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ENABLING DECLARATION AND MASTER DEED
FOR THE ESTABLISHMENT OF A CONDOMINIUM REGIME
FOR WINNERS CIRCLE
TRAVIS COUNTY, TEXAS

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REAL PROPERTY RECORDS
Travis County, Texas

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ENABLING DECLARATION AND MASTER DEED
FOR THE ESTABLISHMENT OF A CONDOMINIUM REGIME
FOR WINNERS CIRCLE
TRAVIS COUNTY, TEXAS

THIS ENABLING DECLARATION AND MASTER DEED FOR THE ESTABLISHMENT OF A CONDOMINIUM REGIME FOR WINNERS CIRCLE ("Declaration"), made on the date hereinafter set forth, by The Condos of Long Champ Joint Venture ("Declarant"), is made with reference to the following facts:

A. Declarant is the owner of certain real property in Travis County, Texas, more particularly described on Exhibit "A" attached hereto and by this reference made a part hereof (the "Property").

B. The "Project" or the "Condominiums" as those terms are used herein shall be deemed to refer to the Property, eighteen (18) residential buildings constructed or to be constructed on the Property, containing a total of twenty-one (21) residential condominium units therein, together with other improvements now or hereafter erected thereon, facilities and appurtenances thereto and all property, real, personal or mixed, intended for use or used in connection with the Property.

C. Declarant desires to establish a condominium regime under the Texas Condominium Act. Declarant does hereby establish a plan for the individual ownership in fee simple of estates consisting of the area or space contained in each of the condominium units, and the co-ownership by the individual and separate owners thereof, as tenants in common, of the remaining portion of the Project, including both Limited Common Elements and General Common Elements, as defined herein. Each condominium unit shall have appurtenant to it a membership in WINNERS CIRCLE OWNERS ASSOCIATION, INC.

D. Declarant intends by this document to impose upon the Property mutually beneficial restrictions under a general plan of improvements for the benefit of all said condominium units and the owners thereof.

Declarant does hereby establish Winners Circle as a condominium regime under the Texas Condominium Act and hereby declares that the residential units within the Project shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Project and every part thereof. All of the limitations, covenants, conditions, restrictions and easements shall constitute covenants which shall run with the land and shall be perpetually binding upon Declarant and its successors-in-interest and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Project, their grantees, legal representatives, heirs, devisees, successors and assigns.

ARTICLE I.

DEFINITIONS

As used herein, the following terms shall have the following meanings, unless the context expressly provides otherwise:

1.01 "Articles" shall mean and refer to the Articles of Incorporation of th Association, as the same may be amended from time to time.

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1.02 "Assessment" or "Assessments" shall mean the assessment or assessments made and levied against each Owner and each Owner's Unit for that portion of the Common Expenses which is to be paid by each Owner as determined by the Association in accordance with this Declaration and the Bylaws.

1.03 "Association" shall mean and refer to WINNERS CIRCLE OWNERS ASSOCIATION, INC., its successors and assigns, a non-profit corporation organized pursuant to the Texas Non-Profit Corporation Act, of which all of the Owners shall be Members and the Bylaws of which shall govern the administration of the Project. The term "Association" shall have the same meaning as the term "Council of Co-Owners" in the Texas Condominium Act.

1.04 "Board" or "Board of Directors" shall mean and refer to the governing body of the Association.

1.05 "Building" or "Buildings" shall mean the residential structure or structures erected or to be erected on the Property and containing the Units, as more fully identified on the "Map".

1.06 "Bylaws" shall mean and refer to the Bylaws of the Association, as amended from time to time.

1.07 "Common Elements" shall mean and refer to both the General and Limited Common Elements, as defined in Paragraphs 1.13 and 1.14, respectively, of this Declaration.

1.08 "Common Expenses" shall mean and include:

(a) All sums lawfully assessed by the Board or the Managing Agent with respect to or in connection with the Common Elements;

(b) All expenses incurred in connection with the administration, management and operation of the Project, and in connection with maintenance, repair, replacement or additions to the Common Elements, (including all unpaid special Assessments), as provided herein, including a reasonable reserve for such purposes;

(c) Expenses agreed upon as Common Expenses by the Owners; and

(d) All sums designated as Common Expenses by or pursuant to the Project Documents.

1.09 "Common Interest" means the proportionate undivided interest in the Common Elements which is appurtenant to each Unit as set forth in this Declaration.

1.10 "Condominium" or "Unit" shall mean one individual unit, together with an undivided interest in the Common Elements appurtenant thereto, and together with the rights to use the Common Elements for access to the Unit and for other purposes as herein specified. The terms "Condominium" or "Unit" shall have the same meaning as the term "apartment" as used in the Texas Condominium Act.

1.11 "Declarant" shall mean and refer to The Condos of Long Champ Joint Venture and its heirs, successors, legal representatives and assignees, provided that each such assignee is designated in writing by Declarant as an assignee of the rights of Declarant hereunder.

1.12 "Declaration" shall mean and refer to this Enabling Declaration and Master Deed, as amended from time to time.

1.13 "General Common Elements" shall mean and include the Property, the Buildings and all other improvements thereon, with

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the exception of the Units and Limited Common Elements, and shall include, without limiting the generality of the foregoing:

(a) To the extent not otherwise designated as Limited Common Elements, the foundations, common dividing walls between two or more Units or between Units and Common Elements, exterior walls, bearing walls, and columns (including any windows, doors, and chimneys therein), girders, beams, slabs, supports, roofs, attics, ceilings and floors, halls, lobbies, or thoroughfares such as stairways, entrances, exits or communication ways and any other portion of the Buildings;

(b) The grounds, yards, gardens, driveways, fences, unassigned storage areas, unassigned parking spaces, streets, service drives, walks, and service easements, if any;

(c) The installations consisting of the equipment and materials making up central services such as power, light, gas, hot and cold water, sewer, television, central air conditioning and heating reservoirs, and the like which are intended to serve more than one Unit, and all garbage incinerators, machinery and equipment related thereto or existing for common use;

(d) All other structures, facilities, equipment, and property located on the Property necessary or convenient to the existence, maintenance, operation and safety of the Project, or normally in common use; and

(e) All repairs, replacements and additions to any of the foregoing.

1.14 "Limited Common Elements" shall mean those Common Elements reserved for the exclusive use of a specified Unit or Units or serving exclusively one or more specified Units, the enjoyment, benefit or use of which is reserved to the lawful occupants of said Unit or Units either in this Declaration or as indicated on the Map, as the same may be amended from time to time including, by way of example, but not limited to, all garages, patios, balconies, yards, storage areas, or driveways, if any, designated by Unit numbers on the Map as Limited Common Elements appurtenant to the indicated Unit.

1.15 "Managing Agent" shall mean and refer to the person or entity hired and appointed by the Board to carry out and perform the duties and responsibilities of the Association, subject to the limitations set forth in the Project Documents.

1.16 "Map" or "Condominium Plan" shall mean and refer to Exhibit "B", attached hereto and incorporated herein by this reference as the same may be amended from time to time, which Map shall be placed of record simultaneously with the recording of this Declaration, as a part hereof, prior to the first conveyance of any Unit. The Map sets forth, among other things, a description of the surface of the Property, the location of the Buildings, designated by letters, and all other improvements constructed or to be constructed on the Property by Declarant, a general description and plat of each Unit showing its extents or boundaries, square footage, location, floor and Unit number; and a general description of the Common Elements. In interpreting the Map, the existing physical boundaries of each Unit shall be conclusively presumed to be its boundaries.

1.17 "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.

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1.18 "Mortgage" shall mean a first lien interest in a Unit given to a creditor as security for repayment of a loan made to the Unit Owner, said interest to be evidenced by an instrument duly and properly recorded in the Real Property Records of Travis County, Texas.

1.19 "Mortgagee" or "Mortgagees" shall mean any one or more of the beneficiaries or holders of any Mortgage on any Unit in the Project, including, without limitation, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association or other similar governmental agency.

1.20 "Owner" or "Owners" shall mean and refer to the record holder or holders of fee simple title to a Unit in the Project, but shall exclude Persons having any interest in the Unit merely as security for the performance of any obligation. An Owner may be a person, firm, corporation, partnership, association, trustee or other legal entity, or any combination thereof.

1.21 "Person" shall mean a natural person, firm, corporation, partnership, association, trustee, or other legal entity.

1.22 "Project Documents" shall mean and include this Declaration and the exhibits hereto, the Articles and Bylaws of the Association and the rules and regulations for the Members, as the same may be established and/or amended from time to time.

1.23 "Texas Condominium Act" or "Act" shall mean Title 7 of the Property Code of the State of Texas, V.T.C.A., Sections 81.001 et. seq., which permits the creation of condominium regimes, as the same may be further amended or supplemented in any successor statute.

ARTICLE II.

DIVISION OF PROJECT AND CREATION OF PROPERTY RIGHTS

2.01 Division of Project. The Project is hereby divided into the following freehold estates and areas:

(a) Twenty-one (21) fee simple estates consisting of twenty-one (21) separately designated Condominium Units, each such Unit being identified by a separate number on the Map. Each Condominium Unit may be held and owned by one Person individually or by two or more Persons as joint tenants or as tenants-in-common or in any real property tenancy relationship recognized under the laws of the State of Texas.

(b) The remaining portion of the Project, referred to as the Common Elements, shall be owned in common by the Owners. The percentage ownership interest in the Common Elements assigned to each Condominium Unit, based upon the approximate size of each condominium Unit in relation to the others, shall be determinative of the proportionate share of each respective Owner in the Common Elements, the Common Expenses of the Association and the value of such Owner's vote at meetings of the Association. The total value of all of the ownership interests is 100%. The letters of the Buildings and the numbers of the condominium Units, as the same appear on the Map, and the percentage of value assigned to each Condominium Unit are set forth on Exhibit "C", attached hereto and incorporated herein by reference.

2.02 The Units. In determining the dimensions of and the area contained within each Unit, the enclosed space within a Unit shall be measured from the interior, finished, unpainted surfaces of the perimeter walls, floors and ceilings, and the Unit shall

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include the airspace so encompassed. Included in each Unit, without limitation, shall be any finishing materials applied or affixed to the interior surfaces of the common exterior or interior walls, floors or ceilings (including, without limitation, paint, wallpaper, vinyl wall or floor coverings, carpet and tile). The boundaries of each Unit shall be the interior surface of the perimeter walls, floors, ceilings, windows and doors. Interior trim around windows and doors shall be a part of each Unit and shall not be a part of the Common Elements. Except as provided herein for undivided percentage ownership of the Common Elements, the Unit shall not include Common Elements. It is expressly stipulated, and each and every purchaser of a Unit and such purchaser's heirs, executors, administrators, successors and assigns hereby agree: (i) that the square footage, size and dimensions of each Unit, as set out and shown in this Declaration or on the Condominium Plan, are approximate and are shown for descriptive purposes only; (ii) that the Declarant does not warrant, represent or guarantee that any Unit actually contains the area, square footage or dimensions shown therein; (iii) that each purchaser and Owner of a Unit, or an interest therein, has had full opportunity and is under a duty to inspect and examine the Unit purchased by such purchaser and Owner prior to the purchase thereof, and agrees that the Unit is purchased as actually and physically existing; and (iv) that each purchaser of a Unit expressly waives any claim or demand against the Declarant or other seller of a Unit, on account of any difference, shortage or discrepancy between the Unit as actually and physically existing and as it is shown on the Condominium Plan. In interpreting deeds and the Condominium Plan, the then existing physical boundaries of a Unit, whether in its original state or reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or Condominium Plan, regardless of settling, rising or lateral movement of the Buildings and regardless of minor variance between boundaries shown on the Condominium Plan or deed, and those of the Buildings; provided, however that the presumption provided herein shall not apply where the boundaries of any Unit have been altered due to any encroachment or protrusion caused by the willful misconduct of any Owner or such Owner's agents.

2.03 The Common Elements. The "Common Elements" shall include all of the elements set forth in Paragraph 1.07 hereof. Each Owner shall have, as an appurtenance to such Owner's Unit, an undivided percentage interest in the Common Elements, based upon the approximate size of such Owner's Unit in relation to the others, as set forth in Exhibit "C" attached hereto. The Common Interest appurtenant to each Unit is declared to be permanent in character and cannot be altered once sold by Declarant without the consent of all the Owners of said Units and the Mortgagees of such Owners as expressed in an amended Declaration. Such Common Interest cannot be separated from the Unit to which it is appurtenant. Each Unit Owner shall have an easement over and across the Common Elements for ingress and egress to and from such Owner's Unit. Each Unit Owner shall further have a non-exclusive right to use the General Common Elements in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of any other Owner, and subject (i) to the right of the Association to publish rules and regulations governing use of the Common Elements and the improvements and facilities located thereon, and to establish and enforce penalties (including but not limited to monetary penalties) for infractions thereof; and (ii) to the right of the Association to suspend the Owner's voting rights and the right to the use of the recreational facilities for any period during which any violation of the Association's rules continues or any Assessment against the Owner's Condominium Unit remains unpaid. Notwithstanding the transfer of the ownership of the Common Elements to the Owners as tenants-in-common, the Declarant shall and does hereby reserve unto Declarant and to the Association or its designated agents an easement over and onto the Common Elements for common driveway purposes, for drainage

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and encroachment purposes and for ingress and egress from the Common Elements for the purpose of completing improvements thereon and the performance of necessary repair work. Declarant further reserves unto Declarant and to the Association or its designated agents the right to establish easements, reservations, exceptions and exclusions consistent with the ownership of the Project and for the best interest of the Owners and the Association in order to serve the entire Project.

2.04 The Limited Common Elements. The Limited Common Elements shall be identified herein or on the Map, as amended from time to time, and designated as appurtenant to a particular Unit or Units. The rights of an individual Owner in the Limited Common Elements shall consist of (a) an exclusive easement to use the garage appurtenant to such Owner's Unit; (b) an exclusive easement to use any patio, balcony, yard areas, storage areas, or driveways, if any, adjacent to and appurtenant to the Unit as shown on the Map; and (c) an exclusive easement to use such other areas and facilities as may be designated in this Declaration and on the Map, as the same may be amended from time to time.

2.05 No Separate Conveyance of Undivided Interests. Each Unit and its corresponding pro rata interest in and to the Common Elements shall be inseparable and may not be separately conveyed, leased, or otherwise encumbered. Declarant and each Owner covenant and agree that the undivided interests in the Common Elements, the exclusive easements of the Limited Common Elements, and the fee title to the respective Units conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest and exclusive easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the Unit. A description of a Condominium Unit by Building letter and Unit number, as shown on the Map, followed by the name Winners Circle and by reference to this Declaration and the Map contained in a deed, lease, mortgage, deed of trust or other instrument or document shall be deemed a good and sufficient legal description of such unit, and the Common Elements appurtenant thereto.

2.06 Partition Prohibited. The Common Elements shall remain undivided as set forth above for so long as the Project is suitable for a condominium regime. Except as provided by the Texas Condominium Act, no Owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of all of the Owners with respect to the operation and management of the Project. Judicial partition by sale of a single Unit owned by two or more persons and division of the sale proceeds shall be permitted, but partition of title to a single Unit shall be and is prohibited.

2.07 Encroachment and Protrusion Easements. Each Unit within the Project is hereby declared to have an easement over all adjoining Units and the Common Elements for the purpose of accommodating any encroachment and/or protrusion due to engineering errors, errors in original construction, settlement or shifting of any of the Buildings, or any other cause. There shall be valid easements for the maintenance of said encroachments and/or protrusions as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, protrusion, settlement or shifting; provided, however, that in not event shall a valid easement for encroachment or protrusion be created in favor of an Owner or Owners if said encroachment or protrusion occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Unit agree that minor encroachments and/or protrusions over adjoining Units or Common Elements shall be permitted and that there shall be a valid easement for the maintenance of said encroachments and/or protrusions so long as they shall exist. Such encroachments or protrusions shall not be

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considered to be encumbrances either on the Common Elements or on a Unit for purposes of marketability of title or otherwise.

ARTICLE III.

ASSOCIATION, ADMINISTRATION,
MEMBERSHIP AND VOTING RIGHTS

3.01 Association to Manage Common Elements. The management of the Common Elements shall be vested in the Association in accordance with the terms of this Declaration and the Bylaws. The Bylaws shall be deemed adopted by Declarant as the sole owner of the Project, and the Owners of the Units and all holders of liens thereon shall be bound thereby. The Owners of all the Units covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Articles and the Bylaws, subject to the standards set forth in this Declaration and all applicable laws, regulations and ordinances of any governmental or quasi-governmental body or agency having jurisdiction over the Project or the Association, as same may be amended from time to time.

3.02 Membership. Any Person, upon becoming an Owner of a Unit, shall automatically be a Member of the Association, and shall remain a Member thereof in accordance with the Articles and the Bylaws until such time as his ownership of said Unit ceases for any reason, at which time such Person's membership in the Association shall automatically cease.

3.03 Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in such Owner's name to the purchaser of such Owner's Unit, the Association shall have the right to record the transfer upon its books.

3.04 Voting Rights. The Owner or Owners of each Unit shall be entitled to one vote, the value of which shall equal the Common Interest assigned to said Owner's or Owners' Unit as set forth in Exhibit "C" hereto.

3.05 Board of Directors. The affairs of the Association shall be managed by the Board of Directors. The Initial Board of Directors shall serve until the expiration of three (3) years from the date of the first conveyance by Declarant of a Condominium Unit or until one hundred twenty (120) days after seventy-five percent (75%) of the Condominium Units. The period between the date of the filing of this Declaration in the real property records of the county in which the Project is located and the earlier of the foregoing dates is hereinafter sometimes referred to as the "Sale and Development Period." Nothing contained in this section, however, shall be construed to prevent the initial Board of Directors from calling the first annual meeting of the Association at an earlier time and relinquishing the control and responsibility for the administration and management of the Project to a newly elected Board of Directors prior to the end of the Sale and Development Period.

ARTICLE IV.

MAINTENANCE AND ASSESSMENTS

4.01 Personal Obligation of Assessments. Declarant, for each Unit owned within the Project, hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed, as a part of the purchase money consideration for such deed and conveyance, to covenant and agree to pay to the Association: (1) regular monthly Assessments or charges, and (2) special Assessments for

capital improvements and unexpected expenses, such Assessments to be established and collected as provided herein, in the Bylaws and in the rules and regulations of the Association. No Owner of a Unit may be exempted from liability for contribution toward the Common Expenses by waiver of the use of enjoyment of any of the Common Elements or by the abandonment of such Owner's Unit.

4.02 Purposes of Assessments. The Assessments levied by the Association shall be used to promote the common purposes of the Owners, to provide for the improvement and maintenance of the Common Elements for the common good of the Project, to pay utility expenses which are not separately billed or metered to the Units, and generally for doing those things necessary or desirable in the opinion of the Board to maintain or improve the Project. Any expenses incurred for such purposes shall be deemed to be Common Expenses, and the Board may use the Assessments to defray the Common Expenses, including, without limitation, any expense incurred in providing for the enforcement of the provisions of this Declaration, the Bylaws and any rules and regulations promulgated by the Board. The decision of the Board with respect to such expenditures shall be final so long as made in good faith. The monthly Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of the Common Elements. Additionally, a working capital fund equal to at least two (2) monthly Assessments for each Unit shall be established to meet unforeseen expenditures or to purchase additional equipment or services. The share of working capital fund attributable to each Unit shall be collected and transferred to the Association at the closing of the sale of such Unit by Declarant and maintained in a segregated account for the use and benefit of the Association. The contribution to the working capital fund for each existing unsold Unit shall be paid to the Association within sixty (60) days after the conveyance of the first Unit by Declarant, subject to Declarant's right to receive reimbursement for such payments upon the sale of said Units. The Limited Common Elements shall be maintained by the Association, and Owners having exclusive use thereof shall not be subject to any special charges or Assessments for the repair or maintenance thereof except as otherwise provided in the Bylaws and herein, including, but not limited to, Section 5.02 hereof.

4.03 Regular Monthly Assessments and Creation of Lien. All Owners shall be obligated to pay the Assessments imposed by the Board of Directors of the Association. The total amount of the estimated funds required from Assessments to operate the Project for each fiscal year shall be set forth in a budget adopted by the Board of Directors and shall be assessed against each Owner in proportion to the Common Interest of such Owner as set forth herein, said figure to be divided by twelve (12) to determine the regular monthly Assessment; provided, however, that the Board of Directors may from time to time and at any time amend or modify any budget previously adopted for any fiscal year of the Association and may modify the Assessments accordingly; and provided, further, that any Assessment may be rounded off to the nearest dollar figure. The Assessments shall be secured by a lien against said Unit, subject to the provisions hereof. Declarant hereby reserves and assigns to the Association, without recourse, a vendor's lien against each Unit to secure the payment of any monthly or special Assessment which may be levied pursuant to the terms hereof, and the expenses incurred in connection with the enforcement thereof, including, without limitation, interest at the rate provided in Section 4.05, costs and reasonable attorneys' fees. Said liens may be enforced by appropriate judicial proceedings, and the amounts secured thereby shall be the obligation of and chargeable to the Owner in default. Any such lien shall be and is subordinate and inferior only to the following: (i) assessments, liens and charges in favor of the State of Texas and any political subdivision thereof for taxes past due and unpaid on such Unit; and (ii) amounts due under any first lien Mortgage instruments duly recorded prior to the recordation of any lien assessment as provided in Section 4.05. The omission or failure of the Board to fix the Assessment for

any month shall not be deemed a waiver, modification, or release of the Owner's obligation to pay.

4.04 Special Assessments. In addition to the regular monthly Assessments authorized above, the Board may levy, in any year, one or more special Assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the Common elements, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated expense or other action or undertaking normally covered by the monthly Assessments (and, where necessary, for taxes assessed against the Common Elements of the Project as a whole). Said special Assessments shall be assessed against each Owner in proportion to the Common Interest of such Owner as set forth herein. Special Assessments may also be levied against an individual Unit and its Owner to reimburse the Association for costs incurred in bringing that Owner and such Owner's Unit into compliance with the provisions of this Declaration and the Bylaws, including actual attorney's fees and court costs. Said special Assessments may be subject to such limitations as are provided in the Bylaws.

4.05 Assessment Lien. All sums assessed but unpaid for the share of Assessments (whether monthly or special) chargeable to any Unit, including interest thereon at the maximum rate permitted by law (or, if there is no such maximum rate, then at the rate of two percent per month) from the date such Assessments are due until said Assessments are paid, subject to the provisions hereof limiting the interest contracted for, charged or received to the maximum permitted by applicable law, shall constitute a lien on such Unit superior to all other liens and encumbrances, except as provided in Section 4.03. The Board of Directors or the Managing Agent may but shall not be required to prepare a written notice setting for the the amount of such unpaid indebtedness, the name of the Owner of the Unit and a description of the Unit. Such notice shall be signed by one of the members of the Board of Directors or by one of the officers of the Association or by a representative of the Managing Agent and may be recorded in the office of the County Clerk of Travis County, Texas. Such lien may be enforced by the foreclosure of the defaulting Owner's Unit by the Association in like manner as a mortgage on real property subsequent to the recording of a notice provided for above. In any such proceeding, the Owner shall be required to pay the costs, expenses and attorney's fees incurred in connection with filing the lien, and in the event of any foreclosure proceeding, all additional costs, expenses and attorney's fees incurred in connection with any such foreclosure proceeding. The Owner of the Unit being foreclosed shall be required to pay to the Association the monthly Assessment for the Unit during the period of foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same. The Association shall have the power to bid on the Unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. Any Mortgagee holding a lien on a Unit may pay, but shall not be required to pay, any unpaid Assessments owing with respect to such Unit, but such payment shall not be deemed a waiver of the Owner's default by either the Association or such Mortgagee. The amount of the Common Expenses assessed against each Unit shall also be a debt of the Owner thereof at the time the Assessment is made. Suit to recover a money judgment for unpaid common Expenses shall be maintainable without foreclosing or waiving the lien securing same. Each Owner, by acceptance of a deed to a Unit, hereby expressly vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid liens by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to Section 51.002, Texas Property Code, as then amended (successor to Article 3810 of the Texas Revised Civil Statutes).

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and such Owner hereby expressly grants to the Association the private power of sale in connection with said liens.

4.06 Date of Commencement of Assessment; Due Dates . The regular monthly Assessments provided for herein shall commence as to all Units in the Project on the first day of the month following the conveyance by deed of the first Unit in the Project. Thereafter, due dates of regular monthly Assessments shall be the first day of each and every subsequent calendar month. No notice of such Assessments or the due dates thereof shall be required other than an annual notice setting forth the amount of the regular monthly Assessments. The due date of any special Assessment shall be the due date specified by the Association in the notice of such special Assessment delivered by the Association to each Owner; provided, however, such due date shall in no event be less than thirty (30) days subsequent to the date of such notice. Notwithstanding any provision herein to the contrary, a reasonably reduced Assessment may be allocated to unsold and unoccupied Units during the sixty (60) day period following the first Unit conveyance by Declarant, but after the expiration of said sixty (60) day period full Assessments shall be levied against all Units.

4.07 Transfer of Unit by Sale or Foreclosure. Sale or transfer of any Unit shall not affect the Assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a Mortgage, or by deed or other transfer in lieu thereof, shall extinguish the lien of such Assessments as to payments which became due prior to such sale or transfer. No such sale or transfer shall relieve such Unit from liability for any Assessments thereafter becoming due or from the lien thereof. When any Mortgagee of a Mortgage obtains title to a Unit as a result of foreclosure of such Mortgage, or by a deed or other conveyance in lieu thereof, such Mortgagee shall not be liable for the unpaid dues or charges of the Association chargeable to such Unit which accrued prior to the acquisition of title to such Unit by such Mortgagee. Such unpaid dues or charges shall be deemed to be Common Expenses collectible from all of the Units including the Unit acquired by such Mortgagee. In a voluntary conveyance of a Unit (other than a deed or conveyance to a Mortgagee in Lieu of foreclosure), the grantee of the same shall be jointly and severally liable with the grantor for all unpaid Assessments by the Association against the grantor for the grantor's share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor; provided, however, that any such grantee, upon payment to the Association of a reasonable fee not to exceed Twenty-Five and No/100 Dollars (\$25.00) and upon written request, shall be entitled to a statement from the Association, setting forth the amount of any unpaid Assessments then due and owing to the Association with respect to the Unit being purchased, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to the lien for, any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement and applicable to a period of time prior to the date of such statement. The grantee shall, however, be liable for any such Assessments becoming due after the date of any such statement.

4.08 Separate Taxation. Each Unit, together with the Common Interest appurtenant thereto, shall be deemed to be a separate and distinct entity for the purpose of the assessment and collection of taxes, assessments and other charges of this state, or of any political subdivision, special improvement district or any other taxing or assessing authority. The lien for taxes assessed to any Unit shall be confined to that Unit. No forfeiture or sale of any Unit shall divest or in any way affect title to any other Unit. In the event that such taxes or assessments for any year are not separately assessed to each Unit but rather are assessed on the Project as a whole, then each Owner shall pay such Owner's proportionate share thereof in

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accordance with such Owner's Common Interest and, in said event, such taxes or assessments shall be a Common Expense. If necessary, a special Assessment or Assessments may be levied against the Units in an amount equal to said taxes, to be paid thirty (30) days prior to the due date thereof.

ARTICLE V.

DUTIES AND POSERS OF THE ASSOCIATION

5.01 Duties and Powers. In addition to the duties and powers enumerated in the Bylaws and the Articles, or elsewhere provided for herein, and without limiting the generality thereof, the Association shall:

(a) Maintain, repair, replace, restore, operate and manage all of the Common Elements and all facilities, improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association. This obligation shall not extend to any portion or facility of the Common Elements required to be maintained by an individual Owner under this Declaration or the Bylaws.

(b) Enforce the provisions of this Declaration by appropriate means, including, without limitation, the expenditures of funds of the Association, the employment of legal counsel and the commencement and prosecution of legal actions.

(c) Maintain such policy or policies of insurance as are required by this Declaration or as the Board deems necessary or desirable in furthering the purposes of, and protecting the interest of, the Association and its Members.

(d) Grant and reserve easements where necessary or desirable over the Common Elements and Units to serve the Common Elements and the Units and amend the Map to show same.

(e) Have the authority to employ a professional management company to serve as the Managing Agent and to perform the duties and responsibilities of the Association, subject to the Bylaws and restrictions imposed by any governmental or quasi-governmental body or agency having jurisdiction over or interest in the Project. Additional personnel may be employed directly by the Association or may be furnished by the Managing Agent. To the extent permitted by law, the Association and the Board may delegate any duties, powers and functions to the Managing Agent. The Members of the Association hereby release the Association and the members of the Board from liability for any omission or improper exercise by the Managing Agent of any such duty, power or function so delegated. Notwithstanding any provision herein to the contrary, any management agreement entered into by the Board during the Sale and Development Period shall specifically provide that the Association shall have the right to terminate such management agreement at any time without penalty upon thirty (30) days advance notice.

(f) Keep or cause to be kept records with detailed accounts of the income, receipts and expenditures affecting the Project and its administration, specifying the maintenance and repair expenses with regard to the Common Elements and any other expenses incurred by or on behalf of the Project or the Association. The records so kept shall be available for inspection by all Owners and Mortgagees of Units during normal business hours or under other

reasonable circumstances. All records shall be kept in accordance with generally accepted accounting principles and any Owner or Mortgagee may, at such Owner or Mortgagee's sole expense, cause such records to be audited.

(g) Adopt reasonable rules and regulations not inconsistent with this Declaration, the Articles, or the Bylaws relating to the use of the Common Elements and all facilities thereon, and the conduct of Owners and their tenants, invitees and guests with respect to the Project and other Owners.

(h) Have the authority to establish and enforce penalties (including but not limited to monetary penalties) for violation of the Association's rules and regulations and to suspend the voting rights and the right to the use of the recreational facilities by an Owner for any period during which any violation of the Association's rules continues or any Assessment against the Owner's Condominium remains unpaid.

(i) Have the authority to enter into leases with non-Owners of the laundry room, if any, and any other portion of the Common Elements upon such terms and conditions as the Board determines are in the best interest of the Association.

5.02 Maintenance of Project by Association. The Association shall provide for maintenance of the Project as provided in the Bylaws. The responsibility of the Association for maintenance and repair shall not extend to the cost and expense of repairs or replacements arising out of or caused by the willfull or negligent act or neglect of any Owner, or such Owner's guests, tenants or invitees. The cost and expense of repair or replacement of a Unit exterior or of any portion of the Common Elements resulting from such excluded items shall be the responsibility of such Owner who (or whose family members, guests, tenants or invitees) neglects or willfully damages such excluded items. The Association may cause such repairs and replacements to be made at such Owner's sole cost and expense, and if said Owner shall fail to pay for such repairs or replacements upon demand, the cost thereof (plus interest from the date of payment(s) at the maximum legal rate, or if there is no such maximum rate, then at the rate of two percent per month) shall be added to the Assessments chargeable to such Unit and shall be deemed to be a special Assessment hereunder. Any such amounts added to the Assessments chargeable against a Unit shall be secured by the liens reserved hereinabove for Assessments, and may be collected by any means provided herein for the collection of Assessments, including, but not limited to, foreclosure upon the Unit.

5.03 Association Easements and Access to Units. For the purpose of performing the maintenance, repair or replacement authorized by this Article or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association (and its agents and employees) shall have a non-exclusive easement over and onto all portions of the Common Elements, and shall also have the right, after reasonable notice to the Owner, and at reasonable hours, to enter any Unit for such purposes and to enter any Unit without notice at any time in the event of an emergency. Should any Owner change any lock on any entrance to such Owner's Unit, such Owner shall immediately provide to the Board a key to the new lock. Damage to the interior or any part of a Unit or Units resulting from the maintenance, repair, emergency repair or replacement of any of the Common Elements or as a result of emergency repairs within another Unit at the instance of the Association shall be a Common Expense of all of the Owners, provided, however, that if such damage is the result of the neglect, misuse or negligence of an Owner, then such Owner shall

be responsible and liable for all such damage. All damaged improvements shall be restored to substantially the same condition of such improvements prior to damage. All costs incurred in maintenments, whether located under or outside of Units (unless required to be maintained by an individual Owner under this Declaration or necessitated by the neglect, negligence or misuse by an Owner or his guests, tenants or invitees, in which case such expense shall be charged to such Owner) shall be the Common Expenses of all the Owners.

ARTICLE VI.

UTILITIES

6.01 Owners' Rights and Duties. The rights and duties of the Owners of Units within the Project with respect to utilities shall be as follows:

(a) Each Owner shall pay for utilities which are separately metered and billed to such Owner's Unit by the respective utility companies or submetered and billed to each Unit by the Association. Any such utility expenses billed to each Unit by the Association shall be deemed to be special Assessments hereunder, shall be secured by the liens reserved hereinabove for Assessments and may be collected by any means provided herein for the collection of Assessments including foreclosure upon the Unit. Utility expenses which are not metered or submetered and separately billed shall be part of the Common Expenses, and each Owner shall pay such Owner's pro rata share thereof as in the case of other Common Expenses.

(b) Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections, heating or air-conditioning conduits, ducts, or flues (such items being hereinafter collectively called the "Connections") are located or installed within the Project, which Connections, or any portion thereof, lie in or upon more than one Unit, Declarant reserves for the use and benefit of the Association the right and an easement to the full extent reasonably necessary therefor, to enter upon the Units or to have the utility companies enter upon the Units in or upon which said Connections, or any portion thereof lie, to repair, replace and generally maintain said Connections as and when reasonable necessary; provided, however, the exercise of such easement rights shall be in a manner reasonably calculated to cause minimal interference with the continued use and occupancy of the Units so affected by the Owners thereof, while still adequately serving the purposes for which they are granted.

(c) Whenever Connections are located or installed within the Project, which Connections serve more than one Unit, the Owner of each Unit served by said Connections shall be entitled to the full use and enjoyment of such portions of said Connections as service such Owner's Unit.

6.02 Easement for Utilities and Maintenance. Easements over and under the Property for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, and telephone lines and facilities, heating and air-conditioning facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping as now or hereafter may be required to serve the Project, are hereby reserved by Declarant for the use and benefit of the Association, together with the right to grant and transfer the same.

6.03 Association's Duties. The Association shall maintain all utility installations located in the Common Elements except for those installations maintained by utility companies, public, private, or municipal. The Association shall pay all charges for utilities supplied to the Project except those metered or submetered and charged separately to the Units.

ARTICLE VII.

USE RESTRICTIONS

In addition to all of the covenants contained herein, the use of the Project and each Unit therein shall be subject to the following:

7.01 Use of Units and Common Elements.

(a) No Unit shall be occupied and used except for residential purposes by the Owners, their family members, tenants, and social guests, and no trade or business shall be conducted therein; provided, however that Declarant may use any Unit or Units in the Project owned by Declarant for a model home site or sites and display and sales office until the last Unit in the entire Project is conveyed. The foregoing shall not, however, be construed in such manner as to prohibit a Unit Owner from maintaining a personal professional library within such Owner's Unit; keeping personal, business, or professional records or accounts within such Owner's Unit; or handling personal business or professional telephone calls or correspondence within such Owner's Unit; which said uses are expressly declared customarily incidental to the principal residential use and not in violation of these restrictions.

(b) All Units may be leased or rented for periods of at least six (6) months; provided, however, that every lease of a Unit shall be in writing and shall provide that the lessee shall be bound by and subject to all of the obligations of the Unit Owner under this Declaration, the Bylaws, and any rules and regulations promulgated hereunder, and that any breach thereof shall constitute a default under such lease. The leasing of a Unit shall not operate to relieve the Unit Owner of any of said obligations. The right of Declarant to rent or lease Units until their initial transfer to any third party or parties is hereby specifically reserved.

(c) The Common Elements shall be used only by the Unit Owners and their agents, servants, tenants, family members, invitees and licensees for ingress to and egress from their respective Units and for other purposes incidental to use of the Units; provided, however, that any areas designed for specific uses, such as recreational areas, shall be used only for purposes approved by the Board.

(d) The use, maintenance and operations of the Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Owner, and may be subject to lease, concession or easement by the Board.

(e) Nothing shall be stored in the Common Elements without prior consent of the Board, except in storage areas or as otherwise herein expressly provided;

(f) An Owner shall do no act or work in or to any Unit or Common Element that will impair the structural soundness or integrity of the Buildings or any other

improvement to the Property, impair any easement or hereditament or otherwise adversely affect the Buildings or Common Elements. No Owner shall in any way alter, modify, add to, or otherwise perform any work whatsoever upon any of the Common Elements. The Owner of each Unit shall be liable to the Association for all damages to the Common Elements or improvements thereon caused by the neglect, misuse or negligence of such Owner or any tenant or other occupant of such Owner's Unit or any guest or invitee.

7.02 Nuisances. No noxious, illegal, or offensive activities shall be carried on in any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to, or which may in any way interfere with the quiet enjoyment of each Owner's respective Unit or which shall in any way increase the rate of insurance for the Project, or cause any insurance policy to be cancelled or cause a refusal to renew the same, or which may impair the structural integrity of the Buildings. No loud noises or noxious odors shall be permitted on the Property, and the Board shall have the right to determine in accordance with the Bylaws if any such noise, odor or activity constitutes a nuisance. Without limiting the generality of any of the foregoing provisions, no exterior speakers, horns, whistles, bells or other sound devices (other than security devices used exclusively for security purposes), noisy or smoky vehicles, large power equipment or large power tools, unlicensed off-road motor vehicles, and no items which may unreasonably interfere with television or radio reception of any Unit Owner in the Property, shall be located, used or placed on any portion of the Property or exposed to the view of other Unit Owners without the prior written approval of the Board. There shall be no exterior fires whatsoever except barbecue fires contained within receptacles designed in such a manner that no fire hazard is created. No clothing or household fabrics shall be hung, dried or aired in such a way in the Property as to be visible to other Property and no lumber, grass, shrub or tree clippings, plant waste, metals, bulk material, scrap, refuse or trash shall be kept, stored or allowed to accumulate on any portion of the Property, except within an enclosed structure or if appropriately screened from view. If, by reason of the occupancy or use of a Unit by any Owner, the rate of insurance on all or any portion of the Project shall be increased, such Owner shall be personally liable to the Association for such increased costs and if said Owner fails to pay said increased cost upon demand by the Association, the cost thereof (plus interest from the date of demand until paid at the maximum legal rate, or if there is no such maximum legal rate, then at the rate of two percent per month) shall be added to the Assessment chargeable to the Owner's Unit and shall be deemed to be a special Assessment hereunder. Any such amounts added to the Assessments chargeable against a Unit shall be secured by the liens reserved hereinabove for Assessments and may be collected by any means provided herein for the collection of Assessments, including, but not limited to, foreclosure upon the Unit.

7.03 Vehicle Restrictions. No trailer, camper, mobile home, recreational vehicle, commercial vehicle, truck (other than standard size pickup truck), inoperable automobile, boat or similar equipment shall be permitted to remain upon any area within the Project, other than temporarily (for purposes of loading and unloading of passengers or personal property), unless in an area specifically designated for such purpose by the Board. Commercial vehicles shall not include sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be operated on the Project, and no off-road vehicles shall be operated on the Project, and no off-road unlicensed motor vehicles shall be maintained or operated upon the Project, except as may be reasonably necessary to the execution of the rights or duties of

the Association under this Declaration. No power equipment, work shops, or car maintenance of any nature whatsoever shall be permitted on the Project except with prior written approval of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections. Motorcycles, motorbikes, motor scooters and similar vehicles shall not be operated within the Property except for purposes of transportation to or from a point outside the Property. No Owner shall conduct any major repair or major restoration of any motor vehicle, boat, trailer, aircraft or other vehicle upon any portion of the Common Elements. Parking spaces shall be used for parking purposes only.

7.04 Temporary Structures. No Structure of a temporary character, trailer, tent, shack, garage, barn or other outbuildings shall be permitted on the Property at any time temporarily or permanently, except with the prior written consent of the Board; provided, however, that temporary structures may be erected for use in connection with the repair or rebuilding of the Buildings or any portion thereof.

7.05 Signs. Declarant may place signs in or around the Common Elements and use the Common Elements for sales purposes until the last Unit in the entire Project is conveyed. Owners other than Declarant, however, are prohibited from placing "for sale", "for rent", or any other signs in or around the Common Elements or displaying signs to the public view from any Unit or any portion of the Project, without the prior written consent of the Board.

7.06 Obstruction of Passageways. The sidewalks, entrances, stairways, corridors and passageways of the Project shall not be obstructed or encumbered by any Owner or used by any Owner for any purposes other than ingress and egress.

7.07 Projections from Units. No antennae, awnings or other fixtures or appurtenances shall be attached to the outside walls or the windowsills of any Unit, or otherwise affixed so as to project from the said Unit, without the prior written consent of the Board.

7.08 Plumbing Fixtures and Appliances. Plumbing fixtures and appliances shall be used only for purposes for which the same were constructed, and no sweepings, rubbish, rags or other unsuitable material shall be thrown or placed therein. Damage resulting to any Common Elements from misuse by an Owner shall be paid by such Owner as provided in Section 5.02 hereinabove.

7.09 Animals. No animals or birds of any kind shall be raised, bred, or kept in any Unit, or on any portion of the Project except as permitted in the Bylaws or in the rules and regulations adopted by the Board and published from time to time.

7.10 Garbage and Refuse Disposal. All rubbish, trash and garbage shall be regularly removed from the Project and shall not be allowed to accumulate thereon. Trash, garbage and other waste shall not be kept except in sanitary containers in accordance with the Bylaws and the rules and regulations adopted by the Board and published from time to time. All equipment, garbage cans, or storage piles shall be kept screened and concealed from view of other Units, streets, and the Common Elements.

7.11 Drilling and Mining. No drilling, digging, quarrying or mining operation of any sort shall be permitted on the Property without the prior written consent of the Board.

7.12 Mortgaging a Unit - Priority. Except as hereinafter limited, any Owner shall have the right from time to time to mortgage or encumber such Owner's interest by deed of trust, mortgage or other security instrument. An Owner may create and

grant a second lien mortgage or deed of trust lien against his Unit which is subordinate and inferior to one or more other mortgages or deeds of trust (all such inferior liens hereinafter collectively called "Inferior Mortgage") on the following conditions: (1) that any such Inferior Mortgage shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, easements, obligations and liens for Common Expenses and other payments created by this Declaration and the Bylaws; and (2) that the mortgagee under any Inferior Mortgage shall release by written recordable instrument, for the purpose of restoration of any improvements upon the mortgaged premises, all of its right, title and interest in and to the proceeds under all insurance policies upon said premises, which insurance policies were effected and placed upon the Project by the Association. Such release shall be furnished to the Association by the mortgagee under any Inferior Mortgage promptly following written request therefor by the Association. The provision of this paragraph 7.12 relating to an Inferior Mortgage shall not apply to any first Mortgage.

7.13 Owner's Responsibility for Maintenance of Unit. Each Owner shall maintain and keep in a good state of repair the interior of such Owner's Unit. All fixtures and equipment including but not limited to the heating and air-conditioning systems servicing such Owner's Unit, commencing at a point where the utility lines, pipes, wires, conduits or systems enter the Unit (except with air-conditioning compressor), shall be maintained and kept in good repair by the Owner thereof. Without limiting the generality of the foregoing, each Owner, at such Owner's expense, shall maintain and keep in good repair and replace, if necessary, any air-conditioning compressor, water heater unit, fans, ductwork, and heating unit and cooling coils utilized solely in or for such Owner's Unit, and each Owner shall be obligated to promptly repair and replace, at such Owner's expense, all windows, doors or glass therein which become broken or cracked. All fixtures and equipment not utilized solely in or for a particular Unit shall be maintained and repaired at the expense of the Association. An Owner when exercising the right and responsibility of repair, maintenance, replacement or remodeling, as herein defined, shall never alter in any manner whatsoever the exterior appearance of such Owner's Unit, except by written consent of the Board. Each Owner shall, however, have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding such Owner's Unit. In the event an Owner fails to maintain such Owner's Unit as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Project, the Board may notify such Owner of the work required and request that it be done within thirty (30) days from the giving of such notice. In the event such Owner fails to complete such maintenance within said period, the Board may cause such work to be done and the Owner shall be personally liable to the Association for the cost of such work. If the Owner fails to pay such cost upon demand by the Association, the cost thereof (plus interest from the date of demand until paid at the maximum legal rate, or if there is no such maximum legal rate, then at the rate of two percent per month) shall be added to the Assessment chargeable to the Owner's Unit and shall be deemed to be a special Assessment hereunder. Any such amounts added to the Assessments chargeable against a Unit shall be secured by the liens reserved hereinabove for Assessments and may be collected by any means provided herein for the collection of Assessments, including, but not limited to, foreclosure upon the Unit. Notwithstanding any provision herein to the contrary, prior to the use of summary abatement or other similar procedures causing the alteration or demolition of any item of construction, judicial proceedings must be instituted.

7.14 Compliance with Provisions of Declaration and Bylaws. Each Owner shall comply strictly with the provisions of this Declaration, the Bylaws and the rules and regulations of the Association or the Board adopted pursuant thereto as the same may

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be amended from time to time. Failure to comply with any of the Bylaws, rules or regulations of the Association shall constitute a violation of this Declaration, and shall give rise to a cause of action to recover sums due for damages or injunctive relief or both, maintainable by the Managing Agent or Board on behalf of the Association or by an aggrieved Owner.

7.15 No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article VII or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms or provisions. Any Owner acquiring a Unit in the Project in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Unit agrees to hold Declarant harmless therefrom.

ARTICLE VIII.

INSURANCE, REPLACEMENT AND CONDEMNATION

8.01 Insurance; Damage or Destruction.

(a) Association Liability Insurance. The Association shall obtain and continue in effect comprehensive public liability insurance insuring the Association, the Declarant and the agents and employees of each and the Owners and the respective guests and invitees of the Owners against any liability incident to the ownership or use of the Common Elements and public ways, and including, if obtainable, a crossliability endorsement insuring each insured against liability to each other insured, and a "severability of interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owners or the Association. The scope of the coverage must include all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location, and use. The policy shall be written so as to require at least ten (10) days written notice to the Association and all Mortgagees listed on the policy prior to cancellation or substantial modification of the policy. Coverage shall be in an amount determined by the Board to be sufficient.

(b) Master Hazard Insurance. Additionally, the Association shall obtain and continue in effect a master or blanket policy of multi-peril insurance on the Project, providing as a minimum fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) of all improvements on the Property. The master policy of multi-peril insurance shall contain extended coverage and replacement costs endorsements, if available, and may also contain vandalism and malicious mischief coverage, special form endorsement, a stipulated amount clause and a determinable cash adjustment clause, or a similar clause to permit cash settlement in the event of destruction and a decision not to rebuild pursuant to this Declaration. Such policies shall be in form and amount as may be determined by the Board, shall name as insured the Association, the Owners and Declarant (so long as

Declarant is an Owner of any Units), and all Mortgagees as their respective interests may appear, and shall provide that any proceeds be paid to the Association for the use and benefit of the Owners and Mortgagees as their interest may appear. Such policy shall not be required to insure the personal property or customized items within any individual Units, which shall be and remain the responsibility and risk of the Owners.

(c) Additional Association Insurance. The Association may purchase such other insurance as it may deem necessary, including, without limitation, plateglass insurance, worker's compensation, directors' liability, and errors and omissions insurance, and the Association shall purchase fidelity coverage against dishonest acts by any directors, managers, trustees, employees or volunteers of the Association who are responsible for handling funds belonging to or administered by the Association. The fidelity bond insurance shall name the Association as the insured and shall provide coverage in an amount not less than one and one-half (1-1/2) times the Association's estimated annual operating expenses and reserves, and shall provide for at least ten (10) days written notice to the Association and all listed Mortgages prior to cancellation or substantial modification. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers. In addition, the Association shall purchase such additional insurance as may be required under guidelines and regulations promulgated by the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(d) Insurance Premiums. Insurance premiums shall be a Common Expense to be included in the Assessments levied by the Association. The acquisition of insurance by the Association shall be without prejudice to the right of any Owner to obtain additional individual insurance.

(e) Association as Attorney-in-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project, in whole or in part, upon its destruction or obsolescence. Title to any Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All Owners irrevocably constitute and appoint the Association as their true and lawful attorney in their name, place and stead for the purpose of dealing with said Project upon its destruction or obsolescence as is hereinafter provided. As attorney-in-fact, the Association, by and through its President or any Vice President and Secretary or any Assistant Secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of any Owner which is necessary and appropriate to exercise the powers herein granted. Any repair, reconstruction or replacement made of the improvement(s) shall be to substantially the same condition existing prior to the damage, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration or replacement unless

the Owners agree not to rebuild in accordance with the provisions hereinafter set forth. The Association shall have full authority, right and power, as attorney-in-fact, to cause any repair and restoration of the improvement(s) permitted or required hereunder. Without limitation on the generality of the foregoing, the Association, as said attorney-in-fact, shall have the full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to settle and compromise any and all claims under said insurance policies, to collect proceeds and to distribute the same to the Association, the Owners and their respective Mortgagees (subject to the provisions hereof) as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Owners, the Association and the Project as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters. The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit or for the liability of any Owner for the occurrences therein not caused by or in connection with the Association's operation, maintenance or use of the Project.

(f) Reconstruction or Repair of Project. In the event of fire, casualty or other disaster involving substantial damage to the Project, within ten (10) days of receipt of determination of the amount of insurance proceeds available to the Association, the Association shall cause notice to be given of a special meeting of Members to be held not less than twenty (20) nor more than thirty (30) days from the giving of such notice for the purpose of considering the adoption of a Plan for Reconstruction of the Project. Such notice shall specify the amount of insurance proceeds available, the estimated cost of restoration and other data deemed pertinent to the determination called for by this Section.

(g) Sufficient Proceeds. In case of fire, casualty or any other disaster, the insurance proceeds, if sufficient to reconstruct the Project, shall, subject to the provisions of Section 8.01(i) and 8.01(j) below, be applied to such reconstruction. Reconstruction of the Project, as used in this Section 8.01(g) means restoring the Project to substantially the same condition in which it existed immediately prior to the fire, casualty or other disaster, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before. Such reconstruction shall be caused to be accomplished by the Association or its duly authorized agents.

(h) Insufficient Proceeds. If the insurance proceeds are insufficient to reconstruct the Project, the damage or destruction thereof shall, subject to the provisions of Section 8.01(i) and 8.01(j), be promptly caused to be repaired and restored by the Association or its duly authorized agents, using proceeds of insurance, if any, on the Project for that purpose, and the Owners shall be liable for the special Assessment or Assessments for any deficiency as hereinafter provided.

(i) Less than Two-Thirds Destruction. If less than two-thirds ($2/3$) of the Project (as determined by the vote or written consent of Owners owning as least fifty-one percent (51%) of the Common Elements in the exercise of their sole discretion) is destroyed or

substantially damaged by fire or any other disaster, then the Project shall be rebuilt or repaired under a Plan for Reconstruction adopted by majority vote of the Owners, unless the Members of the Association by unanimous vote or written consent, and all of the Mortgagees by prior written approval elect not to repair such damage; in which event the procedures set forth in Section 8.01(j) below shall be followed.

(j) Two-Thirds or More Destruction. If two-thirds (2/3) or more of the Project (as determined by the vote or written consent of Owners owning at least fifty-one percent (51%) of the Common Elements in the exercise of their sole discretion), is destroyed or substantially damaged by fire or any other disaster, and if the Owners, by unanimous vote or written consent, do not voluntarily, within one hundred eighty (180) days after determination of the amount of the Association's insurance proceeds resulting from such destruction or damage, adopt a Plan for Reconstruction (unless within such period the buyout contemplated in this Section 8.01(j) is effected), the condominium regime shall be deemed to have been waived, and the Association shall take all action required under the Act to regroup and merge the filial estate with the principal property, whereupon:

(i) the Project shall be deemed to be owned in common by the Owners;

(ii) the undivided interest in the Project owned in common which shall appertain to each Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Elements;

(iii) any liens on each Unit and that certain portion of the Common Elements appurtenant thereto shall be deemed to be transferred in accordance with their existing priorities to the undivided interest of the Owner of the affected Unit; and

(iv) the Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of the insurance on the Project, if any, shall be considered as one fund and shall be divided among all the Owners and their mortgagees as their interests shall appear in a percentage equal to the Common Interest previously owned by each Owner.

(k) Repair of Interior of Unit. Each Owner shall be responsible for the reconstruction, repair or replacement of that portion of the interior of such Owner's Unit which the Owner has installed, furnished or provided, including but not limited to, any floor coverings, wall coverings, window shades, draperies, furniture, furnishings, decorative light fixtures, or other improvements, betterments and additions to the Unit, all equipment and appliances located therein irrespective of whether or not such appliances are "built-in" to the Unit, and all air-conditioning and heating equipment serving such Owner's Unit. Each Owner shall also be responsible for the costs not otherwise covered by insurance carried by the Association of any reconstruction, repair or replacement of any portion of the Project necessitated by such Owner's negligence or misuse or the negligence or misuse of his invitees, guests, agents, servants, employees or contractors. In the event damage to all or any part of the interior of any Owner's Unit is

covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of such damage upon receipt of the insurance proceeds of any portion thereof from the Association, subject to the rights of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof. In the event damage to all or any part of the interior of an Owner's Unit is not covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of said Owner's Unit within sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

(1) Application of Insurance Proceeds. As soon as possible after the occurrence of a casualty which causes damage to any part of the Project for which the Association has insurance coverage (hereinafter referred to as the "Casualty"), the Association shall obtain reliable and detailed cost estimates of the following:

(i) The cost of restoring all damage caused by the Casualty to the Common Elements (hereinafter referred to as the "Common Element Costs"); and

(ii) The cost of restoring that part of the damage caused by the Casualty to each Unit which is or would be covered by insurance held by the Association without regard to the policy limits of such insurance (hereinafter referred to as the "Unit Costs").

All insurance proceeds available to the Association with respect to the Casualty shall first be applied to the payment of the actual Common Element Costs and the balance thereof, if any, shall thereafter be applied to the payment of the actual Unit Costs. However, if such insurance proceeds are not sufficient to cover such estimated costs, then a special Assessment or Assessments shall be made against the Owners by the Association as provided in Section 8.01(m). If such insurance proceeds are in excess of the amount needed to cover such estimated costs, the surplus shall be retained by the Association to be used to defray Common Expenses.

(m) Plan for Reconstruction. If the Owners adopt a Plan for Reconstruction all of the Owners shall be bound by the terms and other provisions of such plan. Any assessment made in connection with such plan shall be deemed to be a special Assessment under this Declaration and shall be made pro rata according to each Owner's interest in the Common Elements and shall be due and payable at the time and in the manner specified by the Association. The Association shall have the authority to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the special Assessment. The special Assessment provided for herein shall be a debt of each Owner and a lien on each Condominium Unit and may be enforced and collected as provided for Assessment liens herein. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to foreclose the lien against the Condominium Unit of any Owner refusing or failing to pay such special Assessment within the time provided.

(n) Personal Liability Insurance. In addition to the master policies which the Association shall carry, the Board shall have the power to require each Owner, at such Owner's sole cost and expense, to carry personal liability insurance covering damage to property or injury to the person of others within the Project resulting from negligence of the Owner or such Owner's family members, agents, tenants, guests or invitees, in such amount as may be deemed necessary by the Board.

(o) Waiver of Subrogation; Notice of Cancellation. All property and liability insurance carried by the Association or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, officers, and directors, and any Members, their guests, agents and employees. All policies of hazard insurance must contain or have attached the standard mortgage clause commonly accepted by private institutional mortgage investors in the area in which the Units are located.

8.02 Condemnation. If all or any part of the Project is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary), the Association, each Owner and each Mortgagee shall be entitled to participate in proceedings incident thereto at their respective expense. The Association shall give written notice of the existence of such proceedings to all Owners and to all Mortgagees known to the Association to have an interest in any Condominium Unit. 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. All damages or awards for any such taking shall be deposited with the Association, and such damages or awards shall be applied as provided herein.

In the event that an action in eminent domain is brought to condemn a portion of the Common Elements (together with or apart from any Condominium Unit), the Association, 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. With respect to any such taking, all damages and awards shall be determined for such taking as a whole and not for each Owner's interest therein. After the damages or awards for a taking are determined, the damages or awards shall be paid to the account of each Owner and Mortgagee in proportion to the Owner's percentage ownership interest in the Common Elements, unless restoration takes place as herein provided. The Association, if it deems advisable, may call a meeting of the Owners, at which meeting the Owners, by majority vote, shall decide whether to replace or restore the Common Elements so taken or damaged. In the event it is determined that such Common Elements should be replaced or restored by obtaining other land or building additional structures, this Declaration and the Condominium Map shall be duly amended by instrument executed by the Association on behalf of the Owners.

In the event that an eminent domain proceeding results in the taking of or damage to one (1) or more, but less than sixty-six and two-thirds percent (66-2/3%) of the total number of Condominium Units, then the damages and awards for such taking shall be determined for each Condominium Unit and the following shall apply:

(a) The Association shall determine which of the Condominium Units damaged by such taking may be made

tenantable for the purposes set forth in this Declaration, taking into account the nature of this Condominium Project and the reduced size of each Condominium Unit so damaged.

(b) The Association shall determine whether it is reasonably practicable to operate the remaining Condominium Units of the Project, including those damaged Units which may be made tenantable, as a Condominium Project in the manner provided in this Declaration.

(c) In the event that the Association determines that it is not reasonably practicable to operate the undamaged Condominium Units and the damaged Units which can be made tenantable as a Condominium Project, then the Condominium Project shall be deemed to be regrouped and merged into a single estate owned jointly in undivided interest by all Owners, as tenants-in-common, in the percentage ownership interests previously owned by each Owner in the Common Elements.

(d) In the event that the Association determines it will be reasonably practicable to operate the undamaged Condominium Units and the damaged Units which can be made tenantable as a Condominium Project, then the damages and awards made with respect to each Unit which has been determined to be capable of being made tenantable shall be applied to repair and to reconstruct each Condominium Unit so that it is made tenantable and which will be made tenantable by such work. If the cost of the work exceeds the amount of the award, the additional funds required shall be assessed against those Condominium Units which are tenantable and which will be made tenantable by such work. With respect to those Units which may not be tenantable, the award made shall be paid to the joint account of each Owner and Mortgagee thereof and the remaining portion of such Units, if any, shall become a part of the Common Elements. Upon the payment of such award for the account of such Owner as provided herein, such Condominium Unit shall no longer be a part of the Condominium Project, and the percentage ownership interest in the Common Elements appurtenant to each remaining Condominium Unit which shall continue as part of the Condominium Project shall be equitably adjusted to distribute the ownership of the undivided interests in the Common Elements among the reduced number of Owners.

If the entire Condominium Project is taken, or sixty-six and two-thirds percent (66-2/3%) or more of the Condominium Units are taken or damaged by such taking, all damages and awards shall be paid to the accounts of the Owners of Units in proportion to their percentage ownership interests in the Common Elements and this condominium regime shall terminate upon such payment. Upon such termination, the Condominium Units and Common Elements shall be deemed to be regrouped and merged into a single estate owned in undivided interest by all Owners as tenants-in-common in the percentage ownership interest previously owned by each Owner in the Common Elements.

8.03 Financing of Purchase of Unit by Association. In the event the Association should acquire a Unit at foreclosure or pursuant to any provision hereof, such acquisition by the Association may be made from the working capital of the Association and common charges in the hands of the Association, or if such funds are insufficient, the Association may levy a special Assessment or Assessments against each Owner (excluding the Owner of the Unit being acquired) in proportion to such Owner's Common Interest, as a Common Expense, or the Association, in its discretion, may borrow money to finance the acquisition of

such Unit; provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit, together with the interest in the Common Elements appurtenant thereto, so to be acquired by the Association.

ARTICLE IX.

GENERAL PROVISIONS

9.01 Enforcement. The Association, any Owner, or the Managing Agent shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens, and charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court; provided, that failure to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter. All rules, regulations, duties and obligations relating to Owners, Units or the Project expressed herein, in the Bylaws, or in any rules or regulations adopted by the Board are covenants, conditions and restrictions and are a "charge on the ownership interest" of each Owner. Any injunctive remedies or other remedies specified herein, in the Bylaws or in any rules or regulations adopted by the Board for breach of these covenants, conditions and restrictions, are also available against any tenant or other occupant (or former tenant or other occupant) of a Unit, as well as against the Owner (or former Owner) thereof. All covenants, conditions and restrictions, including the duties to pay Assessments, shall be deemed "restrictive covenants" within the meaning of any Texas statute or other law governing rights of owners' associations to enforce such restrictive covenants, including, but not limited to, any statutory right of reimbursement of attorney's or other fees incurred in connection with enforcement of restrictive covenants.

9.02 Invalidity of Any Provision. Should any provision of this Declaration be declared invalid or in conflict with any laws or ordinances of the jurisdiction where the Project is situated, the validity of all other provisions shall remain unaffected and in full force and effect.

9.03 Termination of Mechanic's Lien Rights and Indemnification. No labor performed or materials furnished and incorporated in a Unit with the consent or at the request of an Owner or such Owner's agent, contractor or subcontractor shall be the basis for the filing of a lien against either the Common Elements or the Unit of any other Owner not expressly consenting to or requesting the same, except that express consent shall be deemed to be given by the Owner of any Unit to the Board or Managing Agent in the case of emergency repairs. Each Owner shall indemnify and hold harmless each of the other Owners from and against any and all liability arising from any such claims or liens against the Units of any other Owners or against the Common Elements for construction performed or for labor, materials, services or other products incorporated in the indemnifying Owner's Unit at such indemnifying Owner's request. Labor performed or materials furnished for the General Common Elements, if duly authorized by the Managing Agent or the Board in accordance with this Declaration or the Bylaws, shall be deemed to be performed or furnished with the express consent of each Owner and shall be the basis for the filing of a lien pursuant to law against each Unit in the Project.

9.04 Mortgage Protection Clauses.

(a) Rights of Mortgagees. No breach of any of the covenants, conditions and restrictions contained in this Declaration, nor the enforcement of any lien provisions herein, shall render invalid the lien of any first lien Mortgage on any Unit made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective

against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, unless otherwise provided herein.

(b) Notice to Lenders. All Mortgagees that have filed with the Association an appropriate written request, shall be entitled to receive the following notices in writing from the Association:

(i) Notice of any condemnation or casualty loss that affects either a material portion of the Project or the Units securing such Mortgagee's Mortgage.

(ii) Notice of any sixty (60) day delinquency in the payment of Assessments or charges owed by the Owner of the Unit securing such Mortgagee's Mortgage.

(iii) Notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

(iv) Notice of any proposed action which would require the consent of a specified percentage of Mortgagees as specified in this Declaration.

(c) Changes Requiring Lender Approval. Without the prior written approval of all other Mortgagees, the Association shall not be entitled to:

(i) By act or omission, seek to abandon or terminate the Condominium Project, except for abandonment or termination of the Project provided by law, in case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(ii) By act or omission, seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements; provided, however, that the granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause; or

(iii) Use hazard insurance proceeds for losses to any property on the Project (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction thereof, except as otherwise provided herein or by applicable statute in case of substantial loss or damage to the Units and/or the Common Elements.

(d) Mortgage Priority. Notwithstanding any language contained in this Declaration or the other Project Documents to the contrary, no Owner or other party shall have priority over any rights of the Mortgagee of any Unit pursuant to its Mortgage in the case of a distribution to the Owner of such Unit of insurance proceeds or condemnation awards for losses to or taking of all or a portion of such Unit and/or Common Elements. Mortgagees shall have the right to examine the books and records of the Association at all reasonable times during regular business hours of the Association.

(e) Compliance with FHLMC and FNMA Regulations. The Declarant intends that the Project shall comply with all requirements of the Federal Home Loan Mortgage Corporation ("FHLMC") and the Federal National Mortgage

Association ("FNMA") pertaining to the purchase by FHLMC and/or FNMA of home loans. Declarant and all Owners therefore agree that, notwithstanding anything to the contrary contained herein, in the event the Project or any of the Project Documents do not comply with the FHLMC and/or FNMA requirements, the Board shall have the power (on behalf of the Association and each and every Owner) to amend the terms of this Declaration and the Bylaws and/or to enter into any agreement with FHLMC and/or FNMA (or their designees) or the Mortgagees of the Units reasonably required by FHLMC and/or FNMA or the Mortgagees to allow the Project to comply with such requirements.

(f) Taxes, Assessments, and Charges Which May Become Liens. All taxes, assessments, and charges which may become liens prior to any Mortgage under local law shall relate only to the individual Units and not to the Project as a whole.

9.05 Alteration or Destruction of Units or Limited Common Elements. Notwithstanding any provision herein to the contrary, the Association may not alter or destroy any Unit or Limited Common element without the consent of all Owners affected and the Mortgagees of all affected Owners.

9.06 Revocation or Amendment to Declaration. Except as otherwise provided herein, this Declaration shall not be revoked unless all of the Owners and all of the holders of any recorded first lien Mortgage covering or affecting any or all of the Units unanimously consent and agree to such revocation by instrument(s) duly recorded. This Declaration may only be amended at a meeting of the Unit Owners at which the amendment is approved by Owners of at least sixty-seven percent (67%) of the Common Interest, and no such amendment shall be effective until it is approved in writing by sixty-seven percent (67%) of holders of Mortgages affecting Units. Notwithstanding any provision herein to the contrary, however, that no amendment to this Declaration may alter or destroy a Unit or a Limited Common Element without the consent of the Owner or Owners affected and the Mortgagee or Mortgagees of the Unit or Units owned by such Owner or Owners.

9.07 Distribution of Foreclosure Proceeds. The proceeds derived from the foreclosure sale of any Condominium Unit by the Association shall be used and disbursed by the Association in the following order:

(a) For payment of taxes and special assessment liens in favor of the State of Texas and any political subdivision, special improvement district or other taxing or assessing authority;

(b) For payment of the balance of the lien of any first Mortgage;

(c) For payment of unpaid monthly and special Assessments;

(d) For payment of any costs and attorney's fees incurred in connection with such foreclosure;

(e) For payment of any recorded mortgages and encumbrances (other than first Mortgage) in order of and to the extent of their priority; and

(f) The balance remaining, if any, shall be paid to the Condominium Unit Owner.

9.08 Limitation of Restrictions on Declarant. Declarant is undertaking the construction of the Project. The completion of that work and the sale, rental, and other disposition of the Units is essential to the establishment and welfare of the

Project as a residential condominium project. In order that said work may be completed and the Project be established as a fully occupied condominium project as rapidly as possible, nothing in this Declaration shall be understood or construed to:

(a) Prevent Declarant, its contractors, or subcontractors from doing on or to the Project or any Unit, whatever is reasonably necessary or advisable in connection with the completion of the work; or

(b) Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Project, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Project as a residential condominium project and disposing of the same in parcels by sale, lease or otherwise; or

(c) Prevent Declarant from conducting on any part of the Project its business of completing the work and of establishing a plan of Unit ownership and of disposing of said Project in Units by sale, lease or otherwise; or

(d) Prevent Declarant from maintaining such sign or signs on any part of the Project as may be necessary for the sale, lease or disposition thereof; or

(e) Prevent Declarant from maintaining model units for display to the public.

So long as Declarant, its successors and assigns, owns one or more of the Condominium Units described herein, Declarant, its successors and assigns shall be subject to the provisions of this Declaration.

9.09 Termination of Any Responsibility of Declarant. Declarant may at any time, or from time to time, sell, assign or transfer all or any part of its rights hereunder and/or its right, title and interest in the Project to any Person or Persons who shall thereafter have such rights and powers of Declarant as are contained in the Project Documents and so transferred or assigned. In the event Declarant shall convey all of its right, title and interest in and to the Project to any Person or Persons, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such Person or Persons shall be obligated to perform all such duties and obligations of the Declarant. Any Mortgagee of the Declarant who acquires title to any Condominium Unit due to foreclosure of liens against the Unit and the first purchaser from such Mortgagee shall automatically succeed to the Declarant's rights and privileges hereunder.

9.10 Notice. All notices or demands intended to be served upon an Owner shall be sent by ordinary or certified mail, postage prepaid, addressed in the name of the Owner to the address last given the Secretary of the Association by the Owner, and if no address has been given, in care of the Unit number and Building address of such Owner. All notices or demands intended to be served upon the Managing Agent, or the Board of Directors of the Association, or the Association, shall be sent by ordinary or certified mail, postage prepaid, to the office of the Project at 1301 Capital of Texas Highway South, Suite B-320, Austin, Texas 78746, until such address is changed by a notice of address change duly recorded, in the records of the Association. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after deposit in the United States mail, postage prepaid, and properly addressed to the party being notified.

9.11 Legal Intent. It is the intent of Declarant, the Association and the Owners that the Project Documents be in strict compliance with applicable usury laws of the State of Texas and of the United States of America. In furtherance thereof, said parties stipulate and agree that none of the terms and provisions contained in the Project Documents shall ever be construed to create a contract to pay for the use, forbearance or detention of money, interest at a rate in excess of the maximum interest rate permitted to be charged under such applicable laws. The Owners or other parties now or hereafter becoming liable for payment of sums owing under the terms of the Project Documents shall never be required to pay interest at a rate in excess of the maximum interest that may be lawfully charged under such applicable laws, and the provisions of this Section shall control over all other provisions of the Project Documents in conflict herewith. In the event that the Declarant, the Association or any of its designated agents shall collect monies which are deemed to constitute interest at a rate in excess of that permitted to be charged by such applicable laws, all such sums deemed to constitute interest in excess of the legal rate shall be immediately returned to the owner or other party so paying said monies upon such determination.

9.12 The Master Declaration. Reference is here made to Davenport Ranch Master Neighborhood Association, Inc., a Texas non-profit corporation (the "Master Association") which has been created pursuant to the Master Declaration of Covenants and Conditions For Davenport Ranch (the "Master Declaration"), of record in Volume 7898, Page 776, Real Property Records of Travis County, Texas. The Property is subject to all terms and conditions of the Master Declaration. Any violation of the Master Declaration by any Owner shall constitute a violation of this Declaration, giving rise to all remedies granted hereunder. The Annual Maintenance Charge levied under the terms of the Master Declaration shall be the joint obligation of the Owners and shall be paid by the Association.

9.13 Miscellaneous.

(a) Statutes and Laws of State of Texas. the provisions of this Declaration shall be in addition and supplemental to the Texas Condominium Act and to all other provisions of law. In case of a conflict in the terms hereof and the Texas Condominium Act, the Texas Condominium Act shall govern.

(b) Conflict of Project Documents. If there is any conflict among or between the Project Documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Map; Articles; Bylaws; and Rules and Regulations of the Association.

(c) Number and Gender. Whenever used herein, unless the context otherwise provides, the singular number shall include the plural, the plural the singular, and the use of any gender shall include both genders.

(d) Captions and Headings. The captions and headings herein are inserted only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration nor the intent or meaning of any provisions hereof.

(e) Term of Declaration. The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property and the Project, and shall inure to the benefit of and shall be enforceable by the Association, its respective legal representatives, successors-in-interest and permitted assigns, for a term of fifty (50) years from the date

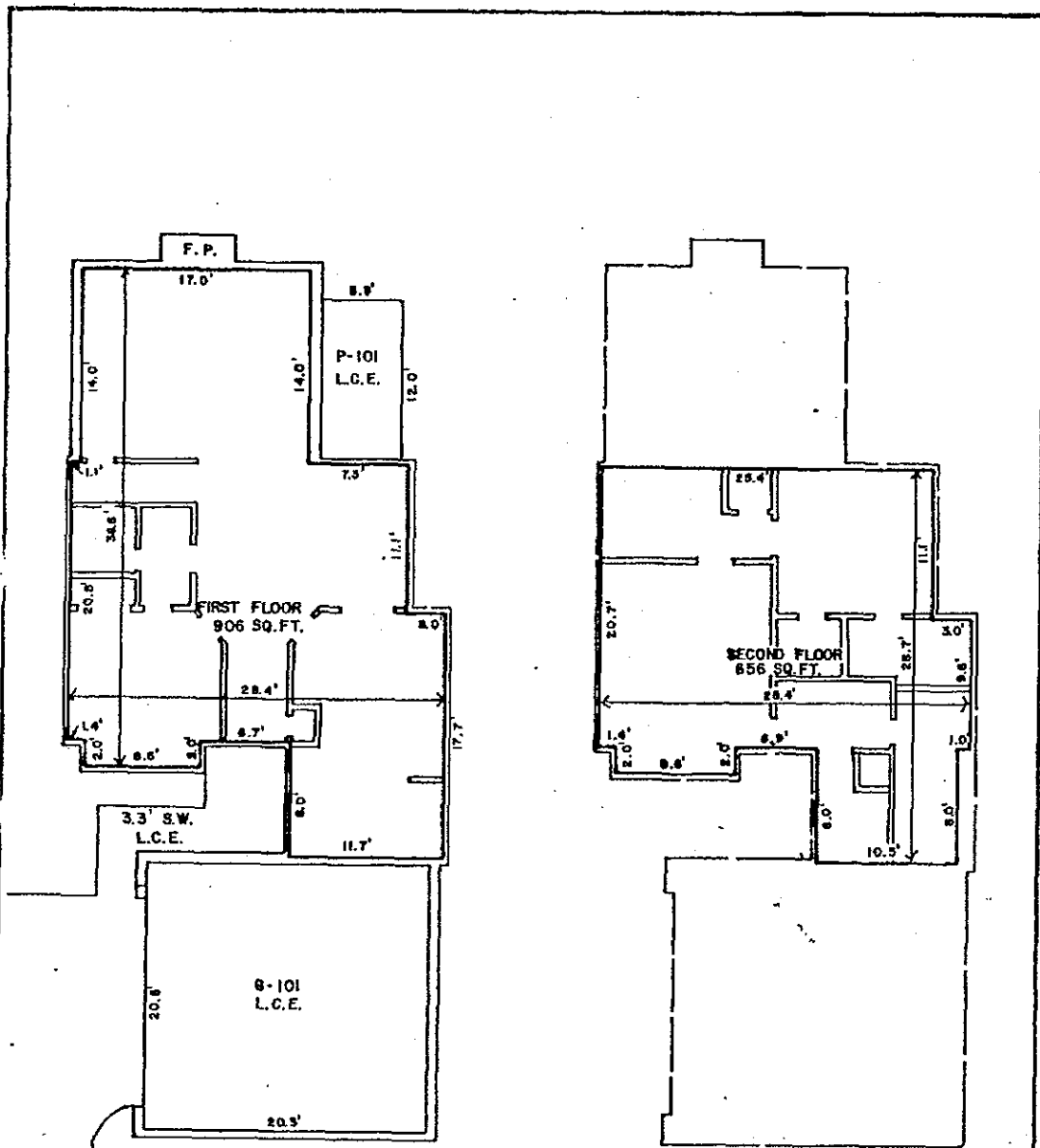
EXHIBIT "A"

Lot 1, Phase 3, Section 8, DAVENPORT RANCH, a subdivision in Travis County, Texas, according to the map or plat thereof recorded in Book 84, Pages 99B and 99C, Plat Records of Travis County, Texas.

2-685.128

09249 0348

EXHIBIT A



BUILDING A
UNIT 101
 BLDG. TYPE A2-R
 1562 SQ. FT.

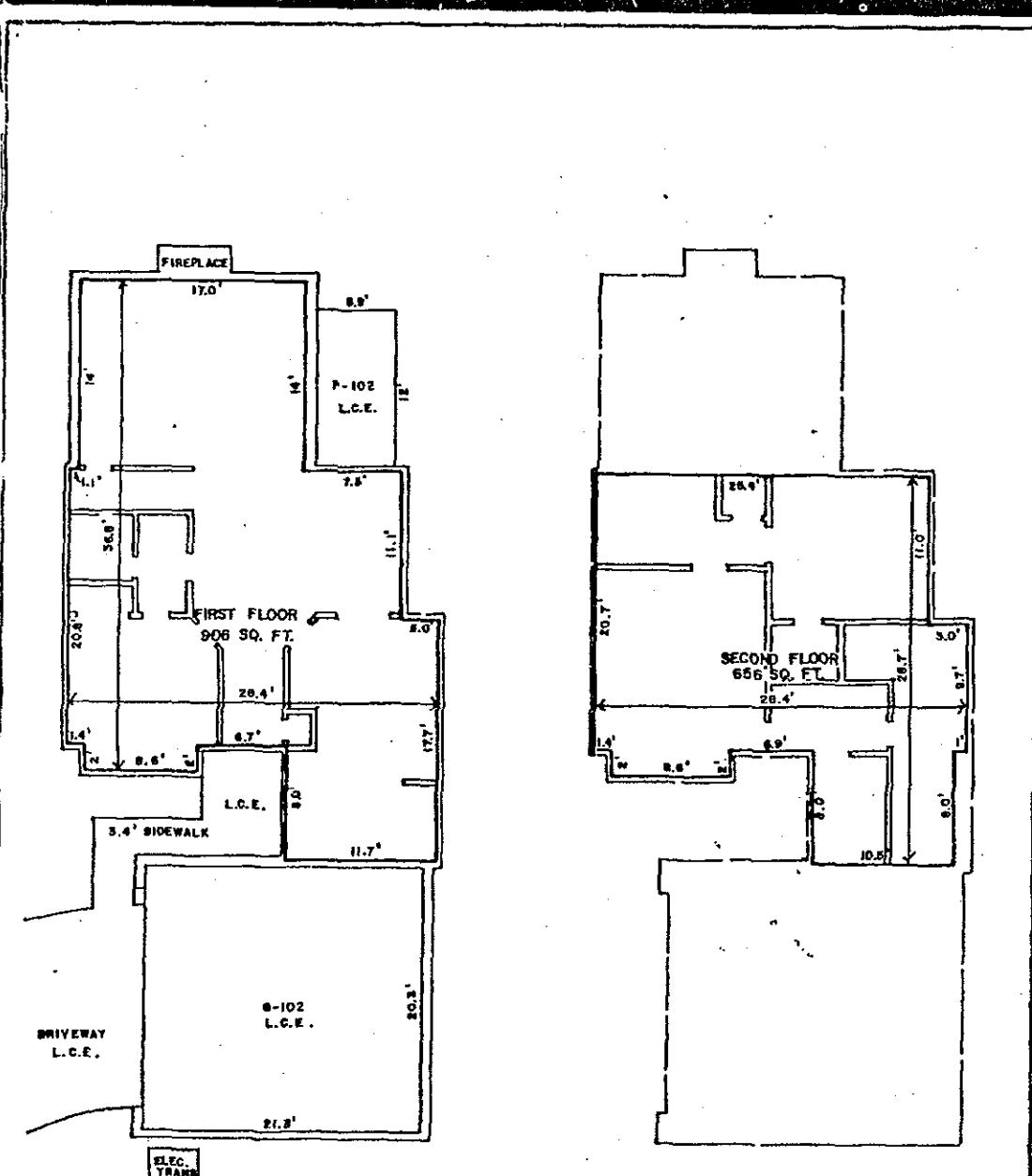
L.C.E. - LIMITED COMMON ELEMENT
 G.C.E. - GENERAL COMMON ELEMENT
 P - PATIO
 G - GARAGE
 F.P. - FIREPLACE
 S.W. - SIDEWALK

09249 0350



1250 Capital of Texas Highway South
 Austin, Texas 78748

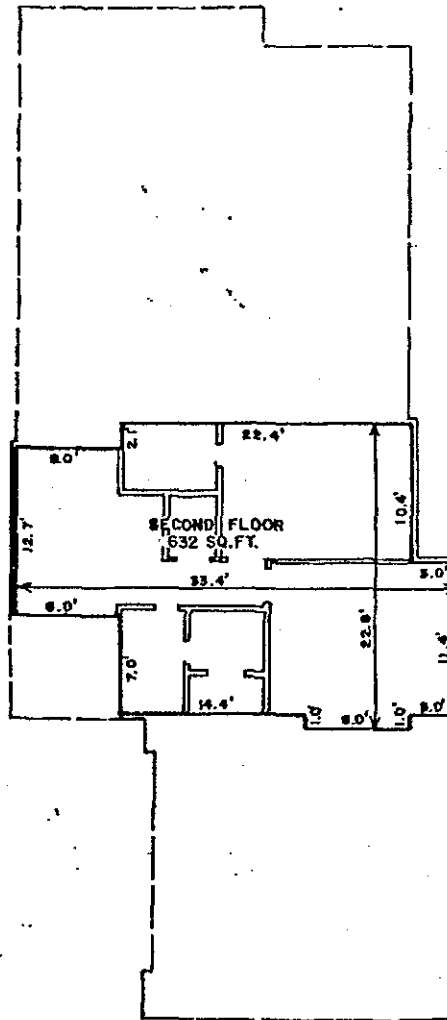
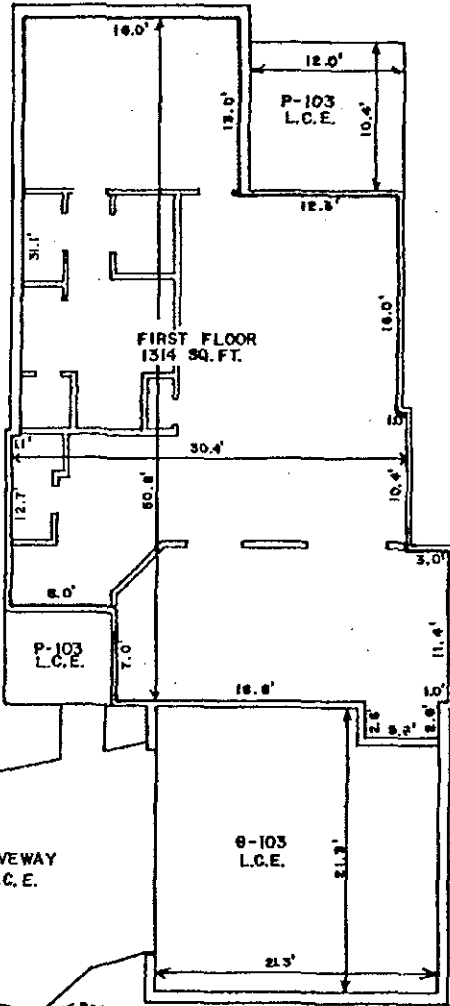
PITAL
 AVE VING
 COMPANY
 INCORPORATED
 Building 3 Suite 380
 M11 217-4566



**BUILDING B
UNIT 102**
BLDG. TYPE A2-R
1562 SQUARE FEET

G GARAGE
 P PATIO
 L.C.E. LIMITED COMMON ELEMENT
 G.C.E. GENERAL COMMON ELEMENT
 0351

ESCI
 CAPITAL SURVEYING COMPANY INCORPORATED
 1250 Capital of Texas Highway South
 Austin, Texas 78748
 Building 5 Suite 380
 (512) 927-9008
 84205



BUILDING C
UNIT 103
 BLDG. TYPE B
 1946 SQ. FT.

P - PATIO
 G - GARAGE
 S.W. - SIDEWALK
 G.C.E. - GENERAL COMMON ELEMENT
 L.C.E. - LIMITED COMMON ELEMENT

09249 0352

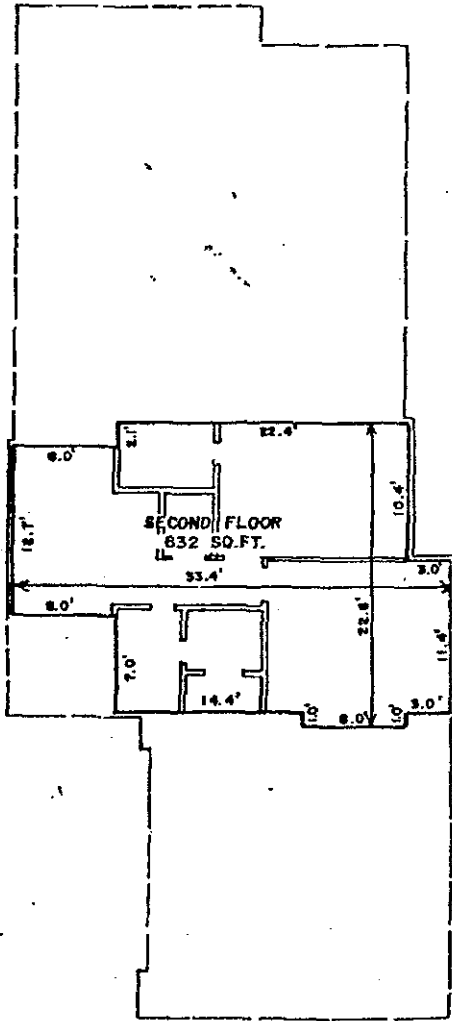
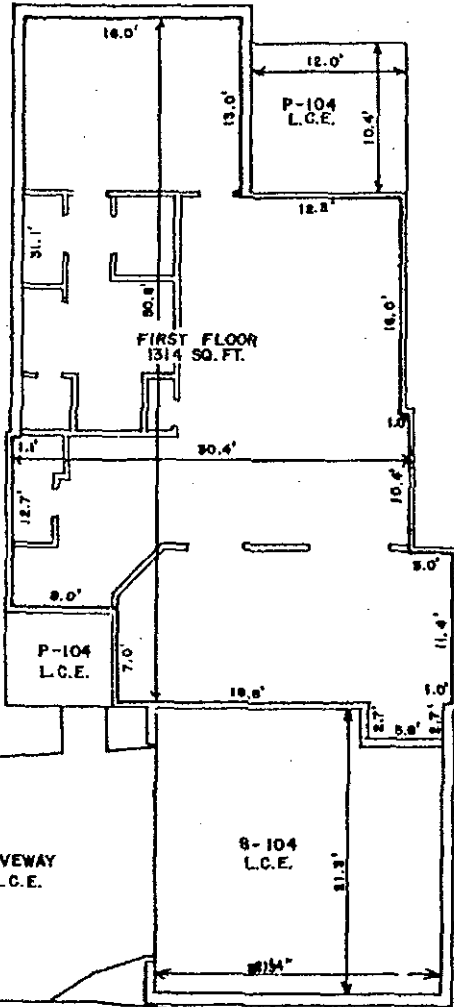
CSCI

CALIFORNIA
 SURVEYING
 ENGINEERS
 INCORPORATED

1280 Capital of Texas Highway South
 Austin, Texas 78749

Building 1 Suite 200
 (512) 337-6008

04208

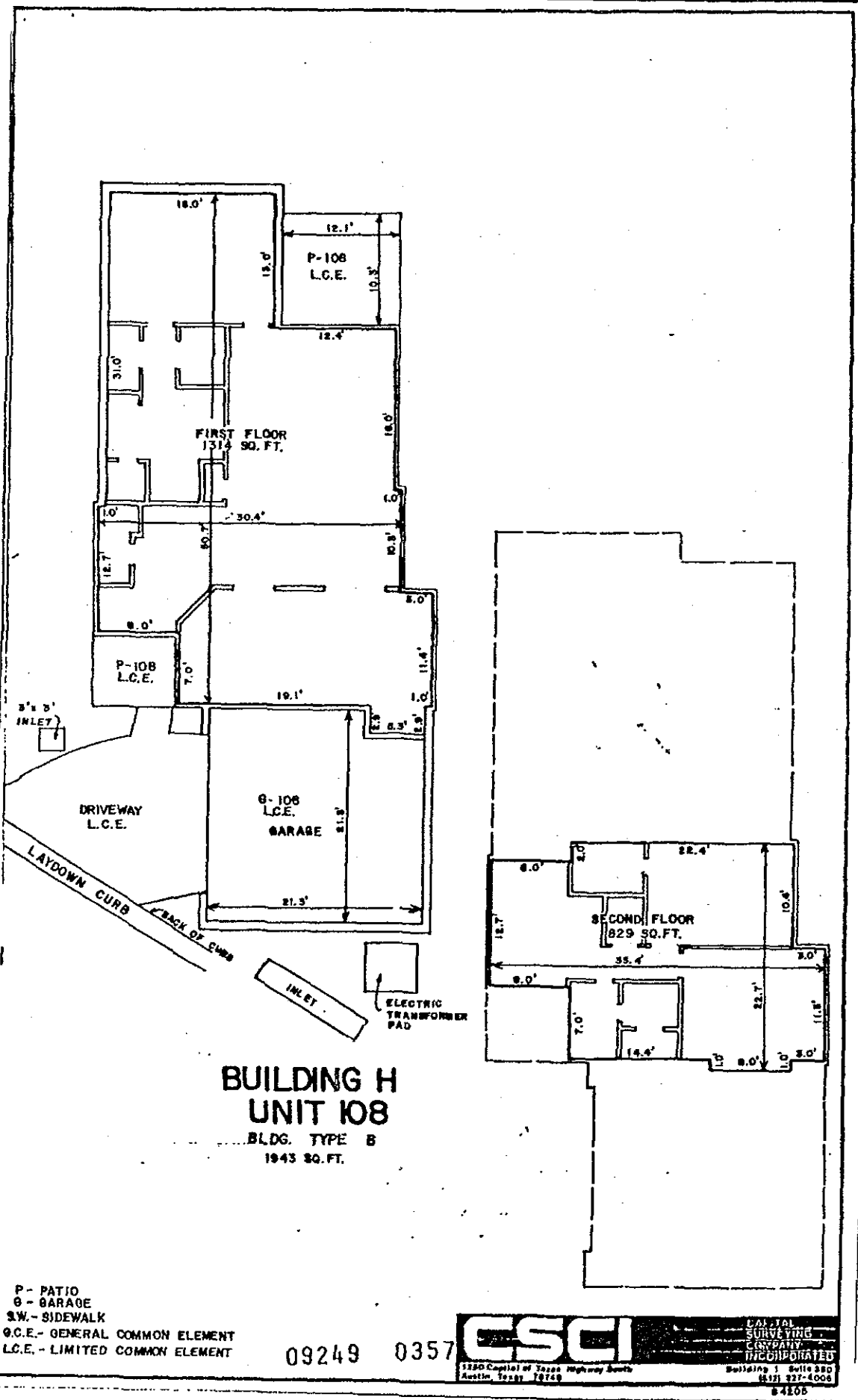


**BUILDING D
UNIT 104**
BLDG. TYPE B
1947 SQ. FT.

P - PATIO
G - GARAGE
G.C.E. - GENERAL COMMON ELEMENT
L.C.E. - LIMITED COMMON ELEMENT
S.W. - SIDEWALK

09249 0353

ESCI CAPITAL CONSTRUCTION COMPANY INCORPORATED
1120 Capital of Texas Highway South Austin, Texas 78746
Building 1 Suite 200 512 227-4000



**BUILDING H
UNIT 108**

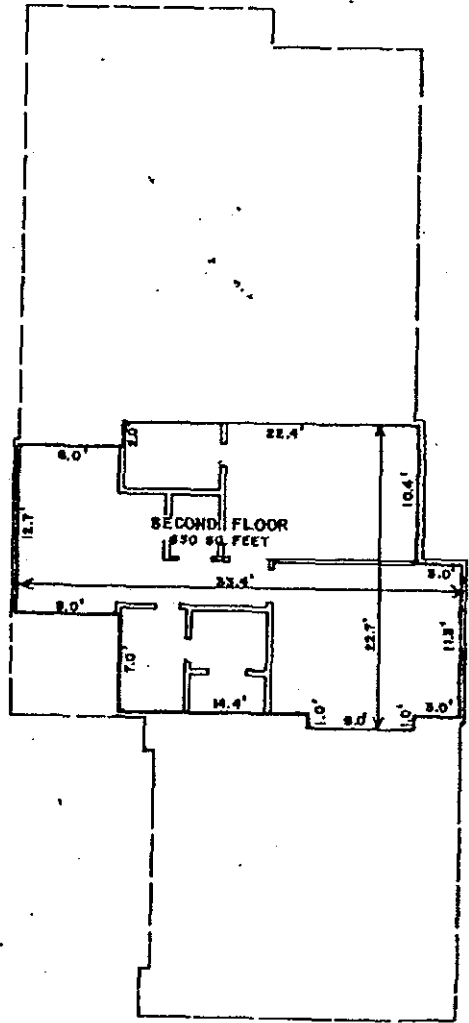
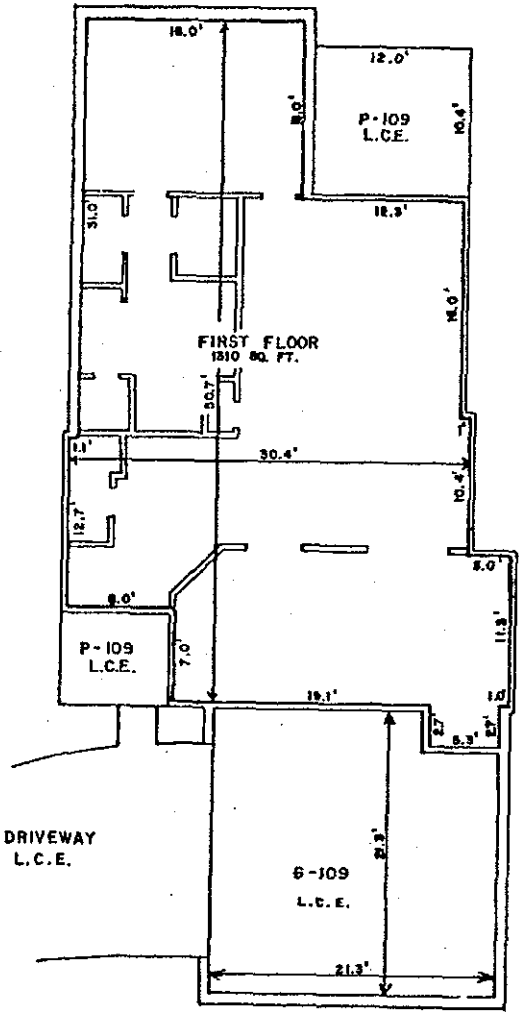
BLDG. TYPE B
1943 SQ. FT.

- P - PATIO
- G - GARAGE
- S.W. - SIDEWALK
- G.C.E. - GENERAL COMMON ELEMENT
- L.C.E. - LIMITED COMMON ELEMENT

09249 0357



ESCI
SURVEYING
CORPORATION
INCORPORATED
1320 Capital of Texas Highway South
Austin, Texas 78749
Building - Suite 350
4121 321-4006
84106



BUILDING 1
UNIT 109
 BLDG. TYPE B
 1840 SQ. FEET.

G GARAGE
 P PATIO
 L.C.E. LIMITED COMMON ELEMENT 09249 0358
 G.C.E. GENERAL COMMON ELEMENT

ESCI CAPITAL SURVEYING COMPANY INCORPORATED
 1280 Capital of Texas Highway South Austin, Texas 78728 Building 1 Suite 380 (512) 227-4009
 RAYDA

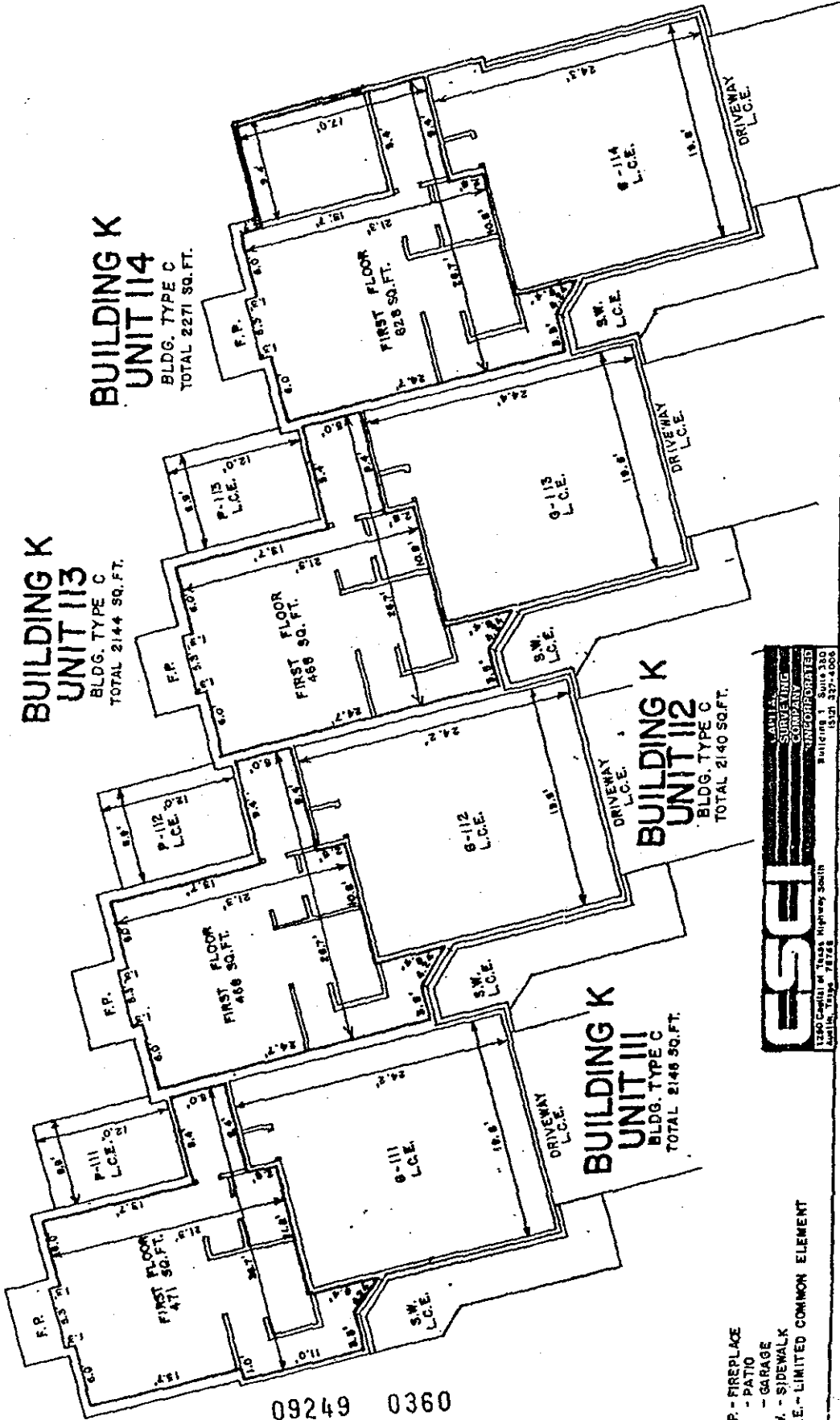
FIRST LEVEL

**BUILDING K
UNIT 113**
BLDG. TYPE C
TOTAL 2144 SQ. FT.

**BUILDING K
UNIT 114**
BLDG. TYPE C
TOTAL 2271 SQ. FT.

**BUILDING K
UNIT 112**
BLDG. TYPE C
TOTAL 2140 SQ. FT.

**BUILDING K
UNIT 111**
BLDG. TYPE C
TOTAL 2148 SQ. FT.



09249 0360

F.P. - FIREPLACE
 P - PATIO
 G - GARAGE
 S.W. - SIDEWALK
 L.C.E. - LIMITED COMMON ELEMENT

ES&I
 LAMAR SURVEYING
 COMPANY
 INCORPORATED
 1240 Capital of Texas Highway South
 Austin, Texas 78748
 Building 1 Suite 330
 (512) 337-4008

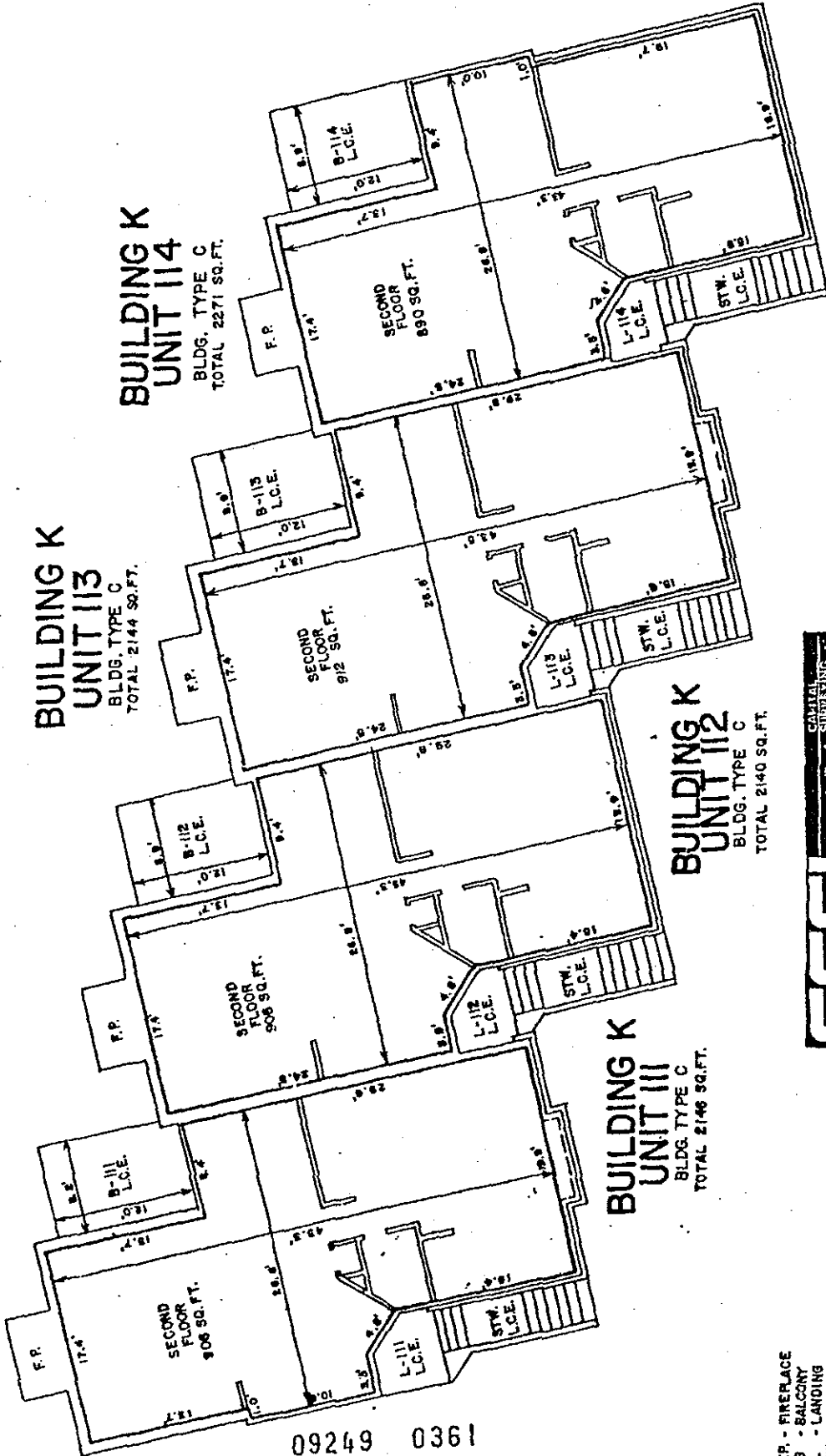
SECOND LEVEL

**BUILDING K
UNIT 113**
BLDG. TYPE C
TOTAL 2144 SQ.FT.

**BUILDING K
UNIT 114**
BLDG. TYPE C
TOTAL 2271 SQ.FT.

**BUILDING K
UNIT 112**
BLDG. TYPE C
TOTAL 2140 SQ.FT.

**BUILDING K
UNIT 111**
BLDG. TYPE C
TOTAL 2146 SQ.FT.



09249 0361

F.P. - FIREPLACE
 B - BALCONY
 L - LANDING
 STW. - STAIRWAY
 L.C.E. - LIMITED COMMON ELEMENT

ES&E
 CAPITAL SURVEYING COMPANY
 INCORPORATED
 1320 Capital W. Texas Highway South
 Austin, Texas 78748
 Building 1 Suite 300
 5121 371-4008

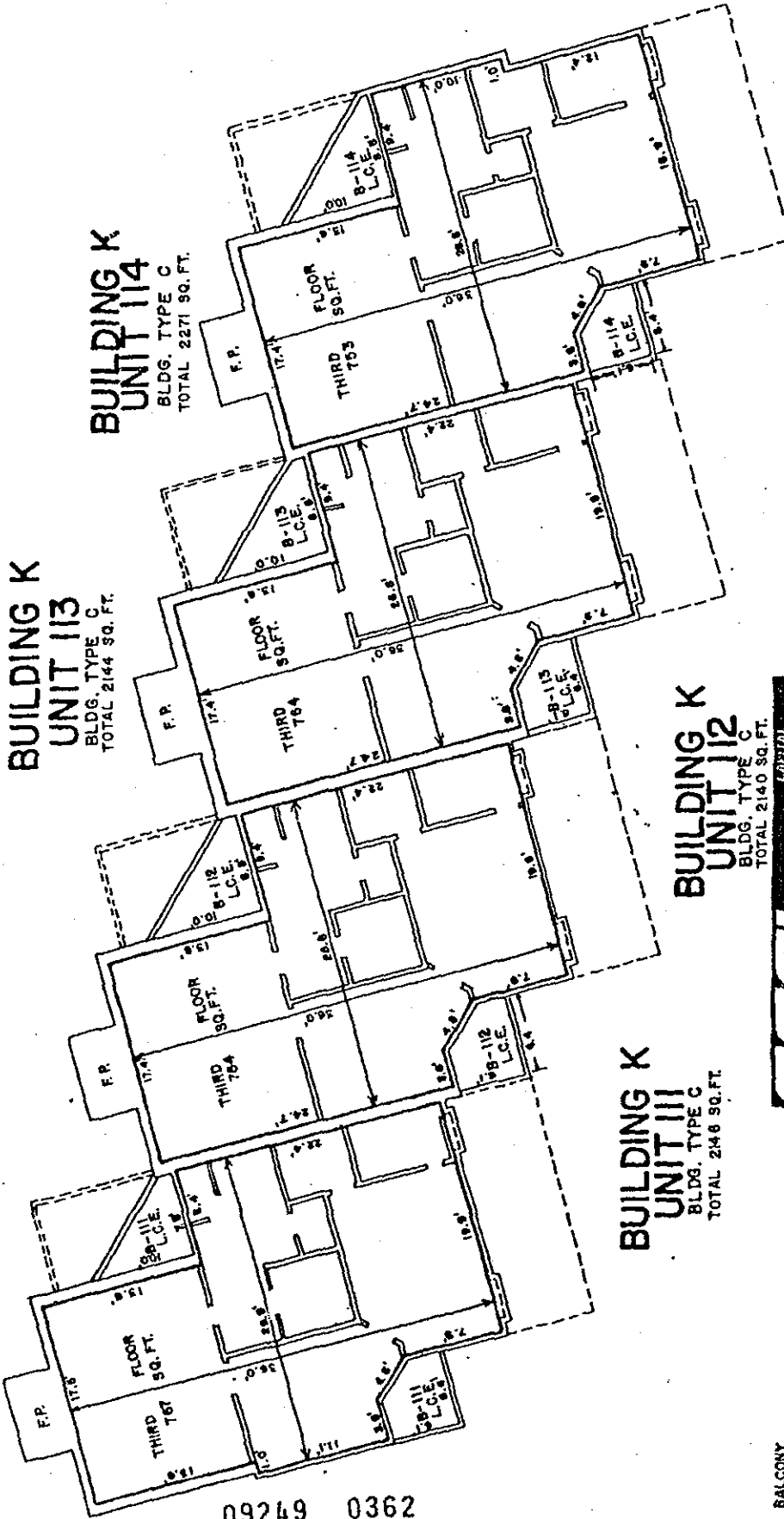
THIRD LEVEL

**BUILDING K
UNIT 113**
BLDG. TYPE C
TOTAL 2144 SQ. FT.

**BUILDING K
UNIT 114**
BLDG. TYPE C
TOTAL 2271 SQ. FT.

**BUILDING K
UNIT 111**
BLDG. TYPE C
TOTAL 2146 SQ. FT.

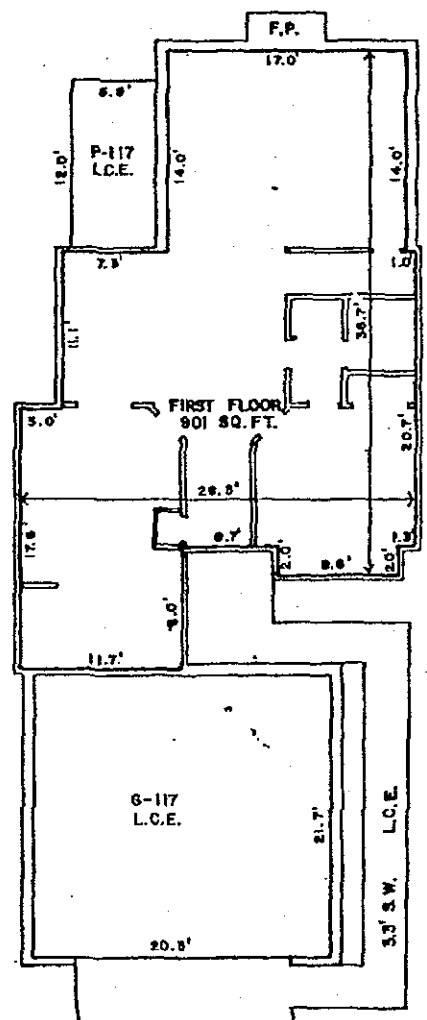
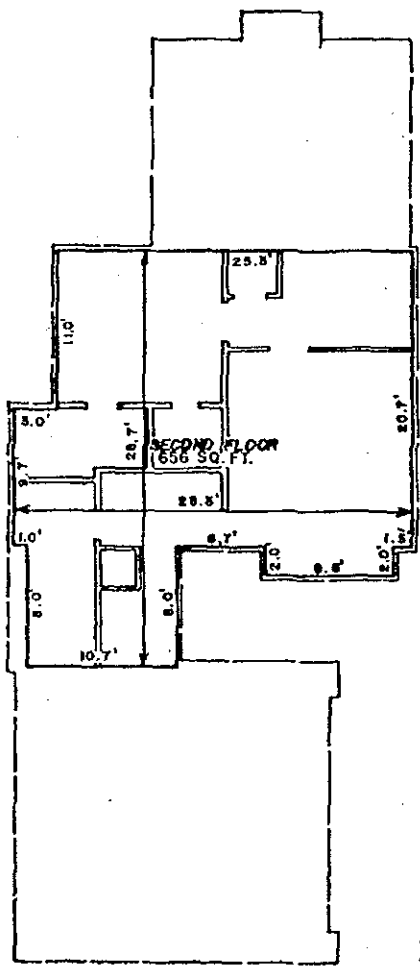
**BUILDING K
UNIT 112**
BLDG. TYPE C
TOTAL 2140 SQ. FT.



09249 0362

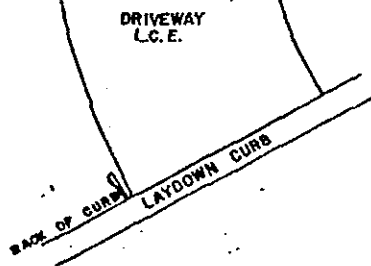
B - BALCONY
L.C.E. - LIMITED COMMON ELEMENT

ES&I
 CAPITAL
 SURVEYING
 COMPANY
 INCORPORATED
 Building 1 Suite 310
 1280 Central Expressway North
 Austin, Texas 78726
 (512) 337-4000



ELECTRIC
TRANSFORMER
PAD

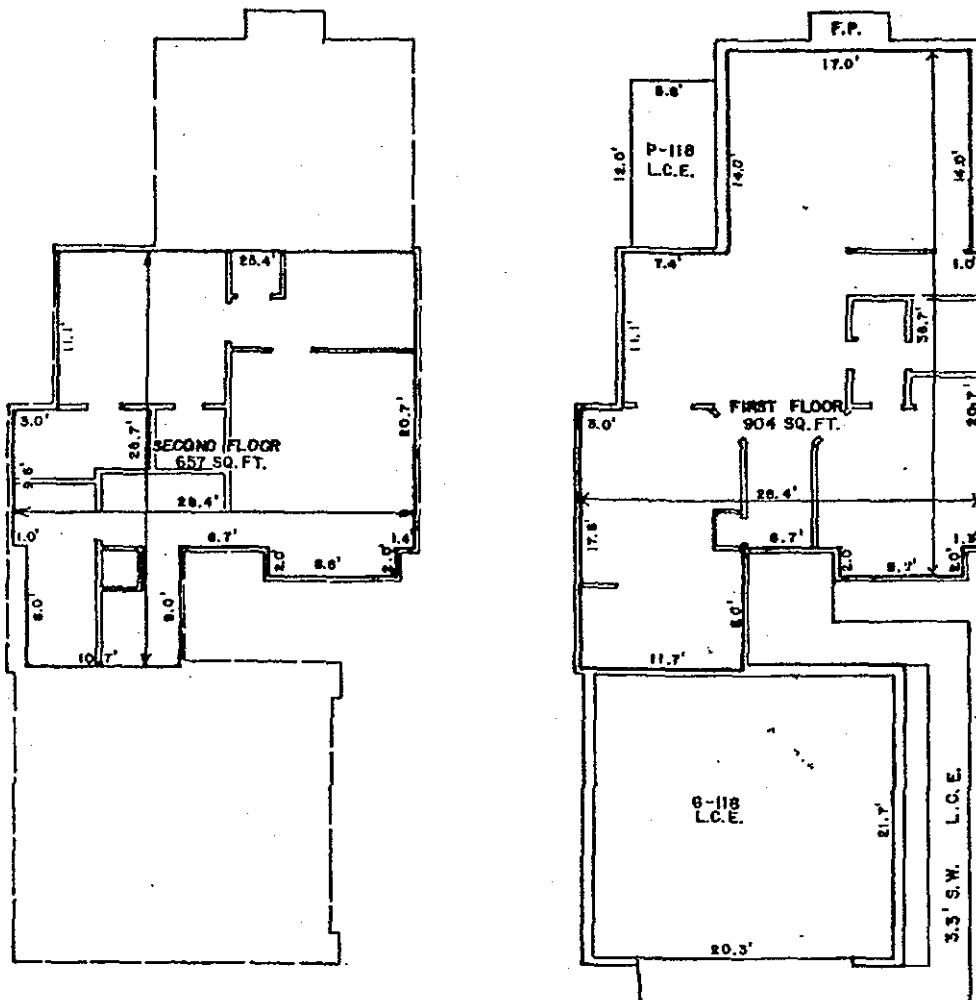
**BUILDING N
UNIT 117**
BLDG. TYPE A2
1557 SQ. FT.



- F.P. - FIREPLACE
- P - PATIO
- G - GARAGE
- S.W. - SIDEWALK
- G.C.E. - GENERAL COMMON ELEMENT
- L.C.E. - LIMITED COMMON ELEMENT

09249 0365

CSCI CAPITAL SURVEYING COMPANY INCORPORATED
 1250 Capital of Texas Highway South Building 1 Suite 510
 Austin, Texas 78748 (512) 227-4004



**BUILDING 0
UNIT 118**
BLDG. TYPE A2
1061 SQ. FT.

DRIVEWAY
L.C.E.

STOK OF CURB
LAYDOWN CURB

F.P. - FIREPLACE
P - PATIO
G - GARAGE
S.W. - SIDEWALK
G.C.E. - GENERAL COMMON ELEMENT
L.C.E. - LIMITED COMMON ELEMENT

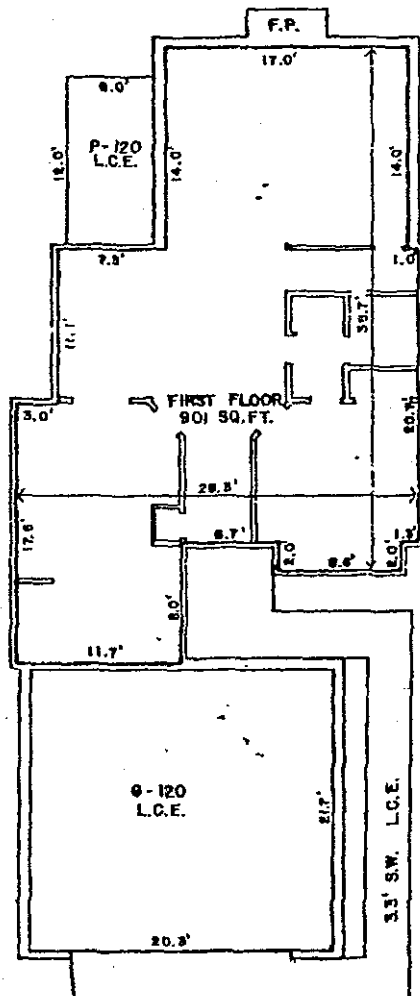
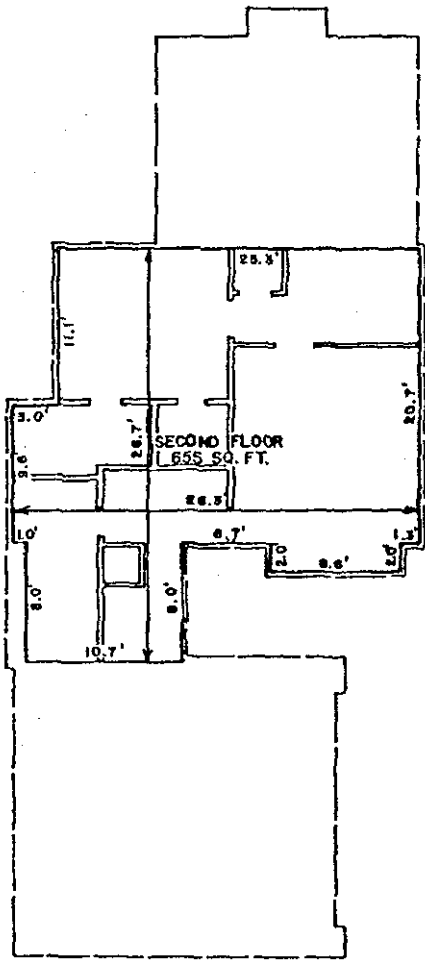
09249 0366

ESCI

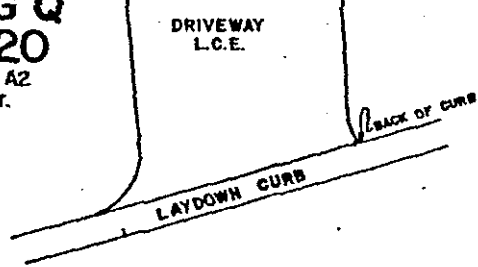
1220 Capital of Texas Highway South
Austin, Texas 78748

CAPITAL
SURVEYING
COMPANY
INCORPORATED

Building 1 Suite 300
2121 327-4000
84208



**BUILDING Q
UNIT 120**
BLDG. TYPE A2
1556 SQ. FT.



F.P. - FIREPLACE
P - PATIO
G - GARAGE
S.W. - SIDEWALK
G.C.E. - GENERAL COMMON ELEMENT
L.C.E. - LIMITED COMMON ELEMENT

0249 0368

ESCI CAPITAL SURVEYING COMPANY INCORPORATED

1350 Capital of Texas Highway South Austin, Texas 78748 Building 2 Suite 200 (512) 377-4000

EXHIBIT "C"

OWNERSHIP INTERESTS

<u>Unit</u>	<u>Building</u>	<u>Ownership Interest</u>
101	A	4.168
102	B	4.168
103	C	5.188
104	D	5.188
105	E	5.188
106	F	4.168
107	G	4.168
108	H	5.188
109	I	5.188
110	J	5.188
111	K	5.718
112	K	5.718
113	K	5.718
114	K	6.038
115	L	4.168
116	M	4.168
117	N	4.168
118	O	4.168
119	P	4.168
120	Q	4.168
121	R	4.168

2-685.129

STEWART TITLE AUSTIN, INC.
812 San Antonio St.
Austin, Texas 78701

National Closing Div.
GF#: Att: *BILL PRATT*

RETURN TO:
Stewart Title

RECORDERS MEMORANDUM
ALL OR PARTS OF THE TEXT OF THIS INSTRUMENT WAS
NOT CLEARLY LEGIBLE FOR SATISFACTORY RECORRATION

FILED

1985 JUL -9 AM 8:55

Noris Applegate
COUNTY CLERK
TRAVIS COUNTY, TEXAS

STATE OF TEXAS COUNTY OF TRAVIS
I hereby certify that this instrument was FILED on
the date and at the time stated herein by me, and
was duly RECORDED, in the Volume and Page of the
public RECORDS of Travis County, Texas, as

JUL 9 1985



Noris Applegate
COUNTY CLERK
TRAVIS COUNTY, TEXAS

09249 0370

EXHIBIT C