated Interest of each Owner (after reallocation in accordance with the procedures described in Section 9.2 and Section 9.3 of this Declaration); and (c) if the Condominium is not so terminated, then the damages and awards made with respect to each Unit which can be practically and lawfully used for any purpose permitted by this Declaration shall be applied to repair and reconstruct such Unit as provided in Section 9.3 of this Declaration. If the cost of such work exceeds the amount of the award, the additional funds required shall be

assessed pro rata against the Owners of those Units which are being repaired or reconstructed. With respect to those Units which may not be practically or lawfully used for any purpose permitted by this Declaration, after payment of the award, such Owner and any Mortgagee of such Owner shall be divested of all interest in the Property and 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, unless the decree relating to the Taking provides otherwise. A remnant of a Unit remaining after part of a Unit is the subject of a Taking, if the remnant of such Unit cannot be practically or lawfully used for any purposed permitted by this Declaration, shall be a Common Element. If any repair or rebuilding of the remaining portions of the Property (other than Units which can be practically and lawfully used for any purposed permitted by this Declaration) is required as a result of such Taking, the remaining Owners shall determine by the affirmative vote or written consent of the remaining Owners holding not less than 80% of the votes in the Association either to rebuild or repair the Property or to take such other action as such remaining Owners may deem appropriate. If no repair or rebuilding shall be required, or if none be undertaken, the remaining portion of the Property shall be resurveyed, if necessary, and this Declaration shall be amended to reflect such Taking. This Declaration shall in all circumstances be amended to reflect the re-allocated Allocated Interests following the Taking.

Section 9.6 Complete Taking of Property. If all of the Property is the subject of a Taking, all damages and awards shall be held by the Association, acting as trustee, for the accounts of all the Owners and their Mortgagees, as their interests shall appear, and shall be paid to or for the accounts of the Owners in proportion to their Allocated Interests and this Condominium shall terminate upon such payment.

Section 9.7 Payment of Awards and Damages. Any damages or awards provided in this Article IX to be paid to or for the account of any Owner by the Association, acting as trustee, shall be applied first to the payment of any Governmental Impositions past due and unpaid with respect to that Unit; second, to any Priority Lien Indebtedness on that Unit; third, to the payment of any Assessments charged to or made against the Unit and unpaid; and finally, to the Owner.

Section 9.8 Association as Attorney-in-Fact. Each Owner, by acceptance of a deed to a Unit, hereby irrevocably makes, constitutes and appoints the Association, and each and every one of its successors in interest hereunder (which appointment shall be deemed a power coupled with an interest), as such Owner's true and lawful attorney-in-fact, for and in such Owner's name, place and stead, upon the condemnation of the Condominium, or any part thereof, or upon any determination by the Owners made pursuant to this Article IX, to take any and all actions, and to execute and deliver any and all instruments, as the Association may, in its sole and absolute discretion, deem necessary or advisable to effect the intents and purposes of this Article IX, hereby giving and granting unto the Association full power and authority to do and perform all and every act whatsoever requisite or necessary to be done in and about the premises as fully, to all intents and purposes, as an Owner might or could do, hereby ratifying and confirming whatsoever the Association may do by virtue hereof. The Association is hereby authorized, in the name and on behalf of all Owners, to do and perform all actions necessary or appropriate to effect the intent and purposes of this Article IX as aforesaid, and to execute and deliver all instruments necessary or incidental to any such actions.

ARTICLE X

Development Period; Working Capital Contributions

Section 10.1 Initial Directors. The initial Directors shall be those Directors named in the Certificate of Formation.

Section 10.2 Period of Declarant Control.

(a) Except as is provided below, Declarant shall have the right to appoint and remove members of the Board of Directors during the period of Declarant Control. If Declarant voluntarily surrenders the right to appoint and remove members of the Board of Directors prior to the termination of the period of Declarant Control, Declarant may require that specified actions of the Board of Directors be subject to Declarant approval until the expiration of the period of Declarant Control.

(b) Not later than 60 days after Declarant has conveyed to Owners other than Declarant title to 25% of the Units, the Board of Directors shall appoint two advisory directors who shall be Owners (other than Declarant or its employees) each of whom must reside in their Units, as their primary residence at least six months of each calendar year. Such advisory directors may attend all meetings of the Board of Directors (but shall not be permitted to vote) and shall perform such duties and shall assume such obligations as may be delegated to them by the Board of Directors.

(c) Not later than 120 days after Declarant has conveyed to Owners other than Declarant title to 50% of the Units, an election shall be held by the Association, pursuant to the Bylaws, for the election of not less than one-third of the members of the Board of Directors by Owners other than Declarant. The term of the advisory directors shall expire at the meeting at which such newly elected members of the Board of Directors take office.

(d) At least 30 days prior to the termination of the period of Declarant Control, the Association shall elect a board of at least three Directors pursuant to the Bylaws, of which one will be elected for a three year term, such terms to commence as of the date on which the period of Declarant Control terminates.

Section 10.3 Working Capital Contributions.

(a) Each Owner shall, at the time such Owner purchases a Unit from Declarant, contribute an amount to the Association equal to the Working Capital Contribution. Such amount shall be a contribution of working capital to the Association and shall not be considered as an advance payment of the Monthly Assessments. Declarant shall not be required to make any Working Capital Contribution.

(b) Any purchaser of a Unit from an Owner other than Declarant shall contribute an amount to the Association equal to the Working Capital Contribution at the time of purchase. Such amount shall be a contribution of working capital to the Association and shall not be considered as an advance payment of Monthly Assessments.

ARTICLE XI

Resolution of Disputes and Construction Disputes

Section 11.1 Mediation. All Disputes, except those relating to equitable remedies, which are not resolved within 15 days after same have arisen (unless such greater time is provided elsewhere in the Governing Documents) shall be submitted for, or determined by, non-binding mediation. Mediation of any Dispute shall be initiated by any Owner making a written demand therefor to the other Owner or Owners involved in such Dispute and the Association; provided, however, if the Association is a party to any such Dispute the Association shall have the right to elect not to be governed by the provisions of this Article XI by giving to the Owner or Owners, within ten days after the Association's receipt from such Owner or Owners of a demand for mediation of a Dispute, written notice of the Association's election not to be governed by the provisions of this Article XI and to instead exercise the Association's remedies at law or in equity. With respect to such mediation, the parties shall, within ten days after delivery of such written notice to the Association, agree upon a mediator who is: (a) a reputable person actively engaged in the commercial real estate industry for a continuous period of not less than ten years; and (b) is in no way affiliated, or has had material business dealings with any Owner or any member of the Association. If the parties are unable to agree upon a mediator, a mediator having the qualifications set forth above shall be appointed by the American Arbitration Association office in Denton County, Texas. Such mediation shall occur within 30 days after the mediator has been agreed upon or appointed and shall occur at a mutually acceptable location in Denton County, Texas. The costs of such mediation services shall be shared equally (but each party shall bear the cost of their own travel and attorneys' fees); provided, however, that if the Dispute is not resolved pursuant to such mediation, the provisions of Section 11.2 of this Declaration shall govern the payment of attorneys fees and costs and expenses of mediation and arbitration under this Article XI.

Section 11.2 Final Offer Arbitration. If the parties are unable to resolve any Dispute at mediation the parties shall submit their Dispute to binding arbitration, no later than 30 calendar days after the parties have reached an impasse at mediation. The parties agree to select a single impartial arbitrator from a list taken from the American Arbitration Association of commercial arbitrators, and if they cannot agree on an arbitrator, each party shall select a person and those two so selected shall then select the single impartial arbitrator who shall thereafter serve as arbitrator with respect to the Dispute. The issues in dispute shall be submitted as "baseball" or final-offer arbitration, whereby each party shall submit what it deems to be its most reasonable position to the arbitrator and the arbitrator shall select one of those two positions. The arbitrator shall have no discretion to select or award a position other than to select one of those submitted by the parties. To the extent rules governing arbitration are deemed necessary by the arbitrator (or by agreement of the parties), the current Rules for Commercial Mediation and Arbitration promulgated by the American Arbitration Association shall apply. The decision of the arbitrator shall be rendered no later than ten days from the initiation of the arbitration procedure. The parties may resort to any court of competent jurisdiction for enforcement of, or any other action relating to, the arbitrator's award. The party or parties whose position is not selected or awarded shall be responsible for all attorneys' fees, costs and expenses (incurred in connection with the mediation and arbitration of a Dispute under this Article XI) of the party whose position is selected or awarded for the arbitration of the Dispute under this Article XI.

Section 11.3 Construction Disputes.

(a) Mediation Required Prior to Arbitration. Any Construction Dispute not resolved within fifteen days after same has arisen shall be submitted for, or determined by, non-binding mediation as a condition precedent to arbitration or the institution of legal or equitable proceedings by any party. Mediation of any Construction Dispute shall be initiated by any party making a written demand therefor to all other parties involved in such Construction Dispute. Any mediation shall be governed by the Construction Industry Mediation Rules of the American Arbitration Association in effect at the time the Construction Dispute arises. With respect to such mediation, the parties shall, within 15 days after demand is filed agree upon a mediator who is: (i) a reputable person actively engaged in the construction industry or a lawyer experienced in the practice of construction law for a continuous period of not less than ten years; and (ii) is in no way affiliated, or has had material business dealings with any Owner, any member of the Association, or any other party involved in the mediation. If the parties are unable to agree upon a mediator, a mediator having the qualifications set forth above shall be appointed by the American Arbitration Association office in Denton County, Texas. Such mediation shall occur within 30 days after the mediator has been agreed upon or appointed and shall occur at a mutually acceptable location in Denton County, Texas. The costs of such mediation services shall be shared equally (but each party shall bear the cost of their own travel and attorneys' fees); provided, however, that if the Construction Dispute is not resolved pursuant to such mediation, the provisions of Section 11.3(d) of this Declaration shall govern the payment of attorneys' fees and costs and expenses of mediation, arbitration or litigation under this Article XI.

(b) Arbitration or Litigation. Any Construction Dispute not resolved by mediation as described in Section 11.3(a) above shall be resolved by arbitration or litigation, which determination shall be made by Declarant, in Declarant's sole and absolute discretion. If a litigation proceeding has been brought against the Declarant, any election for arbitration shall be made by the Declarant filing a motion to compel arbitration in the litigation proceeding. If an arbitration proceeding has been brought against the Declarant, any election for litigation shall be made by the Declarant giving written notice of such election to the parties involved in the Construction Dispute and the arbitration proceeding, in which case all further action in the arbitration proceeding shall cease and the party bringing such action shall be obligated to commence the appropriate litigation proceeding. Declarant shall make such election no later than thirty (30) days after (i) the parties have reached an impasse at mediation; and (ii) citation has been served on Declarant in a litigation proceeding or written notice has been delivered to Declarant initiating the arbitration proceeding. If the Declarant elects for such Construction Dispute to be resolved by litigation, the parties hereby agree that the judge shall be the fact finder in any such litigation. EACH OWNER, BY ACCEPTANCE OF A DEED TO ITS UNIT, ON BEHALF OF ITSELF, ITS TENANTS, THE ASSOCIATION AND ALL PARTIES CLAIMING BY, THROUGH OR UNDER IT, IRREVOCABLY AND UNCONDITIONALLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY CONSTRUCTION DISPUTE.

(c) Arbitration. If Declarant elects that a Construction Dispute be resolved by arbitration such arbitration shall be governed by the Construction Industry Arbitration Rules of the American Arbitration Association currently in effect, unless the parties mutually agree otherwise. With respect to the arbitration, the parties shall, within 15 days after receipt of Declarant's notice of arbitration referenced in Section 11.3(b) above or within 15 days after entry of a Order compelling arbitration, agree upon an arbitrator. If the parties cannot agree upon an arbitrator, a demand for arbitration shall be filed in writing with the American Arbitration Association at the office in the County where the Property is located with copies to all parties.

Arbitration shall be conducted with a single arbitrator unless the claim, demand, or amount in controversy exceeds $750,000, in which case a panel of three arbitrators shall be used. If the amount in controversy exceeds $750,000 and the parties cannot mutually agree upon three panel members, the parties shall be required to obtain a list of proposed neutral parties through the American Arbitration Association office in the locality where the Property is located. The parties shall then proceed with the selection of panel members in accordance with the American Arbitration Association Construction Industry Arbitration Rules. Any arbitrator(s) utilized, whether appointed or agreed, must be (i) reputable person(s) actively engaged in the construction industry or as a lawyer experienced in the practice of construction law for a continuous period of not less than ten years; and (ii) are in no way affiliated, or have or had material business dealings with any Owner, any member of the Association, or any other party involved in the arbitration. The arbitrator shall establish reasonable procedures and requirements for the production of relevant documents and require the exchange of information concerning witnesses to be called. The parties shall be entitled to discover all documents and information reasonably necessary for a full understanding of any legitimate issue raised in the arbitration and the parties may use all methods of discovery available under the Texas Rules of Civil Procedure and shall be governed thereby. There shall be a prehearing meeting between the parties at which the arbitrator shall make and set schedules for discovery and hearings consistent with their powers as set forth herein. The Texas Rules of Evidence shall be applied by the arbitrator but liberally construed to allow for the admission of admissible evidence that is helpful in resolving the controversy. Rulings on the admission of evidence made by the arbitrator at the hearing shall be final and not subject to any appeal. At the time of the award, the arbitrator shall prepare and provide to the parties findings of fact and conclusions of law supporting the award.

(d) General. In no event shall a Construction Dispute be initiated after the date when institution of legal or equitable proceedings based on such Construction Dispute would be barred by the applicable statute of limitations. All demands and all answering statements thereto which include any monetary claim, counterclaim or cross-claim must state the monetary amount being sought. If the monetary amount is unliquidated or has not been fully determined, the demand or answering statement seeking such recovery shall state, in good faith, the minimum amount of such monetary claim, exclusive of interest and attorneys' fees. In any litigation or arbitration of a Construction Dispute, the Court or the arbitrator(s), as applicable, shall determine the prevailing party and award to such prevailing party, in addition to any other relief to which such party is entitled to recover, its reasonable attorneys' fees, expert witness fees,

costs, and other reasonable expenses incurred in connection with the mediation, arbitration, and/or litigation of such Construction Dispute.

(e) Consolidation. A Construction Dispute may be consolidated with similar proceedings and resolved pursuant to the dispute resolution procedures contained in this Article XI to include participation of the contractors, design professionals or any other person or entity if such proceedings involves common issues of law or fact. Consent to consolidate proceedings involving an additional person or entity shall not constitute consent to resolve any claim, dispute or other matter in question other than the Construction Dispute or with a Person not named or described therein. It is expressly understood and agreed that Declarant shall have the right, but not the obligation, to join in any such dispute resolution proceedings any other party whose work or services on or in connection with the Property may be at issue or whose claims(s) involve the design or construction of the Property.

Section 11.4 General. With respect to any Dispute or Construction Dispute it is agreed that the dispute resolution provisions of this Article XI shall be the sole remedy of the parties involved in such Dispute or Construction Dispute. Notwithstanding any other provisions of this Declaration, the foregoing agreement to arbitrate and other agreements to arbitrate with an additional person or entity duly consented to by the parties shall be specifically enforceable under prevailing arbitration law in any court having jurisdiction thereof. The foregoing agreement to arbitrate shall not constitute any agreement or consent to arbitration of any dispute, claim, controversy or matter that does not constitute a Dispute or Construction Dispute, as applicable. The foregoing agreement to arbitrate any Dispute or Construction Dispute shall not constitute any agreement or consent to arbitration with any Person not named or described in this Declaration; provided that any arbitration proceeding initiated under the terms of Section 11.2 of this Declaration may, at the request of any party, be joined or consolidated with other arbitration proceedings involving additional parties if the Dispute or Construction Dispute, as applicable, and the subject of such other proceedings arise out of common or interrelated factual occurrences. Any award of the arbitrator shall be final and binding upon the parties involved in the Dispute or Construction Dispute and such Mortgagees and non-appealable judgment thereon may be entered by any court having jurisdiction.

ARTICLE XII

Miscellaneous

Section 12.1 Sound Transmission Disclaimer. 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 BUILDING SUCH AS THE BUILDING IS VERY DIFFICULT TO CONTROL, 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.

Section 12.2 Revocation or Termination of Declaration. Except as otherwise provided in Article IX of this Declaration, this Declaration may be revoked or the Condominium established hereby may be terminated, but only by an instrument in writing, duly approved, executed and acknowledged by those Owners holding not less than 100% of the votes in the Association, with the written consent of not less than one hundred percent 100% of the Mortgagees. Any such instrument of revocation or termination shall be duly filed of record in the County. If the Property is to be sold upon termination, the agreement effecting such termination shall also set forth the terms of such sale and comply with the provisions of the Act.

Section 12.3 Amendment to Declaration. This Declaration may be amended at a meeting of the Owners at which the amendment is approved by those Owners holding not less than 67% of the votes in the Association with the written consent of not less than 51% of the Mortgagees. Such amendment shall be evidenced by a written instrument executed and acknowledged by an officer of the Association on behalf of the consenting Owners and by the consenting Mortgagees and filed of record in the County. Any such amendment so effected shall be binding upon all of the Owners; provided, however, that except as permitted or required by the Act, no such amendment shall (a) cause the alteration or destruction of all or part of any Unit unless such amendment has been consented to by the Owner and the Mortgagee of the Unit which is to be altered or destroyed; (b) create or increase Special Declarant Rights; (c) increase the number of Units; (d) change the boundaries of a Unit; or (e) change the use restrictions on a Unit unless, with respect to the matters described in subsections (b), (c), (d) and (e) of this Section 12.3, such amendment has been consented to by 100% of the votes in the Association or is otherwise authorized by this Declaration. No such amendment shall become effective unless approved by Declarant if Declarant still owns one or more Units and the amendment would, in Declarant's reasonable determination: (i) increase or otherwise modify Declarant's obligations; (ii) reduce or modify any Special Declarant Rights; or (iii) materially inhibit or delay Declarant's ability to complete the Improvements or to convey any portion of the Property owned by Declarant. Declarant, if Declarant owns a Unit which has never been occupied, or the Association may, without a vote of the Owners or approval by the Mortgagees or the Association amend the Declaration or the Bylaws in any manner necessary to meet the requirements of the Federal National Mortgage Association, the Federal National Home Loan Mortgage Corporation, the Federal Housing Administration or the Veterans Administration.

Section 12.4 Partial Invalidity. If any provision of the Governing Documents shall be determined by a court of competent jurisdiction to be invalid or unenforceable, such determination shall in no way impair or affect the validity or enforceability of the remainder of such instruments.

Section 12.5 Conflicts. If any of the provisions of the Governing Documents shall be in conflict with the provisions of the Act or the TNCL, the provisions of such statutes shall control. If a conflict exists between the provisions of the Governing Documents, the Governing Documents shall control in the following order:

a. Restrictive Covenants;
b. This Declaration;
c. The Certificate of Formation;
d. The Bylaws; and
e. The Regulations.

Each Owner acknowledges that it has been given the opportunity to review the documents listed above in this Section 12.5(a) through (e) and has had the opportunity to consult with counsel in connection with the purchase of a Unit. The provisions of the Governing Documents embody the entire final documentation to which the Units and any Owners will be subject in relation to the Condominium and supersede any and all agreements, representations, and understandings, whether written or oral, between the Declarant and the Owners.

Section 12.6 Captions and Exhibits. Captions used in the various articles and sections of this Declaration are for convenience only, and they are not intended to modify or affect the meaning of any of the substantive provisions hereof. All exhibits are incorporated in and made a part of this Declaration.

Section 12.7 Usury. It is expressly stipulated and agreed to be the intent of the Declarant that at all times the terms of this Declaration, the Bylaws and the Regulations shall comply strictly with the applicable Texas law governing the maximum rate or amount of interest payable under any provision of this Declaration, the Bylaws, or the Regulations. If the applicable law is ever judicially interpreted so as to render usurious any amount contracted for, charged, taken, reserved or received pursuant to this Declaration, the Bylaws, the Regulations or any other communication or writing by or between the Declarant, the Association and the Owners related to the matters set forth in this Declaration, the Bylaws, or the Regulations, then it is the express intent of the Declarant that all amounts charged in excess of the maximum rate allowed by Texas law shall be automatically canceled, *ab initio*, and all amounts in excess of the maximum rate allowed by Texas law theretofore collected shall be refunded, and the provisions of this Declaration, the Bylaws, or the Regulations shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced, without the necessity of the execution of any new document, so as to comply with the applicable law. The Owners hereby agree that as a condition precedent to any claim seeking usury penalties against the Declarant or the Association, any Owner will provide written notice to the Declarant or the Association, advising the Declarant or the Association in reasonable detail of the nature and amount of the violation, and the Declarant or the Association shall have 60 days after receipt of such notice in which to correct such usury violation, if any, by either refunding such excess interest to an Owner or crediting such excess interest against the obligation then owing by such Owner to the Declarant or the Association.

Section 12.8 Use of Number and Gender. Whenever used in this Declaration, and unless the context shall otherwise provide, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall include all genders.

Section 12.9 Governing Law. THIS DECLARATION AND THE BYLAWS, CERTIFICATE OF FORMATION, AND REGULATIONS SHALL BE GOVERNED BY THE

LAWS OF THE STATE OF TEXAS. VENUE FOR ANY ACTION BROUGHT IN CONNECTION WITH THE CONDOMINIUM SHALL BE IN DENTON COUNTY, TEXAS.

Section 12.10 Notice. All notices or other communications required or permitted to be given pursuant to this Declaration shall be in writing and shall be considered as properly given if (a) mailed by first class United States mail, postage prepaid, registered or certified with return receipt requested; (b) by delivering same in person to the intended addressee; (c) by delivery to an independent third party commercial delivery service for same day or next day delivery and providing for evidence of receipt at the office of the intended addressee; or (d) by prepaid telegram, telex, or telefacsimile to the addressee. Notice so mailed shall be effective upon its deposit with the United States Postal Service or any successor thereto; notice sent by such a commercial delivery service shall be effective upon delivery to such commercial delivery service; notice given by personal delivery shall be effective only if and when received by the addressee; and notice given by other means shall be effective only if and when received at the office or designated place or machine of the intended addressee. For purposes of notice, the addresses of the Declarant and the Association shall be as set forth below, the address of each Owner shall be the address of the Unit owned by such Owner and the address of each Mortgagee shall be the address provided to the Association; provided, however, that any party shall have the right to change its address for notice hereunder to any other location within the continental United States by the giving of 30 days notice to the Association in the manner set forth herein:

Declarant: Haas Rose JV LP
1207 Bethel School Court
Coppell, Texas 75019

Association: Vista Ridge Condominium Homeowner Association, Inc.
17194 Preston Road, Ste. 102
Dallas, Texas 75248

Section 12.11 Estoppel Certificates. Each Owner, from time to time but no more often than twice each calendar year, shall have the right to require the Association to deliver to the requesting Owner a written statement addressed to the requesting Owner and its Mortgagee or purchaser of its Unit, as applicable, without payment of any fee or cost certifying: (a) this Declaration is unmodified and in full force and effect (or if modified that this Declaration as so modified is in full force and effect); (b) the Declaration attached to the certificate is a true and correct copy of this Declaration and all amendments hereto; (c) the date through which all Assessments have been paid by the Owner requesting the certificate; (d) to the knowledge of the Association, the requesting Owner is not in default of any of its obligations under the Declaration (or if this Association knows the requesting Owner to be in default, specifying the defaults and the remaining cure period, if any); (e) the Association holds no existing liens against the requesting Owner's Unit; and (f) such other matters as are reasonably requested by the requesting Owner.

ARTICLE XIII

Provisions Applicable to Mortgagees

Section 13.1 Notice To Mortgagees. All Mortgagees shall be entitled to receive the following notices in writing from the Association exercising rights affecting that Mortgagee's borrower's rights under this Declaration or affecting such Mortgagee's rights, which notices shall be sent promptly following the occurrence of the applicable event:

(a) notice of any proposed action which requires the consent of Mortgagees, which notice shall be given not less than 30 days prior to the desired effective date of such action;

(b) notice of default by an Owner (the beneficial interest in which Unit is held by that Mortgagee) in the performance of such Owner's obligations or delinquency in the payment of Assessments or Governmental Impositions, which remains uncured for a period of 60 days after notice thereof;

(c) notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond required to be maintained hereunder by the Association or by any Owner;

(d) notice of any damage or destruction to or Taking of any portion of the Condominium that affects either a material portion of the Property or any Unit, the beneficial interest in which is held by that Mortgagee, which notice shall be given promptly upon the Association's obtaining knowledge of such damage or destruction;

(e) notice of any proposed payment to be made by any Person on behalf of an Owner which pursuant to the terms of this Declaration may result in a lien on such Owner's Unit;

(f) 60 days notice prior to the Association instituting any foreclosure action on a Unit (the beneficial interest of which is held by that Mortgagee);

(g) 30 days notice prior to the effective date of (i) any proposed material amendment to this Declaration or the Map; (ii) any termination of an agreement for professional management of the Property following any decision of the Owners to assume self-management of the Property; and (iii) any proposed termination of the Condominium; and

(h) notice of all meetings of the members of the Association.

Section 13.2 Cure Rights. Any Mortgagee shall have the right, but not the obligation, at any time prior to the termination of this Declaration, and without payment of any penalty, to do any act or thing required of such Mortgagee's borrower hereunder; and to do any act or thing which may be necessary or proper to be done in the performance and observance of the agreements, covenants and conditions of such Owner hereof. All payments so made and all things so done and performed by any Mortgagee shall be effective to prevent a default under this

Declaration as the same would have been if made, done and performed by an Owner instead of its Mortgagee. Any event of default under this Declaration which in the nature thereof cannot be remedied by a Mortgagee shall be deemed to be remedied if: within 30 days after receiving written notice from the non-defaulting party setting forth the nature of such event of default, or prior thereto, the Mortgagee shall have: (a) acquired the property owned by the defaulting party (the "Acquired Property") or commenced foreclosure or other appropriate proceedings in the nature thereof and shall thereafter diligently prosecutes any such proceedings; (b) fully cured any default in the payment of any monetary obligations owed the non-defaulting party hereunder within such 30 day period and shall thereafter continue to perform faithfully all such non-monetary obligations which do not require possession of the Acquired Property; and (c) after gaining possession of the Acquired Property following a foreclosure or deed in lieu thereof, the Mortgagee performs all future obligations of the defaulting party hereunder as and when the same are due.

Section 13.3 No Invalidity of Mortgage Lien. No violation of this Declaration by, or enforcement of this Declaration against, any party shall affect, impair, defeat or render invalid the lien of any mortgage that secures Priority Lien Indebtedness.

Section 13.4 Mortgagee Requirements. The Association agrees to cooperate reasonably with any requesting party in regard to the satisfaction of requests or requirements by a Mortgagee; provided, however, such cooperation shall be at the sole cost and expense of the requesting party, and provided, further, that no party shall be deemed obligated to accede to any request or requirement that materially and adversely affects its rights under this Declaration.

Section 13.5 Unpaid Assessments. Each Person holding a mortgage secured by any Priority Lien Indebtedness encumbering any Unit, which Person obtains title to such Unit pursuant to judicial foreclosure, or the powers provided in such mortgage, or a deed in lieu of foreclosure, shall take title to such Unit free and clear of any claims for unpaid Assessments against such Unit which accrued prior to the time such Person acquires title to such Unit, except as otherwise set forth in Article VII of this Declaration.

Section 13.6 Books and Records. All Mortgagees, upon written request, shall have the right to (a) examine the books and records of the Association, including current copies of the Governing Documents, and financial statements, during normal business hours; (b) require the Association to submit an annual audited financial statement for the preceding fiscal year within 120 days of the end of the Association's fiscal year, if one is available or have one prepared at the expense of such requesting party if such statement is not otherwise prepared by the Association; (c) receive written notice of all meetings of the Owners; and (d) designate in writing a representative to attend all such meetings.

Section 13.7 Priority of Rights. No provision of the Declaration shall be construed or applied to give any Owner priority over any rights of any Mortgagee in the case proceeds or awards are not applied to restoration but are distributed to Owners in the case of a casualty loss or Taking of, a Unit and/or Common Element.

Section 13.8 Required Percentage. Any required percentage of Mortgagees in this Declaration shall mean and refer to such percentage of the face amount of the indebtedness held by such Mortgagees and not the number of such Mortgagees.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Declarant has duly executed this Declaration on the day and year first above written.

DECLARANT:

HAAS ROSE JV LP,
a Texas limited partnership

By: Vista Ridge Townhomes LLC,
a Texas limited liability company,
its general partner

By: Jason R. Rose
Name: Jason R. Rose
Title: member

STATE OF TEXAS §
§
COUNTY OF Denton §

This instrument was acknowledged before me on the 2 day of ~~December, 2006,~~ Feb, 2007 by Jason R Rose, the member of Vista Ridge Townhomes LLC, the general partner of Haas Rose JV LP, a Texas limited partnership, on behalf of said limited liability company and limited partnership.

Barbara Ann Rose
Notary Public - State of Texas

My Commission Expires:

9-6-2010

BARBARA ANN ROSE
MY COMMISSION EXPIRES
September 6, 2010

List of Exhibits:

Exhibit "A"-Legal Description of the Land
Exhibit "B"-Map
Exhibit "C"-Allocation of Ownership Interests

CONSENT AND SUBORDINATION

The undersigned, beneficiary under a _____ ("Deed of Trust") dated as of _____, and recorded in Volume _____, Page _____ of the Real Property Records of Denton County, Texas, approves the foregoing Declaration (the "Declaration"), and agrees that the Deed of Trust is, and shall at all times continue to be, subject, inferior and subordinate in all respects to the Declaration.

Dated: February 2, 2007.

HAAS ROSE JV LP,
a Texas limited partnership

By: VISTA RIDGE TOWNHOMES LLC,
a Texas limited liability company,
its general partner

By: Jason R Rose
Name: Jason R. Rose
Title: member

STATE OF TEXAS §
§
COUNTY OF Denton §

This instrument was acknowledged before me on the 2 day of ~~November, 2006,~~ Feb 2007 by Jason R Rose, the member of Vista Ridge Townhomes LLC, the general partner of HAAS ROSE JV LP, a Texas limited partnership, on behalf of said limited liability company and limited partnership.

Barbara Ann Rose
Notary Public - State of Texas

My Commission Expires:

9-6-2010

BARBARA ANN ROSE
MY COMMISSION EXPIRES
September 6, 2010

EXHIBIT "A"

Legal Description

BEING 2.039 acres of land located in the G.C. WOOLSEY SURVEY, Abstract No. 1402, Denton County, Texas, also being a portion of a tract conveyed to E-Systems Inc. Pool Trust as recorded in Volume 1699, 864, Deed Records, Denton County, Texas, also being a portion of Lot 2, Block A, VISTA RIDGE ADDITION according to the plat, thereof recorded in Cabinet A, Slide 271, Plat Records, Denton County, Texas said portion being conveyed to E-Systems, Inc. Pool Trust as recorded in instrument number 96-R0013487, and being more particularly described as follows;

BEGINNING at a ½ inch iron rod found at the northeast corner of Lot 33, Block M, VISTA RIDGE ESTATES, PHASE FOUR according to the plat thereof recorded in Cabinet L, Slide 293, Plat Records, Denton County, Texas said point being in the West line of Club Ridge Drive (60' R.O.W.);

THENCE: N 89°58'09" W along the north line of said Block M for a distance of 274.05 feet to a 5/8 inch iron rod set in the east line of a tract conveyed to Vista Ridge Mortgage & Realty, Inc. as recorded in Volume 1440, Page 478, Deed Records, Denton County, Texas;

THENCE: N 00°59'09" E along said east line for a distance of 347.40 feet to a 5/8 inch iron rod set in the south line of Vista Ridge Drive (75' R.O.W.);

THENCE: N 64°13'44" E along said south line for a distance of 144.42 feet to a 1/2 inch iron rod found for corner;

THENCE: S 71°26'47" E for a distance of 10.88 feet to a ½ inch iron rod found in the aforementioned west line of Club Ridge Drive;

THENCE: S 25°42'26" E along said west line for a distance of 197.51 feet to a 5/8 inch iron rod found at the beginning of a curve to the right having a radius of 420.00 and a chord of 198.58 feet;

THENCE: southwesterly continuing along said west line and with said curve for an arc distance of 200.48 feet to a 5/8 inch iron rod found for corner;

THENCE: S 00°37'19" E continuing along said west line for a distance of 34.70 feet to the POINT OF BEGINNING and CONTAINING 2.039 acres of land, more or less, as surveyed by Steven W. Hughes, Registered Professional Land Surveyor, during the month of December 1997.;

UNIT BOUNDARIES

THE BOUNDARIES OF EACH UNIT ARE AS FOLLOWS:

UPPER & LOWER (HORIZONTAL) BOUNDARIES:

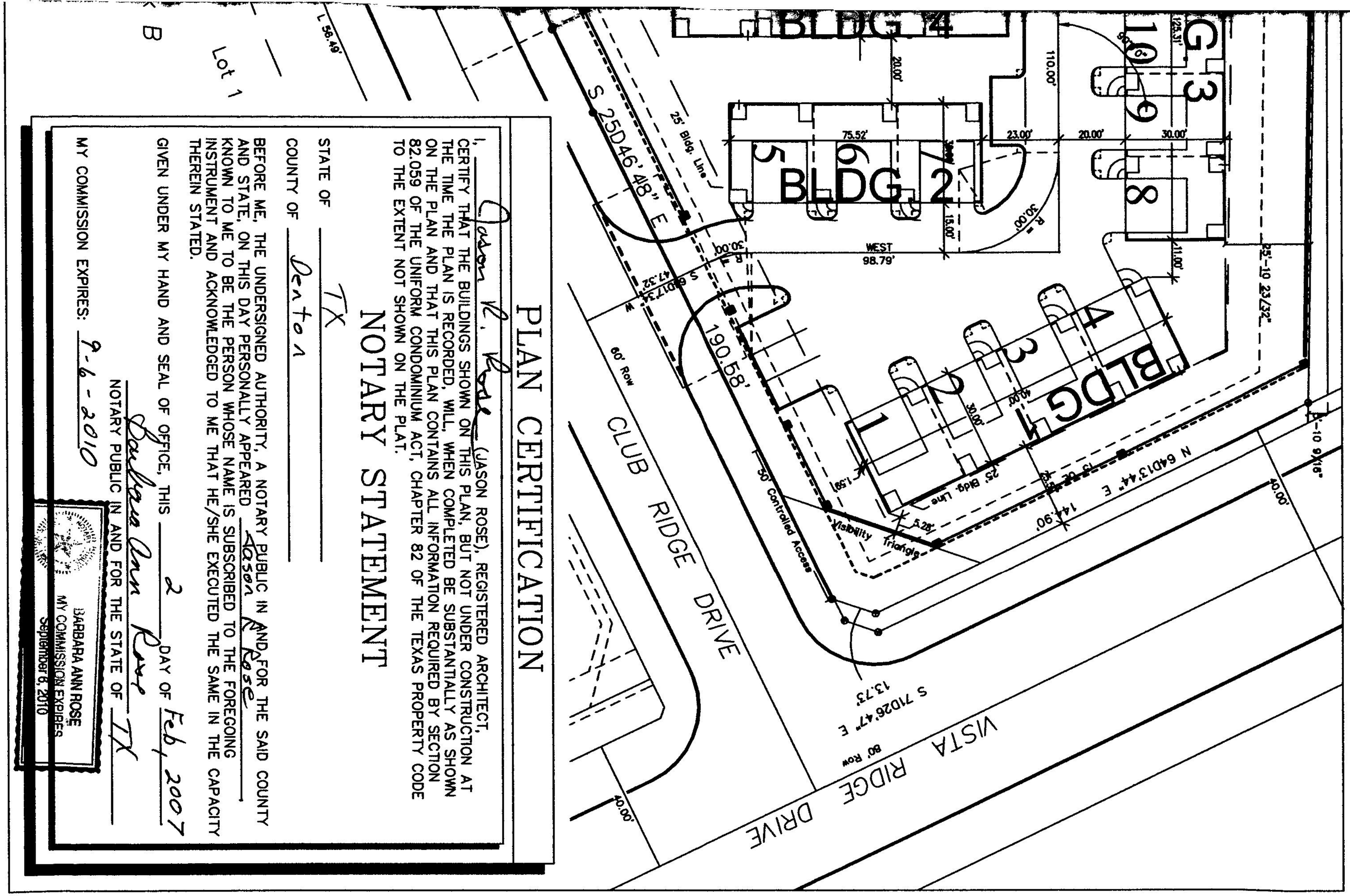
THE UPPER AND LOWER BOUNDARIES OF THE UNIT SHALL BE THE FOLLOWING BOUNDARIES EXTENDED TO AN INTERSECTION WITH THE VERTICLE (PARAMETRIC) BOUNDARIES:

(1.) UPPER BOUNDARY: THE HORIZONTAL PLANE OF THE INSIDE UNFINISHED SURFACE OF THE UPPERMOST CEILING OUTSIDE SURFACE OF THE DRYWALL.

(2.) LOWER BOUNDARY: THE HORIZONTAL PLANE OF THE TOP SURFACE OF THE UNDECORATED CONCRETE FLOOR SLAB.

VERTICLE (PARAMETRIC) BOUNDARIES:

THE VERTICLE BOUNDARIES OF THE UNITS ARE THE VERTICLE PLANES WHICH INCLUDE THE BACK SURFACE OF THE WALLBOARD OF ALL WALLS BOUNDING THE UNIT EXTENDED TO INTERSECTIONS WITH EACH OTHER AND WITH THE UPPER AND LOWER BOUNDARIES.



PLAN CERTIFICATION

I, Jason R. Rose (JASON ROSE), REGISTERED ARCHITECT, CERTIFY THAT THE BUILDINGS SHOWN ON THIS PLAN, BUT NOT UNDER CONSTRUCTION AT THE TIME THE PLAN IS RECORDED, WILL, WHEN COMPLETED BE SUBSTANTIALLY AS SHOWN ON THE PLAN AND THAT THIS PLAN CONTAINS ALL INFORMATION REQUIRED BY SECTION 82.059 OF THE UNIFORM CONDOMINIUM ACT, CHAPTER 82 OF THE TEXAS PROPERTY CODE TO THE EXTENT NOT SHOWN ON THE PLAT.

NOTARY STATEMENT

STATE OF TX

COUNTY OF Denton

BEFORE ME, THE UNDERSIGNED AUTHORITY, A NOTARY PUBLIC IN AND FOR THE SAID COUNTY AND STATE, ON THIS DAY PERSONALLY APPEARED Jason R. Rose, KNOWN TO ME TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE/SHE EXECUTED THE SAME IN THE CAPACITY THEREIN STATED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, THIS 2 DAY OF Feb, 2007

Barbara Ann Rose
NOTARY PUBLIC IN AND FOR THE STATE OF TX

MY COMMISSION EXPIRES: 9-6-2010

BARBARA ANN ROSE
MY COMMISSION EXPIRES
September 6, 2010

CM

ISSUE DATE: 2/1/2007
REVISIONS:

EXHIBIT "B" CONDOMINIUM MAP

VISTA RIDGE CONDOMINIUMS
LOT 2R-1, BLOCK A, CLUB RIDGE ADDITION
2700 CLUB RIDGE DRIVE
LEWISVILLE, DENTON COUNTY, TEXAS

VISTA RIDGE CONDOMINIUMS
1207 Bethel School Court
COPPELL, TEXAS 75019
CONTACT PERSON: JASON R. ROSE
PHONE: (214) 454-7895 FAX: (972) 534-1850

A. E. GROUP
planning – engineering – surveying
CHARLES L. CROUCH, P.E.
2100 N. HWY. 360 - SUITE 702
GRAND PRAIRIE, TEXAS 75050
PHONE (972) 641-3277

EXHIBIT "C"

Allocation of Ownership Interests

Unit Number	Square Feet of Unit	Percentage of Allocated Interests
1	1750	2.703%
2	1750	2.703%
3	1750	2.703%
4	1750	2.703%
5	1750	2.703%
6	1750	2.703%
7	1750	2.703%
8	1750	2.703%
9	1750	2.703%
10	1750	2.703%
11	1750	2.703%
12	1750	2.703%
13	1750	2.703%
14	1750	2.703%
15	1750	2.703%
16	1750	2.703%
17	1750	2.703%
18	1750	2.703%
19	1750	2.703%
20	1750	2.703%
21	1750	2.703%
22	1750	2.703%
23	1750	2.703%
24	1750	2.703%
25	1750	2.703%
26	1750	2.703%
27	1750	2.703%
28	1750	2.703%
29	1750	2.703%
30	1750	2.703%
31	1750	2.703%
32	1750	2.703%
33	1750	2.703%
34	1750	2.703%
35	1750	2.703%
36	1750	2.703%
37	1750	2.703%

BYLAWS

OF

VISTA RIDGE CONDOMINIUM HOMEOWNER ASSOCIATION, INC.

VISTA RIDGE CONDOMINIUM HOMEOWNER ASSOCIATION, INC.

BYLAWS

ARTICLE I
Name and Address

Section 1.1 Name. The name of this Association shall be **VISTA RIDGE CONDOMINIUM HOMEOWNER ASSOCIATION, INC**.

Section 1.2 Address. The office of the Association shall be at the place to be designated by the Board of Directors, subject to change upon notice to the Members.

Section 1.3 Registered Agent. The Association shall have and continuously maintain in the State of Texas a registered agent whose office is identical with such registered office, as required by the TNCL. The registered office may be, but need not be, identical to the principal office in the State of Texas, and the registered office may be changed from time to time by the Board of Directors.

ARTICLE II
Applicability

These Bylaws shall be applicable to the Association. In accordance with the terms of the Declaration, all Members and any other Persons permitted to use the Common Elements shall be subject to these Bylaws and to any Regulations adopted from time to time by the Board of Directors. Ownership of any Unit, or rental or occupancy of any Unit shall be conclusively deemed to mean that the Owner, Tenant or occupant has accepted, ratified and will comply with the Governing Documents.

ARTICLE III
Purpose

The purpose of the Association is to protect and enhance the value of the Property, including, without limitation, providing for the management, maintenance, repair and replacement of the Common Elements. The Association does not contemplate pecuniary gain or profit to its Members as a result of membership in the Association.

ARTICLE IV
Definitions and Interpretation

Section 4.1 Definitions. The following terms shall have the meanings set forth below:

"Act." The Uniform Condominium Act, Texas Property Code, Chapter 82, Section 82.001 et seq., as amended from time to time.

"Association." The Vista Ridge Condominium Homeowner Association, Inc., a Texas nonprofit corporation and for the purposes of Section 9.1 of these Bylaws also includes any

domestic or foreign successor entity of the Association in a merger, consolidation, or other transaction in which the liabilities of the predecessor are transferred to the Association by operation of law and in any other transaction in which the Association assumes the liabilities of the predecessor but does not specifically exclude liabilities that are the subject matter of Article IX of these Bylaws.

"Board of Directors." Those individuals serving as Directors pursuant to Article VII of these Bylaws and their successors as duly elected and qualified from time to time.

"Code." The Internal Revenue Code of 1986, as amended.

"Declaration." The Condominium Declaration for Vista Ridge Condominiums, a Condominium, and all amendments thereto, which shall be recorded in the Condominium Records.

"Director." A member of the Board of Directors, and for the purposes of Article IX of these Bylaws, any individual who is or was a director of the Association and any individual who, while a director of the Association, is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic association, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

"GAAP." Generally accepted accounting principles, as promulgated by the Financial Accounting Standards Board.

"Majority Vote of the Members." Has the meaning set forth in the Certificate of Formation.

"Manager." Any professional manager or management company with whom the Association contracts for the day-to-day management of either or both of the Property or the administration of the Association and the Condominium.

"Member in Good Standing." Has the meaning set forth in the Certificate of Formation.

"Members." All present and future Owners of any Unit in the Condominium.

"Minute Book." The minute book of the Association, which shall contain the minutes of all annual and special meetings of the Members of the Association and the Board of Directors and all resolutions of the Board of Directors.

"Mortgagee." Any Person, including Declarant's Mortgagee, that is the holder, insurer or guarantor of any bona fide indebtedness which is the result of an arm's length negotiation, that is secured by a first lien or encumbrance upon the Property and/or a Unit and which has provided the Association with written notice of its name, address and description of the Unit encumbered thereby.

"Official Capacity." (a) when used with respect to a Director, the office of director in the Association; and (b) when used with respect to an individual other than a Director, the elective or

appointive office in the Association held by the officer or the employment or agency relationship undertaken by the employee or agent on behalf of the Association; but (c) both (a) and (b) above do not include service for any other foreign or domestic association or any partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

"Owner." Any Person (including Declarant) owning fee title to a Unit, but excluding any Person having an interest in a Unit solely as security for an obligation.

"Person." Any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, joint venture, estate, trust, unincorporated association, any other legal entity, including any Governmental Authority and any fiduciary acting in such capacity on behalf of any of the foregoing.

"President." The officer of the Association having the duties described in Section 8.4 of these Bylaws.

"Priority Lien Indebtedness." Any bona fide indebtedness, which is the result of an arm's length negotiation, that is secured by a first lien or encumbrance upon the Property and/or a Unit and which shall also include subordinate financing in connection with a purchase or refinancing of a Unit or home equity loan or reverse mortgage loan secured by a Unit, and such other indebtedness as is approved by the Association on a case by case basis as Priority Lien Indebtedness.

"Proceeding." Any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit, or proceeding and any inquiry or investigation that could lead to such an action, suit or proceeding.

"Property." The Units and the Common Elements.

"Quorum." Has the meaning set forth in the Certificate of Formation.

"Regulations." The rules and regulations of the Association initially adopted by the Board of Directors and as amended from time to time, relating to the appearance, use and occupancy of the Property, including the exterior appearance, use and occupancy of the Units, and certain construction on the Property.

"Reserve Fund." A fund to be maintained by the Association for purposes including to meet unforeseen expenditures of the Association or to purchase any additional equipment or services deemed necessary by the Association for operation of the Condominium subject to the provisions of the Declaration.

"Secretary." The officer of the Association having the duties described in Section 8.6 of these Bylaws.

"TNCL." The Texas Nonprofit Corporation Law, as amended from time to time.

"Treasurer." The officer of the Association having the duties described in Section 8.7 of these Bylaws.

"Vice President." The officer of the Association having the duties described in Section 8.5 of these Bylaws.

Any capitalized term that is not defined in this Section shall have the meaning set forth in the Declaration.

Section 4.2 Interpretation. In the event of a conflict of interpretation between the provisions set forth in these Bylaws and the Declaration, the Declaration shall govern. If the Code is hereafter amended or changed, both the Declaration and these Bylaws shall be interpreted in a manner which conforms to the provisions of the Code with respect to nonprofit entities, it being the intention to preserve the status of the Association as a *bona fide* nonprofit entity.

ARTICLE V
Members

Section 5.1 Membership.

(a) Each Owner shall automatically be a Member of the Association. The number of votes which each Member shall be entitled to cast with respect to any matter on which Members shall be entitled to vote shall be as set forth in the Declaration.

(b) In cases where more than one Person owns a fee interest in a Unit, all such Persons shall arrange among themselves for one of their number to exercise the voting rights attributable to such Unit. If only one of the Persons which is a fee owner of such Unit is present at a meeting of the Members of the Association, that Person may cast that Unit's votes. If more than one of the Persons which is a fee owner of such Unit is present and after one such Person casts such Unit's vote, another Person which is a fee owner of such Unit which is present makes prompt protest to the Person presiding over the meeting, such vote shall not be counted unless all such Persons can unanimously agree on such vote by the end of the meeting. Each Person owning a portion of the fee interest in a Unit may vote or register protest to the casting of votes by the other Persons owning portions of the fee interest in the same Unit through a proxy duly executed by such Member.

(c) Membership of a Member in the Association shall automatically terminate when such Member ceases to be an Owner; provided, however, that such termination shall not release or relieve such Member from any liability or obligation under the Declaration that was incurred during such Member's period of ownership of a Unit.

Section 5.2 Quorum; Act of Members. Quorum requirements with respect to any matter on which Members are entitled to vote and affirmative votes required for Member acts are set forth in the Certificate of Formation.

Section 5.3 Membership List. The Secretary shall be responsible for maintaining, at the principal office of the Association, an updated list of Members and their last known addresses as provided by each Member in such form and containing such other information as required by the TNCL. The list shall also show opposite each Member's name the address of the Unit owned. The list shall be revised by the Secretary to reflect changes in the ownership of the

Units occurring prior to the date of the annual or special meeting. The list shall be open to inspection by all Members and other Persons lawfully entitled to inspect the list during regular business hours up to the date of the annual or special meeting. The Secretary shall also keep current and retain custody of the Minute Book.

Section 5.4 Proxies. Votes may be cast by written proxy or by ballot. Written proxies may be submitted by United States mail, delivered to the office of the Association, delivered directly to the Secretary or delivered in such other manner as directed by the Association. A proxy vote shall be defined as a written vote submitted by a Member which either states the specific vote of the Member with respect to the issues, resolutions or election being voted on by the Members at the annual or special meeting or which is written permission for the Board of Directors or a specific Director to exercise the Member's vote as the Board of Directors or the specific Director sees fit. A proxy shall be valid for the meeting specified in the proxy or any valid continuation of such meeting. Each proxy shall be revocable unless otherwise expressly provided therein to be irrevocable. No proxy will be valid after 11 months from the date of its execution unless otherwise provided therein. A Member may not revoke a proxy except by giving actual written notice of revocation to the Person presiding over the meeting.

ARTICLE VI
Meetings of the Members of the Association

Section 6.1 Place of Annual and Special Meetings. All annual and special meetings of the Members of the Association shall be held at the principal office of the Association or at another suitable and convenient place permitted by law and fixed by the Board of Directors from time to time and designated in the notices of the meetings.

Section 6.2 Date of Annual Meetings. The first annual meeting of the Members of the Association shall be held within one year of its formation. Thereafter, annual meetings of the Members of the Association shall be held in January each year on a date as shall be fixed by the Board of Directors by written notice to the Members. The Members may transact any business that may properly come before the meeting.

Section 6.3 Notice of Annual Meetings. The Secretary shall mail notices of annual meetings to each Member directed to the most recent post office address provided to the Association by such Member, as shown on the records of the Association, by regular mail, postage prepaid. This notice shall be mailed not less than ten or more than 60 days before the date of the meeting and shall state the date, time and place of the meeting, the purpose or purposes thereof and the items on the agenda, including the specific nature of any proposed amendment or change to the Governing Documents.

Section 6.4 Special Meeting. A special meeting of the Members of the Association may be called by the President, a majority of the Directors, or upon presentation to the Secretary of a petition stating the specific purpose of the special meeting, which petition has been signed by Members in Good Standing having not less than **[51%]** of the aggregate votes entitled to be cast at such meeting.

Section 6.5 Notice of Special Meetings. The Secretary shall mail notice of any special meeting of the Members of the Association to each Member in the manner provided in Section 6.3 of these Bylaws. The notice shall state the same items required by Section 6.3 of these Bylaws for notices of annual meetings. No business shall be transacted at any special meeting except as stated in the notice thereof.

Section 6.6 Agenda. The agenda at all meetings of the Members of the Association shall include: (a) roll call; (b) proof of notice of meeting or waiver of notice; (c) approval of the minutes of the preceding meeting; (d) reports of officers and committees; (e) election of Directors, if applicable; (f) unfinished business; (g) new business; and (h) adjournment.

Section 6.7 Action without Meeting by Written Ballot. Any action which may be taken by the vote of the Members at a regular or special meeting, other than the election of Directors, may be taken without a meeting if done in compliance with relevant provisions of the TNCL. If an action is taken without a meeting, the Secretary shall distribute a written ballot to every Member entitled to vote on the matter. The ballot shall set forth the proposed action, provide an opportunity to specify approval or disapproval of any proposal, and provide a reasonable time within which to return the ballot to the Association. Approval by written ballot shall be valid only when the number of votes cast by ballot within the time period specified equals or exceeds the Quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the proposal at a regular or special meeting authorizing the action.

Section 6.8 Administration of Affairs. Subject to the provisions of the Governing Documents the Board of Directors shall govern the Association.

ARTICLE VII
The Board of Directors

Section 7.1 Authority; Number of Directors; Period of Declarant Control.

(a) The affairs of the Association shall be governed by the Board of Directors. The initial Directors shall be three (3) in number and shall be those Directors named in the Certificate of Formation. Except as provided in Section 10.2(b) and (c) of the Declaration, Declarant shall have the right to appoint and remove members of the Board of Directors until the termination of the period of Declarant Control. If Declarant voluntarily surrenders the right to appoint and remove members of the Board of Directors prior to the termination of the period of Declarant Control, Declarant may require that specified actions of the Board of Directors be subject to Declarant approval until the expiration of the period of Declarant Control.

(b) Each Director shall be a Member, or in the case of an entity ownership of a Unit, a duly authorized agent or representative of the entity Owner. The entity Owner shall be designated as the Director in all correspondence or other documentation setting forth the names of the Directors.

Section 7.2 Term of Directors and Compensation. Except as otherwise set forth herein and in the Declaration, each Director will serve a term of **[two (2)]** years and may serve an unlimited number of consecutive terms. The number of Directors may be changed by

amendment of these Bylaws, but may not be less than three. A Director takes office upon his election or appointment and, absent death, ineligibility, resignation, or removal, will hold office until his successor is elected or appointed. The Directors shall serve without compensation for such service.

Section 7.3 Nominations to Board of Directors. Persons may be nominated for election to the Board of Directors in either of the following ways:

(a) A Member who is not a Director and who desires to run for election to that position shall be deemed to have been nominated for election upon his filing with the Board of Directors of a written petition of nomination bearing the genuine signatures of at least five (5) other Members; or

(b) A Director shall be deemed to have been nominated for re-election to the position he holds by signifying his intention to seek re-election in a writing addressed to the Board of Directors.

Section 7.4 Election of Directors. The nominee, or nominees, as the case may be, receiving the highest number of votes shall be elected to the Board of Directors.

Section 7.5 Vacancies on the Board of Directors. Except with respect to Directors appointed by Declarant during the period of Declarant Control (which vacancies shall be filled by Declarant), if the office of any Director shall become vacant by reason of death, resignation, retirement, disqualification, removal from office or otherwise, the remaining Directors, at a special meeting duly called for this purpose, shall choose a successor who shall fill the unexpired term of the directorship being vacated. At the expiration of the term of his position on the Board of Directors, the successor Director shall be re-elected or his successor shall be elected in accordance with these Bylaws.

Section 7.6 Removal of Directors by Members. Except with respect to Directors appointed by Declarant during the period of Declarant Control (the removal of which shall only be caused by Declarant), Directors may be removed, with or without cause, by a Majority Vote of the Members at a special meeting of the Members duly called for this purpose, notice of which meeting shall be given to all Directors.

Section 7.7 Organizational Meeting of the Board of Directors. No later than 20 days following each of (a) the filing of the Certificate of Formation; (b) the termination of the period of Declarant Control; and (c) each annual meeting of the Members of the Association, the Board of Directors shall hold a regular meeting for the purposes of organization, election of officers and transaction of other business. Notice of this meeting shall be given to all Directors in accordance with Section 7.9 of these Bylaws, except for the initial meeting, which shall be called by Declarant.

Section 7.8 Place of Meetings. All meetings of the Board of Directors shall be held at the principal office of the Association or at any other place or places designated at any time by resolution of the Board of Directors or by written consent of all of the Directors. Any meeting of the Board of Directors may be held by any means of remote electronic communication, including electronic, telephonic, videoconferencing or the internet if each person entitled to participate in

the meeting consents to the meeting being held by means of that system, provided that each Director may communicate concurrently with every other Director, and any such meeting may involve consideration of any action, including any action involving a vote on a fine, damage assessment, appeal from a denial of architectural control approval, or suspension of a right of a particular Member before the Member has an opportunity to attend a meeting of the Board of Directors to present the Member's position on the issue.

Section 7.9 Regular Board of Directors Meetings. Regular meetings of the Board of Directors may be held at any time and place permitted by law as from time to time may be determined by the Board of Directors. Notice of regular meetings of the Board of Directors shall be given to each Director personally, by telegram, telephone, electronic mail, facsimile or by United States mail, with postage prepaid, directed to him at his last known post office address, phone number, facsimile number or electronic mail address, as the same appears on the records of the Association, at least ten but not more than 40 days before the date of the meeting. This notice shall state the date, time, place and purpose of the meeting.

Section 7.10 Special Meetings of the Board of Directors. Special meetings of the Board of Directors may be called by the President on his own accord or by the President or the Secretary upon the written request of any two Directors on three (3) days prior notice to each Director personally, by telegram, telephone, electronic mail, facsimile or by United States mail, with postage prepaid, directed to him at his last known post office address, phone number, facsimile number or electronic mail address, as the same appears on the records of the Association.

Section 7.11 Waiver of Notice. With respect to any meeting of the Board of Directors, whether regular or special, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to giving the required notice. All written waivers shall be filed in the Minute Book of the Association or made a part of the minutes of the meeting. Participation by a Director at any meeting of the Board of Directors shall likewise constitute a waiver by him of the required notice, unless the participation is for the express purpose of objecting to the transaction of business at the meeting on the grounds that the meeting has not been lawfully called or convened. If all Directors are present at any meeting of the Board of Directors, no notice of the meeting shall be required and any business may be transacted at the meeting except as prohibited by law or these Bylaws.

Section 7.12 Directors Quorum. At all duly convened meetings of the Board of Directors, at least 51% of the Directors must be present to constitute a Quorum for the transaction of business, except as otherwise expressly provided in these Bylaws. The vote of a majority of the Directors present at the meeting at which a Quorum is present shall be the act of the Board of Directors.

Section 7.13 Consent in Writing. Any action by the Board of Directors, including any action involving a vote on a fine, damage assessment, appeal from a denial of architectural control approval, or suspension of a right of a particular Member before the Member has an opportunity to attend a meeting of the Board of Directors to present the Member's position on the issue, may be taken without a meeting if all of the Directors shall unanimously consent in writing

to the action. Such written consent shall be filed in the Minute Book. Any action taken by such written consent shall have the same force and effect as a unanimous vote of the Directors.

Section 7.14 Records. The Board of Directors shall cause a complete record of all of its acts and the corporate affairs of the Association to be kept and to present a general report thereof to the Members at each annual meeting of the Members of the Association or at any special meeting of the Members of the Association where a general report is requested in writing by one-third of the Members entitled to vote.

Section 7.15 Powers and Duties. Subject to the Governing Documents, the Board of Directors shall have and exercise all powers and duties necessary for the proper administration of the affairs of the Association. In the performance of its duties as the governing body of the Association, subject to limitations set forth in the Declaration, the Board of Directors shall have all powers enumerated in Section 82.102 of the Act (except as otherwise provided in the Governing Documents), and in addition to those powers and duties set forth in the Act, the Certificate of Formation and the Declaration, the Board of Directors shall have the powers and duties enumerated below. Each Director individually and the Board of Directors collectively shall perform the duties and powers of the Board of Directors in good faith as a fiduciary of the Association, in a manner which the Director believes to be in the best interest of the Association and with the care of a person of ordinary prudence under similar circumstances, including reasonable inquiry, skill and diligence.

(a) Duties:

(i) provide for the operation, maintenance, management, insurance, cleaning, sanitation, renewal, replacement, care and upkeep of the Common Elements and all property, real or personal, of the Association;

(ii) determine the Common Expenses and any other charges comprising the operating expenses of the Association, establish the amount of Monthly Assessments, as the same may increase or decrease, and assess the same against the Members in accordance with the provisions of the Declaration and these Bylaws;

(iii) levy and collect, in addition to Monthly Assessments, Special Assessments in amounts which the Board of Directors deems proper, whenever the Board of Directors is of the opinion it is necessary to do so in order to meet increased operating or maintenance costs or additional capital expenses or because of emergencies subject to the limitations specified in the Declaration;

(iv) use and expend any sums collected from Monthly Assessments and Special Assessments for the operation, maintenance, renewal, care and upkeep of the Common Elements;

(v) maintain the Common Elements;

(vi) maintain the Reserve Fund out of Monthly Assessments;

(vii) pay all taxes and assessments levied or assessed against any property that may be owned by the Association, exclusive of any taxes or assessments levied against any Member or otherwise properly chargeable to the Member;

(viii) collect delinquent Assessments against any Unit and the Owner thereof, whether by suit or otherwise and to abate any nuisance and enforce the terms of the Declaration and the observance of the Regulations by injunction or other legal action or means which the Board of Directors may deem necessary or appropriate;

(ix) establish operating, escrow and other accounts in the name of the Association as the Board of Directors may deem appropriate from time to time and as may be consistent with GAAP;

(x) adopt a Budget for each fiscal year which shall contain estimates of the Common Expenses and the proposed Monthly Assessments;

(xi) cause a complete review of the books and accounts of the Association to be made by a competent independent public accountant at the end of each fiscal year and at any other time or times deemed necessary;

(xii) maintain accounting records in accordance with GAAP; and

(xiii) make and enforce compliance with the Regulations relative to the operation, use and occupancy of the Property, including, but not limited to, penalties to be levied for violations of these Bylaws, the Declaration and the Regulations which the Board of Directors shall adopt, and to amend the same from time to time as and when approved by appropriate resolutions which shall be binding on the Owners, Tenants and occupants of the Units, their successors in title and assigns. A copy of the Regulations and copies of any amendments thereto shall be delivered or mailed to each Owner and any Tenant or occupant of a Unit promptly upon the adoption thereof.

(b) Powers:

(i) employ and dismiss personnel of the Association, and purchase or arrange for those services, machinery, equipment, tools, materials and supplies as, in the opinion of the Board of Directors, may from time to time be necessary for the proper operation and maintenance of the Common Elements;

(ii) subject to Section 7.19 of these Bylaws, enter into contracts for professional management of the Property and the Association, at such prices and upon such terms as may be determined by the Board of Directors, to perform those duties and services which the Board of Directors may lawfully delegate;

(iii) employ or retain and receive advice from professional counsel and consultants, including, but not limited to, landscape architects, architects, engineers, planners, biologists, lawyers and accountants, which the Board of Directors may deem necessary for any proper purposes of the Association, and fix the compensation for professional advice or services, including, but not limited to, those hereinbefore or

hereinafter referred to in these Bylaws. The Board of Directors shall be entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following: (A) one or more officers or employees of the Association whom the Board of Directors reasonably believes to be reliable and competent in the matter presented; (B) counsel, public accountants or other Persons as to the matters which the Board of Directors reasonably believes to be within the professional or expert competence of this Person; and (C) a committee of the Board of Directors duly designated in accordance with law, as to matters within its designated authority, which committee the Board of Directors reasonably believes to merit confidence. The Board of Directors shall not be considered to be acting in good faith if it has knowledge concerning the matter in question that would cause this reliance to be unwarranted;

(iv) name as a trustee, on behalf of the Association, the Association's authorized representative, including any trustee with which the Association may enter into any insurance trust agreement or any successor to this trustee (each of which shall be referred to herein as the "Insurance Trustee"), to be given exclusive authority to negotiate losses under any policy providing property insurance coverage. The Association or any Insurance Trustee or substitute Insurance Trustee designated by the Association shall have the exclusive power to act as attorney-in-fact for the purpose of purchasing and maintaining such insurance, including the collection and appropriate disposition of the proceeds thereof, the negotiation of losses, execution of releases of liability and the execution of all documents and the performance of all other acts necessary to accomplish these purposes;

(v) establish depositories for the funds of the Association with the bank or banks as shall be designated from time to time by the Board of Directors and in which monies of the Association shall be deposited. Withdrawal of monies shall be only by check signed by those Persons who are authorized by the Board of Directors to sign checks on behalf of the Association;

(vi) invest monies of the Association in any investments which the Board of Directors deems to be reasonably prudent;

(vii) borrow and repay monies and give notes, mortgages or other security upon the terms which are deemed reasonable by the Board of Directors;

(viii) acquire by purchase, gift, annexation or lease, real or personal property, if, at any time in the future, the Board of Directors deems it to be proper and not inconsistent with the terms hereof to do so;

(ix) grant and reserve easements, leases, licenses or concessions where necessary or desirable for utilities, routes of ingress and egress, or any other purpose, over the Common Elements and to amend the Map to show such interests;

(x) establish a form of estoppel certificate acceptable to the Association for delivery to prospective purchasers and lenders and an appropriate charge for furnishing such certificate; and

(xi) do all things incidental and necessary to the accomplishment of the foregoing.

The duties imposed on and powers granted to the Board of Directors by this Section shall not be amended so as to reduce, eliminate or expand any duties or powers of the Board of Directors without the affirmative vote of 67% of the votes of the Members voting at the meeting called to consider such amendment.

Section 7.16 Liability; Conduct of Directors and Officers. No Member, Director, officer or representative of the Association shall be personally liable for debts or liabilities of the Association. A Director or officer is not liable to the Association, any Member or any other person for an action taken or omission made or mistake in judgment by the Director or officer in the Person's capacity as a Director or officer, whether negligent or otherwise, unless the Director or officer's conduct was not exercised: (a) in good faith, (b) with ordinary care, and (c) in a manner that the Director or officer reasonably believed to be in the best interest of the Association. The liability of officers and Directors of the Association shall, to the fullest extent permitted by law, be limited by the Charitable Immunity and Liability Act of 1987, Chapter 84, Texas Civil Practice and Remedies Code, as amended.

Section 7.17 Annual Budget and Assessments. Copies of the proposed Budget setting forth the proposed annual Common Expenses, proposed reserves and proposed Assessments for the next fiscal year of the Association shall be prepared by the Board of Directors and distributed to all Members at least 30 days prior to the beginning of each fiscal year of the Association and shall be available to all Members for inspection during regular business hours at the Association's office. If the proposed Budget is subsequently amended before the Assessments are made, a copy of the amended Budget shall also be distributed and made available for inspection. Reserve Funds shall include reasonable amounts to be credited, allocated or accumulated for replacement of those Common Elements that require replacement, renovation or rehabilitation periodically. Subject to the provisions of the Declaration, nothing herein contained shall be construed as restricting the right of the Board of Directors, at any time and in its sole discretion, to levy a Special Assessment in the event that the Budget as originally adopted shall appear to be insufficient to pay the cost of the operation or management of the Property or in the event of emergencies.

Section 7.18 Management Certificate. The Association shall record in the County a certificate, signed and acknowledged by an officer of the Association stating:

(a) the name of the Condominium;

(b) the name of the Association;

(c) the location of the Condominium;

(d) the recording data for the Declaration;

(e) the mailing address of the Association, or the name and mailing address of the Person managing the Association; and

(f) other information the Association considers appropriate.

A new certificate shall be recorded within 30 days after the Association receives notice of a change in any of the information listed in this Section 7.18(a)-(e).

Section 7.19 Manager. If the Board of Directors determines that it is in the best interest of the Association to hire a Manager for the Property to facilitate management of the Property and/or the administration of the Association, the Board of Directors may delegate to a Manager responsibility for matters of a routine nature, renewable by agreement of the parties thereto for successive one year periods only, and shall be subject to termination by either party with or without cause and without payment of a termination fee upon not more than 30 days prior written notice. After a Manager has been appointed, no decision by the Association to manage its own affairs without a Manager shall be effective unless and until approved by the affirmative vote of 67% of the votes of the Members voting at the meeting called to consider such matter with the written consent of not less than 51% of the Mortgagees.

Section 7.20 Open Meeting. Meetings of the Members of the Association and the Board of Directors shall be open to all Members. Subject to applicable law, the Board of Directors shall have the right to adjourn a meeting and reconvene in private, closed executive session to consider any actions involving personnel, pending litigation, contract negotiations, or enforcement actions, or upon the request of an affected party, or to consider matters that are confidential in the opinion of the Board of Directors; provided, however, the Board of Directors shall announce the general nature of the business to be considered in such executive session prior to adjourning the meeting.

ARTICLE VIII
Officers

Section 8.1 Officers. The officers of the Association shall be a President, one or more Vice Presidents, a Secretary and Treasurer. The same individual may not hold the offices of President and Secretary. The Secretary may be eligible to hold the office of Treasurer. The President and Treasurer must also be Directors. The Secretary need not be a Director.

Section 8.2 Election. Except as set forth herein, the officers of the Association shall be elected annually by the Board of Directors at the organizational meeting held pursuant to Section 7.7 of these Bylaws and shall hold office until their successors are elected or appointed by the Board of Directors; provided that each officer may be removed, either with or without cause, whenever in the best interest of the Association, and his successor elected by the affirmative vote of a majority of the Directors at any annual or special meeting of the Board of Directors called for that purpose. The President and Secretary shall each serve for a term of two years and the remaining officers shall serve for a term of one year. The Board of Directors may, from time to time, appoint other officers who, in its judgment, are necessary. Any officer may resign at any time by giving written notice to the Board of Directors or to the President or Secretary of the Association. Any resignation shall take effect as of the date of the receipt of this

notice or any later time specified therein; unless specified therein, the acceptance of a written resignation shall not be necessary to make it effective.

Section 8.3 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled by election by the affirmative vote of a majority of the Directors at any annual or special meeting of the Board of Directors called for that purpose.

Section 8.4 President. The President shall be the chief executive officer of the Association and shall preside at all meetings of the Members of the Association and the Board of Directors. The President shall have the general powers and duties usually vested in the office of the president of a community association, including, but not limited to, the power to appoint committees from time to time as he may deem appropriate to assist in the conduct of the affairs of the Association; provided, however, no such committee shall have the right to exercise the full authority of the Board of Directors. The President shall be an ex-officio member of all standing committees, if any. The President shall execute deeds, contracts and other instruments, in the name and on behalf of the Association and under its corporate seal when a seal is required, except when these documents are required or permitted by law to be otherwise executed, and except when the signing and execution thereof shall be delegated by the Board of Directors to another officer or agent of the Association.

Section 8.5 Vice President. In the absence of the President or in the event of the President's inability or refusal to act, a Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all of the restrictions upon the President. Any Vice President shall have only such powers and perform only such duties as the Board of Directors may from time to time prescribe or as the officers may from time to time delegate.

Section 8.6 Secretary. The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members of the Association and record all votes and the minutes of all meetings and proceedings, including resolutions, in the Minute Book. The Secretary shall perform the same duties for any committees when required. The Secretary shall have charge of the Minute Book, the records of the Association and any papers which the Board of Directors shall direct the Secretary to keep; shall perform all duties incident to the office of Secretary, including, but not limited to, the sending of notice of meetings to the Members, the Directors and members of any committees, and shall perform any other duties which may be prescribed by these Bylaws or by the Board of Directors or the President. The Secretary shall also have custody of the corporate seal and shall affix the same to any instrument requiring it when authorized by the Board of Directors and shall attest or certify the same when appropriate. The Secretary shall keep, or cause to be kept, at the principal office of the Association, a membership register showing the following: (a) the names and addresses of all Directors; (b) the names and addresses of all Members as provided by the Members; (c) the Unit that is owned by each Member; and (d) the vote of each Member. The Secretary shall prepare, execute and cause the recordation of amendments to the Declaration on behalf of the Association except when the preparation, execution and recordation thereof shall be delegated by the Board of Directors to another officer or agent of the Association. Nothing shall prohibit the functions of the Secretary to be delegated to an agent of the Association provided this delegation is approved by resolution

of the Board of Directors. The delegation of the duties of the Secretary shall not relieve the Secretary from any responsibility related to overseeing and reviewing any duties performed by the agent.

Section 8.7 Treasurer. The Treasurer shall have the responsibility for the Association's funds and securities, shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association, and shall deposit all monies, checks and other valuable effects in the name of and to the credit of the Association in those depositories which may be designated from time to time by the Board of Directors. The Treasurer shall disburse the funds of the Association, as the Treasurer may be ordered to do from time to time by the Board of Directors or by the President, and shall render to the President and the Directors at the regular meetings of the Board of Directors, or whenever they or either of them shall require, an account of his transactions as Treasurer and of the financial condition of the Association. Nothing shall prohibit the functions of the Treasurer to be delegated to an agent of the Association provided this delegation is approved by resolution of the Board of Directors. The delegation of the duties of the Treasurer shall not relieve the Treasurer from any responsibility related to overseeing and reviewing any duties performed by the agent.

Section 8.8 Compensation. The officers of the Association shall serve without compensation except that they shall be entitled to reimbursement for all expenses reasonably incurred in the discharge of their duties.

ARTICLE IX
Indemnification of Directors, Officers and Other Authorized Representatives

Section 9.1 General Indemnification. The Association shall indemnify an individual who was, is or is threatened to be made a named defendant or respondent in a Proceeding because the individual is or was a Director against judgments, penalties (including excise and similar taxes), fines, settlements, and reasonable expenses (including court costs and attorneys' fees) actually incurred by the individual in connection with a Proceeding only if it is determined in accordance with Section 9.5 of these Bylaws that the individual: (a) conducted himself or herself in good faith; (b) reasonably believed: (i) in the case of conduct in such individual's Official Capacity as a Director of the Association, that his conduct was in the Association's best interests, and (ii) in all other cases, that his conduct was at least not opposed to the Association's best interests; and (c) in the case of any criminal Proceeding, had no reasonable cause to believe that his conduct was unlawful.

Section 9.2 Personal Interest or Liability. A Director shall not be indemnified by the Association as provided in Section 9.1 of these Bylaws for obligations resulting from a Proceeding: (a) in which the Director is found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the individual's Official Capacity; or (b) in which the individual is found liable to the Association, except to the extent permitted in Section 9.4 of these Bylaws.

Section 9.3 Final Judgment Required. The termination of a Proceeding by judgment, order, settlement, or conviction or on a plea of nolo contendere or its equivalent is not

of itself determinative that the individual did not meet the requirement set forth in Section 9.1 of these Bylaws. An individual shall be deemed to have been found liable in respect of any claim, issue or matter only after the individual shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom or after such judgment becomes final and non-appealable.

Section 9.4 Limits on Indemnification. If the individual is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the individual, the indemnification described in Section 9.1 of these Bylaws (a) is limited to reasonable expenses actually incurred by the individual in connection with the Proceeding including court costs and attorneys' fees; and (b) shall not be made in respect of any Proceeding in which the person shall have been found liable for willful or intentional misconduct in the performance of his or her duty to the Association.

Section 9.5 Determination of Indemnification. A determination of indemnification under Section 9.1 of these Bylaws must be made: (a) by a majority vote of a Quorum of Directors who at the time of the vote are not named defendants or respondents in the Proceeding; (b) if such a Quorum cannot be obtained, by a majority vote of a committee of the Board of Directors, designated to act in the matter by a majority vote of all Directors, consisting solely of two or more Directors who at the time of the vote are not named defendants or respondents in the Proceeding; or (c) by special legal counsel selected by the Board of Directors or a committee of the Board of Directors by vote as set forth in this Section 9.5(a) or (b) of these Bylaws or, if such a Quorum cannot be obtained and such a committee cannot be established, by a majority vote of all Directors.

Section 9.6 Authorization and Determination of Reasonableness of Expenses. Authorization of indemnification and determination as to reasonableness of expenses (including court costs and attorneys' fees) must be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, authorization of indemnification, and determination as to reasonableness of expenses (including court costs and attorneys' fees) must be made in the manner specified by Section 9.5(c) of these Bylaws for the selection of special legal counsel. A provision contained in the Certificate of Formation, the Bylaws, a resolution of the Board of Directors or an agreement that makes mandatory the indemnification described in Section 9.1 of these Bylaws shall be deemed to constitute authorization of indemnification in the manner required herein, even though such provision may not have been adopted or authorized in the same manner as the determination that indemnification is permissible.

Section 9.7 Success in a Proceeding. The Association shall indemnify a Director against reasonable expenses (including court costs and attorneys' fees) incurred by him in connection with a Proceeding in which he is a named defendant or respondent because he is or was a Director if he has been wholly successful on the merits or otherwise, in the defense of the Proceeding.

Section 9.8 Court Determination of Indemnification. If, upon application of a Director, a court of competent jurisdiction determines, after giving any notice the court considers necessary, that the Director is fairly and reasonably entitled to indemnification in view of all the

relevant circumstances, whether or not he has met the requirements set forth in Section 9.1 of these Bylaws or has been found liable in the circumstances described in Section 9.2 of these Bylaws, the Association shall indemnify the Director to such further extent as the court shall determine; but if the individual is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the individual, the indemnification shall be limited to reasonable expenses (including court costs and attorneys' fees) actually incurred by the individual in connection with the Proceeding.

Section 9.9 Advancing Director Expenses. Reasonable expenses (including court costs and attorneys' fees) incurred by a Director who was, is, or is threatened to be made a named defendant or respondent in a Proceeding may be paid or reimbursed by the Association in advance of the final disposition of the Proceeding and without the determination specified in Section 9.5 of these Bylaws or the authorization or determination specified in Section 9.6 of these Bylaws, after the Association receives a written affirmation by the Director of his good faith belief that he has met the standard of conduct necessary for indemnification under this Article IX and a written undertaking by or on behalf of the Director to repay the amount paid or reimbursed if it is ultimately determined that he has not met that standard or it is ultimately determined that indemnification of the Director against expenses (including court costs and attorneys' fees) incurred by him in connection with that Proceeding is prohibited by Section 9.4 of these Bylaws. A provision contained in the Certificate of Formation, these Bylaws, a resolution of the Board of Directors, or an agreement that makes mandatory the payment or reimbursement permitted under Section 9.9 of these Bylaws shall be deemed to constitute authorization of that payment or reimbursement.

Section 9.10 Repayment of Expenses by Director. The written undertaking required by Section 9.9 of these Bylaws must be an unlimited general obligation of the Director but need not be secured. It may be accepted without reference to financial ability to make repayment.

Section 9.11 Witness Expenses. Notwithstanding any other provision of this article, the Association may pay or reimburse expenses (including attorneys' fees) incurred by a Director in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

Section 9.12 Officer Indemnification. An officer of the Association shall be indemnified by the Association as and to the same extent provided for a Director by Sections 9.1, 9.6, 9.7 and 9.8 of these Bylaws and is entitled to seek indemnification under those Sections to the same extent as a Director. The Association may indemnify and advance expenses (including court costs and attorneys' fees) to an officer, employee or agent of the Association to the same extent that it may indemnify and advance expenses (including court costs and attorneys' fees) to Directors under this article.

Section 9.13 Indemnification of Others. The Association may indemnify and advance expenses (including court costs and attorneys' fees) to individuals who are not or were not officers, employees, or agents of the Association but who are or were serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic association, partnership, joint venture, sole

proprietorship, trust or other enterprise to the same extent that it may indemnify and advance expenses (including court costs and attorneys' fees) to Directors under this Article IX.

Section 9.14 Advancing Expenses for Others. The Association may indemnify and advance expenses (including court costs and attorneys' fees) to an officer, employee, agent, or individual identified in Section 9.13 of these Bylaws and who is not a Director to such further extent, consistent with law, as may be provided by the Certificate of Formation, these Bylaws, general or specific action of the Board of Directors or contract or as permitted or required by common law.

Section 9.15 Insurance Authorized. The Association may purchase and maintain insurance or another arrangement on behalf of any individual who is or was a Director, officer, employee or agent of the Association or who is or was serving at the request of the Association as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic association, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person, whether or not the Association would have the power to indemnify him against that liability under this Article IX. Without limiting the power of the Association to procure or maintain any kind of insurance or other arrangement, the Association may, for the benefit of individuals indemnified by the Association: (a) create a trust fund; (b) establish any form of self-insurance; (c) secure its indemnity obligations by grant of a security interest or other lien on the assets of the Association; or (d) establish a letter of credit, guaranty or surety agreement. The insurance or other arrangement may be procured, maintained or established within the Association or with any insurer or other individual deemed appropriate by the Board of Directors, regardless of whether all or part of the stock or other securities of the insurer or other Person are owned in whole or part by the Association. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other Person participating in an arrangement shall be conclusive, and the insurance or arrangement shall not be voidable and shall not subject the Directors approving the insurance or arrangement to liability, on any ground, regardless of whether Directors participating in the approval are beneficiaries of the insurance or arrangement. Notwithstanding the provisions of this Section 9.15 in the event of any conflict between the provisions of this Section 9.15 and the provisions of the Declaration, the provisions of the Declaration shall control.

Section 9.16 Indemnification Prohibited. Notwithstanding any provision of this Article IX to the contrary, no indemnification shall be authorized by or provided under this Article IX for any act in violation of any Legal Requirements.

ARTICLE X
Association Books and Records

The Association shall keep or cause to be kept (a) detailed financial records of the Association in sufficient detail to enable the Association to prepare a resale certificate in accordance with the provisions of Section 82.157 of the Act; (b) the plans and specifications used to construct the Condominium, except for buildings originally constructed before January 1, 1994; (c) the name and mailing address of each Owner of a Unit; (d) voting records, proxies and

correspondence relating to all amendments to the Declaration; (e) the minutes of all meetings of the Members of the Association and the Board of Directors; and (f) copies of the O&M Plans. All books and records of the Association shall be available for inspection by the Owners, Mortgagees, and their respective agents and representatives, during normal business hours. All books and records of the Association shall be kept in accordance with GAAP, consistently applied, and shall be audited at least once a year by an independent certified public accountant. If requested in writing by a Member or Mortgagee, the Association shall furnish such requesting Member or Mortgagee copies of the audited financial statements of the Association within 90 days following the end of each fiscal year of the Association. The Board of Directors shall further make available for the inspection by Members, Mortgagees, and their respective agents and representatives, during normal business hours, the current version of the Governing Documents and all other documents affecting the Association, the Owners, or the Property, as well as all amendments thereto and revisions thereof. Declarant shall furnish copies of the information set forth in this Section to the Association on the date the first Unit is conveyed to an Owner. For purposes of this paragraph, "available" shall mean available for inspection, upon reasonable advance request of not less than 24 hours, during regular business hours at the office of the Association or the office of a Manager of the Association. The cost of any copies shall be reimbursed to the Association at a rate set by the Board of Directors.

ARTICLE XI
Winding Up and Termination

Upon winding up of the Association, the real and personal property of the Association shall be distributed pursuant to the provision of the Certificate of Formation or, if no such provision is made, distributed to one or more organizations which are exempt from taxation under Section 501(c)(3) of the Code.

ARTICLE XII
Miscellaneous

Section 12.1 Fiscal Year. The fiscal year of the Association shall be the calendar year unless the Board of Directors shall determine otherwise.

Section 12.2 Amendments to Bylaws. These Bylaws may be amended from time to time by the affirmative vote of **[51% of the Directors present at a meeting of Directors at which a Quorum is present] [or] [67% of the votes of the Members voting at the meeting called to consider such matter]**. Members must be given notice of any meeting of the Directors for the purpose of amending the Bylaws not less than ten or more than 20 days preceding the date of the meeting. Any such notice shall include the specific amendment or other change proposed to be made to these Bylaws.

Section 12.3 Construction. Number and gender as used in these Bylaws shall extend to and include both singular and plural and all genders as the context and construction require.

February 1st 2007
Adopted as of ~~November~~ 1st, ~~2006.~~

Jason Rose
Secretary of the Association

STATE OF TEXAS §
§
COUNTY OF Denton §

7 This instrument was acknowledged before me on the 2 day of February, 200~~6~~, by Jason R. Rose, Secretary of **VISTA RIDGE CONDOMINIUM HOMEOWNER ASSOCIATION, INC.**, a Texas nonprofit corporation, on behalf of said corporation.

Barbara Ann Rose
Notary Public - State of Texas

My Commission Expires:

9-6-2010

BARBARA ANN ROSE
MY COMMISSION EXPIRES
September 6, 2010

RULES AND REGULATIONS FOR

VISTA RIDGE CONDOMINIUMS, A CONDOMINIUM
("Condominium")

Contents

PART I
GENERAL PROVISIONS GOVERNING
THE USE OF UNITS AND COMMON ELEMENTS

PART II
PROVISIONS GOVERNING COLLECTION AND FINING

Adopted by

Board of Directors

February 3, 2007

TABLE OF CONTENTS

PART I 1
GENERAL PROVISIONS 1
A. DEFINITIONS 1
B. COMPLIANCE 2
1. Compliance 2
2. Additional Regulations 2
3. Waiver 2
4. Right to Enforce 2
C. OBLIGATIONS OF OWNERS 2
1. Safety 2
2. Unit Key 2
3. Damage 2
4. Insurance 2
5. Risk Management 2
6. Reimbursement for Enforcement 2
7. Reimbursement for Damage 3
8. Certain Sales Prohibited 3
D. OCCUPANCY STANDARDS 3
1. Number of Occupants 3
2. Familial Status 3
3. Minors 3
4. Danger 3
E. LEASES 3
1. Term and Conditions of Lease 3
2. Written Leases 3
3. Subject to Documents 3
4. Landlord Owners 4
5. Tenant Communications 4
F. PARKING 4
1. General 4
2. Vehicle Conditions 4
3. Nuisances 4
4. Parking Practices 4
5. Prohibited Actions 4
6. Violations 4
7. Part F Not Exclusive 4
G. GENERAL USE AND MAINTENANCE OF UNIT 5
1. Use 5
2. Annoyance 5
3. Right of Entry 5
4. Maintenance 5
5. Balcony Areas 5
6. Hot Tubs [and Water Beds] 5
7. Prohibition of Outdoor Cooking or Heating Equipment 5
8. Stoves 6
9. Glass 6
10. Combustibles 6
11. Water Problems 6
12. Water Cut-Off 6
13. Report Malfunctions 6
14. Cable 6
15. Utilities 6
16. No Right to Vent or Cut Into, Chases, etc 6
17. Signage; Advertising 6
18. Electrical and Plumbing Facilities 7
19. Antenna. 7
20. Window Air Conditioning Units 7
21. Infestation 7
22. Compliance with Laws 7
H. GENERAL USE AND MAINTENANCE OF COMMON ELEMENTS 7
1. Intended Use 7
2. Personal Property on Common Elements 7
3. Balcony Areas 8
4. Fire and Safety 8
5. Landscaping 8
6. Clotheslines 8
7. Waste Disposal; Plumbing Damage 8
I. COMMUNITY ETIQUETTE 8
1. Courtesy 8
2. Visitors 8
3. Code of Conduct 8
4. Association Employees 9
5. No Hiring of Employees 9
6. Communications among Owners 9
7. Attire 9
8. Annoyance 9
9. Noise and Odors 9
10. Quiet Hours 9
11. Reception Interference 9
12. Packages 10
13. Wildlife 10
14. Smoking 10
15. Resolution by Arbitration 10
J. SAFETY DISCLAIMER 10
K. CONSTRUCTION AND ARCHITECTURAL CONTROL 10
1. Prohibited Changes to Common Elements 10
2. Prohibited Changes to Unit 10
3. Removing Carpet 10
4. Windows and Doors 11
5. Balcony Floors 11
6. Screen Doors 11
7. Application for Board of Directors' Approval 11
8. Construction Hours 11
9. Understanding and Agreement Concerning Contract Work 11
L. TRASH DISPOSAL 11
1. General Duty 11
2. Hazards 11
3. Glass 12
4. Trash 12
5. Excess Trash 12
6. [Closing the Trash Chute 12
M. PETS 12
1. Subject to Regulations 12
2. Pet Agreement 12
3. Permitted Pets 12

4. Prohibited Animals 12
5. Indoors/Outdoors 12
6. Leashes 12
7. Disturbance 13
8. Damage 13
9. Dog Walk and Pooper Scooper 13
10. Removal 13
11. Complaints 13
12. Staff 13
13. Compliance 13
N. MOVING 13
1. Notice 13
2. Times 13
3. Deposits 13
O. MISCELLANEOUS 14
1. Right to Hearing 14
2. Mailing Address 14
3. No Waiver 14
4. Severability 14
5. Amendment of Regulations 14
6. Other Rights 14
PART II
RULES GOVERNING COLLECTION AND FINING 14
A. COLLECTION RULES AND PROCEDURES .. 14
1. Due Date 14
2. Delinquent 15
3. Late Fees and Interest 15
4. Insufficient Funds 15
5. Delinquency Notices 15
6. Collection by Association's Attorney 15
7. Collection Agency 15
8. Notification of Mortgagee 15
9. Notification of Credit Bureau 15
10. Notice of Lien 15
11. Right to Accelerate 15
12. Notice to Owner 15
13. No Duty to Reinstate 15
14. Foreclosure of Lien -- Nonjudicially 16
15. Foreclosure of Lien -- Judicially 16
16. Suit Against Owner 16
17. Possession Following Foreclosure 16
18. Application of Payments 16
19. Form of Payment 16
20. Partial and Conditioned Payment 16
21. Notice of Payment 16
22. Notification of Credit Reporting Agency 16
23. Limited Right of Redemption 16
24. Waiver 17
B. FINING RULES AND PROCEDURE 17
1. Policy 17
2. Owners Liable 17
3. Violation Notice 17
4. New Violation 17
5. Repeat Violation 17
6. Right to Hearing 17
7. Committee of Board of Directors 17
8. Levy of Fine 18
9. Amount 18
10. Type of Levy 18
11. Collection of Fines 18
12. Amendment of Policy 18

PART I

GENERAL PROVISIONS

These Rules and Regulations ("Regulations") are established by the Board of Directors ("Board of Directors") of the Association effective as of **[February]** __, 2007, pursuant to the rule-making and rule-enforcement authority granted to the Board of Directors.

These Regulations are in addition to the provisions of the Declaration and the Bylaws. In the event of a conflict among the Governing Documents, the order of governing authority shall be as follows: Restrictive Covenants (highest), the Declaration, Articles, Bylaws and then these Regulations (lowest). The Board of Directors is empowered to interpret, enforce, amend, and repeal these Regulations.

A. DEFINITIONS

The following terms are defined for use in these Regulations and those capitalized terms not expressly defined herein have the same meaning as defined in the Declaration:

"Association." Vista Ridge Condominiums Condominium Association, Inc., a Texas nonprofit corporation, organized under the Act and created for the purposes and possessing the rights, powers and authority set forth in the Governing Documents and shall include the Manager to the extent the Association has delegated any right or duty to such Manager.

"Balcony Areas." All areas shown and marked as a "balcony," "patio" or "terrace" on the Map attached to the Declaration.

"Contractor." Any party performing construction, repair, remodeling or other services for the benefit of an Owner.

"Manager" or "Management Office." The management staff in the Condominium's management office who are employees of the Association or its managing agent.

"Occupancy", "Occupy" or "Occupied." Occupancy of a Unit in excess of 30 continuous days or 60 days in any consecutive 12-month period.

"Occupant." The Owner or its Tenant, as applicable.

"Owner." Any Person (including Declarant) owning fee title to a Unit, but excluding any Person having an interest in a Unit solely as security for an obligation.

"Posted Rules." Rules and signs posted by the Association at any time on the Property from time to time.

"Regulations." These rules and regulations, Posted Rules and Temporary Rules.

"Temporary Rules." Notices communicated to the Owners by the Association from time to time or at any time which rules are seasonal or temporary in nature or notices of change affecting the use of the Property.

B. COMPLIANCE

1. Compliance. Each Owner will comply with the provisions of the Governing Documents and any other policies or regulations adopted by the Board of Directors to supplement the Governing Documents, as any of these may be revised from time to time. Additionally, each Owner shall be responsible for ensuring compliance with the Governing Documents by all Persons using or occupying such Owner's Unit and its invitees and guests. If a Regulation requires, prohibits or permits conduct by an "Owner" or "Tenant," each of those terms shall be deemed to include the other, and applies to all persons for whom an Owner or Tenant is responsible.

2. Additional Regulations. Each Owner must comply with the Posted Rules and the Temporary Rules. The Posted Rules and the Temporary Rules are incorporated into these Regulations by reference.

3. Waiver. Circumstances may warrant waiver or variance of these Regulations. To obtain a waiver or variance, an Owner must make written application to the Board of Directors. The Board of Directors will consider such request and respond to the Owner in accordance with the Governing Documents. If the application is approved, the waiver or variance must be in writing, and may be conditioned or otherwise limited.

4. Right to Enforce. The Association has the right to enforce these Regulations against any Person on the Property.

C. OBLIGATIONS OF OWNERS

1. Safety. Each Owner is solely responsible for such Owner's own safety and for the safety, well-being and supervision of such Owner's guests and any person at the Condominium to whom the Owner has a duty of due care, control, or custody.

2. Unit Key. Each Owner will provide the Association with a set of all keys required to enter such Owner's Unit through the front door, and will provide replacement keys to the Association each time a lock on the Unit is changed. The Association assumes no liability related to possession of the keys, beyond reasonable and prudent care to safeguard them.

3. Damage. Except as otherwise provided in the Governing Documents, an Owner is responsible for any loss or damage the Owner causes to its own Unit, other Units, the Common Elements or the personal property of other Owners.

4. Insurance. An Owner assumes full risk and sole responsibility for placing such Owner's personal property in or on the Property. Each Owner is solely responsible for insuring such Owner's personal property on the Property. The Association recommends that all Owners and Tenants purchase and maintain appropriate insurance coverage on their personal belongings, vehicles and Units.

5. Risk Management. An Owner may not permit anything to be done or kept in its Unit, or the Common Elements that is illegal or that may result in the cancellation or increase in any insurance premiums paid by the Association or any other Owner in connection with the Property.

6. Reimbursement for Enforcement. Each Owner shall promptly reimburse the Association on demand for any expense incurred by the Association to enforce the Governing Documents against such Owner or its Unit.

7. Reimbursement for Damage. Except as otherwise provided in the Governing Documents, each Owner shall promptly reimburse the Association on demand for the cost of damage caused by the negligent or willful conduct or omission of such Owner.

8. Certain Sales Prohibited. Without the Association's prior written permission, an Owner may not conduct or permit a Tenant to conduct on the Property a sale or activity that is advertised to the public as an "estate sale," "yard sale," or "garage sale," or post any signage on the windows or exterior of the Building that sends a similar message. This section does not apply to marketing the sale or rental of a Unit, unless combined with a prohibited activity.

D. OCCUPANCY STANDARDS

1. Number of Occupants. Subject to any exception for familial status under any applicable fair housing law, no more than two persons may Occupy any one-bedroom Unit, no more than three persons may Occupy any two-bedroom Unit, and no more than four persons may Occupy any three-bedroom Unit.

2. Familial Status. The Association's Occupancy standard for Owners or Tenants who qualify for the familial status protection under any applicable fair housing law is a maximum of two persons per bedroom.

3. Minors. No person under the age of 18 years of age may Occupy a Unit unless such Occupancy is with an Owner or Tenant who is a parent, legal guardian, or designee in writing of such minor's parent or legal guardian. An Owner must provide satisfactory proof of the ages and relationships among the Occupants of such Owner's Unit upon request of the Association.

4. Danger. No Unit may be Occupied by a person who constitutes a threat to the health or safety of other persons, or whose occupancy could result in substantial physical damage to the property of others.

E. LEASES

1. Term and Conditions of Lease. Except for those Units owned and leased by Declarant, which are not subject to these restrictions on leasing, an entire Unit (but not less than an entire Unit) may be leased for private residential purposes only and may not be leased for a term of less than one year.

2. Written Leases. Each lease of a Unit must be in writing, fully executed and in a form substantially similar to the form attached as Attachment A to these Regulations. At least ten days before the start of each lease term, the Owner will provide the Association with: (a) an executed copy of the lease of the Unit; and (b) information about the Tenant(s) in a form acceptable to the Association. As soon as practical after its receipt thereof, the Owner must notify the Association of any changes in Tenant information during the lease term.

3. Subject to Documents. The mere execution of the lease for a Unit or occupancy (for any period of time) subjects a Tenant to all pertinent provisions of the Governing Documents to the same extent as if Tenant were an Owner; provided that, notwithstanding the foregoing or any provision of the lease between Owner and a Tenant, the Owner shall not be relieved of any obligation under the Governing Documents and shall remain primarily liable thereunder. The Owner is responsible for providing a Tenant with the Governing Documents and notifying the Tenant of any changes therein. The Association may send notices of violations by a Tenant to both the Tenant and to the Owner of the Unit Occupied by the Tenant. Whether or not it is so stated in the lease, a Tenant's violation of the Governing

Documents is deemed to be a material default of the lease for which Owner has all available remedies at law or equity.

4. Landlord Owners. Owners of Tenant-Occupied Units are advised to stay informed of and to comply with federal and state laws and local ordinances regulating residential rental properties and relations between landlords and tenants. The Association has no duty to notify Owners about landlord/tenant laws and ordinances.

5. Tenant Communications. Owners shall instruct their Tenants to channel all communications (including non-emergency repair requests) through the Owner. Owners will further instruct their Tenants that the Association does not manage or repair the Units, and that the Tenant should not contact the Association (except as may be required by the Governing Documents or to report emergencies that are within the Association's scope of responsibility pursuant to Governing Documents).

F. PARKING

1. General. An Owner shall park Owner's motorized vehicle(s) in the two-car garage within such Owner's Unit.

2. Vehicle Conditions. The Owners and Tenants shall not leave any vehicle in a state of disrepair (including, without limitation, flat tires, out-of-date inspection stickers or license plates) on the Property. Each vehicle must be muffled and must be maintained and operated to minimize noise, odor, and oil emissions. No such vehicle may be kept on the Property if the Board of Directors deems it to be unsightly, inoperable, inappropriate, or otherwise violative of these Regulations. If the Owners or Tenants park their vehicles in areas other than the garage within each Owner's Unit or leave any vehicle in a state of disrepair, the Association, after giving written notice to the applicable Owner of such violation, shall have the right to remove such vehicle at the Owner's expense. No removal or impoundment of a vehicle shall create any liability on the Association.

3. Nuisances. The use of car horns on the Property is discouraged, except for the judicious use of a horn for right of way. Signs advertising a vehicle "for sale" are prohibited.

4. Parking Practices. Parking is prohibited in fire lanes, where "No Parking" signs are posted, and in other areas as may be designated by the Association. All cars parked in fire lanes will be subject to immediate towing at the car owner's expense. Motorcycles or bicycles may not be chained to buildings, fences, or any other part of the Property, unless designated for that purpose.

5. Prohibited Actions. Car washing is prohibited anywhere on the Property. No servicing or repairs shall be made to any motor vehicle either on or within the Common Elements except for emergency repairs as necessary to enable movement of the vehicle to a repair facility. No motor vehicle shall be driven on or within any part of the Property other than on a driveway.

6. Violations. A vehicle in violation of these Regulations may be stickered, wheel-locked, towed or otherwise removed from the Property by the Manager, at the expense of the vehicle's owner. The Association expressly disclaims any liability for damage to vehicles occasioned by the exercise of these remedies.

7. Part F Not Exclusive. The rules and regulations contained within this part F shall not be interpreted to apply to the exclusion of other rules contained in these Regulations which would logically apply to Parking.

G. GENERAL USE AND MAINTENANCE OF UNIT

1. Use. Except for those Units owned by Declarant, each Unit must be used solely for private residential use, and may not be used for any commercial or business purposes. This restriction does not prohibit an Owner from using the Unit for personal, business, or professional purposes, provided that: (a) such use is incidental to the Unit's residential use; (b) such use conforms to all applicable Legal Requirements; (c) there is no external evidence of such use; and (d) such use does not entail excessive visits to the Unit by the public, employees, suppliers, or clients. The use of all Units shall be in accordance with the Governing Documents.

2. Annoyance. An Owner may not use a Unit in a way that: (a) annoys other Owners; (b) reduces the desirability of the Condominium as a residential community; (c) endangers the health or safety of other Owners; or (d) violates any law or any provision of the Governing Documents.

3. Right of Entry. The Association may enter a Unit in case of an emergency originating in or threatening the Unit, whether or not the Owner is present at the time. This right of entry may be exercised by the Manager, directors, officers, agents, and employees, and by all police officers, firefighters, and other emergency personnel in the performance of their respective duties. Also, the Association may enter a Unit to perform installations, alterations, or repairs to the mechanical, electrical, or utility services which, if not performed, would affect the use of other Units or the Common Elements; provided that, if possible, requests for any entry shall be made in advance and at a time convenient to the Owner. In case of an emergency, the right of entry is immediate and if the Owner has failed to provide a door key or refuses to provide entry, the Owner is liable for the cost of repairs to the Unit or Common Elements caused by the Association's chosen method of access under such circumstances.

4. Maintenance. Each Owner, at such Owner's sole cost and expense, will maintain its Unit in accordance with the Maintenance Standard, and shall keep it in good repair at all times; provided, however, that any work to be performed by a party not the Owner shall require an executed copy of an agreement substantially in the form attached as Attachment B to be provided to the Association.

5. Balcony Areas. Each Owner shall maintain its Balcony Area in a clean manner at all times. Each Owner will take care that the cleaning of its Balcony Area does not annoy or inconvenience other Owners. A Balcony Area may not be enclosed or used for storage purposes. Open post balcony railings may not be closed or screened with wire, mesh, or other material. In addition, the weight of items such as hanging plants or patio furniture is subject to the Association's approval. If the Association determines that a Balcony Area is unsightly (including the need for any cleaning of windows or doors) or that any hanging items or patio furniture poses a safety risk to anyone on the Property, the Association may give the Owner notice of such condition and a reasonable time period in which to correct it, after which the Association may take corrective action at the Owner's expense.

6. Hot Tubs **[and Water Beds]**. The use or installation of hot tubs, whirlpools, or jacuzzis (portable or permanently installed) in a Unit or on a Balcony Area is prohibited. This rule does not apply to a customary bathtub fixture with water jets located within a Unit that is installed pursuant to all applicable plumbing codes. **[Water beds are not permitted in a Unit or on a Balcony Area at any time.]**

7. Prohibition of Outdoor Cooking or Heating Equipment. The use of outdoor cooking or heating equipment is prohibited anywhere on the Property, including charcoal grills, electric or gas grills and hibachis.

8. Stoves. Each Owner, at its own expense, shall keep the ventilation hood above the stove or range in its Unit clean and in operating condition.

9. Glass. Each Owner, at such Owner's expense, must promptly repair and replace any broken or cracked glass in the windows and doors of its Unit. Replacement windows must conform to the windows that are standard in the Improvements or be approved in writing prior to installation by the Association. The Association reserves the right to replace any broken or cracked exterior windows of the Building on behalf of an Owner, at such Owner's sole expense, to ensure proper installation.

10. Combustibles. Except for those retail products sold for exclusive use as household cleaning products, an Owner may not store or maintain explosives or other combustible materials anywhere on the Property, including within a Unit.

11. Water Problems. An Owner is responsible for water damage to Common Elements (except as otherwise provided in the Declaration) and adjoining Units which emanates from its Unit, including leaks or overflows of sinks, tubs, showers, shower pans, toilets, dishwashers, and clothes washers. In case of continuous water overflow, the Owner should immediately turn off water and turn the shut-off valves, e.g. behind the toilet or under the sink, to "Off" position.

12. Water Cut-Off. Except in the case of an emergency, no person may interfere with or interrupt the Property's water lines, including water lines to an individual Unit, without the prior knowledge and cooperation of the Association. An Owner who requires a water cut-off for the purpose of remodeling shall submit a written request to the Manager at least five days prior to the requested water cut-off. All instances of flooding or water damage must be reported to the Association immediately.

13. Report Malfunctions. An Owner shall immediately upon discovery, report to the Association any leak, break, or malfunction in any portion of the Property which the Association has a duty to maintain. An Owner who fails to promptly report a problem may be deemed negligent and may be liable for any additional damage caused by the delay.

14. Cable. An Owner who subscribes directly to cable or satellite service is solely responsible for the cost and maintenance of the subscription and the appurtenant equipment (except that any central antenna system described in Section G.19 shall be maintained by the Association as a Common Expense); provided that, no antenna or satellite dishes may be installed except in compliance with Section G.19. An Owner who obtains cable or satellite service through the Association (in the event the Association was to provide such service, at its sole discretion) is responsible for the proper use, maintenance, and return of cable connections or equipment. No additional exterior cable lines may be connected to the Unit.

15. Utilities. An Owner will conserve the use of utilities furnished through the Association (if any), including water consumption within any Unit.

16. No Right to Vent or Cut Into, Chases, etc. Notwithstanding any provision hereof to the contrary, under no circumstances whatsoever, may any Owner, directly or indirectly, vent or cut into any chute, duct, conduit or vertical chase or any plumbing that serves a Unit, without the prior written consent of the Association.

17. Signage; Advertising. No sign, advertisement or notice shall be inscribed, painted, affixed or placed on any part of the outside of a Unit (or on the inside, to the extent visible from any other Unit, the Common Elements or the exterior of the Building) or on any Common Element whatsoever, without the prior written consent of the Association.

18. Electrical and Plumbing Facilities. Owners shall not overload existing electrical circuits and plumbing facilities in its Unit.

19. Antenna.

(a) Central Antenna System. The Declarant, Association or Manager may elect to install a central antenna system that enables Owners and Tenants to receive DIRECTV DBS service and/or other video programming or fixed wireless services described in the Over-the-Air Reception Device Rule ("OTARD") adopted by the Federal Communications Commission, without the need for installation of individual antennas within an Owner's or Tenant's Unit, Balcony Area or other area subject to such Owner's or Tenant's exclusive use and control. If the Declarant, Association or Manager installs such a central antenna system for a particular service, then Owners and Tenants desiring the particular service received by such central antenna system may not install individual antennas for such service within their Unit, Balcony Area or other area subject to such Owner's or Tenant's exclusive use and control, except as permitted by applicable laws and regulations, and must receive such service through the central antenna system.

(b) Other Antenna. Except as provided in Section G.19(a) above, the Association and Manager shall not prohibit the installation, maintenance or use of antennas used to receive those video programming or fixed wireless services described in OTARD ("Permitted Antennas"). An Owner or a Tenant shall be permitted to install or maintain a Permitted Antenna within such Owner's or Tenant's Unit or its Balcony Area, subject to reasonable safety rules established by the Association from time to time; provided, however that no such Permitted Antenna or related structures shall be erected on, or fastened to, the roof, any exterior wall of a Unit, on any portion of the General Common Elements or anywhere else on the Property that is not subject to such Owner's or Tenant's exclusive use or control, without the prior written consent of the Association. Prior to the installation of any Permitted Antenna, each Owner or Tenant shall execute an agreement substantially in accordance with the document attached as Attachment C to these Regulations.

20. Window Air Conditioning Units. No window heating or air conditioning unit shall be installed within any Unit or Common Element.

21. Infestation. No Owner shall permit or suffer the infestation of its Unit by pests, insects, rodents, or other vermin. Failure to comply with the foregoing, or the failure to report such infestation to the Association as soon as the Owner is aware of same, will render such Owner liable for all costs and expenses incurred in having to eradicate such infestation.

22. Compliance with Laws. EACH OWNER SHALL PROMPTLY AND FULLY COMPLY WITH ANY AND ALL LEGAL REQUIREMENTS WITH RESPECT TO THE OCCUPANCY AND USE OF ITS UNIT.

H. GENERAL USE AND MAINTENANCE OF COMMON ELEMENTS

1. Intended Use. Each area on the Property may be used only for its intended and obvious purpose. For example, walkways, stairways, sidewalks, and driveways are used exclusively for purposes of access and emergency egress, not for social congregation or recreation.

2. Personal Property on Common Elements. No item or object of any type, other than doormats, may be stored, placed, or maintained anywhere on the Common Elements, including entryways, except as authorized by the Association or with the Association's prior written consent. An

Owner may not decorate or customize the exterior of such Owner's front door, except for a decorative wreath or temporary holiday appropriate decorations, which must be removed within two weeks of any such holiday. Items of personal property found on Common Elements (other than Balcony Areas) are deemed abandoned and may be disposed of by the Association or the Manager.

3. Balcony Areas. Although items or objects such as doormats, furniture, plants and decorative items may be placed on the Balcony Areas, the Association or Manager reserves the right to determine whether a Balcony Area is unsightly or cluttered, and may at their sole discretion request the removal of such items. An Owner who does not remove such items in a reasonably timely manner may be subject to the disposal of such items by the Association; provided that, neither the Association nor Manager shall be liable for any claims or losses by an Owner arising from the entry of its Unit by the Association or Manager and the disposal of such items in the Balcony Area appurtenant thereto.

4. Fire and Safety. No person may use, tamper with, pry open, or modify any fire or safety equipment on the Property, including alarms, extinguishers, monitors, and self-closing doors. All Owners shall be responsible for reporting damaged or missing sprinkler heads or smoke detectors within its Unit to the Association or Manager.

5. Landscaping. No one shall harm, mutilate, alter, litter, uproot or remove any of the landscaping work on or within the Common Elements, or place or affix any planters, statues, fountains, ornamental objects or artificial plants upon any portion of the Common Elements (other than the Balcony Area appurtenant to such Unit), without the prior written consent of the Association. Digging, planting, pruning, and climbing in any landscaped areas are expressly prohibited.

6. Clotheslines. No hanging or drying of clothes shall be allowed on (or within) any portion of the Common Elements, and no pulley clothesline or similar device shall be affixed to or used in connection with any Unit or Common Element.

7. Waste Disposal; Plumbing Damage. No one shall place, leave or permit to be placed or left in or upon the Common Elements any waste, debris, refuse or garbage except in the areas designated by the Association or the Manager as a central garbage depository, and only on those days and times as are designated by the Association or the Manager from time to time. Water shall not be left running unless in actual use; and no waste, garbage, rubbish, or noxious or unusual substances shall be disposed into any toilet, sink or drain. Any damage to plumbing pipes, drains and apparatus resulting from misuse, or from unusual or unreasonable use, shall be borne by the Owner causing such damage.

I. COMMUNITY ETIQUETTE

1. Courtesy. Each Owner will endeavor to use its Unit and the Common Elements in a manner calculated to respect the rights and privileges of other Owners and other users of the Property. Each Owner will refrain from conduct that may reasonably be expected to inconvenience, embarrass, or offend the average Owner in the Condominium and other users of the Property.

2. Visitors. Each Owner is responsible for guests' compliance with the Regulations.

3. Code of Conduct. Owners will conduct themselves in a civil manner when dealing with the Association's officers, directors, committee members, Manager, employees, contractors, agents, and other Owners. In return, the Owners are due the same courtesy and civility. The following actions are expressly prohibited: (a) verbal abuse; (b) insults and derogatory name-calling; (c) cursing; (d) aggressive or threatening behavior; (e) hostile touching or physical contact; (f) sexual harassment; (g) posting correspondence on the doors of directors and officers; and (h) phone calls that are designed,

by their tone, time, or frequency, to harass or intimidate. No person has the right to abuse another, or the duty to tolerate abuse.

4. Association Employees. Owners may not instruct, direct, or supervise the Association's or Manager's employees and agents, unless directed to do so by the Board of Directors. Owners may not interfere with the performance of duties by the Association's or Manager's employees, and will refrain from monopolizing the time or attention of the Association's or Manager's employees.

5. No Hiring of Employees. The employees and agents of the Association and Manager are not permitted or authorized to render personal services to Owners. The Owners will not request or encourage employees or agents to violate this provision.

6. Communications among Owners. The Association bears a duty to balance the right of members to communicate with each other against the desire of the Owners and Tenants to be free of uninvited solicitations and misleading communications. To achieve that balance, oral and written communications that are intended for delivery to more than one Owner are subject to this section.

(a) Without the Board of Directors' prior written permission, Owners may not communicate with others in a manner that may give the impression of having been approved or sanctioned by the Association. In communicating with other Owners, the issuer should identify himself and state that the communication has not been sanctioned by the Association.

(b) Without the Board of Directors' prior written permission, a person may not distribute handbills or hand-deliver written communications to mailboxes, Unit doors, or car windshields.

(c) Without the Board of Directors' prior written permission, a person may not solicit information, endorsements, or money from Tenants, or circulate petitions, except via the U.S. mail.

7. Attire. Owners must wear neat and clean street attire in the Common Elements. Owners are prohibited from wearing lingerie and pajamas as outerwear, or being barefoot in the Common Elements.

8. Annoyance. Owners will avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other Owners, their guests, or the Association's employees and agents.

9. Noise and Odors. Each Owner will exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb other Owners.

10. Quiet Hours. Between the hours of **[10:00 p.m. and 6:00 a.m.]**, Owners shall refrain from activities that are likely to create a noise disturbance for Owners of adjoining Units. Examples of such activities include the operation of dishwashers, garbage disposals, vacuum cleaners, hammering, musical instruments, and aerobic exercise. During these hours, Owners must also try to modulate their conversations and entertainment equipment to avoid disturbing Owners in adjoining Units.

11. Reception Interference. Owners will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on or about the Property.