

EXHIBIT B
TO DECLARATION AND MASTER DEED
CONDOMINIUM BY-LAWS
OF THE
LOS NOGALES CONDOMINIUM ASSOCIATION

ARTICLE I
COUNCIL OF CO-OWNERS

Section 1. The Los Nogales Condominium, a Condominium Project, located in Dallas County, Texas, shall be administered by the Council of Co-Owners which shall be a Texas non-profit corporation or an unincorporated association organized under the name of the Los Nogales Condominium (hereinafter called "Association"). The Association shall be responsible for the management, maintenance, operation and administration of the Condominium Project, the Common Elements and easements appurtenant thereto in accordance with the Declaration and Master Deed, these-by-laws, Constitution or Articles of Incorporation, By-Laws and duly adopted Rules and Regulations of the Association and the laws of the State of Texas. Co-Owners in the Condominium Project and all persons using or entering upon or acquiring any interest in any Apartment-Home therein or the Common Elements thereof shall be subject to the provisions and terms set forth in the aforesaid condominium documents.

Section 2. The Association may provide for independent management of the Condominium Project.

Section 3. Membership in the Association and voting by members of the Association shall be in accordance with the following provisions:

(a) Each Co-Owner shall be a member of the Association and no other person or entity shall be entitled to membership. No Co-Owner shall be required to pay any consideration whatsoever solely for his membership in the Association.

(b) The share of a Co-Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Apartment-Home in the Condominium Project.

(c) Each Co-Owner shall be entitled to a vote, the value of which shall equal the total of the percentages allocated to Apartment-Homes owned by such Co-Owner as set forth in the Declaration and Master Deed.

(d) No Co-Owner, other than the Developer, shall be entitled to vote at any meeting of the Association until he has presented evidence of ownership of any Apartment-Home in the Condominium Project to the Association. The vote of each Co-Owner may only be cast by such Co-Owner or by a written proxy by such Co-Owner to his duly authorized representative.

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If title to an Apartment-Home shall be in the name of two or more persons as Co-Owners, any one of such Co-Owners may vote as the Co-Owner of the Apartment-Home at any meeting of the Association and such vote shall be binding on such other Co-Owners who are not present at such meeting until written notice to the contrary has been received by the Association in which case the unanimous action of all such Co-Owners (in person or by proxy) shall be required to cast their vote as Co-Owners. If two or more of such Co-Owners are present at any meeting of the Association then unanimous action shall also be required to cast their vote as Co Owners.

(e) There shall be an annual meeting of the members of the Association, and other meetings may be provided for in the By-Laws of the Association. Notice of time, place and subject matter of all meetings, as provided in the By-Laws of the Association, shall be given by the Association to each Co-Owner. Any notice permitted or required to be delivered as provided herein may be delivered either personally or by mail. If delivery is made by mail, the notice shall be deemed to have been delivered twenty-four hours after a copy of the notice has been deposited in the United States mail, postage prepaid, addressed to the Co-Owner at his Apartment-Home at the Condominium Project, or at such other address for the purpose of service of notice as may have been given in writing to the Council of Co-Owners by the Co-Owner. If any Co-Owner shall fail to give an address to the Association for the mailing of notices, all notices shall be sent to the Apartment-Home of such Co-Owner, and such Co-Owner shall be deemed to have been given notice of any such meeting irrespective of actual receipt of the same.

(f) Except as otherwise provided by statute, or these By-Laws, the presence in person or by proxy of sixty percent (60%) of the percentage values of the Co-Owners qualified to vote shall constitute a quorum for holding any meeting of the members of the Association. If, however, such quorum shall not be present or represented at any meeting of the Co-Owners, the Co-Owners present in person or represented by proxy, shall have the power to adjourn the meeting to a later date and give notice thereof to all the Co-Owners in accordance with the provisions of Paragraph (e) above, and at that meeting the presence of Co-Owners of one-third of the Apartment-Homes in the Condominium Project shall constitute a quorum. If a quorum is not present at the second meeting, the Co-Owners present, though less than a quorum, may again adjourn the meeting to a later date and give notice thereof to all Co-Owners in accordance with the provisions of Paragraph (e) above, and at the third meeting whatever Co-Owners are present shall constitute a quorum. At such previously adjourned meeting at which a quorum shall be present or represented by proxy any business may be transacted at the meeting as originally notified.

(g) At any meeting of the members of the Association, votes may be cast in person or by written proxy. Proxies must be filed with the Secretary of Association at or before the appointed time of each meeting of the members of the Association.

(h) When a quorum is present at any meeting of the Council of Co-Owners, the vote of a majority (fifty-one percent (51%) or more of the percentage values of those

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Co-Owners qualified to vote and present in person or by proxy at such meeting) shall decide any question brought before such meeting, unless the question is one upon which by express provision of the statutes or these By-Laws, a different vote is required in which case such express provision shall govern and control the decision of such question. The Co-Owners present in person or by proxy at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough Co-Owners to leave less than a quorum.

(i) At all meetings of the Co-Owners cumulative voting shall not be permitted.

(j) Any action, except election of the Board of Directors, which may be taken by the vote of Co-Owners at a meeting, may be taken without a meeting if authorized by the written consent of Co-Owners holding at least a majority of the voting power; provided that if any greater proportion of voting power is required for such action at a meeting, then such greater proportion of written consents shall be required. In no instance where action is authorized by written consent need a meeting of Co-Owners be called or noticed.

Section 4. The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts of the administration of the Condominium Elements and any other expenses incurred by or on behalf of the Association and the Co-Owners. Such books shall be open for inspection by the Co-Owners during reasonable working hours on weekdays and shall be audited annually by qualified auditors selected from outside the Association. The cost of such audit shall be an expense of administration of the Condominium Project.

Section 5. All costs incurred by the Association including but not limited to any costs incurred in satisfaction or any liability arising within, caused by or in connection with the Association's operation, maintenance or use of the Condominium Project shall be association expenses; and all sums received by the Association including but not limited to all sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association shall be Association receipts.

Section 6. Each member of the Board of Directors of the Association must be a member of the Association with the exception of the First Board of Directors (and any replacement directors selected by the Developer prior to the first meeting of the Association) as provided in the Constitution.

Section 7. The first meeting of the members of the Association shall be held within ninety (90) days after conveyance by the Developer or more than eighty percent (80%) of the Apartment-Homes in the Condominium Project. Until the first meeting of members, the affairs of the Association shall be managed by the First Board of Directors as provided in the "Constitution" of the Association, or their replacements.

Section 8. The members of the Board of Directors and the First Board of Directors shall not be personally liable

to the Co-Owners or others for any mistake of judgment or for any acts or omissions made in good faith as such Board of Directors' or First Board of Directors' member, or acting as the Board of Directors or First Board of Directors. Each member of the Board of Directors and First Board of Directors shall be indemnified by the Co-Owners (or the Association after its formation) against all expenses and liabilities including attorney's fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be a party, or in which he may become involved, by reason of his being or having been a member of the Board of Directors or First Board of Directors, or any settlement thereof, whether or not he is a member of the Board of Directors or First Board of Directors at the time such expenses are incurred, except in such cases wherein the member of the Board of Directors or First Board of Directors is adjudged guilty of willful misfeasance or malfeasance in the performance of his duties; provided that in the event of a settlement the indemnification shall apply only when the Board of Directors or First Board of Directors approves such settlement and reimbursement as being for the best interests of the Association. The liability of any Co-Owner arising out of any contract made by the Board of Directors or First Board of Directors or out of the aforesaid indemnity in favor of the members of the Board of Directors or First Board of Directors shall be limited to such proportion of the total liability thereunder as his fractional interest in the Common Elements.

ARTICLE II

ASSESSMENTS

Section 1. The Association shall be assessed as the person or entity in possession of any tangible personal property of the Condominium Project owned or possessed in common by the Co-Owners, and personal property taxes based thereon shall be treated as expenses of administration of the Condominium Project.

Section 2.

A. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. The assessment for such year shall be established by the adoption of such annual budget by the Board of Directors of the Association. Copies of such budget shall be delivered to each Co-Owner, although the delivery of a copy of the budget to each Co-Owner shall not affect the liability of any Co-Owner for any existing or future assessments. Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, that the assessments levied are or may prove to be insufficient for any reason including failure of a Co-Owner to pay an assessment to pay the costs of operation and management of the Condominium Project in any fiscal year, then the Board of Directors shall have the authority at any time and from time to time to levy such additional assessment or assessments as it shall deem to be necessary for that purpose.

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B. Special assessments, other than those described in A above, may be made by the Board of Directors of the Association at any time and from time to time to meet other needs or requirements of the Association and the Condominium Project including but not limited to, assessments for costs described in Section 5 of Article I hereof and capital improvements; provided, however, any such special assessment shall not be levied without the prior approval of at least seventy-five percent (75%) of the percentage values of all of the Co-Owners.

C. The omission by the Board of Directors or the First Board of Directors, before the expiration of any year, to fix the assessments hereunder for that or the next year, shall not be deemed a waiver or modification in any respect of the provisions of these By-Laws, or a release of any Co-Owner from the obligation to pay the assessments, or any installment thereof for that or any subsequent year, but the assessment fixed for the preceding year shall continue until a new assessment is fixed. Amendments to this subparagraph (C) shall be effective only upon unanimous written consent of the Co-Owners and their Institutional Mortgagees.

Section 3. All assessments levied against the Co-Owners to cover expenses of the Association and the Condominium Project shall be apportioned among and paid by the Co-Owners in accordance with the percentage of value allocated to each Apartment-Home according to the Declaration and Master Deed without increase or decrease for the existence of any rights with respect to the use of limited common elements appurtenant to such Apartment-Home. Assessments shall be due and payable at such times as the Association shall determine, commencing with delivery of a deed to an Apartment-Home. The payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Assessments in default shall bear interest at the rate of ten percent (10%) per annum after such assessment becomes delinquent. Each Co-Owner (whether one or more persons) shall be, and remain, personally liable for the payment of all assessments which may be levied against such Co-Owner by the Association in accordance with these By-Laws, and any unpaid assessments with accrued interest thereon owned with respect to an Apartment-Home shall be collected out of the sales proceeds of such Apartment-Home in accordance with Section 18 of the Act. This section shall not be amended without the prior written approval of all the Institutional Mortgagees holding mortgages on individual Apartment-Homes in the Condominium Project.

Section 4. In addition to the remedies set forth above, the assessments, together with interest, costs, and reasonable attorney's fees, shall be a charge on the Apartment-Home and shall be a continuing lien upon the Apartment-Home against which such assessment is made. Enforcement of such lien shall be by judicial foreclosure, however, such proceedings shall not be commenced until the assessment is ninety (90) days past due.

Section 5. No Co-Owner may exempt himself from liability for his contribution toward the expenses of the Association and the Condominium Project by waiver of the use or enjoyment of any of the Common Elements or by

the abandonment of his Apartment-Home. No Co-Owner may, by the sale of his Apartment-Home, exempt himself from liability for contributions accruing prior to such sale.

Section 6. The Association may, in addition to its rights under Section 18 of the Act, enforce collection of delinquent assessments by suit at law for a money judgment, and the expenses incurred in collecting unpaid assessments including interests, costs and attorney's fees shall be chargeable to the Co-Owner in default. The Association may also discontinue the furnishing of any utilities or other services to a Co-Owner in default of his obligations to the Association or other Co-Owners as set forth herein upon seven (7) days' written notice to such Co-Owner of its intent to do so. A Co-Owner in default of his obligations to the Association or other Co-Owners as set forth herein shall not be entitled to vote at any meeting of the Association so long as such default is in existence.

Section 7. Any Institutional Mortgagee of an Apartment-Home in the Condominium Project which comes into possession of an Apartment-Home pursuant to (i) the remedies provided in its mortgage, (ii) foreclosure of said mortgage, or (iii) deed (or assignment) in lieu of foreclosure, shall take the Apartment-Home free of any claims for unpaid assessments or charges against said mortgaged Apartment-Home which accrue prior to the time such Institutional Mortgagee comes into possession of the Apartment-Home.

ARTICLE III

INSURANCE

Section 1. The Association shall carry a master policy of fire and extended coverage, vandalism and malicious mischief and liability insurance, and, if required by law, workmen's compensation insurance (hereinafter referred to as the "Master Policy"), with respect to the Condominium Project and the Association's administration thereof in accordance with the following provisions:

(a) The Master Policy shall be purchased by the Association for the benefit of the Association, the Co-Owners and their mortgagees as their interests may appear (subject to the provisions of these By-Laws, the Declaration and Master Deed and the Act), and provisions shall be made for the issuance of appropriate mortgagee endorsements to the mortgagees of the Co-Owners. The Co-Owners shall obtain insurance coverage at their own expense upon their own personal liability covering liability for damage to person or property of others located within such Co-Owner's Apartment-Home or in another Apartment-Home in the Condominium Project or upon the Common Elements resulting from the negligence of the insured Co-Owner in such amounts as shall from time to time be determined by the Board of Directors of the Association, but in no case less than \$10,000.00 for each occurrence. The Association and the Co-Owners shall use their best efforts to see that all property and liability insurance carried by a Co-Owner or the Association shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against the Co-Owners or the Association and the respective servants, agents, and guests of the Co-Owners or the Association as the case may be.

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(b) All buildings, improvements, personal property and other Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value thereof, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. The Association may, in its sole discretion, elect to carry insurance to cover such other perils as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use. The Association shall use its best efforts to see that the liability insurance carried by the Association shall contain cross-liability endorsements or appropriate provisions to cover liability of the Co-Owners, individually and as a group, to another Co-Owner.

(c) All premiums upon insurance purchased by the Association pursuant to these By-Laws shall be included in the Association's budget in accordance with Section I of Article II hereof, except that the amount of increase over such premiums occasioned by the use, misuse, occupancy or abandonment of an Apartment-Home or the Common Elements by a Co-Owner shall be assessed against Co-Owner.

(d) Proceeds of all insurance policies owned by the Association shall be received by the Association or by an insurance trustee if such trustee is requested and designated by an Institutional Mortgagee of any Apartment-Homes in the Condominium Project, held in a separate account and distributed to the Association and the Co-Owners and their mortgagees (subject to the provisions of these By-Laws, the Declaration and Master Deed and the Act) as their interests may appear, provided, however, whenever repair or reconstruction of the Condominium Project shall be required as provided in Article V of these By-Laws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction under the Declaration and Master Deed and these By-Laws shall be applied to such repair or reconstruction under the Declaration and Master Deed.

(e) Each Co-Owner, by ownership of an Apartment-Home in the Condominium Project, shall be deemed to appoint the Association and its duly authorized agents and successors and where applicable any insurance trustee, with full power of substitution as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the Master Policy. Without limitation on the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums thereof, to adjust losses, to collect proceeds and to distribute the same to the Association, the Co-Owners and their respective mortgagees (subject to the provisions of these By-Laws, the Declaration and Master Deed and the Act) as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Co-Owner and the Condominium Project as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association or the insurance trustee in regard to such matters. The Association shall not be responsible for the procurement or maintenance of any insurance covering the

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contents or the interior of any Apartment-Home nor the liability of any Co-Owner for occurrences therein not caused by or connected with the Association's operation, maintenance or use of the Condominium Project.

ARTICLE V

RECONSTRUCTION OR REPAIR

Section 1. If less than two-thirds (2/3rds) of the Condominium Project (as determined by the holders of 70% of the mortgages in their sole discretion) shall be damaged by fire or any other disaster, then the Condominium Project shall be rebuilt or repaired. If such damage shall affect more than two-thirds (2/3rds) of the Condominium Project as determined by such Mortgagees in the exercise of such discretion, then reconstruction shall not be required unless approved by the holders of 70% of the mortgage on the units.

Section 2. Any reconstruction or repair of the Condominium Project or any Apartment-Homes located therein shall be substantially in accordance with the Declaration and Master Deed and the original plans and specifications for the Condominium Project and shall have the same vertical and horizontal boundaries unless the Co-Owners and Mortgagees shall unanimously decide otherwise.

(a) Each Co-Owner shall be responsible for the reconstruction, repair or replacement of the interior of his Apartment-Home including but not limited to, the floor coverings, wall coverings, window shades, draperies, interior walls, furniture, furnishings, decorative light fixtures, and all appliances located therein irrespective of whether or not such appliances are "built-in" to the Apartment-Homes. Each Co-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 Condominium Project necessitated by his negligence or misuse or the negligence or misuse by his family, guests, agents, servants, employees or contractors. Except as otherwise provided herein, each Co-Owner directly affected by damage which is not fully covered by any insurance indemnity shall pay his proportionate share of the building costs to repair such damage in excess of such insurance indemnity. In the event damage to all or any part of the interior of a Co-Owner's Apartment-Home is covered by insurance held by the Association for the benefit of such Co-Owner, then such Co-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 a Co-Owner's Apartment-Home is not covered, then such Co-Owner shall begin reconstruction or repair of his Apartment-Home within sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

(b) In the event of substantial destruction or condemnation to the premises (either an Apartment-Home or the common elements) the holder of any mortgage on the Apartment-Home, or a holder of a mortgage on any Apartment-Home in the event of destruction or condemnation to common elements, shall be notified of such destruction. Use of the proceeds by the Owner's Association shall be subject to the provisions of the Deed of Trust held by such holder.

Section 4. As soon as possible after the occurrence of a casualty which causes damage to any part of the Condominium Project for which the Association has insurance

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coverage (hereinafter referred to as the "Casualty") the Association shall obtain reliable and detailed cost estimates of the following:

(a) The cost of restoring all damage caused by the Casualty to the general and limited common elements (hereinafter referred to as the "Common Element Costs"); and

(b) The cost of restoring that part of the damage caused by the Casualty to each Apartment-Home 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 "Apartment-Home 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 Apartment-Home Costs. However, if such insurance proceeds are not sufficient to cover such estimated costs, then an assessment shall be made against the Co-Owners by the Association in the following manner;

Section 5.

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

(b) Each Co-Owner of a damaged Apartment-Home shall be assessed an amount equal to the difference between his estimated Apartment-Home Costs 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 his estimated Apartment-Home Costs and the denominator of which is the total of all of the estimated Apartment-Home Costs.

Section 6. If all or substantially all of any Apartment-Home in the Condominium Project is taken by eminent domain, the Co-Owner of such Apartment-Home or the Institutional Mortgagee of such Apartment-Home, as its interest may appear, shall be entitled to receive the award for such taking and any additional just compensation from the Association necessary to compensate him for the loss of his interest in the Common Elements (but not to exceed any proceeds received by the Association and other Co-Owners as a result of such condemnation of any of these) and after acceptance thereof, such Co-Owner and his Institutional Mortgagee shall be automatically divested of all interest in the Condominium Project (which interest of said Co-Owner shall thereupon automatically vest pro rata in the remaining Co-Owners) and such Co-Owner shall vacate his Apartment-Home by virtue of such taking. Except as otherwise provided for herein, if all or part of the Condominium Project shall be taken or damaged by eminent domain, the award shall be apportioned equitably between payment of costs of reconstruction and payment of damages to Co-Owners or the Institutional Mortgagees of the units affected, as their interests may appear, to the extent their respective interests in the Condominium Project are affected. The determination of whether to

rebuild or repair the Condominium Project or to take other action shall be made by the vote or written consent of a majority of the remaining Co-Owners in value, subject to the provisions of the Act. If necessary, the remaining portion of the Condominium Project shall be resurveyed and the Declaration and Master Deed and Exhibit "A" thereto shall be amended as provided in Paragraph 8 of the Declaration and Master Deed to reflect such taking and to readjust proportionately the percentage of value of the remaining Co-Owners based upon a continuing aggregate interest of all Co-Owners in the Condominium Project of one hundred percent (100%).

ARTICLE VI

RESTRICTIONS

Section 1. No Apartment-Home in the Condominium Project shall be used for other than single-family residence purposes, (except persons not of the same immediate family residing together may occupy an Apartment-Home with the written consent of the Board of Directors which consent shall not be reasonably withheld) and the Common Elements shall be used for purposes consistent with the use of single-family residences.

Section 2. No Co-Owner shall make structural alterations or modifications to his Apartment-Home or to any of the Common Elements, including the erection of antennas, aerials, awnings, the placement of any reflective or other material in the windows of the Apartment-Home (other than white draperies, curtains or shades) or other exterior attachments without the written approval of the Association. The Association shall not approve of any alterations, decorations or modifications which would jeopardize or impair the soundness, safety, value or appearance of the Condominium Project.

Section 3. A Co-Owner may lease his Apartment-Home for the same purposes set forth in Section 1 of this Article, provided that such lease transaction is in accordance with the provisions of this Article VI. No rooms in an Apartment-Home may be rented and no transient tenants accommodated.

Section 4. No unlawful or offensive activity shall be carried on in any Apartment-Home or upon the Common Elements, nor shall anything be done which may be or become an annoyance or a nuisance to the Co-Owners. No Co-Owner shall do or permit anything to be done or keep or permit to be kept in his Apartment-Home or on the Common Elements anything that will increase the rate of insurance on the Condominium Project. No Co-Owner shall store any dangerous explosive or inflammable liquids or other materials either in his Apartment-Home or upon the Common Elements.

Section 5. No signs or other advertising devices shall be displayed which are visible from the exterior of any Apartment-Home or on the Common Elements, including "For Sale" signs, without written permission from the Association.

Section 6. No animal shall be kept except household pets. Such pets may not be kept or bred for any commercial purpose and shall have such care and restraint so as not to

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be obnoxious or offensive on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No more than one household pet may be kept without written permission of the Board of Directors of the Association. No pets may be permitted to run loose upon the Common Elements, and any Co-Owner who causes any animal to be brought or kept upon the premises of the Condominium Project shall indemnify and hold harmless the Association for any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor.

Section 7. The Common Elements (other than the utility rooms and designated storage lockers [if any] which will be regulated as to use by the Association and common trash receptacles placed at the discretion of the Board of Directors of the Association) shall not be used for storage of supplies, personal property or trash or refuse of any kind, nor shall the Common Elements be used in any way for the drying, shaking or airing of clothing or other fabrics. Stairs, entrances, sidewalks, yards, driveways and parking areas shall not be obstructed in any way nor shall unauthorized persons or pets play therein or thereon or use them for other than their intended purposes. In general, no activities shall be carried on nor conditions maintained by any Co-Owner either in his Apartment-Home or upon the Common Elements which despoils the appearance of the Condominium Project.

Section 8. Each Co-Owner shall maintain his Apartment-Home and any limited common elements appurtenant thereto in clean, safe and sanitary condition and in good order and repair, and shall do all redecorating, painting and varnishing which may at any time be necessary to maintain the good appearance and condition of his Apartment-Home. Each Co-Owner shall also use due care to avoid damaging any of the Common Elements including, but not limited to, patios, storage buildings, telephone, water, gas, plumbing, power or other utility systems throughout the Condominium Project and each Co-Owner shall be responsible for his negligence or misuse of any of the Common Elements or of his own facilities resulting in damage to the Common Elements. Carpeting, furnishings and care of patio-balconies shall be in accordance with association regulations and expense of same shall be borne by the benefiting Co-Owner.

Section 9. Each Co-Owner shall use due care to avoid waste of utilities paid for as a Common Expense, including but not limited to waste of water. The Board of Directors of the Association may increase the utility charges to a specific Co-Owner as reasonably required to cover such increased expense if such Co-Owner fails to heed written warning of such waste.

Section 10. Regulations concerning the use of the Condominium Project (which may include limitations as to the age of minor children, number of occupants per Apartment-Home and the use of parking spaces which are not limited common elements) shall be promulgated by the first Board of Directors of the Association prior to the first annual meeting of the Association and such regulations shall be binding on all members of the Association unless duly amended by a majority in value of all of the Co-Owners.

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Section 11. The Association or its agents shall have access to each Apartment-Home from time to time during reasonable working hours, upon notice to its Co-Owner, as may be necessary for the maintenance, repair or replacement of any of the Common Elements. The Association or its agents shall also have access to each Apartment-Home at all times without notice as may be necessary to make emergency repairs to prevent damage to the Common Elements or to another Apartment-Home. If requested by the Association, each Co-Owner shall furnish to the Board of Directors of the Association a duplicate key to the entrance door to his Apartment-Home and furnish a new duplicate key upon any change of locks thereto.

Section 12. None of the restrictions contained in this Article VI shall apply to the commercial activities or signs or billboards, if any, of the Developer prior to the time it sells all Apartment-Homes of the Condominium Project or of the Association in furtherance of its powers and purposes set forth herein and in its Articles of Association and By-Laws as the same may be amended from time to time.

Section 13. Any Institutional Mortgagee of an Apartment-Home which comes into possession of an Apartment-Home pursuant to (i) the remedies provided in its mortgage, (ii) foreclosure of said mortgage or (iii) deed (or assignment) in lieu of foreclosure shall be exempt from any restrictions on the sale or rental of the mortgaged Apartment-Home, including, but not limited to, restrictions on the age of unit occupants and restrictions on the posting of signs pertaining to the sale or rental of the Apartment-Home, provided, however, any such Institutional Mortgagee may not make a sale of or rent an Apartment-Home in such a way as would work a destruction of the Condominium regime.

ARTICLE VII

MORTGAGES

Section 1. Any Co-Owner who mortgages his Apartment-Home shall notify the Association of the name and address of the mortgagee, and the Association shall maintain such information in a book entitled "Mortgages of Apartment-Homes". The Association shall, at the written request of an Institutional Mortgagee of such Apartment-Home report any unpaid assessments due from the Co-Owner of such Apartment-Home or any other default by such Co-Owner in the performance of his obligations under this Declaration and Master Deed, these By-Laws and the Articles of Incorporation, By-Laws and rules and regulations of the Association which is not cured within 30 days from the date of such default.

Section 2. The Association shall notify each mortgagee appearing in the book described in Section 1 of this Article VII of the name of each company insuring the Condominium Project under the Master Policy and the amounts of the coverages thereunder.

Section 3. Each Institutional Mortgagee of an Apartment-Home shall be permitted to examine the books of account of the Condominium Project and the Association at reasonable times, on business days, but not more often than once each month. Each Institutional Mortgagee shall also receive an annual Financial Statement of the Owner's Association.

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Section 4. Notwithstanding the other provisions hereof, each Co-Owner shall have the right to constitute and appoint irrevocably his respective Institutional Mortgagee(s) as his true and lawful attorney to vote his unit membership in the Association at any and all meetings of the Association and to vest in such Institutional Mortgagee(s), or its nominee, any and all rights, privileges, and powers that such Co-Owner has under the Declaration and Master Deed, these By-Laws and the Articles of Incorporation, By-Laws and rules and regulations of the Association. Such proxy shall become effective upon the filing of a notice by the Institutional Mortgagee with the Association at such time or times as the Institutional Mortgagee shall deem its security interest in the Condominium Project to be unsafe or insecure. A release of the Institutional Mortgagee's deed of trust or mortgage shall operate to revoke such proxy. Nothing herein contained shall be construed to relieve the Co-Owners or to impose upon the Institutional Mortgagees the duties and obligations of a Co-Owner. Even without such appointment, each Institutional Mortgagee shall receive advance notice of each meeting of the Owner's Association.

Section 5. The Association shall give any Institutional Mortgagee written notification of any default by such Mortgagee's mortgages of any obligation contained in these By-Laws or in the Declaration and Master Deed of the Condominium Project.

Section 6. No breach of the covenants, conditions and restrictions contained in the Declaration and Master Deed or these By-Laws shall defeat or render invalid the lien of any mortgage made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Co-Owner whose title is derived through foreclosure or trustee's sale, or otherwise.

Section 7. Each institutional Mortgage shall also receive notice of any condemnation proceedings and any condemnation proceeds shall be received by either the Co-Owner or Owner's Association subject to applicable provisions of the Deed of Trust held by such Mortgagees.

Section 8. Unless the holders of 70% of the mortgages on the individual Apartment-Homes and the Co-Owners approve, the prorata interest or obligations of any Apartment-Home for the purpose of levying assessments or charges or allocating distributions of hazard insurance proceeds or condemnation awards or determining the prorata share of ownership of each Apartment-Home in the common elements.

ARTICLE VIII

COMPLIANCE

Section 1. The association, all present or future Co-Owners, tenants, future tenants, or any other persons using the facilities of the Condominium Project are subject to and shall comply with the Act, the Declaration and Master Deed, these By-Laws, the "Constitution" or Articles of Incorporation, By-Laws, rules and regulations of the Association, and the acquisition, occupancy or rental of an Apartment-Home in the Condominium Project shall signify that the Declaration and Master Deed and By-Laws, and the "Constitution" or Articles of Incorporation, By-Laws, rules and regulations of the Association are accepted and ratified. In the event the Declaration and Master Deed or By-Laws, "Constitution" or Articles of Incorporation, By-Laws, rules or regulations of the Association conflict with the provisions of the Act, then the Act shall govern. In the event the By-Laws of the Association shall be inconsistent with the Declaration and Master Deed and these By-Laws then the Declaration and Master Deed and these By-Laws shall be controlling.

Section 2. These By-Laws shall not be amended unless a majority of the Co-Owners in value pursuant to Section 4(b) of the Declaration and Master Deed and all of the institutional Mortgagees of Apartment-Homes approve such amendment,

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except as otherwise provided herein. The procedure for proposing amendments hereto shall be the same as for proposing amendments to the By-Laws of the Association.

ARTICLE IX

DEFAULT

Section 1. Failure to comply with any of the terms of the Declaration and Master Deed, these By-Laws, "Constitution" or Articles of Incorporation and By-Laws or duly adopted Rules and Regulations of the Association shall constitute an event of default and shall be grounds for relief, which may include without intending to limit the same, an action to recover sums due for damages and injunctive relief, or any combination thereof.

Section 2. In any proceeding arising because of an alleged default by any Co-Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding and reasonable attorney's fees.

Section 3. The failure of the Association or of any Co-Owner to enforce any right, provision, covenant or condition which may be granted by the Declaration and Master Deed, these By-Laws, "constitution" or Articles of Incorporation, By-Laws or duly adopted Rules and Regulations of the Association shall not constitute a waiver of the right of the Association or of any such Co-Owner to enforce such right, provisions, covenant or condition in the future.

Section 4. All rights, the remedies and privileges granted to the Association or any Co-Owner pursuant to any terms, provisions, covenants or conditions of the Declaration and Master Deed, these By-Laws, "Constitution" or Articles of Incorporation, By-Laws or duly adopted Rules and Regulations of the Association, shall be deemed to be cumulative and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the party thus exercising the same from exercising such other additional rights, remedies or privileges as may be available to such party at law or in equity.

ARTICLE X

DEFINITIONS

The terms the "Developer", the "Act", "Apartment-Home", "Condominium Project", "Co-Owner", "Council of Co-Owners", and "Common Elements", shall have the same definition herein as set forth in the Declaration and Master Deed to which these By-Laws are attached as Exhibit "B".

ARTICLE XI

SEVERABILITY

In the event that any of the terms, provisions or covenants of these By-Laws are held to be partially or wholly invalid or unenforceable for any reason whatsoever, such holding shall not affect, alter, modify or impair in any manner whatsoever any of the other terms, provisions or

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convenants hereof or the remaining portions of any terms, provisions or covenants held to be partially invalid of unenforceable.

ARTICLE XII

PROFESSIONAL MANAGEMENT

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

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EXHIBIT "C"

The Northwesterly 15.33 feet of Lot 6 and all of Lots 7, 8, 9, 10, and 11 Block 8, City Block 1616 of Clifton Place No. 1, an addition to the City of Dallas as recorded in Volume 1 Page 438 of the Map Records of Dallas County, Texas.

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WHEN RECORDED RETURN TO:

HEXTER FAIR TITLE COMPANY (PD)
1307 Pacific Avenue
Dallas, Texas 75202

SEP 19 10:10 AM '78

L. E. Mardock
CLERK
COUNTY CLERK
DALLAS COUNTY

THIS IS TO CERTIFY THAT THE ABOVE
IS A TRUE AND CORRECT COPY OF THE
ORIGINAL AS FILED IN THE OFFICE OF
THE COUNTY CLERK OF DALLAS COUNTY,
TEXAS, THIS 19TH DAY OF SEPTEMBER, 1978.

SEP 20 1978

L. E. Mardock
COUNTY CLERK, Dallas County, Texas

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