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**CONDOMINIUM
RECORDS**

DECLARATION AND MASTER DEED

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THE WOODS ON PARK LANE, A CONDOMINIUM
Dallas County, Texas

A Development of
The Waterford Development Company

82073 1140

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EXHIBITS

1. EXHIBIT "A-1": Legal description of Phase I of the Project.
2. EXHIBIT "A-2": Legal description of property upon which Phases II and III may be developed and annexed to the Project.
3. EXHIBIT "B": Map of Phase I of the Project consisting of Exhibits B-1 through B-7.
4. EXHIBIT "C": Chart of initial undivided percentage interests in the Common Elements.
5. EXHIBIT "D": Bylaws of The Woods on Park Lane Homeowners Association together with exhibits.
6. EXHIBIT "E": Declaration of Easements Concerning Ingress, Egress, Utilities and Use of Recreational Facilities.

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DECLARATION AND MASTER DEED

THE WOODS ON PARK LANE, A CONDOMINIUM

Dallas County, Texas

THIS DECLARATION AND MASTER DEED ("Declaration"), made on the date hereinafter set forth, by THE WATERFORD DEVELOPMENT COMPANY, a Texas corporation ("Developer"), is made with reference to the following facts:

A. Developer is the owner of certain real property located in the City of Dallas, County of Dallas, State of Texas, more particularly described on Exhibit "A-1" attached hereto and by this reference made a part hereof (the "Property").

B. The improvements for the Phase I Property (as hereinafter defined) shall consist of seven (7) residential buildings containing a total of eighty (80) units therein as depicted on the Map attached hereto as Exhibits "B-1" through "B-7", 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, being hereinafter sometimes referred to as the "Project" or the "Condominiums."

C. Developer desires to establish a condominium regime under the Texas Condominium Act as to the Phase I Property. Developer does hereby establish a plan for the individual ownership in fee simple of estates consisting of a Unit (hereinafter defined) plus an undivided interest as tenant in common in the Common Elements. Each Unit shall have appurtenant to it a membership in THE WOODS ON PARK LANE HOMEOWNERS ASSOCIATION.

D. Developer intends by this document to impose upon the Phase I Property mutually beneficial restrictions under a general plan of improvements for the benefit of all of said Condominiums and the Owners thereof.

Developer does hereby establish Phase I of The Woods on Park Lane, A Condominium, as a condominium regime under the Texas Condominium Act and hereby declares that the Condominiums 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, uses, obligations, restrictions and easements shall constitute covenants which shall run with the land and shall be perpetually binding upon Developer 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.

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ARTICLE I.

DEFINITIONS

1.1. "Articles" shall mean and refer to the Articles of Incorporation of the Association as amended from time to time.

1.2. "Assessment" shall mean the assessment made and levied against each Owner and his Unit for that portion of the cost of maintaining, improving, repairing, operating and managing the Condominiums and for repair, maintenance and operation of the Common Elements, including reserves for replacements and the costs incurred by the Association to participate in any condemnation proceedings, which is to be paid by each Unit Owner as determined by the Association in accordance with this Declaration and the Bylaws.

1.3. "Association" shall mean and refer to THE WOODS ON PARK LANE HOMEOWNERS ASSOCIATION, its successors and assigns, a non-profit corporation organized pursuant to the Texas Non-Profit Corporation Act, of which all Owners shall be Members and which corporation shall administer the operation and management of the Project. The term "Association" shall have the same meaning as the term "Council of Owners" in the Texas Condominium Act.

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

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

1.6. "Common Elements" shall mean and refer to both the General and Limited Common Elements described herein.

1.7. "Common Expenses" shall mean and include:

1.7.1. All sums lawfully assessed with respect to the Common Elements by the Board;

1.7.2. Expenses of administration and management, maintenance, repair or replacement of the Common Elements, as provided herein, including a reasonable reserve for such purposes;

1.7.3. Expenses agreed upon as Common Expenses by the Owners; and

1.7.4. All sums designated as Common Expenses by or pursuant to the Project Documents.

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

1.9. "Condominium" or "Unit" shall mean one individual unit, together with an undivided interest in the Common Elements. The term "Condominium" or "Unit" shall have the same meaning as the term "apartment" as used in the Texas Condominium Act.

1.10. "Building" shall mean one or more of the structures erected or to be erected on the Property containing two or more Units.

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1.11. "Declaration" shall mean and refer to this enabling Declaration.

1.12. "Developer" shall mean and refer to The Waterford Development Company and its successors-in-interest and assigns, provided such successors or assigns are designated in writing by Developer as a successor or assign of the rights of Developer hereunder or who acquires all or substantially all of the Condominiums then owned by Developer by conveyance or assignment from Developer, or by judicial or non-judicial foreclosure.

1.13. "General Common Elements" shall mean and include:

1.13.1. The land in the condominium regime as more particularly described on Exhibit "A-1" hereto; and any easements which are or become part of the Project as more particularly described hereafter in this Declaration;

1.13.2. To the extent not otherwise designated as Limited Common Elements or Units, the foundations, common dividing walls between two or more Units or between Units and Common Elements, 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 any Building located on the Project;

1.13.3. The grounds, yards, gardens, swimming pools, clubrooms, managerial offices, office/recreational building, mail rooms, unassigned parking areas, fences, unassigned storage areas, streets, service drives, walks, service easements, recreational common areas and facilities, laundry rooms, boiler rooms, mechanical rooms, and areas used for storage of maintenance and janitorial equipment and materials, if any;

1.13.4. The compartments or installations consisting of the equipment and materials making up central services such as power, electricity, gas, water, sewer, television, or similar utility service, trash, maintenance and all similar devices, fixtures, apparatus, facilities and installations which are intended to serve more than one Unit;

1.13.5. Parking spaces not designated with a Unit number as being a Limited Common Element of such Unit; provided, however, that Developer expressly reserves the right unto itself and/or the Board of Directors at any time and from time to time to assign and to reassign parking spaces to Owners; and provided further, coincidental with the assignment or reassignment of any parking space, or after the assignment of all unassigned parking spaces, the Map attached hereto may be amended without the consent of any Owner for the purpose of designating any such parking space with a number, and thereafter such parking space shall be a Limited Common Element appurtenant to such Unit, subject to the right to reassign granted herein. Notwithstanding the foregoing provisions, each Unit once purchased from Developer shall at all times be assigned at least one (1) parking space as a Limited Common Element appurtenant to such Unit.

1.13.6. All other structures, facilities and equipment located on the Project necessary or convenient to its existence, maintenance, and safety, or normally in common use;

1.13.7. All other items not described as a Unit or a Limited Common Element; and

1.13.8. All repairs, replacements and additions to any of the foregoing.

1.14. "Institutional Lender" shall mean the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation, or other similar government agency; any bank, savings and loan association, insurance company, or other similar financial institution holding a recorded first Mortgage or Deed of Trust on any Unit.

1.15. "Limited Common Elements" shall mean those Common Elements reserved for the use of a specified Unit or Units to the exclusion of others, 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 same may be amended from time to time, including, but not limited to:

1.15.1. Parking spaces and carports, if any, once assigned to a Unit and designated with a number in accordance with Section 1.13.5 hereof;

1.15.2. Patios, balconies, entrances, stairways, storage rooms located on patios or balconies and other storage areas, if any, indicated on the Map as appurtenant Limited Common Elements to a specified Unit or Units;

1.15.3. The air conditioning/heating units and compressors, if any, serving only one (1) Unit and the utilities, sewers, power, water, gas, electricity and other common lines running through the walls, ceiling or floor of a Unit and used only to service such Unit.

1.15.4. Such portions of the perimeter walls, floors, ceilings, doors, windows and all associated fixtures and structures therein, as lie outside the Unit boundaries but that serve only such Unit.

1.16. "Map" or "Condominium Plan" shall mean and refer to the engineering survey of the Phase I Property, said Map being filed herewith as Exhibits "B-1 through B-7", and by this reference made a part hereof, as the same may be amended from time to time as herein provided. The Map sets forth, among other things, a survey of the Phase I Property showing the location of each Building designated by letter, a general description and plat of each Unit showing its square footage, Building location, floor and Unit number and a general description of the Common Elements.

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

1.18. "Mortgage" or "Deed of Trust" shall mean a 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 Deed of Trust Records of Dallas County, Texas.

1.19. "Mortgagee" shall mean the beneficiary or a holder of any first lien Deed of Trust or Mortgage.

1.20. "Owner" or "Owners" shall mean and refer to the record holder or holders of fee simple title of a Unit in the Project, but shall exclude Persons having any interest in a Unit merely as security for the performance of any obligation.

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

1.22. "Phase" shall mean a particular parcel of property with all improvements now or hereafter erected thereon and facilities and appurtenances thereto, and all property, real, personal or mixed, intended for use or used in connection with the property which is or may become part of the Project pursuant to the recordation of an amendment to this Declaration. The property described in Exhibit "A-1" attached hereto together with all improvements now or hereafter erected thereon, and facilities or appurtenances thereto and all property, real, personal, or mixed, intended for use or used in connection with such property shall be deemed to be the first phase of the Project ("Phase I or Phase I Property") and as to which this Declaration shall initially apply; all or such portion of the property described on Exhibit "A-2" attached hereto as the Developer may hereafter determine in its discretion, together with all improvements now or hereafter erected thereon, all facilities and appurtenances thereto, and all property, real, personal or mixed, intended for use or used in connection with such property shall be deemed to be the second phase of the Project ("Phase II or Phase II Property") only if and when an amendment to this Declaration for such phase as provided in Section 9.10 hereof is duly recorded; and such remainder, if any, of the property described on Exhibit "A-2" attached hereto as the Developer may hereafter determine in its discretion, together with all improvements now or hereafter erected thereon, all facilities and appurtenances thereto, and all property, real, personal or mixed, intended for use or used in connection with such property shall be deemed to be the third phase of the Project ("Phase III or Phase III Property") only if and when an amendment to this Declaration for such phase as provided in Section 9.10 hereof is duly recorded.

1.23. "Project" shall initially mean all the land described on Exhibit "A-1" attached hereto and all improvements and structures erected, constructed or contained therein or thereon including the Buildings and all easements, rights and appurtenances, as from time to time constituted or enlarged as provided in Section 9.10 hereof.

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

1.25. "Texas Condominium Act" or "Act" shall mean Article 1301a of the Texas Revised Civil Statutes, enacted in 1963, which permits the creation of condominium regimes, as same is amended or supplemented in any successor statute.

ARTICLE II.

DIVISION OF PROJECT AND CREATION OF PROPERTY RIGHTS

2.1. Division of Project. The Project is hereby divided into the following freehold estates and areas: On the Map attached hereto, the Buildings in Phase I of the Project are lettered A to G, and the Units located therein are numbered as shown on the Map.

2.1.1. Units. The boundaries of each shall be and are the interior finished, unpainted surfaces of the perimeter walls, floors and ceilings, windows and doors, and the exterior surfaces of balconies and terraces (or patios), and the Unit shall include both the portions of the Building so described, and the air space so encompassed, excluding Common Elements. Included in each Unit, without limitation, shall be any finishing materials applied or affixed to the interior surfaces of the common exterior walls or interior walls, floor or ceilings (such as, but without limitation, paint, wallpaper, vinyl wall or floor covering, carpet and tile). Interior trim around windows and doors shall be a part of each Unit and shall not be a part of the Common Elements. The Unit does not include "Common Elements" defined herein. It is expressly stipulated, and each and every purchaser of a Unit, his heirs, executors, administrators, successors and assigns hereby agree 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, and that the Developer does not warrant, represent or guarantee that any Unit actually contains the area, square footage or dimensions shown by the Condominium Plan thereof. Each purchaser and Owner of a Unit, or interest therein, shall have full opportunity and is under a duty to inspect and examine the Unit purchased by him prior to the purchase thereof, and agrees that the Unit is purchased as actually and physically existing. Each purchaser of a Unit hereby expressly waives any claim or demand which he may have against the Developer or any Person whatsoever 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. Each Unit is subject to such encroachments and protrusions as are contained in each Building, whether the same now exist or may be later caused or created in any manner. The Map, and any supplement(s) thereto, shall contain a statement of an architect, engineer or registered land surveyor certifying that the Map fully and accurately depicts the layout, measurements and location of all of the Building(s) and improvements, the Unit designations, and the dimensions of such Units. Declarant hereby reserves unto itself and the Board of Directors, the right, from time to time, without the consent of any Owner being required, to amend the Map and supplement(s) thereto, to conform the Map to the actual location of any of the constructed improvements, and to establish, vacate and relocate utility easements, access road easements, ingress and egress easements and carports or parking spaces. 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 any Building and regardless of minor variance between boundaries shown on the Condominium Plan or deed, and those of any Building.

2.1.2. Common Elements. All of the Property except for the Units shall be referred to herein as "Common Elements," and shall include all of the elements set forth in Section 1.6. Each Unit Owner shall have as an appurtenance to his Unit, an undivided percentage interest in the Common Elements, based upon the approximate size of his Unit in relation to the others, as set forth in Exhibit "C" attached hereto and by this reference made a part hereof. The ownership of each Condominium shall include a Unit and such undivided interest in the Common Elements. The Common Interest appurte-

nant to each Unit is declared to be permanent in character and cannot be altered once sold by Developer without the consent of all the Owners of said Units and the Mortgagees of such Owners as expressed in an amended Declaration, except as provided in Sections 2.4, 9.5.3.1 and 9.10. Such Common Interest cannot be separated from the Unit to which it is appurtenant. Each Unit Owner shall 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 Unit Owners. In connection therewith, the owner(s) of the Phase II and Phase III Property, their bona fide tenants, guests and invitees shall have a non-exclusive right to use that certain part of the General Common Elements, according to the terms and conditions of that certain Declaration of Mutual and Reciprocal Easements filed of record contemporaneously herewith. Conversely, the Owners of Phase I, their bona fide tenants, guests and invitees shall have a non-exclusive right to use that certain portion of Phase II and Phase III Property as described in accordance with the aforesaid Declaration of Mutual and Reciprocal Easements. Notwithstanding the transfer of the ownership of the Common Elements to the Owners as tenants in common, the Developer shall reserve and hereby reserves unto itself and to the Association or its designated agents an easement over and onto the Common Elements for common driveway purposes, for drainage and encroachment purposes and for ingress to and egress from the Common Elements for the purpose of completing improvements thereon and for the performance of necessary repair work and for entry onto and egress from the Phase II Property and Phase III Property in connection with the development of such Phases. Developer further reserves unto itself and to the Association or its designated agents the right to grant permits, licenses and easements, reservations, exceptions and exclusions for utilities, roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Project 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.

2.1.3. 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 (1) an exclusive easement to use for vehicle ingress and egress and parking purposes, the parking space specifically originally assigned or reassigned by Developer or the Association to the Owner as being appurtenant to his Unit; (2) an exclusive easement to use the utilities and lines described in Section 1.15.3 and the areas described in Section 1.15.4; (3) an exclusive easement for ingress and egress over and for the use and enjoyment of the exterior stairs and landing area adjacent and appurtenant to the Unit provided, however, that such easement shall be shared with any other Unit to which such stairs and landing area are also adjacent and appurtenant; (4) an exclusive easement to use the balcony or patio and the storage room located thereon, if any, adjacent to and appurtenant to the Unit, as shown on the Condominium Plan and (5) an exclusive easement to use such other areas and facilities as may be designated in this Declaration and on the Map, as same may be amended from time to time.

2.2. No Separate Conveyance of Undivided Interests. The foregoing interests and exclusive easements are hereby established and are to be conveyed only with the

respective Units, and cannot be changed, except as herein set forth. Developer 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.

2.3. Partition Prohibited. The Common Elements shall remain undivided as set forth above so long as 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 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 is not prohibited hereby (but partition of title to a single Unit is prohibited).

2.4. Right of Developer to Combine or Subdivide Units. Notwithstanding the provisions of Section 2.3, until all of the Units are conveyed by Developer to a third party, Developer hereby retains the right, with respect to Units owned by Developer, to:

2.4.1. Physically combine the space within one Unit with the space within one or more adjoining Units, to redetermine the Common Interest of the Units so combined and to amend the Declaration and Map to include said changes;

2.4.2. Physically combine part of or a combination of parts of the space within one Unit with part or parts of space within one or more adjoining Units, to redetermine the Common Interest of the Units so combined and to amend the Declaration and Map to include said changes;

2.4.3. Partition or subdivide any Unit owned by Developer into two or more Units, Common Elements, or a combination of Units and Common Elements, to redetermine the Common Interest of those Units so partitioned or subdivided, and to amend the Declaration and Map to include said changes; and

2.4.4. Modify or remodel one or more Units into larger or smaller Units or any combination thereof, to construct, alter, relocate or remove any walls or do any other work which may be necessary to complete such modification or remodeling, to redetermine the Common Interest of the Units altered, if any, and to amend the Declaration to include said changes.

In the event Developer physically combines the space of one Unit, or a portion thereof, with the space, or a portion thereof, within one or more adjoining Units pursuant to this Section 2.4 to create a combined Unit, such combined Unit shall also include the combining of the fixtures and improvements and of the undivided interests in the Common Elements appurtenant to the Units, or portions thereof, so combined. Developer hereby reserves the right to designate and convey to any purchaser of any such combined Unit, as additional Limited Common Elements appurtenant thereto, any walls, floors or other structural separations between the Units so combined, or any space which would be occupied by such structural separations but for the combination of such Units; provided, however, that such walls, floors or other structural separations or such space shall automatically become General Common Elements if the combined Units become subject to separate ownership in the future. This reserved right in Developer shall terminate upon the conveyance of all of the Units within the Project to third party purchasers.

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Notwithstanding the foregoing provisions of this Section 2.4, it is hereby expressly provided that the herein reserved rights of Developer shall in no event be construed or interpreted to grant Developer the right to affect or change the Common Interest appurtenant to any Unit other than the Units owned by Developer.

ARTICLE III.

ASSOCIATION, ADMINISTRATION,
MEMBERSHIP AND VOTING RIGHTS

3.1. Association to Manage Common Areas. The management of the Common Elements shall be vested in the Association in accordance with the terms of this Declaration and the Bylaws. A copy of the Bylaws which have been duly adopted by the Board of Directors of the Association is attached hereto as Exhibit "D" and incorporated herein by reference for all purposes; and all 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.

3.2. Membership. Any Person, upon becoming the 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 his membership in the Association shall automatically cease.

3.3. 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 his name to the purchaser of his Unit, the Association shall have the right to record the transfer upon its books, which recordation shall be binding upon such Owner.

3.4. 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 but subject to the provisions of Section 9.10 and other provisions hereof relating to reallocation of the Common Interest percentage of a Unit.

3.5. Board of Directors. The affairs of the Association shall be managed by a Board of Directors which has been established and which shall conduct regular and special meetings according to the provisions of the Bylaws.

ARTICLE IV.

MAINTENANCE AND ASSESSMENTS

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4.1. Personal Obligation of Assessments. 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 exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

Prior to the date of the first meeting of the Association as provided in Article III of the Bylaws ("Developer Control Period"), Developer shall have no obligation to pay the regular monthly Assessments or reserves (unless otherwise specifically required by FNMA, FHLMC or other financing source of Developer) with respect to unsold Units owned by Developer in any Phase of the Project. Developer hereby covenants and agrees that commencing on the first day of the month following expiration of one full month after Developer's conveyance by deed of the first Unit in Phase I, Developer shall pay monthly to the Association a sum equal to the difference between the actual monthly cost of operating and maintaining the Project, exclusive of reserves, and the amount of funds payable by the other Owners to the Association. Commencing the first day of the month following expiration of one full month after the Developer Control Period, Developer shall be obligated to pay monthly Assessments including reserves with respect to Units owned by Developer in any Phase of the Project in the same manner as all other Owners.

Notwithstanding any provision here to the contrary, Developer shall in no event be obligated under this Section 4.1 to pay an aggregate amount per month in excess of the total monthly amount of regular monthly Assessments which would be applicable to the Units then owned by Developer if calculated pursuant to Section 4.3 below.

4.2. Purposes of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the entire Project for the improvement and maintenance of the Common Elements for the common good of the Project. The Board may use said Assessments for said purposes, including, without limitation, providing for the enforcement of the provisions of this Declaration, the Bylaws and the Rules and Regulations promulgated thereunder. The decision of the Board with respect thereto shall be final so long as made in good faith. Annual Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of the Common Elements. The Limited Common Elements shall be maintained as General Common Elements, 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, Sections 5.2, 5.3 and 9.7 hereof.

4.3. Regular Monthly Assessments and Creation of Lien. Except as provided in Section 4.1 above with respect to Units owned by Developer, 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 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 total figure to be divided by twelve (12) to determine the regular monthly Assessment; provided, however, that said Assessments based on said Common Interests may be rounded off to the nearest dollar figure.

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Payment of said Assessments by each Owner shall be secured by a lien against said Owner's Unit, subject to the provisions hereof. Developer hereby reserves and assigns to the Association, without recourse, a vendor's lien against each Unit to secure the payment of the above-described Assessments and any 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 4.5, 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 4.5.

4.4. Special Assessments. In addition to the regular monthly Assessments authorized above, the Board may levy, in any year, one or more special Assessments only for the purpose of defraying, in whole or in part, the costs and expenses incurred in the current year, or in the immediately preceding fiscal year, including 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 a regular Assessment (and, where necessary, for taxes assessed against the Common Elements or 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 his Unit into compliance with the provisions of this Declaration and the Bylaws including interest, actual attorneys' fees and costs. Said special Assessments shall be subject to such limitations as are provided in the Bylaws.

4.5. Assessment Lien. All sums assessed but unpaid for the share of Assessments chargeable to any Unit, including interest thereon at the maximum rate per annum permitted by applicable law (or such lesser rate as the Board of Directors may designate from time to time) 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 4.3. The Board of Directors or a managing agent appointed by the Board ("Managing Agent") may (but shall not be required to) prepare a written notice setting forth 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 Dallas County, Texas. Such lien may be enforced by the foreclosure of the defaulting Owner's Unit by the Association in like manner as a deed of trust 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 Article 3810 of the Texas Revised Civil Statutes, and such Owner hereby expressly grants to the Association the private power of sale in connection with said liens. The Association may also temporarily suspend the Association membership rights of any Owner who is in default in payment of any Assessment in accordance with the Bylaws.

4.6. Date of Commencement of Assessment; Due Dates. Except as provided in Section 4.1 with respect to Units owned by Developer, 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. It is additionally provided that each Unit Owner shall pay at closing of the purchase of a Unit a pro rata portion of the regular monthly Assessment for the month in which closing occurs, together with an amount equal to two (2) months' Assessments as a contribution to the working capital funds of the Association, which contribution shall not be considered as an advance payment of regular monthly Assessments. 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 (or dates, if payable in installments) of any special Assessment shall be the due date(s) specified by the Board 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.

4.7. 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 first Mortgage, or by deed or other transfer in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer (except for Assessments which became due prior to the recordation of such Mortgage). 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 first Mortgage obtains title to a Unit as a result of foreclosure of such Mortgage, or by 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 subsequent to the recordation of such Mortgage and 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 not be liable with the grantor for all unpaid Assessments by the Association against the latter for his share of the Common Expenses up

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to the time of the grant or conveyance, unless said liability is assumed by the grantee or required by applicable law. Any such grantee, upon payment to the Association of a reasonable fee not to exceed Thirty-Five and no/100 Dollars (\$35.00) 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 a lien for, any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement.

4.8. Separate Taxation. Each Unit, together with its Common Interest, 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. 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 his proportionate share thereof in accordance with his 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.

All taxes and other assessments relating to Phase II and/or Phase III Property, covering any period prior to annexation of such Phase to the condominium regime pursuant to Section 9.10 hereof, shall be paid or otherwise satisfactorily provided for by Developer.

ARTICLE V.

DUTIES AND POWERS OF THE ASSOCIATION

5.1. 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:

5.1.1. 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, in good condition. 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 (specifically including, but not limited to, Sections 5.2, 5.3 and 9.7) or the Bylaws.

5.1.2. 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 actions.

5.1.3. 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 interests of, the Association and its Members.

5.1.4. Grant and reserve easements where necessary or desirable for roads and other reasonable purposes over the Common Elements and for utilities and utility facilities over the Common Elements and Units to serve the Common Elements and the Units.

5.1.5. Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of 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. Notwithstanding anything to the contrary in any Project Document, the Association shall not terminate professional management of the Project and assume self management thereof without the prior written consent of Mortgagees of Units which represent in the aggregate at least fifty-one percent (51%) of the total Common Interest and the consent of Owners holding at least sixty-seven percent (67%) of the total Common Interest. During the Developer Control Period, the Developer may employ or designate a temporary manager or managing agent, who shall have and possess all of the rights, powers, authority, functions and duties as may be specified in the contract of employment or as may be delegated by Developer to him. The Developer may pay such temporary manager or managing agent such compensation as it may deem reasonable for the services to be rendered, which compensation shall constitute a part of the Common Expenses of the Project and shall be paid out of the Association budget. Notwithstanding the foregoing, Developer, its agents, successors and assigns shall not have the right or power to bind the Association to any contract for management extending beyond the Developer Control Period which such contract is not terminable by the Association on not more than ninety (90) days' notice and without penalty therefor.

5.1.6. Keep or cause to be kept current copies of this Declaration, the Bylaws, and other rules governing the Project, together 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 Association. The records so kept shall be available for inspection by all Owners and Mortgagees of Units during regular business hours of the Association that shall be set and announced for general knowledge. All financial records shall be kept in accordance with generally accepted accounting principles and shall be audited at least once a year by an independent auditor. Copies of the auditor's reports shall be made available to all Owners and Mortgagees within a reasonable time not to exceed thirty (30) days upon written request free of charge.

5.1.7. Adopt reasonable rules 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 and guests with respect to the Project and other Owners.

5.2. Maintenance of Project by Association. The Association shall provide 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 willful or negligent act or neglect of any Owner, or his 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 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) shall be added to the Assessments chargeable to such Unit and shall be payable to the Association by the Owner of such Unit upon demand.

5.3. 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) have an 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 his Unit, such Owner shall immediately provide to the Board a key to such 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 maintenance, repairs and replacements as to the General Common Elements, whether located under or outside of Units (unless 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.

5.4. Reciprocal Easements Simultaneously with the recording of this Declaration, Developer shall record the Declaration of Mutual and Reciprocal Easements Concerning Ingress, Egress, Parking, Utilities and the Use of Recreational Facilities to provide certain rights and privileges to the Owners of Phase I Property, Phase II Property and Phase III Property, their mortgagees, guests, invitees, bona-fide tenants and said tenants' guests and invitees in the event that the Declaration is not amended to include the Phase II Property and/or the Phase III Property in the Project. Said easements shall reserve for the benefit of the Owners of Phase II Property and Phase III Property, mortgagees thereof, bona-fide tenants and their guests and invitees and for the benefit of the Owners of Phase I Property, mortgagees thereof, guests, invitees, bona-fide tenants and their guests and invitees certain utilities easements, easements for ingress and egress and certain privileges to use the recreational facilities on Phase I as more fully described in said easement according to the terms thereof. The said Declaration of Mutual and Reciprocal Easements provides for the payment by the Phase II and Phase III Owner(s) of a portion of the expenses of operating and maintaining the recreational facilities on Phase I in consideration of the Phase II and Phase III Owner(s) rights to use and enjoy such facilities.

ARTICLE VI.

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UTILITIES

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

6.1.1. Each Owner shall pay for his own utilities which are separately metered and billed to each 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 and shall be secured by the lien reserved in Section 4.3. Utility expenses which are not metered or submetered and separately billed shall be part of the Common Expenses and each Owner shall pay his pro-rata share thereof as in the case of other Common Expenses.

6.1.2. 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, Developer 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 reasonably necessary; provided, however, the exercise of such easement rights shall be in a manner reasonably calculated to cause as 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.

6.1.3. 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 his Unit.

6.2. Easement for Utilities and Maintenance. Easements over and under the Project 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 are shown on the Map, and as may be hereafter required to serve the Project, are hereby reserved by Developer for the use and benefit of the Association, together with the right to grant and transfer the same.

6.3. 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 is subject to the following:

7.1. Use of Individual Units. No Unit shall be occupied and used except for residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein; provided, however, that Developer may use any Unit or Units in the Project owned by Developer for a model home or homes and display and sales office(s) until the last Unit in the last Phase of the entire Project is sold.

7.2. Nuisances. No noxious, illegal, or offensive activities shall be carried on in any Unit or 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 of the Owners of his 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 will impair the structural integrity of any Building.

7.3. Vehicle Restrictions. No trailer, camper, mobilehome, recreational vehicle, commercial vehicle, truck (other than standard size pickup truck), inoperable automobile, 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 smokey vehicles shall be operated on the Project. 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.

7.4. Signs. Declarant may place signs in or around the common walks and drives and use the Common Elements for sales purposes until the last Unit in the last phase of the Project is sold. Owners other than Developer, 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 on any Unit or any portion of the Project.

7.5. 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.

7.6. 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, woodpiles, or storage piles shall be kept screened and concealed from view of other Units, streets, and the Common Elements.

7.7. Radio and Television Antennas. No alteration to or modification of a central radio or television antenna system or cable television system, whichever is applicable, shall be permitted, and no Owner shall be permitted to construct, use, or operate his own external radio, television antenna, or other electronic antenna without the prior written consent of the Board. No Citizens Band transmitter or other transmission device shall be permitted on the Project without the prior written consent of the Board.

7.8. Right to Lease. The respective Units shall not be rented by the Owners thereof for transient or hotel purposes, which shall be defined as rental for any period less than six (6) months, nor shall less than an entire Unit be rented or leased; provided however, that with respect to a Mortgagee in possession of a Unit following a default in a first Mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure the minimum term shall be thirty (30) days. Subject to the foregoing restrictions and to those of Section 7.9 hereof, the Owners of the respective Units shall have the absolute right to lease the Units provided that any such lease shall (i) be in writing and by its terms is subject in all respects to the covenants, conditions, easements, restrictions, limitations, liens for Common Expenses and uses contained in this Declaration and the Bylaws, and any rules and regulations adopted by the Board and published from time to time and (ii) provide that failure of the lessee to comply with any of the foregoing shall constitute a default of lessee under such lease. Notwithstanding any of the foregoing, the right of Developer to rent or lease Units is hereby specifically reserved subject to a minimum lease term of thirty (30) days.

7.9. Mortgaging a Unit - Priority. Any Owner shall have the right from time to time to mortgage or encumber his interest by deed of trust, mortgage or other security instrument. A first Mortgage shall be one which has first and paramount priority under applicable law. An Owner may create and grant a second lien mortgage or deed of trust against his Unit on the following conditions: (1) That any such second lien mortgage or deed of trust 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 by the By-Laws; (2) That the mortgagee under any second lien mortgage or deed of trust shall release by written recordable instrument, for the purpose of restoration of any improvements upon the mortgaged premises, all of his 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 mortgaged premises by the Association. Such release shall be furnished to the Association by the mortgagee under any second lien mortgage or deed of trust promptly following written request therefor by the Association.

7.10. Power Equipment and Car Maintenance. 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.

7.11. Liability of Owners for Damage to 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 his Unit, guest or invitee.

7.12. Restrictions on Children. WHILE THE PROJECT IS DESIGNED FOR ADULTS AND DEVELOPER CONTEMPLATES MARKETING THE UNITS PRIMARILY TO ADULTS, EACH UNIT OWNER EXPRESSLY ACKNOWLEDGES AND AGREES BY ACCEPTANCE OF THE DEED CONVEYING HIS UNIT THAT DEVELOPER DOES NOT WARRANT OR REPRESENT THAT UNITS WILL BE SOLD ONLY TO PERSONS WITHOUT CHILDREN OR THAT THE PROJECT DOCUMENTS RESTRICT OCCUPANCY OF THE PROJECT TO ADULTS ONLY. EACH UNIT OWNER FURTHER ACKNOWLEDGES AND AGREES BY ACCEPTANCE OF THE DEED CONVEYING HIS UNIT THAT SUCH UNIT OWNER HAS NOT RELIED UPON THE PROJECT BEING RESTRICTED SOLELY TO ADULTS IN PURCHASING HIS UNIT.

7.13. No Warranty of Enforceability. While Developer 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, Developer 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 Developer harmless therefrom.

ARTICLE VIII.

ARCHITECTURAL CONTROL

8.1. Prohibition of Alteration and Improvement. Subject to the exemption of Developer under Sections 2.4 and 9.11, no building, fence, wall, obstruction, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind shall be commenced, erected, painted or maintained upon the Project, nor shall any alteration or improvement of any kind be made thereto (save and except for repainting and redecorating of the interior of a Unit by an Owner) until the same has been approved in writing by the Board or by an Architectural Control Committee (the "Committee") appointed by the Board and/or Developer as provided in this Article.

8.2. Plans and Approval. Plans and specifications showing the nature, kind, shape, color, size, materials and location of such improvements or alterations, shall be submitted to the Board or Committee for approval as to such matters as quality of workmanship and design and harmony of structural and external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No permission or approval shall be required to rebuild in accordance with Developer's original plans and specifications, or to rebuild in accordance with plans and specifications previously approved by the Board or Committee. No landscaping of patios or yards visible from the street, from other Units or from the Common Elements shall be undertaken by any Owner until plans and specifications showing the nature, kind, shape, design and location of the proposed materials shall have first been submitted to and approved in writing by the Board or Committee. The Board or Committee shall respond within sixty (60) days from the date it receives said requests for approval of plans and specifications required under this Section 8.2, or said request as submitted shall be deemed approved.

8.3. Architectural Control Committee. The number, appointment and term of members of the Committee shall be as provided in the Bylaws, subject to the following limitations:

8.3.1. If a Committee is appointed, there shall be not less than three (3) nor more than five (5) members of the Committee.

8.3.2. Developer may appoint all of the original members of the Committee and all replacements until the expiration of the Developer Control Period. Thereafter, the Board shall have the power to appoint all of the members of the Committee. Committee members appointed by the Developer need not be Members of the Association. Committee members appointed by the Board shall, however, be from the membership of the Association.

ARTICLE IX.

GENERAL PROVISIONS

9.1. Enforcement. The Association, any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Project 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, the Bylaws or Articles, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court; provided, however, that an individual Owner shall have no right to enforce the collection of any Assessment levied against any other Owner under Article IV above. Failure by any such Person to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

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

9.3. 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 Building, 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 no 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 considered to be encumbrances either on the Common Elements or on a Unit for purposes of marketability of title or otherwise.

9.4. 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 his 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.

9.5. Mortgage Protection Clauses.

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9.5.1. 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 (meaning a Mortgage with first priority over any other 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.

9.5.2. Notice to Lenders. All Institutional Lenders (and for these purposes Institutional Lender shall include an insurer or governmental guarantor of a first Mortgage) that have filed with the Association an appropriate written request, shall be entitled to receive the following notices in writing from the Association:

9.5.2.1. Notice of any proposed action requiring the approval of Institutional Lenders, as specified in Section 9.5.3 below;

9.5.2.2. Notice of default by the Owner or grantor of any Mortgage on a Unit (the beneficial interest in which is held by said Institutional Lender) in the performance of such Owner's or grantor's obligations under the Project Documents, which default is not cured within sixty (60) days;

9.5.2.3. Notice of any casualty or condemnation loss to any individual Unit subject to a Mortgage (the beneficial interest in which is held by said Institutional Lender), which damage exceeds One Thousand Dollars (\$1,000.00), or casualty or condemnation loss to any portion of the Common Elements or facilities or improvements thereon, which loss exceeds Ten Thousand Dollars (\$10,000), which notices shall be given immediately upon the Board's obtaining knowledge of such loss;

9.5.2.4. Notice of any proposed or pending taking of any portion of a Unit or the Common Elements or facilities or improvements thereon, which notice shall be given immediately upon the Board's obtaining knowledge of any such proceeding or proposed acquisition; and

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

9.5.3. Changes Requiring Lender Approval. Without the prior written approval of at least sixty-seven percent (67%) of the Institutional Lenders (based upon one (1) vote for each Mortgage owned) and sixty-seven percent (67%) of the undivided interest in the Common Elements held by the Owners other than Developer (except to the extent a higher percentage of approval may be expressly required elsewhere herein or by applicable law), the Association shall not be entitled to:

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9.5.3.1. Except as provided in Section 9.10 hereof regarding adjustment of the Common Interests of Phase I Units upon annexation of Phase II and/or Phase III, change the pro rata interest or obligations of any Unit for the purpose of (i) levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards, or (ii) determining the pro rata share of ownership of each Unit in the Common Elements; provided, however, that nothing herein shall prevent Developer from redetermining and reallocating between Units owned by Developer the pro rata share of ownership in the Common Elements of such Units which Developer combines, partitions or subdivides prior to sale of such Units to third parties;

9.5.3.2. Partition or subdivide any Unit, except as provided in Section 2.3, provided that nothing contained herein or in Section 2.3 shall prevent Developer from combining, partitioning or subdividing Units owned by Developer as provided in Section 2.4;

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

9.5.3.4. 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 provided by applicable statute in case of substantial loss or damage to the Units and/or the Common Elements.

9.5.4. Mortgage Priority; Right to Inspect Records. 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. Institutional Lenders shall have the right to examine the books and records of the Association at all reasonable times during regular business hours of the Association.

9.5.5. Taxes, Assessments, and Charges Which May Become Liens.

All taxes, assessments, and charges which may become liens prior to any first lien Mortgage under local law shall relate only to the individual Units and not to the Project as a whole.

9.5.6. Compliance with FNMA and FHLMC Regulations. The Developer intends that the Project shall comply with all requirements of the Federal National Mortgage Association ("FNMA") and Federal Home Loan Mortgage Corporation ("FHLMC") pertaining to the purchase by FNMA or FHLMC of conventional home loans. Developer 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 FNMA and FHLMC

requirements, the Developer and/or 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 FNMA or FHLMC (or its designee) or the Mortgagees of the Units reasonably required by FNMA or FHLMC or the Mortgagees to allow the Project to comply with such requirements.

9.6. Revocation or Amendment to Project Documents.

9.6.1. Revocation. Except as provided in Section 20 of the Texas Condominium Act and Section 9.8.6.4 hereof, this Declaration shall not be revoked nor may the condominium regime established hereby be terminated or abandoned, 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.

9.6.2. Amendments General. This Declaration shall not be amended unless the Owners representing an aggregate ownership interest of fifty-one percent (51%), or more, of the Common Elements consent and agree to such amendment by instrument(s) duly recorded; except as set forth in Section 9.5.5 and except to the extent that a greater percentage of approval is required by Section 9.6.3 below. Notwithstanding the foregoing, but subject to any greater approval requirements contained in Section 9.6.3 below, before the first annual meeting of the Association, Developer may (without the consent of any Owner or Mortgagee) amend this Declaration, Map, Bylaws and any other Exhibits attached hereto, which amendments may include by way of example, but not be limited to, those made pursuant to Sections 1.15, 1.16 and 2.4.

9.6.3. Specific Amendments. The consent of Owners representing an aggregate Common Element ownership interest of at least sixty-seven percent (67%) and the consent of Mortgagees holding Mortgages on Units representing an aggregate Common Element interest of at least fifty-one percent (51%) shall be required to amend or add any material provisions of the Project Documents which establish, provide for, govern or regulate any of the following:

9.6.3.1. Voting, other than as a result of changes in the Common Element percentage interests pursuant to Sections 2.4, 9.5.3.1 and 9.10 hereof;

9.6.3.2. Assessments, assessment liens or subordination of such liens;

9.6.3.3. Reserves for maintenance, repair and replacement of the Common Elements;

9.6.3.4. Insurance or fidelity bonds;

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9.6.3.5. Rights to use of the Common Elements;

9.6.3.6. Responsibility for maintenance and repair of the several portions of the Project;

9.6.3.7. Expansion or contraction of the Project or the addition, annexation or withdrawal of property to or from the Project, other than amendments authorized and permitted herein with regard to annexation of the Phase II and Phase III Property;

9.6.3.8. Boundaries of any Unit;

9.6.3.9. The ownership interests in the Common Elements, other than those amendments expressly permitted and described in Sections 2.4, 9.5.3.1 and 9.10;

9.6.3.10. Convertibility of Units into Common Elements or of Common Elements into Units;

9.6.3.11. Lease of Units;

9.6.3.12. Imposition of any right of first refusal or similar restriction on the right of a Unit Owner to sell, transfer, or otherwise convey his or her Unit;

9.6.3.13. Any provisions which are for the express benefit of Mortgagees or eligible insurers or guarantors of first lien Mortgages on Units.

For purposes of this Section 9.6.3, any addition or amendment to the Project Documents shall not be considered material if it is for the purpose of correcting technical errors, or for clarification only.

9.6.4. Failure of Mortgagee to Respond to Approval Request. If a Mortgagee who receives a written request to approve additions or amendments to the Project Documents fails to make a negative response to such request within thirty (30) days, such Mortgagee shall be deemed to have approved such request.

9.7. Owner's Right and Obligation to Maintain and Repair. Except for those portions of the Project which the Association is required to maintain and repair as provided herein and in the Bylaws, each Unit Owner shall, at his sole cost and expense, maintain and repair his Unit and any Limited Common Elements appurtenant to his Unit, keeping the same in good condition. Additionally, each Owner shall, at his sole cost and expense, maintain, repair and replace as necessary any separate air conditioning and heating units which service only his Unit. Each Owner shall 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 his Unit. Each Owner shall be responsible for maintaining the condition of said walls and ceilings; and for maintaining, repairing and replacing all doors leading into or out of each Owner's Unit including main entry doors and any doors leading to patios or balconies. In the event an Owner fails to maintain his 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 sixty (60) 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 may specially assess the cost thereof to such Owner and, if necessary, create a lien against his Unit for the amount thereof.

9.8. Insurance; Damage or Destruction; Condemnation.

9.8.1. Association Liability Insurance. The Association shall obtain and continue in effect comprehensive public liability insurance covering the Common Elements, public ways, and any commercial spaces owned by the Association; and insuring the Association, the Developer and the agents and employees of each and the Owners and the respective family members, guests and invitees of the Owners against any liability incident to the operation, maintenance, ownership or use of the Common Elements and facilities in the Common Area, commercial spaces, if any, and public ways, and including, if obtainable, a cross-liability 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. Coverage shall be in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence, for personal injury and/or property damage. Evidence of the insurance required to be maintained by the Association under the provisions of this Section 9.8 shall be made available to each Owner and Mortgagee upon written request to the Association.

9.8.2. 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 current replacement cost) of all improvements on the Project, including any property the nature of which is a Common Element, structural portions of the Units, and any fixtures, equipment, appliances, or installations within the interior unfinished surfaces of the perimeter walls, floors and ceilings of individual Units initially installed or conveyed by Developer; as well as common personal property and supplies and other common personal property belonging to the Association. If there is a steam boiler in operation in connection with any Unit, there must be in force boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy and providing minimum coverage in an amount not less than Fifty Thousand Dollars (\$50,000.00) per accident per location. If the Project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "blanket" policy of flood insurance on the Project must be maintained in the amount of the maximum limit of coverage available under the National Flood Insurance Program for all buildings and other insurable property within any portion of the Project located within a designated flood hazard area, or one hundred (100%) of current replacement cost of all such buildings and other insurable property, whichever is less. 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, stipulated amount clause and a determinable cash adjustment clause, or a similar clause to permit cash settlement covering full value of the improvements on the Project 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 (provided that such policies must be acceptable to the FNMA and/or FHLMC, if applicable), shall name as insured the Association, the Owners and Developer (so long as Developer 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 interests may appear. Such policy shall not be required to insure the improvements and betterments within individual Units supplied or installed by Unit Owners, including but not limited to, appliances (whether "built-in" or otherwise), plumbing and electrical fixtures, floor coverings, wall coverings, window and door coverings, cabinetry and lighting fixtures, nor shall such policy be required to insure the personal property or any customized items within any individual Units, all of which shall be and remain the responsibility and risk of the Owners.

9.8.3. Additional Association Insurance. The Association may purchase such other insurance as it may deem necessary, including without limitation plate-glass insurance, workmen'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. If some or all of the responsibility for handling of funds has been delegated to a managing agent, fidelity coverage shall be required for the officers, employees or agents of the managing agent handling or responsible for funds of the Association. The fidelity bond insurance shall name the Association as the insured and shall provide coverage in an amount not less than a sum equal to three (3) months' aggregate assessments on all Units within the Project, plus reserve funds. 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.

9.8.4. Insurance Carriers; Insurance Premiums. The insurance policies under this Section 9.8 shall be acquired from insurers meeting the qualifications of the FNMA and FHLMC. 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.

9.8.5. 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, repair or condemnation.

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 Developer 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, condemnation 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 an 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 purposes 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 receive, hold, distribute and dispose of such insurance proceeds in accordance with the terms hereof and in trust for the Unit Owners and their respective Mortgagees, as their interests may appear. The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit or storage room associated with a Unit except as described in Section 9.8.2, or for the liability of any Owner for occurrence therein not caused by or in connection with the Association's operation, maintenance or use of the Project.

9.8.6. 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. Such notice shall specify the amount of insurance proceeds available, the estimated cost of restoration and any other data deemed pertinent to the determination called for by this Section 9.8.6.

9.8.6.1. 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 Sections 9.8.6.3 and 9.8.6.4 below, be applied to such reconstruction. Reconstruction of the Project, as used in this Section 9.8.6 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.

9.8.6.2. Insufficient Proceeds. If the insurance proceeds are insufficient to reconstruct the Project, damage to or destruction thereof shall, subject to the provisions of Sections 9.8.6.3 and 9.8.6.4 below, 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.

9.8.6.3. Less than Two-thirds Destruction. If less than two-thirds (2/3) of the Project (as determined by the vote or written consent of Members owning at least fifty-one percent (51%) of the Common Interest 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, unless the Members of the Association by unanimous vote or written consent, and sixty-seven percent (67%) of the Institutional Lenders (based upon one vote for each Mortgage owned) by prior written approval elect not to repair such damage.

9.8.6.4. Two-thirds or More Destruction. If two-thirds (2/3) or more of the Project (as determined by the vote or written consent of Members owning at least fifty-one percent 51% of the Common Interest in the exercise of their sole discretion) is destroyed or substantially damaged by fire or any other disaster, and if the Members, 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, make provision for reconstruction (unless within such period the buy-out contemplated in this Section 9.8.6.4 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

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

Notwithstanding the foregoing provisions hereof, in the event of destruction or substantial damage to two-thirds (2/3) or more of the Project, sixty-seven percent (67%) of the Institutional Lenders (based upon one vote for each Mortgage owned) by written approval and the Owners may, by an affirmative vote of the Members owning three-fourths (3/4) or more of the undivided Common Interest, at a meeting of the Members duly called for such purpose, elect to sell or otherwise dispose of the Project. Such action shall be binding upon all Owners, and it shall thereupon become the duty of every Owner to execute and deliver such instruments and to perform all acts as in manner and form may be necessary to effect the sale.

Notwithstanding the foregoing provisions hereof, in the event that two-thirds (2/3) or more of the Project has been damaged and unanimous vote has not been obtained for reconstruction at the meeting held in accordance with the provisions of the first paragraph of this Section 9.8.6.4, the Association may, by affirmative vote of the Members owning three-fourths (3/4) or more of the undivided Common Interest at a meeting of the Members duly called for such purpose, elect to purchase all the ownership interests in the Project of those Owners not voting to rebuild. Such action will be binding upon the Association and all Owners, and it shall thereupon become the duty of the Association and every Owner to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary to effect the sale and purchase. The purchase price for the ownership interest of each Owner so being purchased shall be payable to the Owner and the Owner's Mortgagees as their interests shall appear and shall be equal to the Owner's percentage interest in the Association's insurance proceeds plus an amount equal to the Owner's percentage interest in an amount equal to the then market value of the Project, considered as a whole, excluding such insurance proceeds and less the amount of any liens against the Project or any part thereof. In the event the parties are unable to agree upon the purchase price, the price shall be determined by appraisal as follows: The Association shall select one MAI designated appraiser to act for it; within thirty (30) days of the Association's appointment of an appraiser, the selling Owners shall appoint an MAI designated appraiser to act for them; forthwith the two appraisers acting together shall select a third independent MAI designated appraiser by mutual agreement; and the three appraisers by a vote of the majority of the group shall determine the purchase and sale price with respect to each Owner selling hereunder. All such purchases and sales shall be closed within sixty (60) days

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subsequent to the determination of the purchase and sale price as aforesaid, with the Association financing the same in accordance with Section 9.9. Within fifteen (15) days of the last such closing, the Association shall cause to be held a special meeting of Members for the purpose of securing approval of reconstruction.

9.8.7. Repair of Interior of Unit. Each Owner shall be responsible for the reconstruction, repair or replacement of that portion of the interior of his 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, plumbing and electrical fixtures, or other improvements, betterments and additions to his Unit, and all appliances located therein irrespective of whether or not such appliances are "built-in" to the 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 his negligence or misuse or the negligence or misuse by his family, tenants, guests, agents, servants, employees or contractors. In the event damage to all or any part of the interior of an 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 or 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 his Unit with 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.

9.8.8. 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:

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

9.8.8.2. 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 in the following manner:

(i) All Owners shall be assessed on the basis of their percentage interest in the Common Elements for the payment of the estimated Common Element Costs not otherwise paid for by insurance held by the Association.

(ii) Each Owner of a damaged Unit shall be assessed an amount equal to the difference between the actual portion of estimated Unit Costs attributable to his Unit less a sum calculated by multiplying the amount, if any, of the remaining insurance proceeds held by the Association with respect to the Casualty by a fraction, the numerator of which is the actual portion of the estimated Unit Costs attributable to his Unit and the denominator of which is the total of all of the estimated Unit Costs.

9.8.9. Condemnation. In the event of any taking or threatened taking of all or any part of the Project by eminent domain or sale or other transfer in lieu thereof, the Association, as Attorney-in-Fact, and each affected Owner 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 Unit. The expense of participation in such proceedings by the Association shall be a Common Expense. The Association, as Attorney-in-Fact, 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, as Attorney-in-Fact, 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 Unit), the Association, as Attorney-in-Fact, 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.

9.8.9.1. With respect to any such taking, all damages and awards shall be determined for the taking of the individual Units and for the taking of the Common Elements and for each Owner's interest therein. After the damages or awards for such taking are determined, such damages or awards shall be paid to the account of each Owner for the loss of the individual Unit plus an amount in proportion to his percentage or fractional ownership interest in the Common Elements to be applied or paid as follows: (i) for payment of taxes and special assessment liens in favor of any governmental authority; then (ii) for payment of the balance of the lien of any first Mortgage; then (iii) for payment of unpaid Common Expenses; then (iv) for payment of junior liens and encumbrances in the order and to the extent of their priority; and (v) the balance, if any,

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shall be paid to the Unit Owner; unless restoration takes place as herein provided.

9.8.9.2. The Association, if it deems advisable, may call a meeting of the Owners, at which meeting the Owners, by a majority vote, shall decide whether to replace or restore, as far as possible, 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 Map shall be duly amended by instrument executed by the Association, as Attorney-in-Fact, on behalf of the Owners. In the event that such 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 Units, then the damages and awards for such taking shall be determined for each Unit and the following shall apply:

(i) The Association shall determine which of the Units damaged by such taking may be made tenatable for the purposes set forth in this Declaration, taking into account the nature of this Project and the reduced size of each Unit so damaged.

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

(iii) In the event that the Association determines that it is not reasonably practicable to operate the undamaged Units and the damaged Units which can be tenatable, then the condominium regime 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 proportionate ownership interest previously owned by each Owner in the Common Elements. Any decision to terminate the condominium status of the Project must have the approval of Mortgagees holding first Mortgages on Units which have at least fifty-one percent (51%) of the votes in the Association.

(iv) In the event that the Association determines it will be reasonably practicable to operate the undamaged Units and the damaged Units which can be made tenatable as a Condominium Unit, then the damages and awards made with respect to each Unit which has been determined to be capable of being made tenatable shall be applied to repair and to reconstruct such Unit so that it is made tenatable. The restoration shall be performed in accordance with this Declaration and the original Plans and

Specifications, unless other action is approved by Mortgagees on Units which have at least fifty-one percent (51%) of the votes in the Association. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against those Units which are tenatable. With respect to those Units which may not be tenatable, the award made shall be paid as set forth in Section 9.8.9.1 above; and the remaining portion of such Units, if any, shall become part of the Common Elements. Upon the payment of such award for the account of such Owner as provided herein, such Unit shall no longer be a part of the Project, and the proportionate ownership interest in the Common Elements appurtenant to each remaining Unit which shall continue as part of the Project shall be equitably adjusted to distribute the ownership of the undivided interest in the Common Elements among the reduced number of Owners based upon the square footage of the individual remaining Units in proportion to the total square footage of all the remaining Units.

9.8.9.3. If sixty-six and two-thirds percent (66-2/3%) or more of the Units are taken or damaged by such taking, all damages and awards shall be paid to the accounts of the Owners of Units, as provided herein; and this condominium regime shall terminate upon such payment. Upon such termination, the 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 proportionate ownership interest previously owned by each Owner in the Common Elements. The Owners representing an aggregate ownership interest of sixty-seven percent (67%) of the Common Elements and holders of first Mortgages on Units which have at least fifty-one percent (51%) of the votes on Units subject to first Mortgages may agree that the Property should be sold. In such instance, the Association shall record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's authorized officers, the entire Project shall be sold by the Association, as Attorney-in-Fact, for all of the Owners, free and clear of the provisions contained in the Declaration, the Map and the Bylaws. The sales proceeds shall be apportioned between the Owners and first Mortgagees as their interests may appear on the basis of each Owner's proportionate ownership interest in the regrouped estate. Any damages, awards, or sales proceeds provided in this paragraph to be paid to or for the account of any Owner by the Association shall be applied as set forth in Section 9.8.9.1 above.

9.8.10. Personal Liability Insurance. In addition to the master policies which the Association shall carry, each Owner, at his sole cost and expense, shall 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 his agents, tenants, guests or invitees, in a minimum amount

of One Hundred Thousand Dollars (\$100,000.00) for each occurrence. Each Owner shall deliver to the Board a certificate evidencing such insurance in the amount specified with an effective date no later than the date said Owner takes possession of his Unit, which certificate shall further state said policy shall not be cancelled or reduced without ten (10) days' prior written notice to the Association.

9.8.11. Waiver of Subrogation; Notice of Cancellation. All property and liability insurance carried by the Association or the Owners shall, to the extent available, 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. All insurance carried by the Association shall, to the extent available, contain a provision requiring the insurer to notify the Association and all Mortgagees named and shown as Mortgagees in the policy at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

9.9. Financing of Purchase of Unit by Association. In the event the Association should acquire a Unit at foreclosure or pursuant to Section 9.8.6.4, 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 in proportion to his 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.

9.10. General Reservations. It is the intent of Developer to develop the condominium regime established hereunder in up to, but not more than, three (3) Phases. Phase I shall consist of seven (7) Buildings containing eighty (80) Units and shall be situated on the property described in Exhibit "A-1". Phase II, if added by Developer as part of the Project, shall be situated on all or such portion of the property described in Exhibit "A-2" as the Developer may hereafter determine in its discretion. Phase III, if added by Developer as part of the Project, shall be situated on such portion of the property described in Exhibit "A-2" remaining, if any, after the addition of Phase II to the Project. Phase II and Phase III, if added by Developer as part of the Project shall contain such aggregate number of Buildings as the Developer may determine containing an aggregate number of Units not to exceed 152. All Buildings and other Improvements, if any, hereafter constructed by Developer on Phase II and/or Phase III shall be constructed with comparable materials as used in Phase I, shall be aesthetically compatible with and consistent with the Improvements on Phase I in terms of quality of construction and otherwise constructed as to not reduce the value or marketability of the Phase I Units or the Project.

Developer hereby reserves the right at any time hereafter prior to the expiration of five (5) years from the date of recordation hereof, without joinder or consent of any other Owner or any Mortgagees, to record an amendment to this Declaration to properly reflect the annexation of such Phase II Units and Phase III Units (which such Units may be annexed simultaneously or staggered subject to the 5 year limitation

aforestated). Said Amendment(s) shall include the Map amendment(s) described in Section 1.16 and shall set forth the Common Interests appurtenant to the Phase II Units and Phase III Units (if applicable), together with the adjustment to the Common Interests appurtenant to the Phase I Units. The said Common Interest appurtenant to each Unit then comprising the Project shall be calculated by dividing the number of square feet within each Unit by the aggregate number of square feet contained in all Units in the Project after the addition of such Phase. Said adjustment in the Common Interests and the corresponding adjustments in the Assessments based on the Common Interests and in the value of the votes assigned to Units based on the Common Interests shall become effective as to all Units in Phase I and Phase II and to all Units in Phase I, Phase II and Phase III on the first day of the month following the conveyance by deed of the first Unit in Phase II and on the first day of the month following the conveyance by deed of the first Unit in Phase III, respectively. Except as provided in Section 4.1 with respect to Units owned by Developer, Assessments on Units in Phase II and Phase III, respectively, shall commence on said same day of their annexation. Each Owner, by acceptance of a deed to a Unit, hereby expressly grants to Developer the irrevocable right and power to perform such acts as may be necessary to effectuate Phase II and Phase III, if Developer so chooses. Upon recording the above-described amendments with respect to the applicable Phase, the Phase II Property and Phase III Property (if applicable) shall become subject to the provisions of this Declaration without the necessity of amending individual Sections hereof. All costs of development of Phase II and Phase III Units shall be borne by and directly paid by Developer until such time as Assessments hereunder shall begin to accrue. Developer does not warrant, represent or guarantee that Phase II and/or Phase III will be added to the Project. Each Owner agrees, by acceptance of a deed to a Unit, that he has not relied on Phase II and/or Phase III being added to the Project in purchasing his Unit.

Notwithstanding the foregoing provisions of this Section 9.10, all intended or proposed improvements in Phase II and Phase III (if applicable) must be substantially completed prior to annexation of the Phase in question as a part of the Project.

9.11. Limitation of Restrictions on Developer. Developer is and shall hereafter be performing certain work in connection with the development of the Property as a condominium regime. The completion of that work and the sale, rental, and other disposition of said Units is essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and said Project be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to:

9.11.1. Prevent Developer, its contractors, or subcontractors from conducting on or to the Project or any Unit, whatever is reasonably necessary or advisable in connection with the completion of the work; or

9.11.2. Prevent Developer 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 community and disposing of the same in parcels by sale, lease or otherwise; or

9.11.3. Prevent Developer 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

9.11.4. Prevent Developer from maintaining such sign or signs on any part of the Project as may be necessary for the sale, lease or disposition thereof; or

9.11.5. Prevent Developer from using Units owned by the Developer in any Phase of the Project as a model unit or sales office or prevent Developer from using the office portions of the office/recreational clubroom as a sales or rental office or for promotional activities, whether in connection with Units then forming a portion of the Project or in connection with leasing, rental, operation or sale of apartments constructed on the property described in Exhibit A-2 attached hereto and not forming a part of the Project, provided, that in the latter instance Developer shall pay to the Association an equitable portion of the expense of operating and maintaining such clubroom for so long as Developer shall use such clubroom for non-Project activities. Developer hereby retains an irrevocable license for such purposes, provided Developer shall not interfere with the normal use and enjoyment of the clubroom by Owners of Units and their Mortgagees, guests, invitees and tenants.

So long as Developer owns one or more of the Units established and described in this Declaration (and except as otherwise specifically provided herein), Developer, its successors and assigns, shall be subject to the provisions of this Declaration.

9.12. Termination of Any Responsibility of Developer. Developer may at any time, or from time to time, sell, assign or transfer all or any part of its rights hereunder and/or its rights, title and interest in the Project to any Person or Persons who shall thereafter have such rights and powers of Developer as are contained in the Project Documents and so transferred or assigned. In the event Developer shall convey all of its right, title and interest in and to the Project to any Person or Persons, then and in such event, Developer 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 Developer, except as may be otherwise expressly provided or agreed to between Developer and such Person or Persons.

9.13. Owners' Compliance. Each Owner, tenant or occupant of a Unit and their guests and invitees shall comply with the provisions of the Project Documents and all lawful decisions and resolutions of the Association or its duly authorized representative, and failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action by the Association to recover sums due for damages (including costs and reasonable attorneys' fees) and/or for injunctive relief. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the Bylaws, shall be deemed to be binding on all Owners, their successors and assigns.

9.14. Legal Intent. It is the intent of Developer, the Association and the Owners that the Project Documents be in strict compliance with applicable usury laws of the State of Texas and the United States. 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 by 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 liable for unearned interest on any of said sums and shall never be required to pay interest at a

112073 1179

rate in excess of the maximum interest that may be lawfully charged under 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 Developer, 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 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.

9.15. 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.

The undersigned, being the declarant and Developer herein, has executed this Declaration on this 12 day of April, 1982.

DEVELOPER:
THE WATERFORD DEVELOPMENT COMPANY,
a Texas corporation

By Don M. Shine

Don M. Shine, President

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

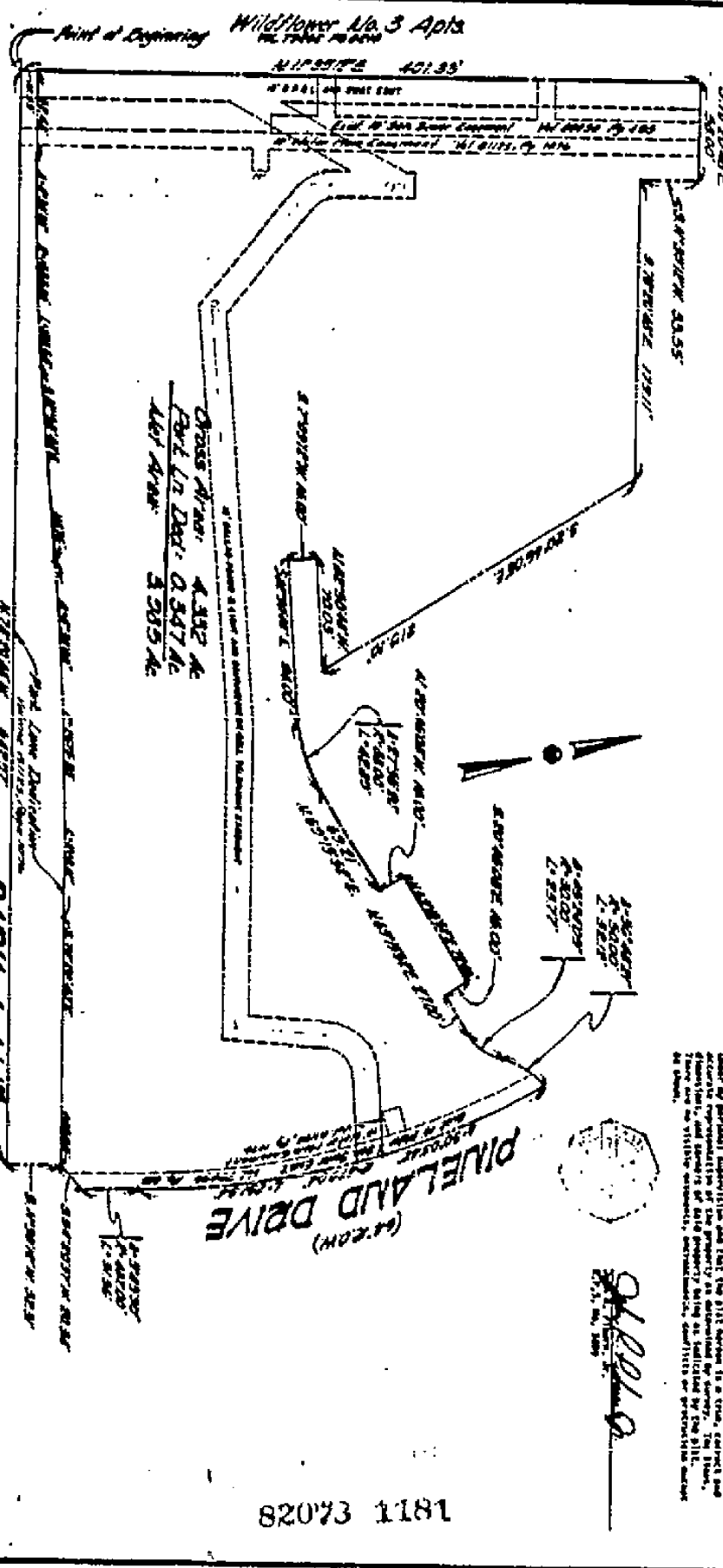
BEFORE ME, the undersigned authority, on this day personally appeared DON M. SHINE, President of THE WATERFORD DEVELOPMENT COMPANY, a Texas corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act and deed of said corporation for the purposes and consideration therein expressed, in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 12th day of April, 1982.

Joann Steaton
Notary Public in and for Dallas County, Texas

My Commission Expires:
3-18-84

13071 1180



FIELD WORK DESCRIPTION

THESE APTS. were located by the W. P. WYCHE SURVEY, Abstract No. 1827, and being situated in the City of Dallas, Texas, as shown on the plat of said survey, and being more particularly described as follows:

SECTION 14, 1st 1/2, 2nd 1/2, 3rd 1/2, 4th 1/2, 5th 1/2, 6th 1/2, 7th 1/2, 8th 1/2, 9th 1/2, 10th 1/2, 11th 1/2, 12th 1/2, 13th 1/2, 14th 1/2, 15th 1/2, 16th 1/2, 17th 1/2, 18th 1/2, 19th 1/2, 20th 1/2, 21st 1/2, 22nd 1/2, 23rd 1/2, 24th 1/2, 25th 1/2, 26th 1/2, 27th 1/2, 28th 1/2, 29th 1/2, 30th 1/2, 31st 1/2, 32nd 1/2, 33rd 1/2, 34th 1/2, 35th 1/2, 36th 1/2, 37th 1/2, 38th 1/2, 39th 1/2, 40th 1/2, 41st 1/2, 42nd 1/2, 43rd 1/2, 44th 1/2, 45th 1/2, 46th 1/2, 47th 1/2, 48th 1/2, 49th 1/2, 50th 1/2, 51st 1/2, 52nd 1/2, 53rd 1/2, 54th 1/2, 55th 1/2, 56th 1/2, 57th 1/2, 58th 1/2, 59th 1/2, 60th 1/2, 61st 1/2, 62nd 1/2, 63rd 1/2, 64th 1/2, 65th 1/2, 66th 1/2, 67th 1/2, 68th 1/2, 69th 1/2, 70th 1/2, 71st 1/2, 72nd 1/2, 73rd 1/2, 74th 1/2, 75th 1/2, 76th 1/2, 77th 1/2, 78th 1/2, 79th 1/2, 80th 1/2, 81st 1/2, 82nd 1/2, 83rd 1/2, 84th 1/2, 85th 1/2, 86th 1/2, 87th 1/2, 88th 1/2, 89th 1/2, 90th 1/2, 91st 1/2, 92nd 1/2, 93rd 1/2, 94th 1/2, 95th 1/2, 96th 1/2, 97th 1/2, 98th 1/2, 99th 1/2, 100th 1/2.

INDEX 1 - 4332 AC
 INDEX 2 - 2347 AC
 INDEX 3 - 3385 AC

INDEX 1 - 4332 AC
 INDEX 2 - 2347 AC
 INDEX 3 - 3385 AC

INDEX 1 - 4332 AC
 INDEX 2 - 2347 AC
 INDEX 3 - 3385 AC

EXHIBIT A-1
SURVEY PLAT
 4,332 AC
 PART OF CITY BLOCK NO. 5217
 W. R. WYCHE SURVEY ABSTRACT NO. 1827

SMOKETTE/DAVIS/DRAKE, INC.
 2302 CARLISLE
 DALLAS, TEXAS
 JUNE 22, 1946

SCALE: 1" = 40'

I, John P. Allen, Surveyor, do hereby certify that this survey was made by me or under my personal supervision and that the plat herein is a true, correct and accurate representation of the property as described by survey. This survey was made on the 22nd day of June, 1946, and I am a duly licensed Surveyor in the State of Texas.

JOHN P. ALLEN
 SURVEYOR

82073 1181

CIVIL

EXHIBIT A-1

FIELD NOTE DESCRIPTION

BEING a tract of land located in the W.P. Wyche Survey, Abstract No. 1522, and being situated in Block H/5217 of the Woods on Park Lane, an addition to the City of Dallas as recorded in Volume 81125, Page 1076, Dallas Records, Dallas County, Texas and being more particularly described as follows:

BEGINNING at a point, said point being the most Southeasterly point of Wildflower No. 3 Apartments, an addition to the City of Dallas, Dallas County as recorded in Volume 79252, Page 0218, Deed Records, Dallas County, Texas, said point also being in the North line of Park Lane, a variable width R.O.W.;

THENCE N 11°39'12" E along said East line of Wildflower No. 3 Apartments, a distance of 401.33 feet to a point for corner;

THENCE S 78°20'48" E a distance of 58.00 feet to a point for corner;

THENCE S 11°39'12" W a distance of 33.55 feet to a point for corner;

THENCE S 78°20'48" E a distance of 179.11 feet to a point for corner;

THENCE S 20°46'08" E a distance of 219.10 feet to a point for corner;

THENCE N 82°50'48" W a distance of 70.03 feet to a point for corner;

THENCE S 7°09'12" W a distance of 16.00 feet to a point for corner;

THENCE S 82°50'48" E a distance of 94.00 feet to the beginning of a curve to the left;

THENCE in a East and Northeasterly direction along said curve to the left having a radius of 88.00 feet, a central angle of 27°55'20", and an arc length of 42.89 feet to the end of said curve to the left;

THENCE N 69°13'52" E a distance of 69.21 feet to a point for corner;

THENCE N 20°46'08" W a distance of 16.00 feet to a point for corner;

THENCE N 69°13'52" E a distance of 72.00 feet to a point for corner;

THENCE S 20°46'08" E a distance of 16.00 feet to a point for corner;

THENCE N 69°13'52" E a distance of 27.00 feet to the beginning of a curve to the left;

THENCE in a North and Northwesterly direction along said curve to the right having a radius of 30.00 feet, a central angle of 45°24'09", and an arc length of 23.77 feet to the end of said curve to the left and the beginning of a curve to the right;

THENCE in a North and Northeasterly direction along said curve to the right having a radius of 50.00 feet, a central angle of 36°48'21", and an arc length of 32.12 feet to the end of said curve to the right, said point also being on the Westerly line of Pineland Drive (a 64' R.O.W.);

82073 1182

THENCE in a South and Southwesterly direction along said Pineland Drive right-of-way on a curve to the right having a radius of 479.04 feet, a central angle of 30° 03'42", and an arc length of 251.34 feet to the end of said curve to the right and the beginning of a curve to the left;

THENCE in a South and Southeasterly direction continuing along said Pineland Drive right-of-way on a curve to the left having a radius of 482.00 feet, a central angle of 3°43'39", and an arc length of 31.36 feet to the end of said curve to the left;

THENCE S 54°20'37" W a distance of 20.34 feet to an angle point;

THENCE S 11°39'12" W a distance of 32.31 feet to a point for corner, said point also being on the North line of Park Lane (a variable width R.O.W.);

THENCE N 78°20'48" W along said North line of Park Lane a distance of 642.97 feet to the POINT OF BEGINNING and containing 188,700 square feet or 4.332 acres of land, more or less.

April 1, 1982

82073 1183

Part of Highway

PILLET AND DRIVE (W. R. HAN)

DRIVE (W. R. HAN)

820'73 1181

GROSS AREA: 6,101 AC.

110'00"00" 146.9 Apts

FIELD BERT RESOLUTION

SHEET 8

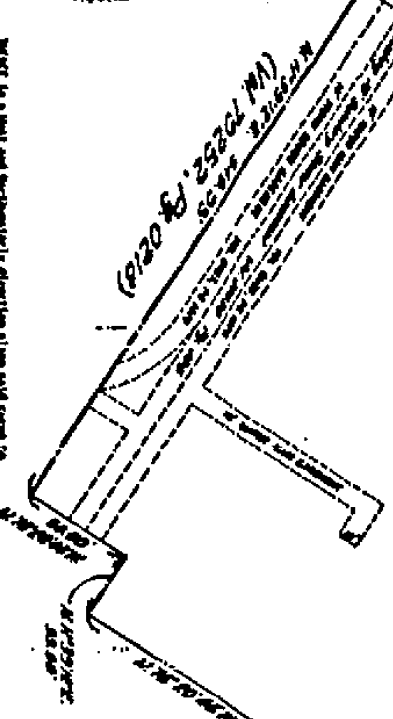
Part of road of land located to the N. of the highway, and the 110'00"00" 146.9 Apts. is shown in the plan view. The road is shown in the plan view as a solid line, and the highway is shown as a dashed line. The road is shown as a solid line, and the highway is shown as a dashed line. The road is shown as a solid line, and the highway is shown as a dashed line.

Part of a road, 110'00"00" 146.9 Apts. is shown in the plan view. The road is shown in the plan view as a solid line, and the highway is shown as a dashed line. The road is shown as a solid line, and the highway is shown as a dashed line. The road is shown as a solid line, and the highway is shown as a dashed line.

Part of a road, 110'00"00" 146.9 Apts. is shown in the plan view. The road is shown in the plan view as a solid line, and the highway is shown as a dashed line. The road is shown as a solid line, and the highway is shown as a dashed line. The road is shown as a solid line, and the highway is shown as a dashed line.

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Part of a road, 110'00"00" 146.9 Apts. is shown in the plan view. The road is shown in the plan view as a solid line, and the highway is shown as a dashed line. The road is shown as a solid line, and the highway is shown as a dashed line. The road is shown as a solid line, and the highway is shown as a dashed line.



[Signature]
 SURVEY PLAT
 6.161 ACRES
 PART OF CITY BLOCK AND SE1/4
 W. R. WYOM SURVEY ABSTRACT NO. 888

BRACKETTE/DAVIS/DRAKE, INC.
 2902 CANNON
 DALLAS, TEXAS
 SCALE: 1" = 40'
 JAN 6, 1982

EXHIBIT "A-2"

879181

EXHIBIT A-2

FIELD NOTE DESCRIPTION

BEING a tract of land located in the W.P. Wyche Survey, Abstract No. 1522, and being situated in Block H/5217 of The Woods on Park Lane, an addition to the City of Dallas as recorded in Volume 81125, Page 1076, Dallas Records, Dallas County, Texas and being more particularly described as follows:

BEGINNING at a point, said point being the most Northeasterly point of Wildflower No. 3 Apartments, an addition to the City of Dallas, Dallas County as recorded in Volume 79252, Page 0218, Deed Records, Dallas County, Texas, said point also being in the West line of Pineland Drive (a 64' R.O.W.);

THENCE S 20°46'08" E along the West line of said Pineland Drive (a 64' R.O.W.) a distance of 812.86 feet to the beginning of a curve to the right;

THENCE in a Southerly direction continuing along the West line of said Pineland Drive (a 64' R.O.W.) on a curve to the right having a radius of 479.04 feet, a central angle of 2°21'38", and an arc length of 19.74 feet to the end of said curve to the right and the beginning of a curve to the left;

THENCE in a South and Southeasterly direction along said curve to the left having a radius of 50.00 feet, a central angle of 36°48'21", and an arc length of 32.12 feet to the end of said curve to the left and the beginning of a curve to the right;

THENCE in a South and Southwesterly direction along said curve to the right having a radius of 30.00 feet, a central angle of 45°24'09", and an arc length of 23.77 feet to the end of said curve to the right;

THENCE S 69°13'52" W a distance of 27.00 feet to a point for corner;

THENCE N 20°46'08" W a distance of 16.00 feet to a point for corner;

THENCE S 69°13'52" W a distance of 72.00 feet to a point for corner;

THENCE S 20°46'08" E a distance of 16.00 feet to a point for corner;

THENCE S 69°13'52" W a distance of 69.21 feet to the beginning of a curve to the right;

THENCE in a West and Northwesterly direction along said curve to the right having a radius of 88.00 feet, a central angle of 27°55'20", and an arc length of 42.89 feet to the end of said curve to the right;

THENCE N 82°50'48" W a distance of 94.00 feet to a point for corner;

THENCE N 7°09'12" E a distance of 16.00 feet to a point for corner;

THENCE S 82°50'48" E a distance of 70.03 feet to a point for corner;

THENCE N 20°46'08" W a distance of 219.10 feet to a point for corner;

THENCE N 78°20'48" W a distance of 179.11 feet to a point for corner;

THENCE N 11°39'12" E a distance of 33.55 feet to a point for corner;

A2073 1185

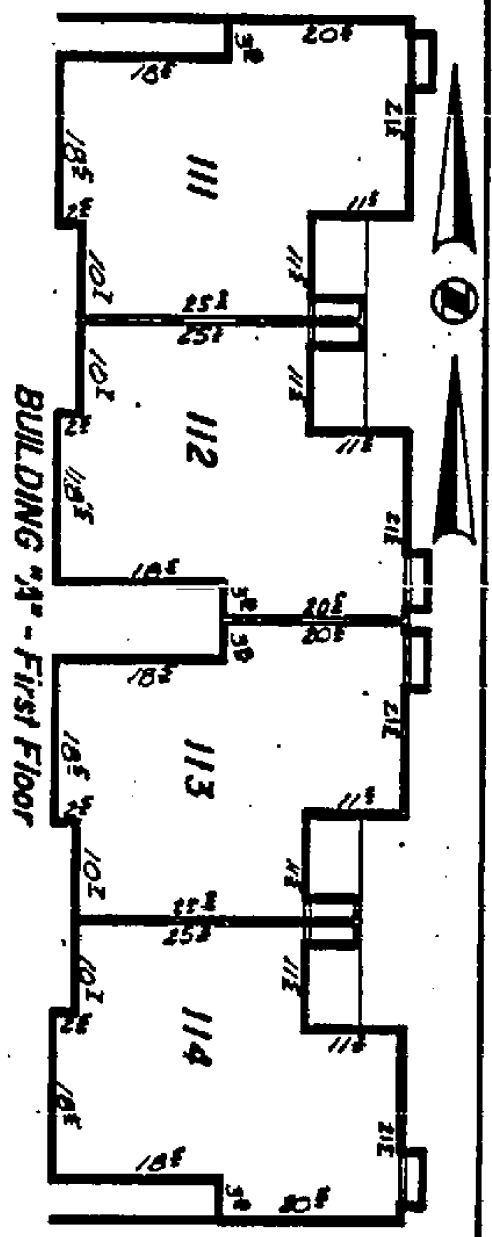
THENCE N 78°20'48" W a distance of 58.00 feet to a point on the East line of said Wildflower No. 3 Apartments;

THENCE N 11°39'12" E continuing along said East line of Wildflower No. 3 Apartments a distance of 545.93 feet to a point for corner;

THENCE N 74°33'04" E a distance of 163.16 feet to the POINT OF BEGINNING and containing 268,380 square feet or 6.161 acres of land, more or less.

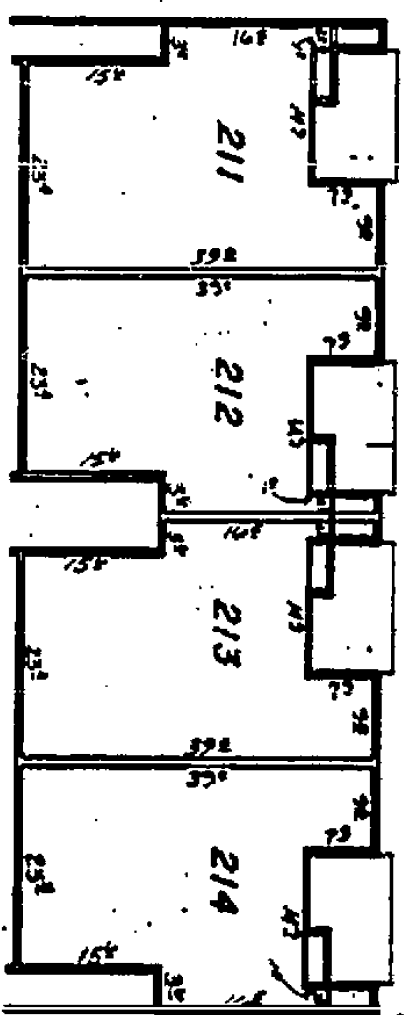
April 1, 1982

82073 1186

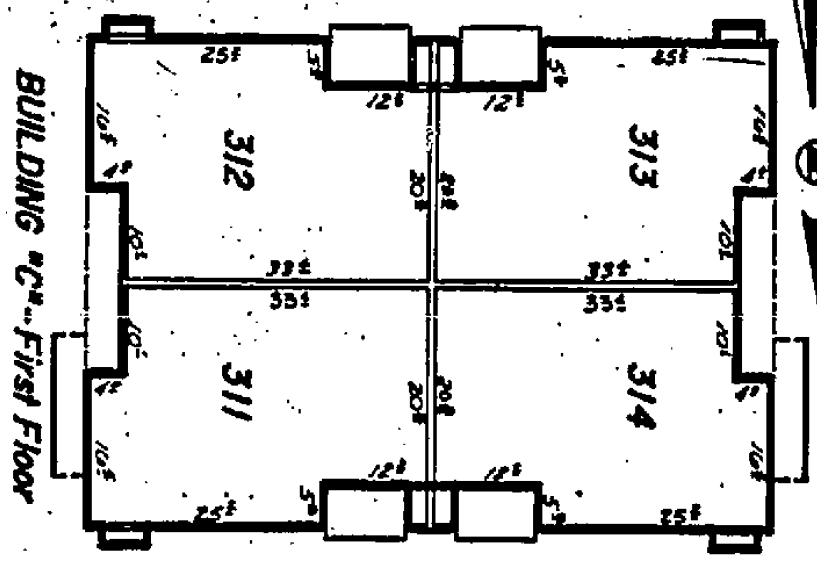


BUILDING "A" - First Floor

7817 82073



BUILDING "B" - First Floor



BUILDING "C" - First Floor

Scale: 1" = 20'

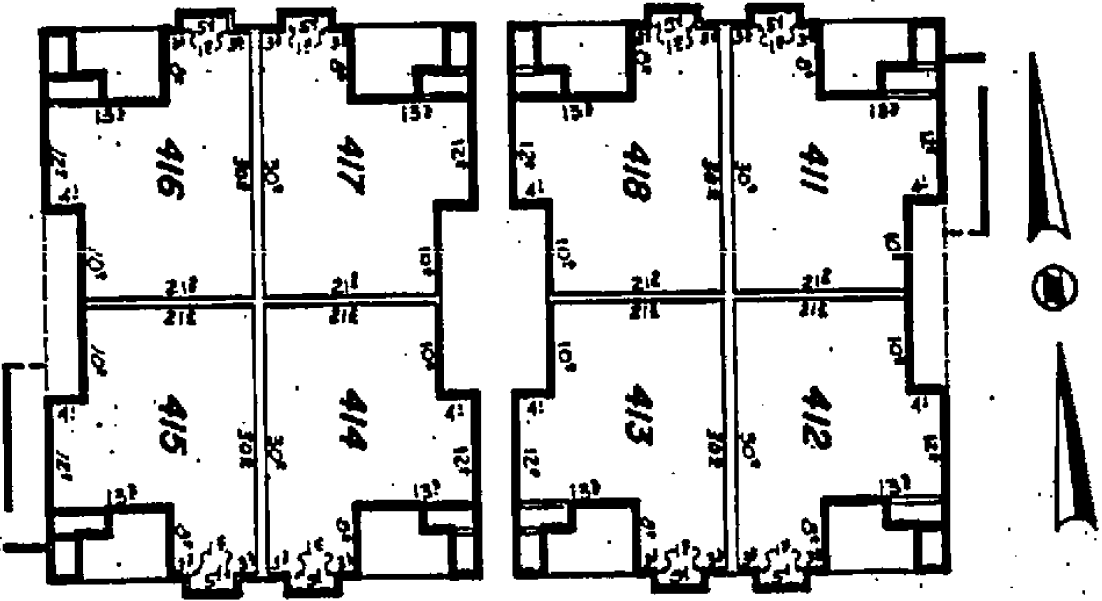
PHASE I EXHIBIT B1

The Woods Condominiums - Paragon Group, Inc.


BROCKETTE / DAVIS / DRAKE, INC.
 CONSULTING ENGINEERS

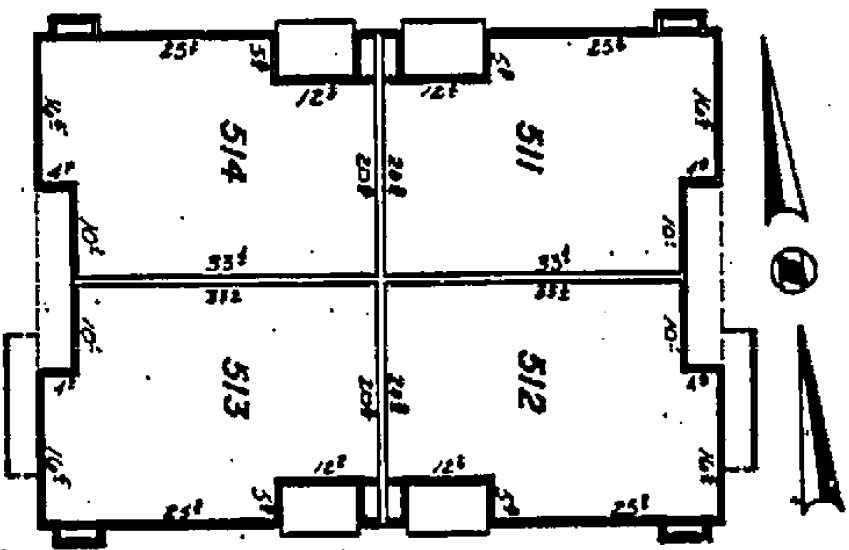
CIVIL STRUCTURAL SURVEYING
 2902 CARROLL STREET DALLAS, TEXAS 75306

BUILDING "D" - First Floor



Scale: 1" = 20'

BUILDING "E" - First Floor



PHASE I

EXHIBIT B 2

The Woods Condominiums - Paragon Group, Inc.

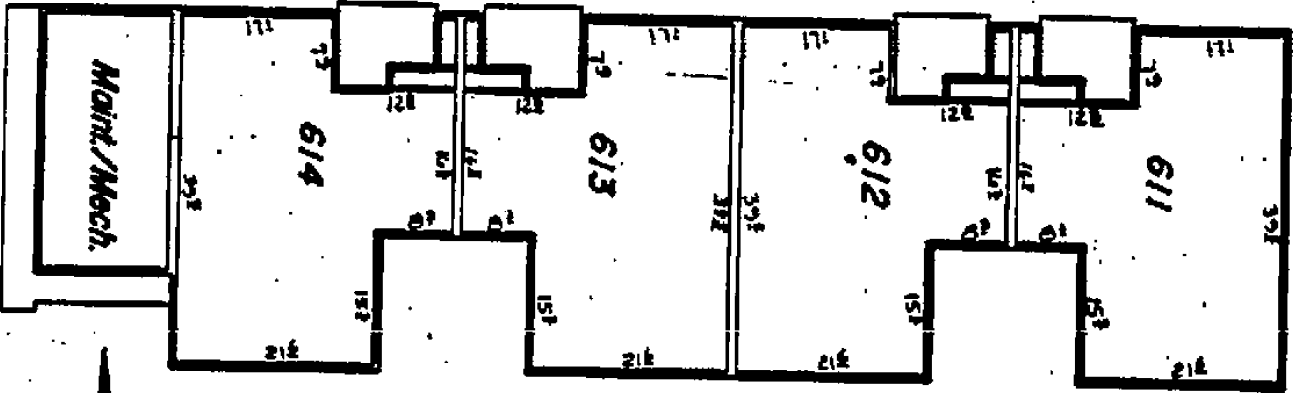


BROCKETTE / DAVIS / DRAKE, INC.

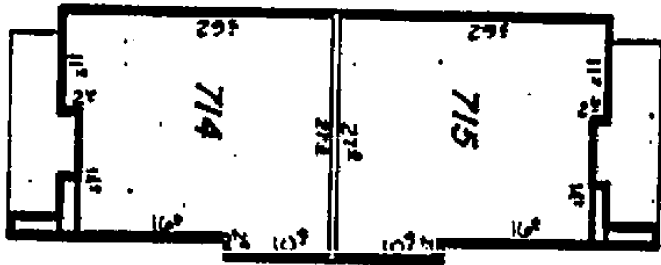
CONSULTING ENGINEERS

CIVIL, STRUCTURAL, SURVEYING
2902 CARROLL STREET, DALLAS, TEXAS 75204

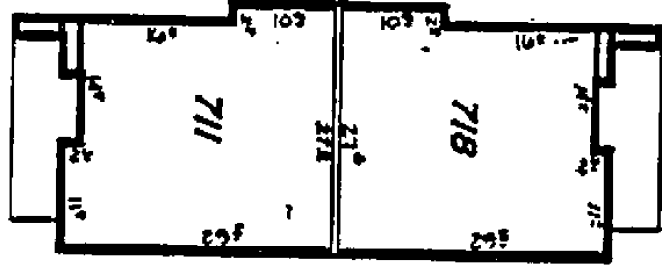
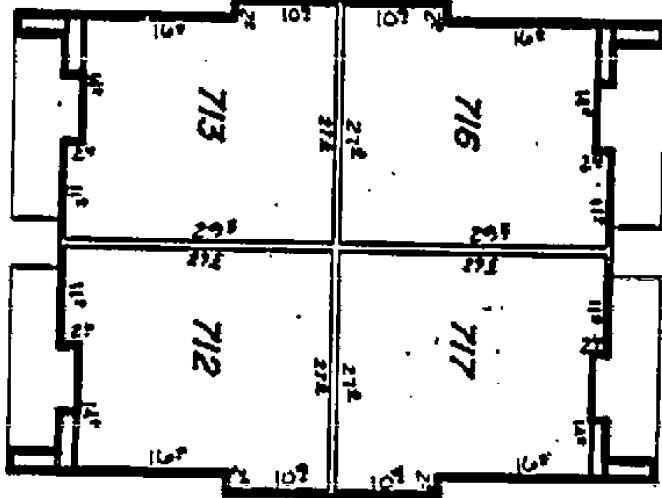
82073 1188



BUILDING "F" - First Floor



BUILDING "G" - First Floor



Scale: 1" = 20'



PHASE I

EXHIBIT B3

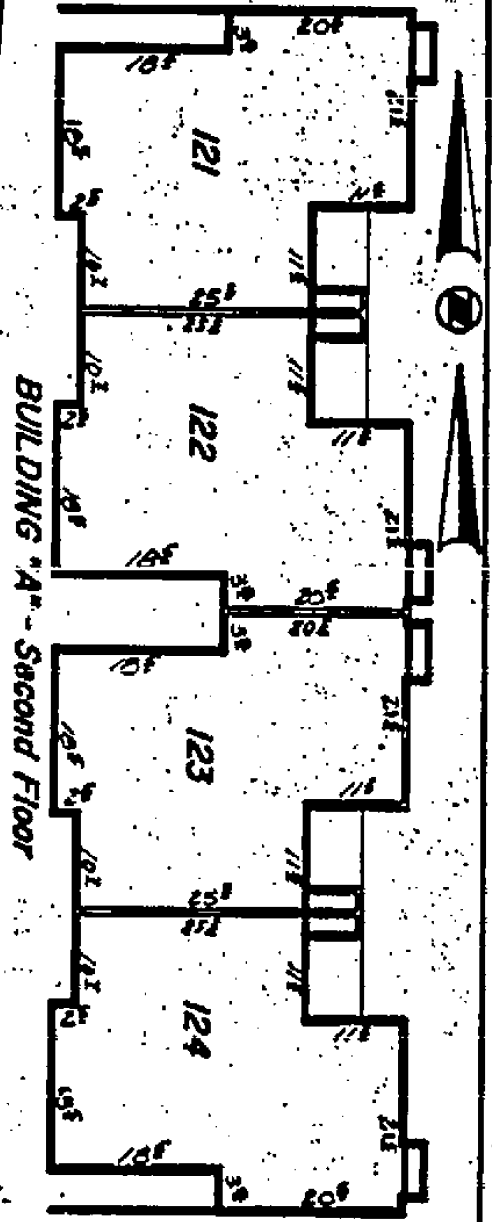
The Woods Condominiums - Paragon Group, Inc.



BROCKETTE / DAVIS / DRAKE, INC.
CONSULTING ENGINEERS

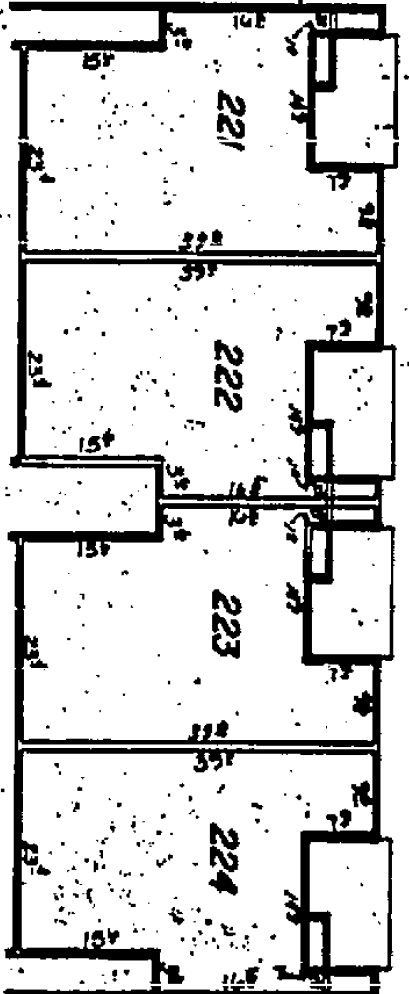
CIVIL STRUCTURAL SURVEYING
8802 CARLELE STREET DALLAS, TEXAS 75208

82073 1189

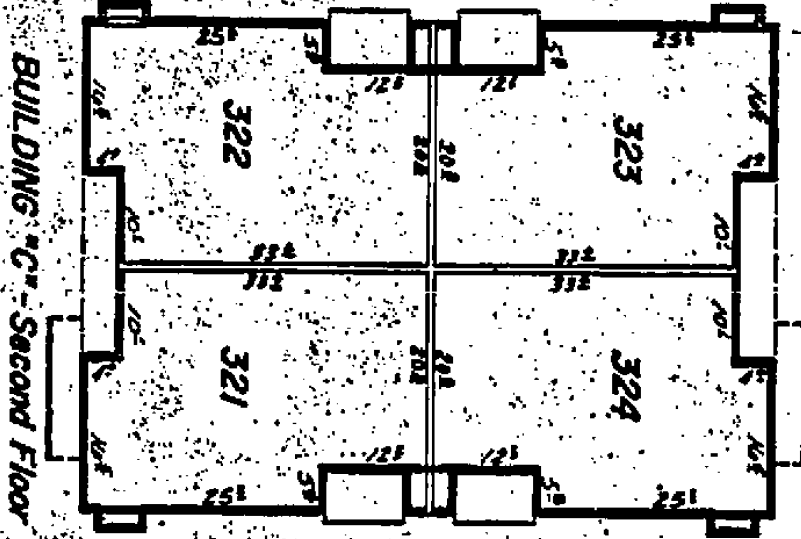


BUILDING "A" - Second Floor

82073 1190



BUILDING "B" - Second Floor



BUILDING "C" - Second Floor

Scale: 1/8" = 20'

PHASE I EXHIBIT B4

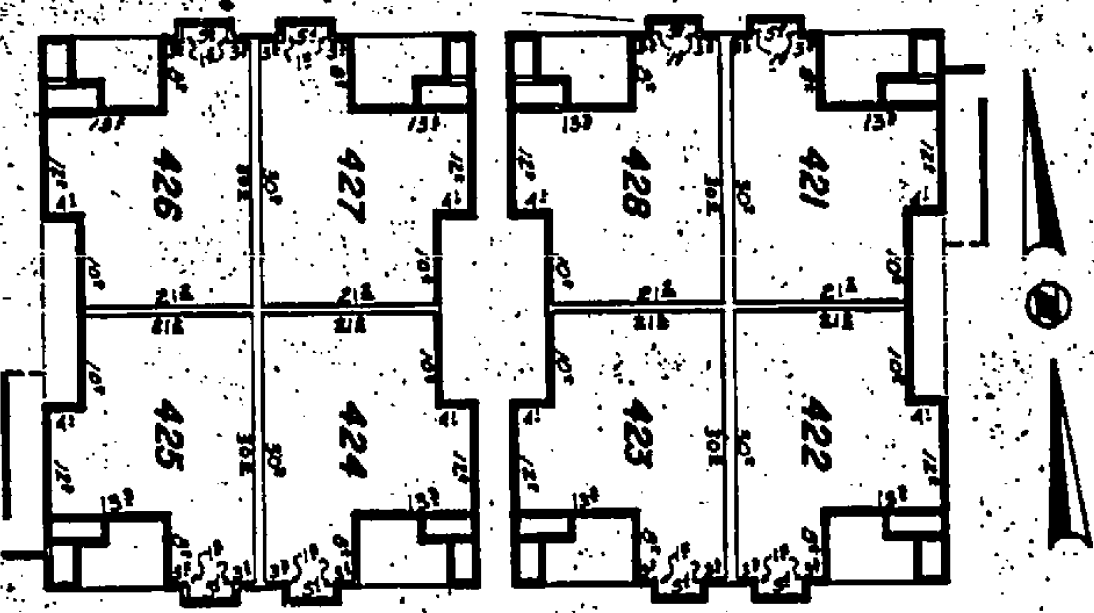
The Woods Condominiums - Paragon Group, Inc



BROCKETTE / DAVIS / DRAKE, INC.
CONSULTING ENGINEERS

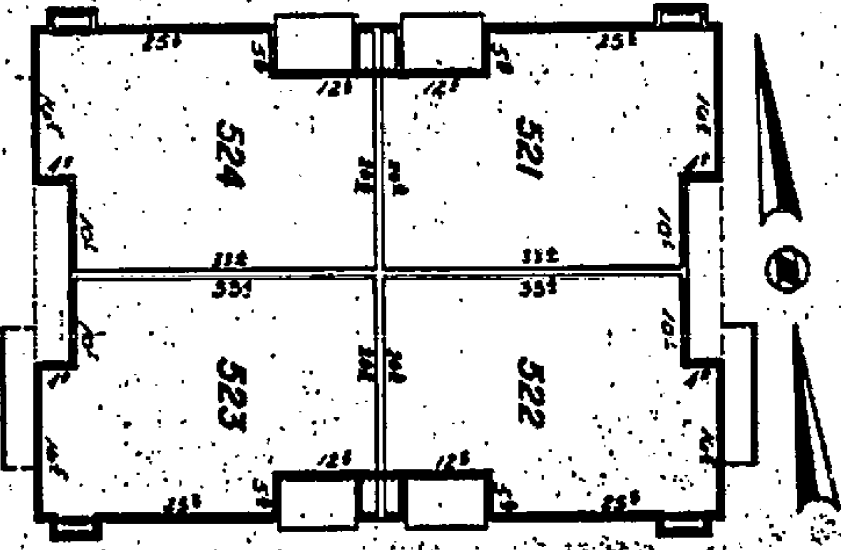
CIVIL STRUCTURAL SURVEYING
2902 CARBIDE STREET DALLAS, TEXAS 75204

BUILDING "D" - Second Floor



Scale 1" = 20'

BUILDING "E" - Second Floor



PHASE I

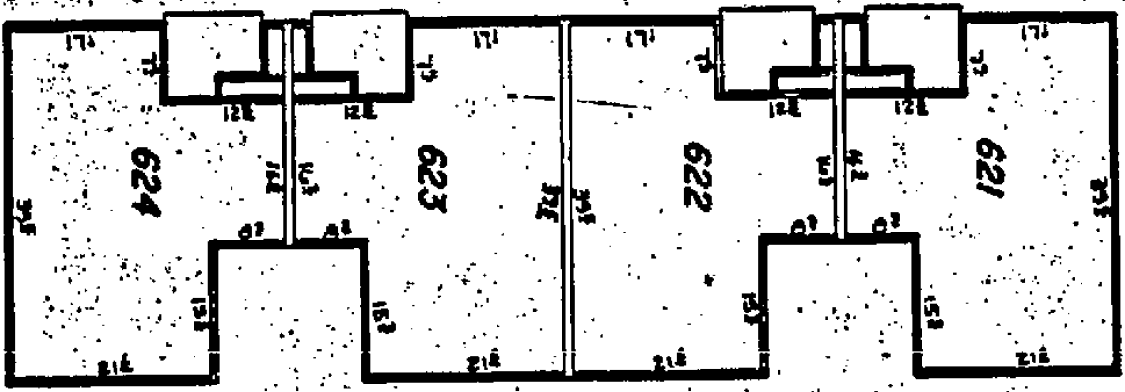
EXHIBIT B5

The Woods Condominiums - Paragon Group, Inc.

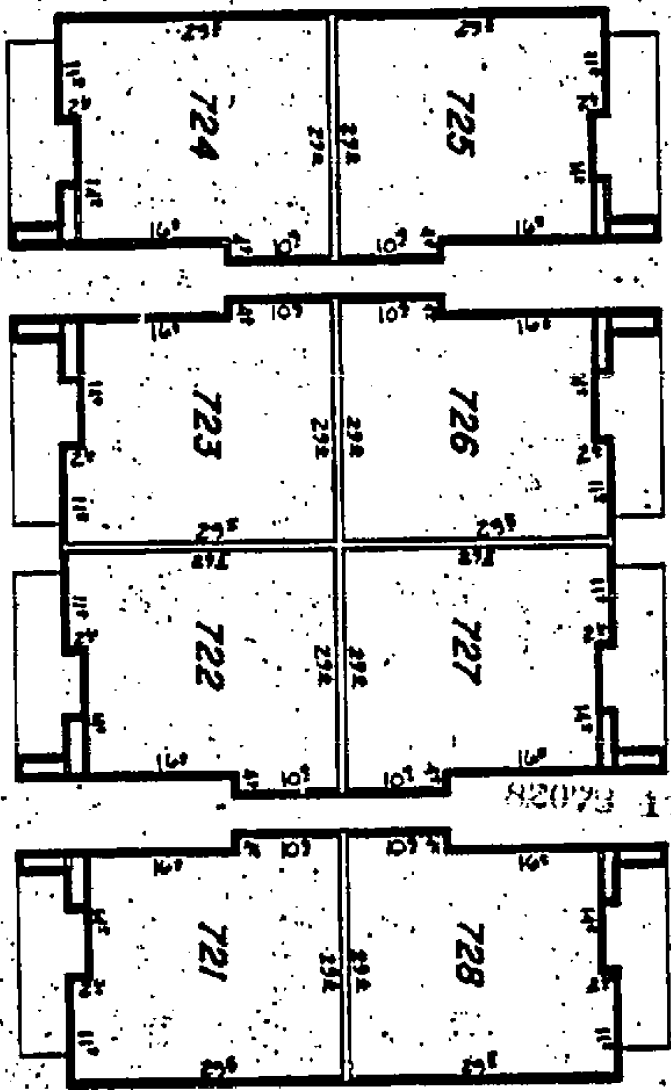


BROCKETTE / DAVIS / DRAKE, INC.
CONSULTING ENGINEERS

CIVIL STRUCTURAL SURVEYING
2802 CARNegie STREET DALLAS TEXAS 75208



**BUILDING "F" -
Second Floor**



BUILDING "G" - Second Floor



PHASE I:

EXHIBIT B6

The Woods Condominiums - Paragon Group, Inc.

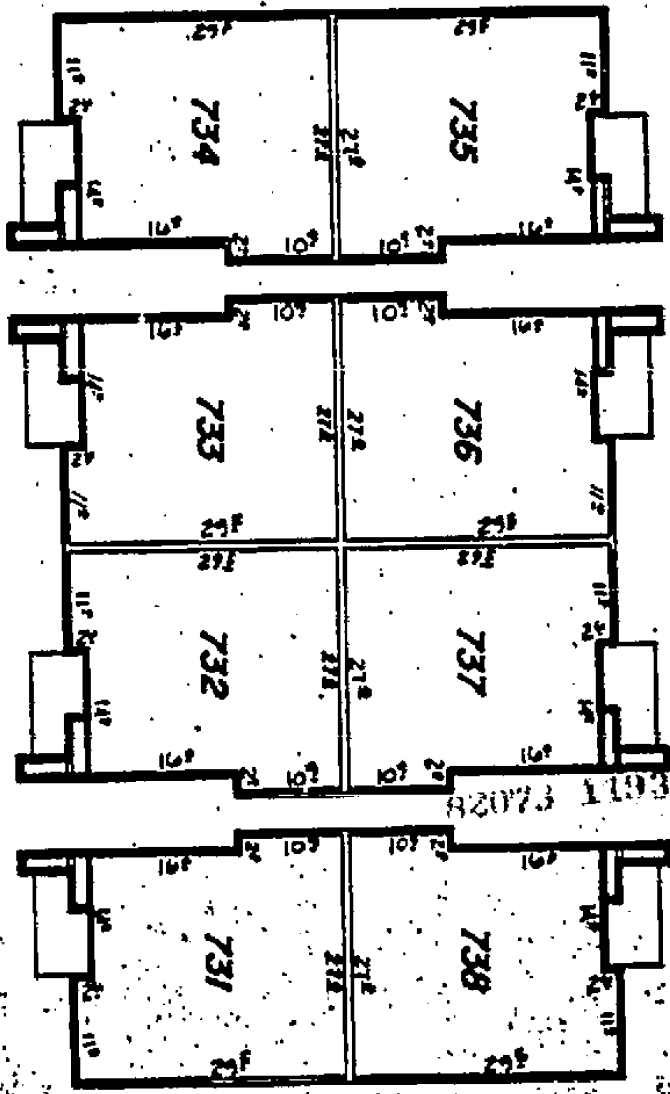


BROCKETTE / DAVIS / DRAKE, INC.
CONSULTING ENGINEERS

CIVIL SURVEYING
STRUCTURAL
2802 CARLESE STREET DALLAS, TEXAS 75204

Scale: 1" = 20'





BUILDING "G" - Third Floor

PHASE I

EXHIBIT B 7

The Woods Condominiums - Paragon Group, Inc.



BROCKETTE / DAVIS / DRAKE, INC.
 CONSULTING ENGINEERS

CIVIL STRUCTURAL SURVEYING
 2902 CARISLE STREET DALLAS, TEXAS 75204

Scale: 1" = 20'

EXHIBIT "C"

BUILDING TABULATIONS

<u>BUILDING</u>	<u>UNIT NUMBER</u>	<u>FIN.FLOOR ELEVATION 1ST FLOOR</u>	<u>FIN.FLOOR ELEVATION 2ND FLOOR</u>	<u>FIN. FLOOR ELEVATION 3RD FLOOR</u>	<u>AREA SQ.FT.</u>	<u>% INTEREST PHASE I</u>
A	111	492.00			1062.37	1.604
	112	492.00			1062.37	1.604
	113	492.00			1062.37	1.604
	114	494.00			1062.37	1.604
	121		502.00		1062.37	1.604
	122		502.00		1062.37	1.604
	123		502.00		1062.37	1.604
	124		504.00		1062.37	1.604
	B	211	493.00			860.54
212		495.00			860.54	1.299
213		495.00			860.54	1.299
214		493.00			860.54	1.299
221			503.00		860.54	1.299
222			505.00		860.54	1.299
223			505.00		860.54	1.299
224			503.00		860.54	1.299
C	311	498.00			883.68	1.334
	312	498.00			883.68	1.334
	313	502.00			883.68	1.334
	314	502.00			883.68	1.334
	321		508.00		883.68	1.334
	322		508.00		883.68	1.334
	323		512.00		883.68	1.334
	324		512.00		883.68	1.334
	D	411	509.00			617.50
412		509.00			617.50	0.932
413		513.00			617.50	0.932
414		513.00			617.50	0.932
415		517.00			617.50	0.932
416		517.00			617.50	0.932
417		513.00			617.50	0.932
418		513.00			617.50	0.932
421			519.00		617.50	0.932
422			519.00		617.50	0.932
423			523.00		617.50	0.932
424			523.00		617.50	0.932
425			527.00		617.50	0.932
426			527.00		617.50	0.932
427			523.00		617.50	0.932
428			523.00		617.50	0.932
E	511	519.00			883.68	1.334
	512	519.00			883.68	1.334
	513	523.00			883.68	1.334
	514	523.00			883.68	1.334
	521		529.00		883.68	1.334
	522		529.00		883.68	1.334
	523		533.00	82073 1194	883.68	1.334
	524		533.00		883.68	1.334

Exhibit "C" Cont'd

Building Tabulations Continued

<u>BUILDING</u>	<u>UNIT NUMBER</u>	<u>FIN.FLOOR ELEVATION 1ST FLOOR</u>	<u>FIN.FLOOR ELEVATION 2ND FLOOR</u>	<u>FIN.FLOOR ELEVATION 3RD FLOOR</u>	<u>AREA SQ. FT.</u>	<u>% INTEREST PHASE I</u>	
F	611	511.00			952.84	1.438	
	612	511.00			952.84	1.438	
	613	515.00			952.84	1.438	
	614	515.00			952.84	1.438	
	621		521.00		952.84	1.438	
	622		521.00		952.84	1.438	
	623		525.00		952.84	1.438	
	624		525.00		952.84	1.438	
G	711	506.50			793.80	1.198	
	712	506.50			793.80	1.198	
	713	502.50			793.80	1.198	
	714	502.50			793.80	1.198	
	715	502.50			793.80	1.198	
	716	502.50			793.80	1.198	
	717	506.50			793.80	1.198	
	718	506.50			793.80	1.198	
	721		516.50		815.60	1.231	
	722		516.50		815.60	1.231	
	723		512.50		815.60	1.231	
	724		512.50		815.60	1.231	
	725		512.50		815.60	1.231	
	726		512.50		815.60	1.231	
	727		516.50		815.60	1.231	
	728		516.50		815.60	1.231	
	731				526.00	793.80	1.198
	732				526.00	793.80	1.198
	733				522.50	793.80	1.198
	734				522.50	793.80	1.198
	735				522.50	793.80	1.198
	736				522.50	793.80	1.198
	737				526.00	793.80	1.198
	738				526.00	793.80	1.198
	TOTAL					66,250.48	100.000

B2073 1195

BYLAWS

OF

THE WOODS ON PARK LANE

HOMEOWNERS ASSOCIATION

A NON-PROFIT CORPORATION

The name of this non-profit corporation shall be The Woods on Park Lane Homeowners Association (the "Association").

ARTICLE I.

PURPOSE AND PARTIES

1. The purpose for which the Association is formed is to govern the condominium regime known as The Woods on Park Lane, A Condominium, situated in the County of Dallas, State of Texas, which property is described in that certain Declaration and Master Deed ("Declaration"), and which property shall be submitted to the regime created by the Condominium Act of the State of Texas by the recording of the Declaration and the Exhibits thereto. Said condominium regime consists of the initial phase containing Eighty (80) Units ("Phase I") and said regime may annex up to two (2) additional phases containing an aggregate total of one hundred fifty-two (152) Units (Phase II and Phase III). All definitions and terms contained in said Declaration shall apply hereto and are incorporated herein by reference.

2. All present or future Owners, tenants, future tenants of any Unit, or any other person who might use in any manner the facilities of the Project are subject to the provisions and any regulations set forth in these Bylaws. The mere acquisition, lease or rental of any Unit or the mere act of occupancy of a Unit will signify that these Bylaws are accepted, approved, ratified, and will be complied with.

ARTICLE II.

MEMBERSHIP, VOTING, MAJORITY OF

OWNERS, QUORUM, PROXIES

1. Membership. Except as is otherwise provided in these Bylaws, ownership of a Unit is required in order to qualify for membership in this Association. Any person on becoming an Owner of a Unit shall automatically become a Member of this Association and be subject to these Bylaws. Such membership shall terminate without any formal Association action whenever such person ceases to own a Unit, but such termination shall not relieve or release any such former Owner from any liability or obligation incurred under or in any way connected with this Association during the period of such ownership and membership in this Association, or impair any rights or

remedies which the Owners have, either through the Board of Directors of the Association or directly against such former Owner and Member arising out of or in any way connected with ownership and membership and the covenants and obligations incident thereto.

2. Voting. 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" to the Declaration and subject to reallocation of value upon annexation, if any, of Phase II and Phase III. The aggregate value of the votes appurtenant to the Units in the Project shall at all times equal one hundred percent (100%).

3. Majority of Owners. As used in these Bylaws, the term "majority of Owners" shall mean those voting Owners holding fifty-one percent (51%) or more of the Common Interest represented in person or by proxy.

4. Quorum. Except as otherwise provided in these Bylaws, the presence in person or by proxy of those voting Owners holding fifty-one percent (51%) or more of the Common Interest shall constitute a quorum. In the event a quorum is not present, then the meeting called shall be adjourned, and notice of a new meeting for the same purposes within two (2) to four (4) weeks shall be sent by mail, at which meeting the number of Owners represented in person or by proxy shall be sufficient to constitute a quorum at such meeting. An affirmative vote of a majority of the Owners present, either in person or by proxy, shall be required to transact the business of the meeting.

5. Proxies. Votes may be cast in person or by written proxy. No proxy shall be valid after eleven (11) months from the date of its execution unless specifically provided in the proxy. All proxies must be filed with the Secretary or Assistant Secretary of the Association before the appointed time of each meeting.

ARTICLE III.

ADMINISTRATION

1. Association Responsibilities. The Owners will constitute the Association which will have the responsibility of administering the Project through a Board of Directors. In the event of any dispute or disagreement between any Owners relating to the Project, or any questions of interpretation or application of the provisions of the Project Documents, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on each and all such Owners, subject to the right of Owners to seek other remedies provided by law after such determination by the Board.

2. Place of Meeting. Meetings of the Association shall be held at such suitable place, convenient to the Owners, as the Board of Directors may determine.

3. Annual Meetings. The first meeting of the Association shall be held (if not sooner determined by Developer at its option) within thirty (30) days after the expiration of ninety (90) days from the earlier of the date upon which there has occurred the conveyance by the Developer of seventy-five percent (75%) of the Units in Phase I of the Project, or three (3) years from the date on which Developer

conveys the first Unit in Phase I of the Project. Thereafter, the annual meetings of the Association shall be held on or before ninety (90) days after the expiration of the prior fiscal year. At such meetings there shall be selected a Board of Directors in accordance with the requirements of Paragraph 5 of Article IV of these Bylaws. The Owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority in voting interest of the Owners and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting unless by consent of two-thirds (2/3) in interest of the Owners present, either in person or by proxy. Any such meetings shall be held after the first annual meeting and shall be held within thirty (30) days after receipt by the President of such resolution or petition.

5. Notice of Meetings. It shall be the duty of the Secretary or Assistant Secretary of the Association to mail a notice of each annual or special meeting, stating the purpose thereof as well as the time and place it is to be held, to each Owner of record and to each Institutional Lender which has requested such notice (who may designate a representative to attend such meetings), at least ten (10) days, but not more than thirty (30) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

6. Order of Business. The order of business at all meetings of the Owners of the Project shall be as follows:

- (a) Roll call and certifying proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of unapproved minutes;
- (d) Reports of officers;
- (e) Reports of committees;
- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment.

ARTICLE IV.

BOARD OF DIRECTORS

1. Number and Qualification. The affairs of this Association shall initially be governed by a Board of Directors consisting of the three (3) persons delineated in the Articles of Incorporation of the Association. Four (4) additional persons shall be appointed by Developer to the Board in the event and at the time Phase II becomes part of the Project. The number and qualification of the Board of Directors to be elected at the first annual meeting and subsequent annual meetings shall be determined with reference to the time of annexation of Phase II as follows:

(a) Annual Meetings Prior to Annexation of Phase II. Prior to the annexation of Phase II, there shall be elected at the first and any subsequent annual meetings three (3) Members of the Association to the Board of Directors who shall thereafter govern (together with the four (4) directors later appointed by Developer upon annexation of Phase II, if applicable) the affairs of this Association until their successors have been duly elected and qualified.

(b) Annual Meetings Subsequent to Annexation of Phase II. In the event the first annual or any subsequent annual meeting takes place after the annexation of Phase II, there shall be elected at said meeting seven (7) Members of the Association to the Board of Directors who shall thereafter govern the affairs of this Association until their successors have been duly elected and qualified. Until such time as Developer has conveyed seventy-five percent (75%) of the Units in all Phases of the Project (approximately 174 Units) or the expiration of five (5) years from the date on which Developer conveys the first Unit in Phase I, whichever occurs first (the "Transfer Date"), Developer shall have the right to appoint four (4) of the said seven (7) Directors, with the remaining three (3) Directors to be elected by the Members of the Association, excluding Developer. The right reserved herein to Developer to appoint four (4) Directors shall automatically terminate as of the said Transfer Date and thereafter, at any annual meeting of the Association, all of the seven (7) Directors shall be elected by the Members of the Association, including Developer if Developer is an Owner.

2. Powers and Duties. The Board of Directors shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a residential condominium project in keeping with the character and quality of the neighborhood in which it is located. The Board of Directors may do all such acts and things except as by law or by these Bylaws or by the Declaration may not be delegated to the Board of Directors.

3. Other Powers and Duties. Such powers and duties of the Board of Directors shall include, but shall not be limited to, the following, all of which shall be done for and in behalf of the Owners of the Condominiums:

(a) To administer and enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations and all other provisions set forth in the Declaration, the Bylaws of the Association and supplements and amendments thereto.

(b) To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use and occupancy of the Project with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each Owner promptly upon the adoption thereof. In connection therewith, the Board of Directors may in addition to any other powers, rights or remedies establish a system for imposing fines upon Owners for non-compliance with such rules and regulations, provided no such fine may exceed the amount of \$25.00 per occurrence.

(c) To acquire, construct, manage, maintain and keep in good order, condition and repair all of the General and Limited Common Elements and all items of common personal property used by the Owners in the enjoyment of the entire premises; except as such duty may be specifically designated herein to each Owner.

(d) To insure and keep insured all of the insurable General Common Elements of the Project in an amount equal to their current replacement value as provided in the Declaration, to obtain and maintain comprehensive public liability insurance as provided in the Declaration, to insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and the Owners of the Units and their Mortgagees. The limits and coverage shall be reviewed at intervals of not less than every two (2) years and adjusted, if necessary, to provide such coverage and protection as the Association may deem prudent. So long as the Federal National Mortgage Association ("FNMA") or Federal Home Loan Mortgage Corporation ("FHLMC") is a Mortgagee of a Unit in the Project, or owns a Unit therein, the Association shall maintain in effect at least such casualty, flood and liability insurance and a fidelity bond, meeting standards established by FNMA or FHLMC, respectively, for planned developments. Workmen's compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association.

Each Owner is required by the Declaration to obtain and maintain certain public liability insurance as therein provided. Insurance coverage on the furnishings and other items of personal property belonging to an Owner and casualty and public liability insurance coverage within each Unit as is required by the Declaration or any Mortgagee of his Unit are specifically made the responsibility of each Owner.

(e) To prepare a Common Expense budget for the Project, at least annually to determine the amount of common charges payable by the Owners to meet the Common Expenses and to allocate and assess such amounts among the Owners according to the Declaration and these Bylaws; by a majority vote of the Board to decrease or increase the amount of the monthly Assessments; to levy and collect special Assessments whenever, in the opinion of the Board, it is necessary to do so in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies.

(f) To collect delinquent assessments by suit or otherwise and to enjoin and seek damages from an Owner who may be in default as is provided in the Declaration and these Bylaws. To provide for and enforce a per diem late charge and to collect interest.

(g) To protect and defend the entire Project from loss and damage by suit or otherwise.

(h) To borrow funds in order to pay for expenditures or outlays required pursuant to authority granted by the provisions of the Declaration and these Bylaws, and to execute all such instruments evidencing such indebtedness as the Board of Directors may deem necessary. Such indebtedness shall be the several obligation of all of the Owners in the same proportion as their Common Interests.

(i) To enter into contracts within the scope of their duties and powers.

(j) To establish a bank account or accounts for the common treasury and for all separate funds which are required or may be deemed advisable by the Board of Directors.

(k) To make repairs, additions, alterations and improvements to the Common Elements consistent with managing the Project in a manner in keeping with the character and quality of the neighborhood in which it is located, the best interests of the Owners and the Declaration and these Bylaws.

(l) To keep and maintain full and accurate books and records showing all of the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the Owners, and to cause a complete audit of the books and accounts by a certified or public accountant, once each year.

(m) To prepare and deliver annually to each Owner a statement showing receipts, expenses and disbursements since the last such statement.

(n) To meet at least once each quarter, provided that any Board of Directors meeting may be attended and conducted by telephone or other device which permits all of the Directors in attendance to participate in such meeting, and provided further that any action required to be taken at any meeting of the Board of Directors, or any action which may be taken at such meeting, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the members of the Board.

(o) To designate the personnel necessary for the maintenance and operation of the General and Limited Common Elements.

(p) In general, to carry on the administration of this Association and to do all of those things necessary and reasonable in order to carry out the governing and the operation of this Project.

(q) For so long as FNMA, its successors or assigns is the holder of any First Lien Mortgage on a Unit, the Board of Directors shall (and for any period thereafter the Board of Directors may) employ for the Association a professional management agent (Managing Agent) for the operation and management of the Project who may be delegated and shall exercise some of the powers granted to the Board of Directors by the Declaration and Bylaws as determined by

the Board, except for the powers of attorney-in-fact set forth in the Declaration.

Any agreement for professional management of the Project, or any other contract providing for services by the Developer, may not exceed three (3) years and must provide for termination by either party without cause or payment of a termination fee on ninety (90) days' or less written notice and for termination by the Association for cause on not more than thirty (30) days' written notice.

(r) To prepare and file annual tax returns with the appropriate government agencies and to make such elections as may be necessary to reduce or eliminate the tax liability of the Association. Without limiting the generality of the foregoing, the Board may, on behalf of the Association, elect to be taxed under Section 528 of the Internal Revenue Code or any successor statute conferring income tax benefits on homeowner's associations. If such election is made, the Board shall take such steps as are necessary to assure that the income and expenses of the Association for any taxable year shall meet the limitations and restrictions provided in said Section 528 of the Internal Revenue Code or any successor statute conferring benefits on homeowners' associations as are in effect from time to time.

4. No Waiver of Rights. The omission or failure of the Association or any Owner to enforce the covenants, conditions, restrictions, easements, uses, limitations, obligations or other provision of the Declaration, the Bylaws or the rules and regulations adopted pursuant thereto, shall not constitute or be deemed a waiver, modification or release thereof, and the Board of Directors or the Managing Agent shall have the right to enforce the same thereafter.

5. Term of Office. The term of office of the Directors elected or appointed at any annual meeting of the Association occurring prior to the Transfer Date (as defined in Paragraph 1(b) of Article IV) shall be fixed at one (1) year. The term of office of the majority of the Directors elected at the first annual meeting occurring after the Transfer Date shall be fixed at two (2) years; and the term of office of the remaining Directors shall be fixed at one (1) year. At the expiration of the initial term of each such Director elected at said annual meeting, his successor shall be elected to a term of two (2) years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided herein. Nothing contained herein shall be construed to prohibit any Director from election or appointment, if applicable, to successive terms of office.

6. Vacancies. Vacancies in the Board of Directors caused by any reason other than the removal of a Director by a vote of the Association shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; provided, however, that if a vacancy occurs in the Board of Directors prior to the first annual meeting of the Association, or if a vacancy occurs with respect to a Director appointed by Developer pursuant to the provisions of Paragraph 1 of this Article IV, such vacancy may be filled by a person designated and appointed by Developer. Each person so appointed or elected shall be a Director until a successor is appointed or elected at the next annual meeting of the Association.

7. Removal of Directors. At any regular or special meeting duly called, any one or more of the elected Directors (as distinguished from the Directors appointed by Developer) may be removed with or without cause by a majority in interest of Owners, and a successor may then and there be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Owners shall be given an opportunity to be heard at the meeting.

8. Organizational Meeting. The first meeting of a new Board of Directors shall be held within ten (10) days following the annual meeting of the Owners at such place as shall be fixed by the Directors at the said meeting of the Owners, and no notice shall be necessary to the new Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

9. Regular Meetings. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors but at least one such meeting shall be held during each calendar quarter. Notice of regular meetings of the Board of Directors shall be given to each Director, personally or by mail, telephone or telegraph, at least five (5) days prior to the day named for such meeting.

10. Special Meetings. Special meetings of the Board of Directors may be called by the President on three (3) days' notice to each Director given personally or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Director.

11. Waiver of Notice. Before or after any meeting of the Board of Directors, any Director may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Director at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Directors are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

12. Board of Directors' Quorum. At all meetings of the Board of Directors, a majority of the Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. If, at any meeting of the Board of Directors, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.

13. Fidelity Bonds. The Board of Directors shall require that all officers and employees of the Association or of the Managing Agent, if any, handling or responsible for Association funds shall furnish fidelity bonds meeting at least the requirements therefor in the Declaration. The premiums on such bonds shall be a Common Expense. The Managing Agent shall be responsible for the payment of premiums on any fidelity bonds required of its officers or employees under this Section.

14. Compensation. No member of the Board of Directors shall receive any compensation for acting as such.

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ARTICLE V.

FISCAL MANAGEMENT

The provision for fiscal management of the Project for and in behalf of all of the Owners as set forth in the Declaration shall be supplemented by the following provisions:

1. Accounts. The funds and expenditures of the Owners by and through the Association shall be credited and charged to accounts under the following classifications as shall be appropriate, all of which expenditures shall be Common Expenses:

(a) Current expense, which shall include all funds and expenditures within the year for which the funds are budgeted, including a reasonable allowance for contingencies and working funds, except expenditures chargeable to reserves and to additional improvements.

(b) Reserve for deferred maintenance, which shall include funds for maintenance items which occur less frequently than annually.

(c) Reserve for replacement (sinking fund), which shall include funds for repair or replacement required because of damage, wear or obsolescence.

2. Fiscal Year. The fiscal year for the Association shall be the calendar year unless otherwise designated by the Board of Directors.

ARTICLE VI.

OFFICERS

1. Designation. The officers of the Association shall be a President, one or more Vice-Presidents, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Directors, and such assistant officers as the Board of Directors shall, from time to time, elect. Such officers other than the President need not be members of the Board of Directors, but each shall be either an Owner of a Unit or, if the Owner is a firm, partnership, corporation, association or other legal entity, the authorized representative of such entity, or the Developer or his representative(s). The office of President and Secretary or Assistant Secretary may not be held by the same person.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Directors at the organizational meeting of each new Board and shall hold office subject to the continuing approval of the Board.

3. Resignation and Removal of Officers. Upon an affirmative vote of a majority of the Board of Directors, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Directors, or at any special meeting of the Board called for such purposes. Any officer may resign at any time by giving written notice to the Board, and President

or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

4. Vacancies. A vacancy in any office because of the death, resignation, removal, disqualification or otherwise of the officer previously filling such office may be filled by appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

5. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Directors. He shall have all of the general powers and duties which are usually vested in the office of president of an association, including but not limited to the power to appoint committees from among the Owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association or as may be established by the Board or by the Members of the Association at any regular or special meetings.

6. Vice Presidents. The Vice Presidents in the order of seniority or as otherwise designated by the Board of Directors shall have all the powers and authority and perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties they are directed to perform by the President or Board of Directors.

7. Secretary. The Secretary shall keep all the minutes of the meetings of the Board of Directors and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Directors may direct; and he shall, in general, perform all the duties incident to the office of Secretary and as is provided in the Declaration and the Bylaws.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of Members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each Member's name the number or other appropriate designation of the Unit owned by such Member, the undivided percentage interest in the Common Elements of such Member and a description of the Limited Common Elements assigned for exclusive use in connection with such Unit. Such list shall be open to inspection by Members and other persons lawfully entitled to inspect the same at reasonable times during regular business hours.

8. Assistant Secretary. The Assistant Secretary, if any, shall have all the powers and authority to perform all the functions and duties of the Secretary in the absence of the Secretary or in the event of the Secretary's inability for any reason to exercise such powers and functions or to perform such duties, and also to perform any duties he is directed to perform by the Secretary.

9. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name and to the credit of the Association in such depositaries as may from time to time be designated by

the Board of Directors. In the event a Managing Agent has the responsibility of collecting and disbursing funds, the Treasurer shall review the accounts of the Managing Agent within fifteen (15) days after the first day of each month.

ARTICLE VII.

INDEMNIFICATION OF OFFICERS,
DIRECTORS AND MANAGING AGENT

1. Indemnification. The Association shall have the power to indemnify any Officer or Director thereof who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative (whether or not by or in the right of the Association) by reason of the fact that such person is or was a Director or Officer of the Association, against expenses (including but not limited to attorneys' fees and cost of the proceeding), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with or in defense of such action, suit or proceeding if such person acted in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Association; provided, that with respect to: (1) any criminal action or proceedings, such person had no reasonable cause to believe that his conduct was unlawful; or (2) any civil claim, issue or matter, such person shall not be guilty of gross negligence or willful misconduct in the performance of his duties to the Association. Termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that such person had reasonable cause to believe that his conduct was unlawful, or that such person did not act in good faith or in a manner which he reasonably believed to be in or not opposed to the best interests of the Association, all such matters being determined solely and exclusively for the purpose of indemnification as herein provided.

Indemnification under the preceding paragraph shall be made by the Association only as authorized in each specific case upon the determination that indemnification of such person is proper in the circumstances because he has met the applicable standards of conduct as set forth herein. Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of Directors who were not parties to such action, suit or proceedings; or (2) if such a quorum is not obtainable by (a) independent legal counsel in a written opinion, or (b) the Members of the Association and no Member shall be disqualified from voting because he is or was party to any such action, suit or proceedings. Indemnification so determined may be paid, in part, before the termination of such action, suit or proceeding upon the receipt by the Association of an undertaking by or on behalf of the person claiming such indemnification to repay all sums so advanced if it is subsequently determined that he is not entitled thereto as provided in this Article.

To the extent that a Director or Officer of the Association has been successful on the merits or otherwise in the defense of any such action, suit or proceedings, whether civil or criminal, such person shall be indemnified against such expenses (including costs and attorneys' fees) actually and reasonably incurred by him in connection therewith.

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Indemnification provided herein shall be exclusive of any and all other rights and claims to which those indemnified may be entitled as against the Association, and every Director or Officer thereof under any Bylaw, resolution, agreement or law and any request for payment hereunder shall be deemed a waiver of all such other rights, claims or demands as against the Association and each Director, Officer and employee thereof. The indemnification provided herein shall inure to the benefit of the heirs, executors, administrators and successors of any person entitled thereto under the provisions of this Article.

The Association shall, if obtainable, purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Association against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Association would have the power to indemnify him against such liability under the provisions of this Article.

All liability, loss, damage, cost and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Common Expenses; provided, however, that nothing in this Article VII contained shall be deemed to obligate the Association to indemnify any Member or Owner of a Unit who is or has been a manager or officer of the Association with respect to any duties or obligations assumed or liability incurred by him under and by virtue of the Declaration and these Bylaws that were assumed or incurred outside of his conduct specifically related to the fulfillment of his duties as an Officer or Director of the Association.

2. Other. The Board of Directors, Officers or the Managing Agent shall enter contracts or other commitments as agents for the Association, and they shall have no personal liability for any such contract or commitment (except such liability as may be ascribed to them in their capacity as Owners), and the liability of any Owner on such contract or commitment shall be limited to such proportionate share of the total liability thereof that the Common Interest of each Owner bears to the aggregate Common Interest of all of the Owners as set forth in Exhibit "C" of the Declaration.

ARTICLE VIII.

AMENDMENTS TO BYLAWS

1. Amendments to Bylaws. Except to the extent a greater percentage is required by Section 9.6 of the Declaration, these Bylaws may be amended in writing by the majority of Owners; provided, however, that such authority may be delegated by the majority of Owners to the Board of Directors as permitted by the Texas Non-Profit Corporation Act.

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ARTICLE IX.

EVIDENCE OF OWNERSHIP, REGISTRATION OF MAILING ADDRESS
AND DESIGNATION OF VOTING REPRESENTATIVE

1. Proof of Ownership. Except for those Owners who purchase a Unit from Developer, any person, on becoming an Owner of a Unit, shall furnish to the Managing Agent or Board of Directors a true and correct copy of the original or a certified copy of the recorded instrument vesting that person with an interest or ownership in the Unit, which copy shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor shall he be entitled to vote at any annual or special meeting of Members unless this requirement is first met.

2. Registration of Mailing Address. The Owner or several Owners of an individual Unit shall have one and the same registered mailing address to be used by the Association for mailing of monthly statements, notices, demands and all other communications, and such registered address shall be the only mailing address of a person or persons to be used by the Association. Such registered address of an Owner or Owners shall be deemed to be the mailing address of the Unit owned by said Owner or Owners unless a different registered address is furnished by such Owner(s) to the Managing Agent or Board of Directors within fifteen (15) days after transfer of title, or after a change of address; and such registration shall be in written form and signed by all of the Owners of the Unit or by such persons as are authorized by law to represent the interest of (all of) the Owner(s) thereof.

3. Designation of Voting Representative - Proxy. If a Unit is owned by one individual, his right to vote shall be established by the record title thereto. If title to a Unit is held by more than one individual or by a firm, corporation, partnership, association, or other legal entity, or any combination thereof, such Owners shall execute a proxy appointing and authorizing one individual or alternate individuals to attend all annual and special meetings of Members and thereat to cast whatever vote the Owners themselves might collectively cast if they were personally present. Such proxy shall be effective and remain in force unless voluntarily revoked, amended or sooner terminated by operation of law; provided, however, that no proxy shall be valid after eleven (11) months from the date of execution unless specifically provided therein. Also, within thirty (30) days after such revocation, amendment or termination, the Owners shall reappoint and authorize one individual or alternate individuals to attend all annual and special meetings as provided by this Paragraph 3.

The requirements herein contained in this Article IX shall be first met before an Owner of a Unit shall be deemed in good standing and entitled to vote at an annual or special meeting.

ARTICLE X.

OBLIGATIONS OF THE OWNERS

1. Assessments:

(a) Monthly Assessments. Assessments shall be due monthly in advance on the first day of each month. After monthly Assessments have been set by the Board of Directors, the Board of Directors shall

prepare and deliver or mail to each Owner an individual statement of the Owner's monthly Assessment; thereafter, monthly statements shall be prepared and delivered or mailed only in the event of a change in the monthly Assessment, the levying of a special Assessment or in the event an Owner becomes delinquent in payment of the monthly Assessments unless otherwise determined by the Board of Directors.

The Assessments made for Common Expenses shall be based upon the cash requirements deemed to be such aggregate sum as the Board of Directors of the Association determines is to be paid by all of the Owners, including the Developer, to provide for the payment of all estimated expenses growing out of or connected with the maintenance, repair, operation, additions, alterations and improvements of and to the Common Elements, which sum may include, but shall not be limited to: expenses of management; taxes and special assessments until separately assessed; premiums for fire insurance with extended coverage and vandalism and malicious mischief endorsements attached issued in the amount of the maximum replacement value of all of the Units (including all fixtures, interior walls and partitions, decorated and finished surfaces of perimeter walls, floors and ceilings, doors, windows and other elements or materials comprising a part of the Units); casualty and public liability and other insurance premiums; landscaping and care of grounds; common lighting; repairs and renovations; removals of pollutants and trash collections; wages; utility charges for Common Elements; beautification and decoration; professional, including legal and accounting, fees, management fees, expenses and liabilities incurred by the Managing Agent or Board of Directors on behalf of the Owners under or by reason of the Declaration and the Bylaws of the Association; for any deficit arising or any deficit remaining from a previous period; the creation of a reasonable contingency fund, reserves, working capital, and sinking funds as well as other costs and expenses relating to the Common Elements. In the event the cash requirements for Common Expenses exceed the aggregate assessments made pursuant to this Article, the Board of Directors for the Association may from time to time and at any time make pro rata increases or decreases in the monthly Assessments. The omission or failure to fix the assessment for any period shall not be deemed a waiver, modification or a release of the Owners from their obligation to pay the same.

(b) Special Assessments. In addition to those monthly assessments described in Paragraph (a) above, special Assessments may be made from time to time by the Board of Directors of the Association to meet other needs or to construct or establish facilities deemed of benefit to the Association and the Owners by the Board of Directors or to overcome deficits in the monthly operating budgets. However, until the earlier of such time as Phase II becomes part of the Project or expiration of three (3) years from the recording of the Declaration, there shall be no special assessments for additions, alterations or improvements of or to the Common Elements requiring an expenditure by the Association in excess of Five Thousand and No/100 (\$5,000.00) in any one calendar year without the prior approval of the majority of Owners. Upon the earlier of

Phase II becoming part of the Project or expiration of three (3) years from the recording of the Declaration, the prior approval of the majority of Owners shall be required only for special assessments involving an expenditure by the Association in excess of Ten Thousand and No/100 Dollars (\$10,000.00) in any one (1) calendar year. Such limitations shall not be applicable, however, to special Assessments for the replacement, repair, maintenance or restoration of any Common Elements which are to be paid for by the Association according to the Declaration and these Bylaws. Special Assessments may be made to overcome budget deficits for utility expenses and other particular budget line items for recurring expenses, notwithstanding that overall, no budget deficit exists.

(c) Voting. A Member shall be deemed in good standing and entitled to vote at any annual or special meeting of the Members, within the meaning of these Bylaws, if, and only if, he shall have fully paid all Assessments made or levied against him and the Unit owned by him.

(d) Owner's Personal Obligation for Payment of Assessments. The amount of total Assessments against each Unit shall be the personal and individual debt of the Owner thereof. The Board of Directors shall have the responsibility to take prompt action to collect any unpaid Assessment in accordance with the terms of the Declaration.

Notwithstanding any provision herein to the contrary, Developer's obligations with respect to payment of Assessments applicable to Units owned by Developer shall be governed and controlled by Section 4.1 of the Declaration.

2. Vendor's Lien. The obligation of each Owner to pay Assessments shall be secured by a Vendor's Lien retained in said Owner's Deed to his Unit, said Vendor's Lien being more particularly described in Section 4.3 of the Declaration.

3. Notice of Lien or Suit. An Owner shall give notice to the Association of every lien or encumbrance upon his Unit, other than for taxes and special Assessments, and notice of every suit or other proceeding which may affect the title to his Unit, and such notice shall be given within five (5) days after the Owner has knowledge thereof.

4. Owner's Maintenance and Repair.

(a) Maintenance and repair shall be according to the Declaration. An Owner shall maintain and keep in repair the interior of his own Unit, including the fixtures thereof. All fixtures and equipment installed within the Unit (unless otherwise herein designated a Common Expense) commencing at a point where the utilities enter the Unit shall be maintained and kept in repair by the Owner thereof. An Owner shall do no act nor omit to do any act that will impair the structural soundness or integrity of any Building or impair any easement or hereditament (nor shall he make any changes to the individual patio or balcony appurtenant to his

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Unit, if any). A Chart of Maintenance Responsibility is attached hereto as Exhibit "A" and incorporated herein by reference for further explanation of the maintenance responsibility of Owners and the Association.

(b) An Owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any General or Limited Common Element damaged by his negligence or by the negligence of his tenants or agents or guests and the Association shall have a lien as hereinbefore provided for the collection of Assessments to enforce payment by an Owner for such expenditures.

5. Mechanic's Lien. Each Owner agrees to indemnify and to hold each of the other Owners harmless from any and all claims of mechanic's lien filed against other Units and the appurtenant Common Elements for labor, materials, services or other products incorporated in such Owner's Unit.

In the event such a lien is filed and/or a suit for foreclosure of mechanic's lien is commenced, then within ten (10) days thereafter such Owner shall be required to deposit with the Association cash or negotiable securities equal to double the amount of such claims plus interest at ten percent (10%) per annum for one (1) year together with the sum equal to ten percent (10%) of the amount of such claim, but not less than TWO HUNDRED FIFTY and 00/100 DOLLARS (\$250.00), which latter sum may be used by the Association for any costs and expenses incurred, including attorney's fees incurred for legal advice and counsel. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the claim or litigation. Disbursement of such funds or proceeds shall be made by the Association to insure payment of or on account of such final judgment or settlement. Any deficiency, including attorney's fees incurred by the Association, shall be paid forthwith by the subject Owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the Owner, and a lien against his Unit may be foreclosed as is provided in the Declaration for non-payment of such debt. All advancements, payments, costs and expenses, including attorney's fees, incurred by the Association shall be forthwith reimbursed to it by such Owner(s), and the Owner(s) shall be liable to the Association for the payment of interest at the maximum rate permitted by applicable law.

6. General.

(a) Each Owner shall comply strictly with the provisions of the recorded Declaration and these Bylaws and amendments thereto.

(b) Each Owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which this Project was declared.

7. Use of General Common Elements and Limited Common Elements. Each Owner may use the General Common Elements and Limited Common Elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other Owners.

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8. Right of Entry.

(a) An Owner shall grant the right of entry to the Managing Agent or to any other person authorized by the Association in case of an emergency originating in or threatening his Unit, whether the Owner is present at the time or not.

(b) An Owner shall permit other Owners, or their representatives, to enter his Unit for the purpose of performing installations, alterations or repairs to the mechanical, electrical or utility services which, if not performed, would affect the use of other Unit(s); provided that requests for entry are made in advance and that such entry is at a time reasonably convenient to the Owner. In case of an emergency such right of entry shall be immediate.

9. Rules and Regulations.

(a) The initial rules and regulations, which shall be effective until amended or supplemented by the Association, are attached hereto as Exhibit "B" and incorporated herein by reference.

(b) The Board of Directors, pursuant to Paragraph 3(b) of Article IV of these Bylaws, reserves the power to establish, make and enforce compliance with such additional rules as may be necessary or desirable for the efficient and enjoyable operation, use and occupancy of this Project with the right to amend same from time to time. Copies of such rules and regulations shall be furnished to each Owner prior to the date when the same shall become effective.

ARTICLE XI.

ABATEMENT AND ENJOINMENT OF VIOLATIONS BY OWNERS

1. Abatement and Enjoinment. The violation of any rule or regulation, or the breach of any Bylaw, or the breach of any provision of the Declaration, shall give the Board of Directors or the Managing Agent the right, in addition to any other rights set forth in the Declaration or herein, (i) to enter the Unit in which, or as to which, such violation or breach exists and to summarily abate and remove, at the expense of the defaulting Unit Owner, any person, structure, thing or condition that may exist therein contrary to the intent and meaning of the provisions thereof, and the Board of Directors or Managing Agent shall not be deemed guilty in any manner of trespass; and to expel, remove and put out, using such force as may be necessary in so doing, without being liable to prosecution or any damages therefor; and (ii) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach.

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ARTICLE XII.

COMMITTEES

1. Designation. The Board of Directors may, but shall not be required to, appoint an executive committee, and it may designate and appoint members to the standing committees.

2. Executive Committee. The executive committee shall consist of at least three (3) persons who are Members and who shall be appointed by the Board of Directors. One such Member shall be the President. The executive committee shall supervise the affairs of the Association and shall regulate its internal economy, approve expenditures and commitments, act and carry out the established policies of the Association and report to the Directors at each meeting of the Board. The executive committee may hold regular meetings, monthly or as it may in its discretion determine. Special meetings may be called at any time by the chairman of the committee or by any of its members, either personally or by mail, telephone or telegraph, and a special meeting may be held by telephone.

3. Nominating Committee. Before each annual meeting, the Board of Directors may appoint a committee of three Members who shall nominate candidates for the Board. The names of the candidates shall be submitted on or before thirty (30) days before the election. Members may submit names of candidates at least thirty (30) days prior to the election. No person shall be elected whose name is not so submitted unless insufficient nominations are made to fill the Board, in which event the names of candidates shall be submitted at the election by the Members.

4. Architectural Control and other Committees. Unless and until the Developer has appointed an Architectural Control Committee in accordance with the Declaration, the Board shall either perform the functions of the Architectural Control Committee or shall appoint (together with Developer as provided in the Declaration) a separate Architectural Control Committee consisting of not less than three (3) nor more than five (5) Members who shall serve concurrent one (1) year terms. In addition, the Board of Directors shall appoint such other committees as deemed appropriate in carrying out its purposes.

5. Vacancies. A vacancy in any committee shall be filled by the President until the next meeting of the Board of Directors.

ARTICLE XIII.

NON-PROFIT ASSOCIATION

This Association is not organized for profit. No Member, member of the Board of Directors, officer or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or distributed to, or inure to the benefit of any member of the Board of Directors, officer or Member; provided, however, always (1) that reasonable compensation may be paid to any Member, manager or officer while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that

any Member, manager or officer may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.

ARTICLE XIV.

EXECUTION OF DOCUMENTS

The persons who shall be authorized to execute any and all contracts, documents, instruments or conveyance or encumbrances, including promissory notes, shall be two, one of each of the President or any Vice President, and the Secretary or any Assistant Secretary of the Association.

ARTICLE XV.

PROXY TO TRUST

Owners shall have the right to irrevocably constitute and appoint their Mortgagees their true and lawful attorney to vote their Unit membership in this Association at any and all meetings of the Association and to vest in such beneficiary or his nominees any and all rights, privileges, and powers that they have as Owners under the Bylaws of this Association or by virtue of the Declaration. Such proxy shall become effective upon the filing of a notice by the beneficiary with the Secretary or Assistant Secretary of the Association at such time or times as the beneficiary shall deem its security in jeopardy by reason of the failure, neglect, or refusal of the Association, the Managing Agent, or the Owners to carry out their duties as set forth in the Declaration. Such proxy shall be valid until such time as a release of the beneficiary's deed of trust is executed and a copy thereof delivered to the Secretary or Assistant Secretary of the Association, which shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve Owners or to impose upon the beneficiary of any such deed of trust the duties and obligations of an Owner.

ARTICLE XVI.

CONFLICTING OR INVALID PROVISIONS

Notwithstanding anything contained herein to the contrary, should all or a part of any Article of these Bylaws be in conflict with the provisions of the Texas Non-Profit Corporation Act or the Condominium Act of the State of Texas, as amended, such Acts shall control; and should any part of these Bylaws be invalid or inoperative for any reason, the remaining parts, so far as is possible and is reasonable, shall be valid and operative.

ARTICLE XVII.

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NOTICES

All notices to Members of the Association shall be given by delivering the same to each Owner in person or by depositing the notices in the U. S. Mail postage

prepaid, addressed to each Owner at the address last given by each Owner to the Secretary of the Association. If an Owner shall fail to give an address to the Secretary for mailing of such notices, all such notices shall be sent to the Unit of such Owner, and all Owners shall be deemed to have been given notice of the meetings upon the proper mailing of the notices to such addresses irrespective of the actual receipt of the notices by the Owners.

By our signatures hereto the undersigned, being all of the initial Directors of the Association, hereby adopt the foregoing Bylaws for the Association as of the _____ day of _____, 1982.

Don M. Shine

William Laney

William R. Hall

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EXHIBIT "A"

TO BYLAWS

**MAINTENANCE RESPONSIBILITY CHART FOR
THE WOODS ON PARK LANE, A CONDOMINIUM**

<u>Items</u>	<u>Association Responsibility</u>	<u>Unit Owner Responsibility</u>
1. Grounds, including all landscaped and paved areas and improvements thereon, including trash receptacles and perimeter fences, lying outside the main walls of the Buildings with the exceptions noted herein.	All except as noted.	Routine cleaning and maintenance of interior patio and balcony areas; all aspects of maintenance, repair and replacement of plantings and improvements thereon.
2. Building, exterior roof, exterior walls, foundations, patio fences, balcony structures and railings.	All aspects.	<hr/>
3. Unit doors (main entry, patios and balconies).	<hr/>	All aspects.
4. Windows.	Exterior painting, caulking and glazing only.	Routine cleaning, interior caulking and sealing, repair of windows and window mechanisms and replacement of broken panes.
5. Plumbing and sewer lines.	Repairs to portions of plumbing and sewer lines outside of the boundaries of a Unit (including plumbing and sewers serving only one Unit) except when caused by the occupants of a Unit. Damage to a Unit occasioned by causes initially occurring outside of the Unit (but not consequential damages such as to furniture, clothing or other personal items).	All portions within a Unit serving only that Unit including fixtures and appliances attached thereto. Damage to a Unit originating from causes initially occurring within the Unit that are the responsibility of the Unit Owner.

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<u>Items</u>	<u>Association Responsibility</u>	<u>Unit Owner Responsibility</u>
6. Electrical and related systems.	All except electrical and related systems serving only one Unit included within the exterior of the Unit, except as otherwise noted. Damage to a Unit occasioned from sources outside of the Unit originating from electrical systems and components, the maintenance responsibility of which is the Association's.	All portions within a Unit serving only that Unit, including fixtures and appliances attached thereto, including any portions of the heating and cooling systems included within the Unit. Damage to a Unit occasioned by causes initiating within the Unit from electrical and related systems, the maintenance of which is the responsibility of the Unit Owner.
7. Air handlers, heating and cooling systems and components thereof, including compressors, serving individual Units.	_____	All aspects.
8. Air handlers, heating and cooling systems and components thereof serving Common Elements.	All aspects.	_____
9. Attics within Units.	All aspects.	_____
10. Storage.	All, except individual storage spaces which are Limited Common Elements, if any.	All aspects of maintenance of individual storage spaces.
11. Swimming pools, office/recreational building, and surrounding General Common Elements.	All aspects.	_____
12. Designated parking spaces, including carports.	All aspects.	_____

Notes: The items on this chart are intended to represent examples only and are not intended to be all inclusive. For information concerning other items not included hereon or for further elaboration with regard to the items included hereon, reference is made to the Declaration and Bylaws of the Association which are in all things controlling.

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EXHIBIT "B"
 TO BYLAWS
 RULES AND REGULATIONS FOR
 THE WOODS ON PARK LANE
 HOMEOWNERS ASSOCIATION

1. All occupants of Units, guests and invitees, sixteen years of age and younger shall be under the direct supervision of an adult Owner (or adult lessee of an Owner) or adult member of an Owner's family (or lessee's family) at all times. Each Owner (and lessee of an Owner) shall be responsible for providing such supervision for such occupants, guests and invitees of his Unit and shall be liable for any damage to other Units and/or the Common Elements caused by any such occupant, guests or invitee of such Owner (or lessee of an Owner).

2. Any common (or limited common for the benefit of more than one Unit) sidewalks, driveways, entrances, halls and passageways shall not be obstructed or used by any Owner for any other purpose than ingress to and egress from the Units and other Common Elements.

3. No article shall be placed on or in any of the Common Elements except for those articles of personal property which are the common property of all of the Unit Owners or so located on the Association's behalf.

4. Owners, members of their families, their guests, residents, tenants or lessees shall not use sidewalks, driveways, entrances, halls and passageways as a play area(s).

5. No vehicle belonging to or under the control of an Owner or a member of the family or a guest, tenant, lessee, or employee of a Unit Owner shall be parked in such manner as to impede or prevent ready access to any entrance to or exit from the Project. Vehicles shall be parked within designated parking areas only and in no event parked within any portion of a fire lane. No vehicle shall be abandoned on any part of the Project and no vehicle shall be permitted to remain in an inoperable condition on any part of the Project except in the parking space assigned to the Owner of such vehicle.

6. No decoration or article shall be placed upon and no work of any kind shall be done upon the exterior buildings walls or upon the Common Elements by any Owner. Such decoration and work is the responsibility of the Association. No changes can

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be made in the Limited Common Elements except with prior written approval of the Board of Directors.

7. No Owner, resident or lessee shall install wiring for electrical or telephone installation or for any other purpose, nor shall any television or radio antennae, machines, or air conditioning units be installed on the exterior of the Project or be installed in such a manner that they protrude through the walls, windows or the roof of any Building or are otherwise visible from the ground, except as may be expressly authorized in writing by the Board of Directors.

8. Use of any facilities of the Project will be made in such manner as to respect the rights and privileges of other Owners.

9. Owners and occupants shall exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers and any other instruments or devices in such manner as may disturb or tend to disturb Owners, or occupants of other Units.

10. All trash must be placed in sealed bags or sealed containers prior to being put in an approved disposal area.

11. Cats, dogs, or other animals or birds or reptiles (hereinafter for brevity termed animals) shall be kept in such a manner so as not to disturb the other Owners, and shall not be kept, bred or maintained for any commercial purposes. If an animal becomes obnoxious to other Owners, the Owner or person having control of the animal shall be given a written notice by the Board of Directors to correct the problem, or if not corrected, the Owner, upon written notice, shall be required to remove the animal. The written notices provided for herein shall be issued by the Managing Agent or the Board of Directors. No Owner shall keep any animal the adult weight of which will exceed thirty (30) pounds nor more than two animals on the premises. No Owner shall keep any animal which poses a threat to the health or safety of others. No animals are allowed on or about the swimming pool premises or in the club house. No animal is permitted outside of a Unit unless on a leash and accompanied by an Owner or his agent.

12. The Association assumes no liability for, nor shall it be liable for, any loss or damage to articles stored in storage areas, if any. Any damage to the Common Elements or common personal property caused by an Owner, the children of an Owner or their guests or the guests of a Unit Owner shall be repaired at the expense of that Owner.

13. The Managing Agent, or if there is no Managing Agent, then the Board of Directors, shall retain a passkey to each Unit. If an Owner shall alter any lock or install a new lock on any door leading into the Unit, the Owner shall provide a duplicate key for use by the Managing Agent or the Board of Directors within two (2) days of each such change.

14. All draperies or drapery linings or shutters or blinds visible from the exterior of any unit shall be of a neutral, white or off-white non-glare color. No window shall be covered with aluminium foil or similar material. No window shall be covered with a reflective film or thermal film of any type except such type(s) as are approved in writing by the Board of Directors.

15. It is prohibited to hang garments, rugs, or any other items from the windows, balconies or any of the facades of the buildings. No exterior clothes lines shall be erected, and there shall be no outside laundering or drying of any garments.

16. Developer may place signs in or around the common walks and drives and use the Common Elements, including without limitation the club house, for sales purposes until the last Unit in the entire Project is sold. Owners other than Developer, however, are prohibited from placing "for sale", "for rent", or any other signs, advertising or posters in or around the Common Elements or displaying signs to the public view in or around any Unit or any portion of the Project, except for such material as may be permitted by the Board of Directors to be displayed by Owners on any Common Element bulletin board, if any.

17. No power equipment, work shops, or car maintenance of any nature whatsoever shall be permitted on the Property except with prior written approval of the Board of Directors. In deciding whether to grant approval, the Board shall consider the effect of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception, and similar objections.

18. No more than three (3) individuals may occupy a two (2) bedroom Unit; and no more than two (2) individuals may occupy a one (1) bedroom Unit on a permanent occupancy basis; provided, however, that in determining the number of bedrooms in a Unit, a den shall be counted as a bedroom. For purposes of this paragraph "permanent occupancy" shall be defined as any occupancy in excess of thirty (30) days not separated by intervals of at least six (6) months.

19. No Owner shall modify or alter in any way the structure or appearance of any patio or balcony area. All patios and balconies shall be kept in clean and neat condition, free of debris and refuse. Patios and balconies shall not be used for

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storage purposes except in the individual storage room of such Unit, if any, nor shall any Owner fence in, wire in or in any other way enclose any such area. If an Owner allows the patio or balcony appurtenant to his Unit to become cluttered or unsightly in any manner, he shall be given notice of such fact by the Board of Directors or Managing Agent, and shall be required to correct such condition within five (5) days of the notice and if he fails to do so, then the Board of Directors or Managing Agent may correct such discrepancy (including the removal of any unsightly items) and/or repair or refurbish the patio or balcony at the Owner's expense.

20. No glass bottles, or glasses or similar items made of glass shall be permitted in the pool area. Alcoholic beverages shall be allowed only in the pool area and club house and shall not be allowed in any other part of the General Common Elements.

21. Furniture other than that provided shall not be used in the deck area of the pool, nor shall such furniture be removed from said area.

22. Users of the club house and pool area are responsible for the disposal of trash and removal of all articles brought thereto by them, including but not limited to towels, books, and magazines, at the time they leave said area.

23. Swimming shall be permitted only between such hours as are prescribed by the Manager and subject to the rules posted at the pool.

24. No foul or abusive language shall be permitted in the pool area.

25. Not more than four (4) guests per Owner shall be permitted to use pool area at any time without the prior approval of the Manager.

26. No occupants, guests or invitees of the Units under the age of sixteen shall be permitted to entertain guests in the pool or poolside area unless they and their guests are under the poolside supervision of a parent or adult Owner of a Unit.

27. The pool and club house are for the exclusive use of all occupants and their guests, and the occupants are responsible for the conduct of their guests.

28. Use of the club house shall be subject to the rules posted at the club house and such fees and other rules, including, without limitation, hours of use, as may be adopted from time to time by the Board of Directors. No Owner, guest, invitee, or lessee may use the club house in any manner as to interfere with, obstruct or impede Developer's use of the club house for sales or promotional purposes during any period when Developer is using the club house for such purposes.

29. All persons shall comply with the requests of the Manager respecting matters of personal conduct in and about the pool, club house and recreation areas.

The foregoing Regulations are subject to amendment and to the promulgation of further regulations.

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STATE OF TEXAS § DECLARATION OF EASEMENTS CONCERNING
 § INGRESS, EGRESS, UTILITY LINES AND
 COUNTY OF DALLAS § USE OF RECREATIONAL FACILITIES

DECLARATION OF EASEMENTS (herein so called) made the _____ day of _____, 1982, by the undersigned parties hereto.

W I T N E S S E T H:

(a) The Waterford Development Company ("Declarant"), a Texas corporation, is the owner of that certain real property situated in the City of Dallas, Dallas County, Texas, as more particularly described in Exhibit "A-1" attached hereto and incorporated herein for all purposes ("Tract A");

(b) Dallas Woods Company, Ltd. ("Company") is the owner of that certain real property adjacent to Tract A situated in the City of Dallas, Dallas County, Texas, as more particularly described in Exhibit "A-2" attached hereto and incorporated herein for all purposes ("Tract B");

(c) Tract A is subject to a first lien created by that certain Construction Deed of Trust and Security Agreement executed by Declarant to Paul G. Reynolds, Trustee, dated July 24, 1981, and filed in the Deed of Trust Records of Dallas County, Texas, said Deed of Trust being for the benefit of Mercantile National Bank at Dallas ("Lienholder");

(d) Tract A is also subject to a second lien created by that certain Deed of Trust executed by Declarant in favor of Company;

(e) Tract A is being developed by Declarant as Phase I of the condominium regime to be known as The Woods on Park Lane, a Condominium (the "Project") pursuant to the terms and conditions of that certain Declaration and Master Deed to be executed by Declarant and to be filed in the Condominium Records of Dallas County, Texas ("Master

Exhibit "E"

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Deed"), simultaneously with the filing of this Declaration of Easements in the Deed Records of Dallas County, Texas;

(f) Tract B is intended to be hereafter developed by Company, its successors or assigns (which may include, without limitation, Declarant) as Phase II of the Project or as Phases II and III of the Project, at the option of Declarant and Company in their discretion, or developed for other apartment residential purposes not as a part of the Project at the option of Company;

(g) All or portions of the Tract B property may be added to the condominium Project as Phase II or as Phases II and III thereof at a later date by a duly recorded instrument in accordance with the requirements set forth in the Master Deed;

(h) Tract A and Tract B are adjacent and contiguous tracts of land;

(i) Tract A contains certain driveways, walks, walkways, paths, passageways, sidewalks and other related means of ingress, egress and regress as may from time to time exist, described on the map ("Map") attached hereto as Exhibit "B" and incorporated herein for all purposes ("Tract A Ingress/Egress Facilities");

(j) Tract A contains a swimming pool, deck areas, patio and landscaped areas which are immediately adjacent to and contiguous with said pool and an office/recreational clubroom, which are defined as General Common Elements in the Master Deed and described on the Map (collectively referred to as the "Common Recreational Facilities");

(k) Certain sewer, water, electric, gas and drainage lines presently exist in, under and upon Tract A and Tract B and certain additional such facilities as are hereafter constructed on Tract B, which lines are common to both of said Tracts and are intended to serve and do serve both of said Tracts (collectively the "Common Lines");

(l) Declarant plans to market condominium units located on Tract A in accordance with the requirements set forth in the Master Deed and desires to grant and create for the benefit of owners of said units and present and future owners, tenants and any mortgagees of all or portions of Tract B certain benefits, rights and obligations as

herein set forth in connection with the Tract A Ingress/Egress Facilities, the Common Lines and the Common Recreational Facilities;

(m) Company in its capacity as owner of Tract B desires to obtain the benefits herein granted and desires to grant certain benefits relating to Tract B for the benefit of present and future owners, tenants and mortgagees of all or portions of Tract A, all on the terms and conditions herein contained;

(n) Lienholder and Company (in its capacity as a lienholder) desire to join herein for the purpose of enjoying the benefits of, and subordinating the liens of their respective Deeds of Trust to, this Declaration of Easements.

NOW, THEREFORE, for and in consideration of the sum of Ten Dollars (\$10) in hand paid to Declarant and the mutual covenants herein contained, Declarant hereby declares, for itself, its successors and assigns, and Company hereby agrees and declares for itself, its successors and assigns, as follows:

1. The owners, mortgagees, guests, invitees, bona fide tenants and their guests and invitees of all or portions of Tract A and Tract B shall have the right to the use and benefit of the Common Lines, and the owners of Tract A and Tract B shall have the obligation to maintain, repair and replace at their sole cost and expense those portions of the Common Lines which are located on their respective Tracts.

2. Declarant hereby grants to the owners, mortgagees, guests, invitees, bona fide tenants and their guests and invitees of all or portions of Tract B the nonexclusive right, privilege, license and easement of passing over, across, through and along the Tract A Ingress/Egress Facilities for the purpose of vehicular and pedestrian ingress, egress and regress and access to the Common Recreational Facilities, together with free ingress, egress and regress in, along, upon and out of said facilities, provided, however, that Declarant hereby covenants for itself, its successors and assigns that the owner or owners of the Tract A Ingress/Egress Facilities shall maintain, operate and repair same at their sole cost and expense.

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3. In consideration of the agreement hereby made by the owner or owners of Tract B to pay their proportionate share of the reasonable costs and expenses of the ordinary, regular operation and maintenance of the Common Recreational Facilities, which includes but is not limited to, the costs of utility services and the repair and replacement of existing items and parts of the swimming pool and office/recreational clubroom, including without limitation, furniture, furnishings and other associated equipment, with items and parts of comparable quality, the owner(s), mortgagees, bona fide tenants and their guests and invitees of all or portions of Tract B shall have the nonexclusive right, privilege, license and easement of ingress, egress, access to and the use and enjoyment of the Common Recreational Facilities and Tract A Ingress/Egress Facilities. Declarant hereby covenants for itself, its successors and assigns that the owner or owners of all or portions of Tract A shall have full responsibility for the operation, maintenance, upkeep and repair of the Common Recreational Facilities. The owner or owners of Tract A shall deliver to the owner or owners of Tract B (and if Tract B is developed and divided into more than one phase, then to the owner or owners of each phase thereof) on a monthly basis a statement of their pro rata share of the expenses of the ordinary, regular operation and maintenance of the Common Recreational Facilities, together with copies of all invoices, bills and statements supporting said statement. Payment shall be due by the owner or owners of Tract B within ten (10) days from receipt thereof. If not paid within said ten-day period, said amount owing shall bear interest at the highest rate permitted by applicable law commencing ten (10) days following receipt of such bills until paid. Failure to pay said bills shall not cause termination or revocation of the grant of easements herein, provided, however, the owner or owners of Tract A shall have recourse to all remedies at law and equity for such nonpayment. Such proportionate share of such costs and expenses owing by the owner or owners of Tract B shall be determined from time to time, based on a fraction, the numerator of which shall be the total number of square feet contained in the

12073 1226

then-existing apartment units located on Tract B occupied by a tenant and the denominator of which shall be the total number of square feet contained in such tenant occupied apartment units and the condominium units, located on both of Tract A and Tract B. That fraction shall be multiplied times the total amount of the expenses of the ordinary, regular operation and maintenance of the Common Recreational Facilities to determine the amount owing by the owner or owners of Tract B (unless another method for such allocation is mutually agreed upon by all owner(s) of Tract A and all owner(s) of Tract B), and if portions of Tract B are hereafter owned by more than one owner, then a similar computation based on the number of square feet within occupied improvements on each portion of Tract B shall be made to allocate the cost and expense obligation with respect to each such owner of a portion of Tract B.

4. Notwithstanding any of the foregoing provisions, the Board of Directors of The Woods on Park Lane Homeowners Association shall have the right to prepare, promulgate and enforce non-discriminating, reasonable rules and regulations concerning the use and enjoyment of the Common Recreational Facilities in conformance with the uses intended herein, which shall be binding on the parties hereto, their successors and assigns.

5. The owner(s) and mortgagees of Tract A are hereby granted an easement over and upon such portions of Tract B as shown on the Map ("Encroachment Areas") for the purpose of accomodating the minor encroachments and/or protrusions of improvements in connection with Tract A construction lying or situated within the Encroachment Areas, and an easement for the maintenance of said encroachments and/or protrusions as long as they shall exist. In the event an improvement within the Encroachment Areas is partially or totally destroyed, and then repaired or rebuilt substantially as theretofor existing, the owner(s) and mortgagees of Tract A shall have a valid easement for the maintenance of said encroachments and/or protrusions so long as they shall exist.

6. Nothing herein shall be construed as imposing greater or additional burdens or responsibilities upon the respective owners and mortgagees of Tract A or Tract B than

otherwise presently exist and as provided herein with respect to repair, maintenance, insurance, capital improvements and management of the portions of the respective Tracts in which easements are created herein, provided, however, that all the property and liability insurance carried by the owners of Tract A and Tract B or by The Woods on Park Lane Home-owners Association shall, to the extent available, contain provisions whereby the insurer waives rights of subrogation as to said owners of Tract A and Tract B, said Association, its officers, directors and members, their guests, tenants, agents and employees.

7. If any of the obligations to repair and maintain any portion or portions of the property described herein are not met in accordance with the terms of this Declaration of Easements, the owner or owners of all or portions of the Tract not so obligated to repair the portion or portions of the property in question may make all reasonably necessary repairs and, upon making said repairs, said owner or owners shall have a right of reimbursement for all reasonable expenses incurred in connection therewith upon presentation of a statement of such costs to the owner or owners obligated to have made such repairs hereunder. Such reimbursement is and shall be a demand obligation and shall bear interest at the highest rate permitted by applicable law commencing ten (10) days following receipt of such statement until paid.

8. All repair and maintenance work performed according to the terms of this Declaration shall be paid for in full and in no event shall any mechanic's or materialmen's liens attach to either Tract A or Tract B thereby.

9. In the event of a taking under the power of eminent domain of all or any part of Tract A or Tract B, that portion of the award attributable to the value of any land and improvements within said Tract so taken shall be payable only to the owner or owners in fee thereof (and any mortgagees thereof as their interests may appear) except for any improvements in the Encroachment Areas the award for which shall be payable solely to owner(s) and mortgagee(s) of Tract A, and no claim thereon shall be made by the owner or owners of the Tract or any part thereof not subject to such taking; provided, however,

the owner or owners of the Tract or any part thereof not subject to said taking may file collateral claims with the condemning authority over and above the value of the land and improvements so taken to the extent of any damage suffered by the Tract not subject to said taking resulting from the loss of the easements, licenses, rights and privileges so taken; provided, further however, that the owner or owners of the Tract subject to said taking shall promptly repair and restore the remaining portion of said Tract affected by said easements, licenses, rights and privileges as nearly as practicable to the condition they were in immediately prior to such taking and without contribution from the owners of the Tract not subject to said taking, but if the net proceeds of such award are insufficient to pay the costs of such restoration and repair, the owner or owners of the Tract not subject to said taking shall contribute the net awards, if any, received by them to the extent necessary to make up such deficiency. The easements, licenses, rights and privileges on the land in a Tract made subject to a taking shall remain in full force and effect on the remaining portion of said Tract as repaired and restored. The provisions of this paragraph do not control the rights of any owners of condominium units in any Phase of Tract A or Tract B that has been added to the Condominium Project by the Master Deed or amendments thereto.

10. The easements, covenants, restrictions, benefits and obligations hereunder shall be perpetual and run with the land, subject, however, to the terms of numbered paragraphs 12 and 13 hereinbelow. This Declaration of Easements shall create privity of contract and/or estate with and among all owners of all or any part of said Tract A and Tract B, their heirs, executors, administrators, successors or assigns (specifically including, but not limited to, any mortgagee).

11. It is understood and agreed that the easements and rights hereby conveyed, although appurtenant in perpetuity to the respective Tracts, are private easements and not for the use or benefit of the general public, and nothing herein contained shall be construed or deemed to be a dedication of any easement to or for the use of the general pub-

lic but to the contrary, same are expressly being granted and reserved as private easements. Declarant and Company, together with their respective successors and assigns, agree not to construct or place any obstacles or to otherwise interfere in any way with the use of the easements herein granted by any other parties entitled to the use and enjoyment of the same as described herein.

12. Except as otherwise expressly set forth in numbered paragraph 13 hereinbelow, the provisions of this Declaration may be abrogated, modified, rescinded or amended in whole or in part only with the consent of Tract A Unit Owners representing an aggregate Common Element ownership interest of at least sixty-seven percent (67%), the consent of mortgagees holding first mortgages on Tract A Units representing the same amount of Common Element ownership interest (67%), the consent of the owners of all or any portion of Tract B and of all mortgagees holding mortgages on Tract B, by a declaration in writing, executed and acknowledged by said owners and said mortgagees duly recorded in the Deed Records of Dallas County, Texas.

13. Notwithstanding anything to the contrary contained in paragraph 12 hereof or elsewhere herein, all provisions of this instrument shall become null and void in the event all (but not part) of Tract B shall subsequently be added to and included in the condominium Project in accordance with the requirements set forth in the Master Deed.

14. The terms, covenants and conditions herein shall inure to the benefit of and shall be binding upon Declarant and Company, and their respective successors and assigns.

15. Lienholder and Company (in its capacity as a lienholder) join in this Declaration to consent to the grants made herein, to enjoy any benefits created hereby and to expressly subordinate the liens of their respective Deeds of Trust to this instrument.

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

R2073 1230

AGREED AND CONSENTED:

MERCANTILE NATIONAL
BANK AT DALLAS

By _____,
_____, Officer

DALLAS WOODS COMPANY, LTD.

By _____
Don M. Shine, Managing
General Partner

DECLARANT:

THE WATERFORD DEVELOPMENT COMPANY

By _____
Don M. Shine, President

COMPANY:

DALLAS WOODS COMPANY, LTD.

By _____
Don M. Shine, Managing General
Partner

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared DON M. SHINE, President of THE WATERFORD DEVELOPMENT COMPANY, a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the ___ day of _____, 1982.

Notary Public in and for
Dallas County, Texas

My commission expires:

82073 1231

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared DON. M. SHINE, general partner of DALLAS WOODS COMPANY, LTD., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the ___ day of _____, 1982.

Notary Public in and for
Dallas County, Texas

My commission expires:

THE STATE OF TEXAS §
 §
COUNTY OF DALLAS §

BEFORE ME, the undersigned authority, on this day personally appeared _____, an Officer of MERCANTILE NATIONAL BANK AT DALLAS, a Texas corporation, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the ___ day of _____, 1982.

Notary Public in and for
Dallas County, Texas

My commission expires:

82073 1232

EXHIBIT A-1

FIELD NOTE DESCRIPTION

BEING a tract of land located in the W.P. Wyche Survey, Abstract No. 1522, and being situated in Block H/5217 of the Woods on Park Lane, an addition to the City of Dallas as recorded in Volume 81125, Page 1076, Dallas Records, Dallas County, Texas and being more particularly described as follows:

BEGINNING at a point, said point being the most Southeasterly point of Wildflower No. 3 Apartments, an addition to the City of Dallas, Dallas County as recorded in Volume 79252, Page 0218, Deed Records, Dallas County, Texas, said point also being in the North line of Park Lane, a variable width R.O.W.;

THENCE N 11°39'12" E along said East line of Wildflower No. 3 Apartments, a distance of 401.33 feet to a point for corner;

THENCE S 78°20'48" E a distance of 58.00 feet to a point for corner;

THENCE S 11°39'12" W a distance of 33.55 feet to a point for corner;

THENCE S 78°20'48" E a distance of 179.11 feet to a point for corner;

THENCE S 20°46'08" E a distance of 219.10 feet to a point for corner;

THENCE N 82°50'48" W a distance of 70.03 feet to a point for corner;

THENCE S 7°09'12" W a distance of 16.00 feet to a point for corner;

THENCE S 82°50'48" E a distance of 94.00 feet to the beginning of a curve to the left;

THENCE in a East and Northeasterly direction along said curve to the left having a radius of 88.00 feet, a central angle of 27°55'20", and an arc length of 42.89 feet to the end of said curve to the left;

THENCE N 69°13'52" E a distance of 69.21 feet to a point for corner;

THENCE N 20°46'08" W a distance of 16.00 feet to a point for corner;

THENCE N 69°13'52" E a distance of 72.00 feet to a point for corner;

THENCE S 20°46'08" E a distance of 16.00 feet to a point for corner;

THENCE N 69°13'52" E a distance of 27.00 feet to the beginning of a curve to the left;

THENCE in a North and Northwesterly direction along said curve to the right having a radius of 30.00 feet, a central angle of 45°24'09", and an arc length of 23.77 feet to the end of said curve to the left and the beginning of a curve to the right;

THENCE in a North and Northeasterly direction along said curve to the right having a radius of 50.00 feet, a central angle of 36°48'21", and an arc length of 32.12 feet to the end of said curve to the right, said point also being on the Westerly line of Pineland Drive (a 64' R.O.W.);

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THENCE in a South and Southwesterly direction along said Pineland Drive right-of-way on a curve to the right having a radius of 479.04 feet, a central angle of $30^{\circ} 03' 42''$, and an arc length of 251.34 feet to the end of said curve to the right and the beginning of a curve to the left;

THENCE in a South and Southeasterly direction continuing along said Pineland Drive right-of-way on a curve to the left having a radius of 482.00 feet, a central angle of $3^{\circ} 43' 39''$, and an arc length of 31.36 feet to the end of said curve to the left;

THENCE S $54^{\circ} 20' 37''$ W a distance of 20.34 feet to an angle point;

THENCE S $11^{\circ} 39' 12''$ W a distance of 32.31 feet to a point for corner, said point also being on the North line of Park Lane (a variable width R.O.W.);

THENCE N $78^{\circ} 20' 48''$ W along said North line of Park Lane a distance of 642.97 feet to the POINT OF BEGINNING and containing 188,700 square feet or 4.332 acres of land, more or less.

April 1, 1982

82073 1234

EXHIBIT A-2

FIELD NOTE DESCRIPTION

BEING a tract of land located in the W.P. Wyche Survey, Abstract No. 1522, and being situated in Block H/5217 of The Woods on Park Lane, an addition to the City of Dallas as recorded in Volume 81125, Page 1076, Dallas Records, Dallas County, Texas and being more particularly described as follows:

BEGINNING at a point, said point being the most Northeasterly point of Wildflower No. 3 Apartments, an addition to the City of Dallas, Dallas County as recorded in Volume 79252, Page 0218, Deed Records, Dallas County, Texas, said point also being in the West line of Pineland Drive (a 64' R.O.W.);

THENCE S 20°46'08" E along the West line of said Pineland Drive (a 64' R.O.W.) a distance of 812.86 feet to the beginning of a curve to the right;

THENCE in a Southerly direction continuing along the West line of said Pineland Drive (a 64' R.O.W.) on a curve to the right having a radius of 479.04 feet, a central angle of 2°21'38", and an arc length of 19.74 feet to the end of said curve to the right and the beginning of a curve to the left;

THENCE in a South and Southeasterly direction along said curve to the left having a radius of 50.00 feet, a central angle of 36°48'21", and an arc length of 32.12 feet to the end of said curve to the left and the beginning of a curve to the right;

THENCE in a South and Southwesterly direction along said curve to the right having a radius of 30.00 feet, a central angle of 45°24'09", and an arc length of 23.77 feet to the end of said curve to the right;

THENCE S 69°13'52" W a distance of 27.00 feet to a point for corner;

THENCE N 20°46'08" W a distance of 16.00 feet to a point for corner;

THENCE S 69°13'52" W a distance of 72.00 feet to a point for corner;

THENCE S 20°46'08" E a distance of 16.00 feet to a point for corner;

THENCE S 69°13'52" W a distance of 69.21 feet to the beginning of a curve to the right;

THENCE in a West and Northwesterly direction along said curve to the right having a radius of 88.00 feet, a central angle of 27°55'20", and an arc length of 42.89 feet to the end of said curve to the right;

THENCE N 82°50'48" W a distance of 94.00 feet to a point for corner;

THENCE N 7°09'12" E a distance of 16.00 feet to a point for corner;

THENCE S 82°50'48" E a distance of 70.03 feet to a point for corner;

THENCE N 20°46'08" W a distance of 219.10 feet to a point for corner;

THENCE N 78°20'48" W a distance of 179.11 feet to a point for corner;

THENCE N 11°39'12" E a distance of 33.55 feet to a point for corner;

82073 1235

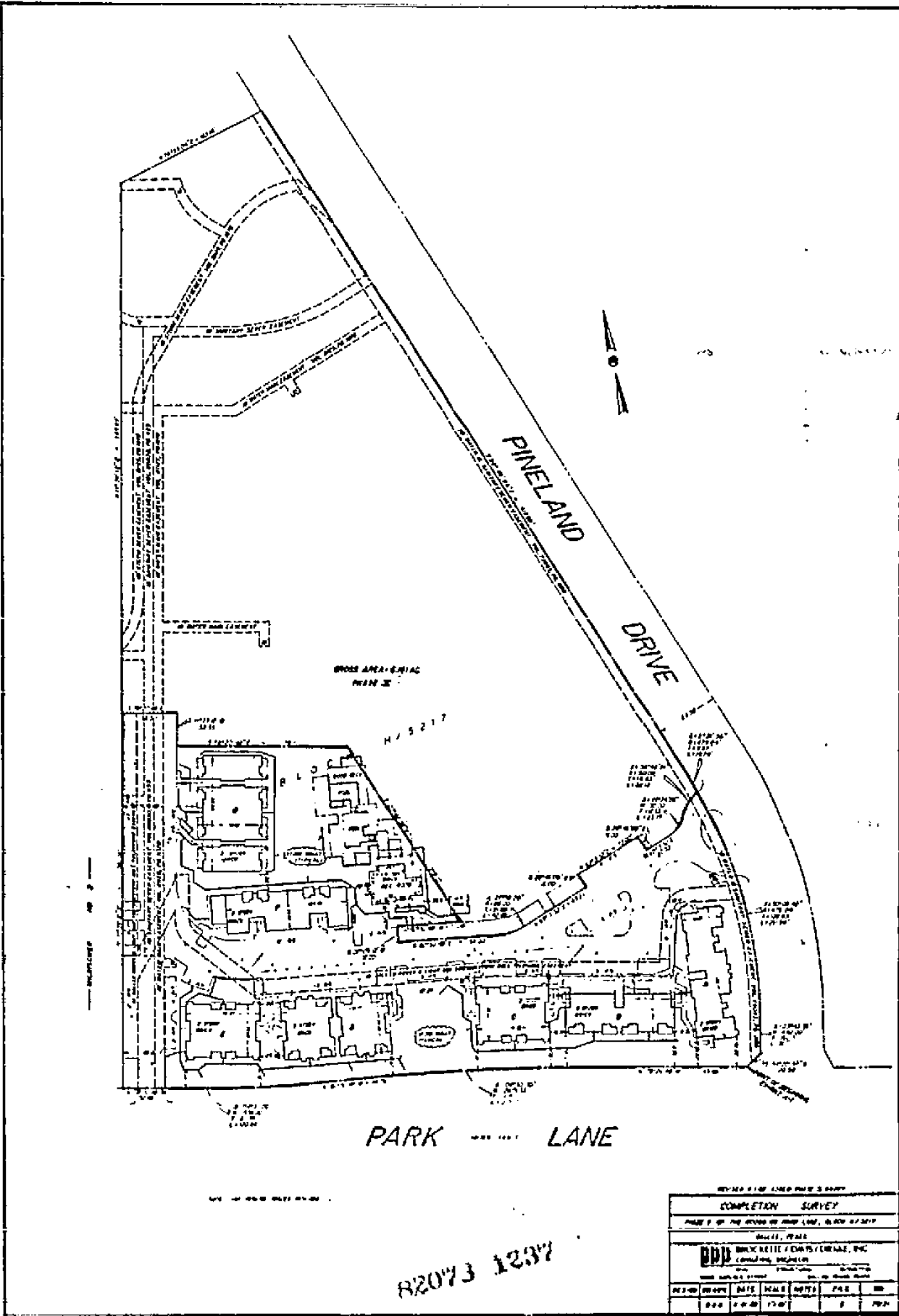
THENCE N 78°20'48" W a distance of 58.00 feet to a point on the East line of said Wildflower No. 3 Apartments;

THENCE N 11°39'12" E continuing along said East line of Wildflower No. 3 Apartments a distance of 545.93 feet to a point for corner;

THENCE N 74°33'04" E a distance of 163.16 feet to the POINT OF BEGINNING and containing 268,380 square feet or 6.161 acres of land, more or less.

April 1, 1982

82073 1236



82073 1237

REVISED 11/87 LINDA RAY'S DRAWING

COMPLETION SURVEY

PAGE 2 OF THE STUDY OF ROAD LAYOUT, QUINCY, ILLINOIS

SCALE: 1"=40'

DDP BRUCKHEITZ EDWARDS/CRANSE, INC.
CONSULTING ENGINEERS

REV. NO.	DATE	BY	CHKD.	DATE	BY
001	11-08-87	LRC	DDP	11-08-87	DDP

FILED
L. E. Murchio
COUNTY CLERK
DALLAS COUNTY

'82 APR 13 AM 11:35

Return to:
Charles Ferguson
Hexter Fair Title Company
320 Abrams Forest Shopping Center
Dallas, Texas 75243

STATE OF TEXAS COUNTY OF DALLAS
I hereby certify that this instrument was filed on the
date and time stamped hereon by me and was duly re-
corded in the volume and page of the named records
of Dallas County, Texas as stamped hereon by me.

APR 14 1982



L. E. Murchio

COUNTY CLERK, Dallas County, Texas

Grantees Mailing Address:
C/O Waterford Development Company
12900 Preston Road, Suite 1000
Dallas, Texas 75230

8221 E7028