

CONDOMINIUM DECLARATION

FOR

THE LANDING CONDOMINIUMS

PHASE ONE

FILED FOR RECORD
AT 9 O'CLOCK P.M.

JUN 13 1978

C. V. Batkin
County Clerk, Palo Pinto County, Texas
Christina Rydau

ELLIOTT & WALDRON ABSTRACT & TITLE CO.
103 SOUTH OAK
MINERAL WELLS, TEXAS

CONDOMINIUM DECLARATION
FOR
THE LANDING CONDOMINIUMS
PHASE ONE

THE STATE OF TEXAS)
COUNTY OF PALO PINTO) KNOW ALL MEN BY THESE PRESENTS:

THIS DECLARATION is made this 24th day of May, 1978, by VILLA MARINA, INC., a Texas corporation (hereinafter called "Developer"), pursuant to and in accordance with the provisions of the Condominium Act of the State of Texas (hereinafter referred to as the "Act"), for the purpose of establishing a condominium regime in respect to the hereinafter described real property and improvements thereon.

W I T N E S S E T H :

WHEREAS, Developer is the sole and lawful owner of the leasehold estate pertaining to and covering that certain tract of land in the J. N. Brown Survey A-1733 and the E. R. Harris Survey A-234 in Palo Pinto County, Texas, more fully described in Exhibit "A" which is attached hereto (hereinafter referred to as the "Project Tract of Land"), such leasehold estate having been created by that certain Lease executed and dated the 24th day of May, 1978, by and between Paul A. Lockhart, Jr., et al., as Lessors and Developer as Lessee, which Lease is for a term of over twenty-nine (29) years beginning May 24, 1978, and ending September 30, 2007, with certain options for extension, and the full terms, provisions, restrictions, conditions, and reservations of which Lease are stated in said Lease, a copy of which is attached hereto as Exhibit "B"; and

WHEREAS, Developer has undertaken to improve and develop said Project Tract of Land by constructing on said land three (3) two-story apartment buildings, containing eight (8) residential apartments each, or a total of twenty-four (24) residential apartments, together with certain other improvements, structures, and facilities: and

WHEREAS, Developer desires to dedicate and establish the Project Tract of Land and all improvements thereon or to be constructed thereon as a condominium project to be known as THE LANDING CONDOMINIUMS PHASE ONE, and intends by this Condominium Declaration to submit the Project Tract of Land and all improvements now or hereafter constructed thereon to the provisions of the condominium regime established by the Condominium Act of the State of Texas so as to thereby establish a condominium regime under said Act in respect to the Project Property as herein defined and described;

NOW, THEREFORE, the Developer hereby makes the following declarations as to the definitions, divisions, descriptions, restrictions, covenants, limitations, conditions,

rights, privileges, obligations, and liabilities which shall apply to, govern, control, and regulate the sale, lease, assignment, or other disposition, encumbrance, acquisition, ownership, use, occupancy, and enjoyment of the Project Property and all parts thereof and the freehold estates hereby established, hereby specifying and agreeing that the provisions and contents of this Declaration shall be and constitute covenants running with the land and shall be binding on Developer, its successors, assigns, and grantees and on all subsequent owners, lessees, sublessees, assignees, or other holders of all or any part of said Project Property and their grantees, successors, heirs, devisees, executors, administrators, or assigns; to-wit:

1. DEFINITIONS. As used herein, unless the context otherwise requires:

- (a) "Act" means the "Condominium Act" of the State of Texas.
- (b) "Declaration" means this instrument and all exhibits attached hereto by which the Project Property is submitted to the provisions of the Act, as hereinafter provided, and such Declaration as from time to time is lawfully amended.
- (c) "Project Tract of Land" means the land itself in leasehold as hereinabove described, excluding the improvements thereon.
- (d) "Project Property" means all the "Project Tract of Land," all improvements, buildings, structures, facilities, fixtures, and equipment erected, constructed, placed, or contained thereon or therein.
- (e) "Apartment Building" means one of the three (3) apartment buildings described in Paragraph 4 below, located on the Project Tract of Land and containing a total of eight (8) condominium apartments each, to be individually and separately used and owned.
- (f) "Apartment" or "Residence" means one of the separate and individual apartment spaces into which an Apartment Building is divided for individual and separate use and ownership as provided for in the Act and as described in this Declaration and depicted on the exhibits which are attached hereto, and includes the space encompassed by its boundaries and certain construction and elements thereof which are to be individually and separately owned as hereinafter defined, described, and established in this Declaration.
- (g) "Common Elements" or "Elements Subject to Common Control" means all portions of the Project Property except the Apartment Units as hereinafter more particularly defined in this Declaration.
- (h) "Unit" or "Apartment Unit" or "Residential Living Unit" means an estate or property comprised of an Apartment together with the undivided interest in the Common Elements allocated to and conveyed with such Apartment.

(i) "Unit Owner," "Owner of an Apartment Unit," and similar expressions mean the person or persons whose estates or interest, individually, jointly, or collectively, aggregate absolute ownership of an Apartment Unit.

(j) "Person" means a natural individual, corporation, partnership, trustee, or other legal entity capable of holding title to real estate.

2. SUBMISSION OF PROJECT PROPERTY TO THE ACT. The Developer, as owner of the leasehold estate of the Project Property, in order to create and establish a plan of condominium ownership in respect thereto, hereby submits the Project Property, described on Exhibit "A," to the provisions of and the condominium regime established by the Condominium Act of the State of Texas. The Developer intends and declares through the recordation of this Declaration its desire to submit the Project Property to the condominium regime established by the Act.

3. PROJECT TRACT OF LAND. The Project Tract of Land submitted to the provisions of the Act is the tract of land hereinabove described; a survey plat of the Project Tract of Land, showing its location, boundaries, and dimensions and the location of the buildings located thereon is attached as Exhibit "C" hereto.

4. APARTMENT BUILDINGS. The Apartment Buildings located on the Project Tract of Land and constituting a part of the Project Property submitted to the provisions of the Act are generally described as three (3) two-story wood and stucco buildings, designated as Buildings A, B, and C on Exhibit "C" hereto. As originally constructed, the Apartment Buildings each contain eight (8) Apartments, which are more fully identified and described on Exhibits "D" and "E" hereto.

5. APARTMENTS. Each of the individual Apartments has a direct exit to a thoroughfare or to a given common space leading to a thoroughfare. The individual Apartments are designated and described by number as indicated by Exhibit "E" hereto. The Apartments are designed and intended for residential use only. The square footage, dimensions, locations, and other descriptive data of each of the Apartments are shown on Exhibits "D" and "E" attached hereto, and all information and data thereon is incorporated herein by reference to such exhibits.

6. BOUNDARIES AND COMPOSITION OF APARTMENTS. The boundaries of each Apartment as shown on the attached Exhibit "D" pertaining thereto are and shall be the interior finished surfaces of the perimeter walls, floors, and ceilings of each floor of the Apartment Buildings. Each Apartment includes both the portions of the Apartment Building as described and the space so encompassed, excepting the Common Elements. The individual description and ownership of each Apartment shall further include the interior con-

struction, fixtures, equipment, and appliances which are designed and intended solely for the benefit of and to exclusively serve the particular Apartment in or to which the same are located or attached, and which are not designed or intended for the benefit, support, service, use, or enjoyment of any other Apartment; such as, for example, the interior room walls and other non-bearing and non-supporting interior partitions; the interior floor finish (including carpeting and other floor covering); the finished walls and ceilings; the closets, cabinets, and shelves; the sills and moldings adjoining the walls; the individual lighting and electrical fixtures and appliances; the individual kitchen and bathroom fixtures, equipment, appliances, and plumbing; the individual heating and air conditioning appliances and equipment; all glass or glass plate in any window or forming part of any wall in or of the Apartment (as hereinafter more particularly provided); and all interior and exterior doors of the Apartment. The existing physical boundaries of the Apartment or of any Apartment reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be its boundaries regardless of settling, rising, or lateral movement of the Apartment Building and regardless of variances between boundaries shown on the plat and those of the Apartment Building as it actually exists.

7. BALCONIES, TERRACES, AND CARPORTS. There are balconies contiguous to each second floor Apartment and terraces contiguous to each first floor Apartment as shown on Exhibit "D," and carports appurtenant to each Apartment as shown on Exhibit "C," the size^e and location of which are shown. The exact carport space serving and appurtenant to a particular Apartment shall be designated by the Developer at the time of the first sale of such Apartment. Such balconies, terraces, and carports constitute a part of the general Common Elements but nevertheless are designed and laid out to serve exclusively the Apartment Unit to which they are contiguous or appurtenant. The Owner of such Apartment is hereby granted the right to the exclusive use of such balcony, terrace, or carport subject, however, to the easements and limitations stated in this Declaration; and the conveyance of any such Apartment hereafter shall include, whether expressly set forth or not, the exclusive right to the Owner of such Apartment to use such balcony, terrace, or carport. Each Unit Owner shall be deemed to have acquired such exclusive right to use the balcony, terrace, and carport contiguous to or appurtenant to his Apartment and to have waived his right to use except by easements all other balconies, terraces, and carports, the use of which has been granted to other Owners of Apartment Units.

8. COMMON ELEMENTS. The general Common Elements and Elements Subject to Common Control shall consist of all of the Project Property, except the individual Apartments; and such Elements shall include, but are not necessarily restricted to, all

the Project Tract of Land, the foundations, bearing walls and columns, common parking areas, common storage areas, carports, yards, gardens, the compartments of installation of central services such as power, light, electricity, pumps, and public utility lines, floors and ceilings (other than the finished interior surfaces thereof located within the Apartments), perimeter walls of Apartments (other than the finished interior surfaces thereof located within the Apartments), structural and supporting parts of the Apartment Buildings, outside walks and driveways, and all structures, fixtures, facilities, equipment, and appliances which are designed and intended for the common and mutual use or benefit of each Apartment and the space occupied by same, and in general all other portions of the Project Property except the individual Apartments and the particular Elements thereof which are to be individually owned, as declared and established in this Declaration. The interior partitions located within each Apartment (other than the finished interior surfaces thereof) shall be considered bearing walls and general Common Elements. The floor and ceiling structure in each Apartment separating the first story from the second story of the Apartment Buildings (other than the finished interior surface thereof) shall be general Common Elements, but any furred structure below the ceiling elevation shall be included in the individual ownership of such Apartment. Reference is hereby made to the Act for further definition of general Common Elements as used herein and in said Act.

9. OWNERSHIP OF THE COMMON ELEMENTS. Each Owner of an Apartment Unit shall be entitled to the fraction or percentage of ownership in the Common Elements allocated to the respective Apartment Unit owned by him, as indicated on Exhibit "E" hereto. The fractions or percentages of ownership interest in the Common Elements so allocated to the respective Apartment Units are based on relative values arbitrarily assigned by the Developer to each Apartment Unit solely for this purpose, and such values do not necessarily reflect or represent the selling price or actual value of any Apartment Unit; and, regardless of the price for which any Apartment Unit may be sold or re-sold or the actual value of any Apartment Unit, and regardless of any other matter, such fraction or percentage of ownership in the Common Elements allocated to each Apartment Unit shall remain fixed and constant, and the same cannot be changed except by the written consent of each and every Owner and mortgagee of an Apartment Unit in this Condominium Project, duly executed, acknowledged, and filed for record as a partial amendment to this Declaration. Said ownership interest in the Common Elements shall be undivided interests, and the Common Elements shall be owned by Apartment Unit Owners, as tenants in common, in accordance with their respective fractions or percentages of ownership. The Common

Elements shall remain undivided and shall not be the object of an action for partition or division of the co-ownership so long as suitable for a condominium regime; and, in any event, all mortgages must be paid prior to the bringing of an action for partition, or the consent of all mortgagees to such action must be obtained. Any covenant to the contrary shall be void. The fraction or percentage of the Common Elements allocated to each Apartment Unit shall not be separated therefrom or separately sold, conveyed, encumbered, or otherwise separately disposed of; and each interest in the Common Elements shall follow the respective Apartment Unit to which it is allocated and shall be deemed to be conveyed or encumbered with its respective Apartment Unit to which it is allocated even though the description in the instrument of conveyance or encumbrance shall refer only to the Apartment Unit.

10. USE OF THE COMMON ELEMENTS. Each Unit Owner shall have the right to use and enjoy the Common Elements, in common with all other Unit Owners, for the purposes for which they are intended and as may be required for the purposes of access and ingress and egress to and use and occupancy and enjoyment of the respective Apartment Unit owned by such Unit Owner, without hindering or encroaching upon the lawful rights of other co-owners. Such rights to use the Common Elements shall extend to each Unit Owner, the members of the immediate family of each Unit Owner, and/or authorized occupants of each Apartment. Such right to use the Common Elements shall be subject to and governed by the provisions of the Act and of this Declaration and by the Bylaws hereinafter mentioned and the rules, regulations, and resolutions lawfully made or adopted by the Council of Co-Owners or by the Board of Administration pursuant to authority of the Bylaws or the Council of Co-Owners. Each Unit Owner shall be deemed to have an easement in the interest of all other Unit Owners in the Common Elements for the installation, maintenance, and repair of all individually owned fixtures, appliances, and equipment which are affixed to, supported by, or located in any space or structure constituting part of the Common Elements. Each Unit Owner shall be further deemed to have an easement in common with all other Unit Owners in, upon, across, over, through, and with respect to the Common Elements to the extent of such right to use the Common Elements.

11. UTILITY EASEMENTS. A valid easement shall exist in each Apartment Unit and in each portion of the Common Elements for the benefit of each Unit Owner, servicing company, and each utility company, whether public or private, for the installation, maintenance, repair, removal, or replacement of any and all utility lines, pipes, wires, conduits, facilities, and equipment serving the Apartment Buildings as a whole or any

individual Apartment Unit, and the ownership of the Apartment Units and interest in the Common Elements shall be subject to such easements.

12. COUNCIL OF CO-OWNERS. Each Owner of an Apartment Unit shall automatically be a member of the "Council of Co-Owners," which shall be the governing and administrative body for all Unit Owners for the protection, preservation, upkeep, maintenance, repair, and replacement of the Common Elements and Elements Subject to Common Control, and the government, operation, and administration of the Project Property and the condominium regime hereby established, and shall remain a member thereof until such time as his ownership ceases for any reason, at which time his membership shall automatically cease. Upon any transfer of ownership of any Apartment Unit, regardless of how accomplished, the new Unit Owner acquiring or succeeding to such ownership interest shall likewise automatically succeed to such membership in the Council of Co-Owners. The aggregate number of votes for all members of the Council of Co-Owners shall be twenty-four (24), which shall be divided among the respective Unit Owners as set forth in Exhibit "E." If any person, including Developer, shall own more than one (1) Apartment Unit, he may exercise the voting rights allocated to each Apartment Unit owned by him. In the event an Apartment Unit shall be jointly owned by more than one person, then the voting rights allocated to such Unit shall be divided between and may be proportionately and independently exercised by each joint Owner in proportion to his respective ownership interest. Provided, however, that until at least ninety percent (90%) of all Apartment Units are sold by the Developer, the Developer, through its officers or representatives, shall have the right to control the decision of the Council of Co-Owners.

13. BOARD OF ADMINISTRATION. The Council of Co-Owners shall elect a Board of Administration to consist of not less than three (3) members, who shall serve in such office for such term as specified in the Bylaws of this Condominium Project. Such Board of Administration shall manage the affairs of the Council of Co-Owners, and it shall have such powers, duties, functions, authority, and responsibility as shall be specified in said Bylaws or this Declaration or as may be delegated to it from time to time by the Council of Co-Owners.

14. AMENDMENT TO BYLAWS. This project and the condominium regime hereby established shall be governed in accordance with the Bylaws which have been initially adopted by the Developer as sole owner of the leasehold estate of the Project Property, and which Bylaws are attached hereto as Exhibit "F." These Bylaws may be amended from time to time by the Council of Co-Owners in accordance with the provisions thereof. Any and all such amendments to the Bylaws shall be duly certified to by the presiding officer of

or other person designated by the Board of Administration, and shall be filed for record as a partial amendment to said Exhibit "F." The Bylaws may not be amended to conflict with any provisions of this Declaration, except in the manner hereinafter provided for amending this Declaration.

15. COMMON EXPENSES - ASSESSMENTS. The Owner of each Apartment Unit shall be bound and obligated and agrees to pay, as assessments therefor are made, his pro rata share and part of the annual lease fees, if any, on the Project Tract of Land and the expenses of administration and of maintenance, repair, upkeep, protection, replacement, and operation of the Common Elements and Elements Subject to Common Control, and of any other expenses lawfully agreed to by the Council of Co-Owners or authorized by this Declaration or by the Bylaws, all of which expenses herein mentioned are in this Declaration referred to as "Common Expenses." The pro rata share of the Common Expenses which shall be assessed against each Unit Owner and which each Unit Owner agrees to pay shall be in the same ratio and in proportion to his fraction or percentage of ownership of the Common Elements, except in the case of insurance. Assessments for Common Expenses and payment therefor shall be made as determined and provided for in the Bylaws, as such Bylaws may be amended from time to time. No Owner of any Apartment Unit or interest therein shall be exempt from paying or contributing his pro rata share of the Common Expenses by waiver of the use or enjoyment of the Common Elements or by abandonment of the Apartment Unit or his interest therein.

16. SECURITY FOR UNPAID ASSESSMENTS.

(a) There is a present and continuing contract lien on each Apartment Unit to secure payment of the amount of any present or future assessments, whether regular or special, charged to such Apartment Unit pursuant to the terms of this Declaration or the Bylaws, which lien and the right to foreclose the same shall be in addition to and not in substitution for all of the rights and remedies which the Developer, Board of Administration, and the Council of Co-Owners may have to enforce the provisions hereof. The title of each Owner of an Apartment Unit is acquired subject to and burdened with such lien, which lien shall be prior to the acquisition of any homestead rights by the Owner of an Apartment Unit and all other liens, except such lien shall be secondary, subject, and subordinate to and shall not affect the rights of the holder of (1) any recorded first mortgage or first deed of trust upon such Apartment Unit made in good faith and for value, and (2) all liens for taxes or special assessments levied by the city, county, and state governments or any political subdivision or special district thereof within the boundaries of which the Project Property is located.

In the event any lien imposed under the provisions of this paragraph is destroyed by reason of the foreclosure of any superior mortgage or deed of trust on the Apartment Unit subject to such, nevertheless, there shall be a corresponding lien on the interest of the purchaser at such foreclosure sale to secure all assessments, whether regular or special, charged to such Apartment Unit after the date of such foreclosure sale, which lien shall have the same effect and be enforced in the same manner as provided herein; provided, however, the purchaser acquiring title to such Apartment Unit at such foreclosure sale, and his successors and assigns, shall not be liable for the share of unpaid Common Expenses or assessments chargeable to such Apartment Unit prior to such foreclosure sale, and such unpaid share of the Common Expenses or assessments shall be deemed to be a Common Expense collectible from all of the Owners, including such purchaser or acquirer, his successors and assigns.

(b) In the event of default by any Owner in the payment of any assessment secured by the lien provided in this Paragraph 16, then the Board of Administration or any authorized member or officer thereof, acting on behalf of all Unit Owners, may elect to foreclose such lien, either by judicial foreclosure or by power of sale hereinafter provided; and the defaulting Owner hereby expressly waives any presentment or demand for payment prior to the exercise of such election to foreclose.

(c) Upon the election of the Board of Administration or any authorized member or officer thereof, acting on behalf of all Unit Owners, to seek foreclosure by power of sale against a defaulting Owner, notice of such proposed sale shall be given by posting written notice thereof at least twenty-one (21) days preceding the date of the sale at the courthouse door of Palo Pinto County, Texas, in which the property is located and in which county the sale shall be made. In addition, the Board of Administration or any authorized member or officer thereof, or its representative, acting on behalf of all Unit Owners, shall at least twenty-one (21) days preceding the date of sale serve written notice of the proposed sale by certified mail on the defaulting Owner and on any other person that may then be obligated to pay such assessment according to the records of the Board of Administration. Service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to such defaulting Owner and/or other obligated person at the most recent address as shown by the records of the Board of Administration, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service.

If the default is not cured following the posting and mailing of notice of the proposed sale as provided above and prior to the day of the sale, then at the request of the Board of Administration (which request is hereby conclusively presumed), the President of the Council of Co-Owners, or such successor or substitute appointed herein, is hereby authorized and empowered by each Owner to sell the respective Apartment Unit at public auction to the highest bidder for cash at the courthouse door of Palo Pinto County, Texas, between the hours of 10:00 a.m. and 4:00 p.m., on the first Tuesday in any month, following the posting and mailing of notice of sale as provided above, or in such manner of sale as may be otherwise required or provided by law; and after said sale as aforesaid shall make due conveyance to the purchaser or purchasers, by good and sufficient deed and assignment with appropriate warranties, binding the defaulting previous Owner and such Owner's heirs and assigns; and, out of the money arising from such sale, shall pay all the charges, costs, and expenses of executing such sale, including reasonable attorney's fees and all sums and assessments due hereunder with interest at the rate of ten percent (10%) from the time of default until sale, and shall render the balance of the purchase money, if any, to the said defaulting previous Owner or his heirs, legal representatives, or assigns.

(d) It is further agreed that in case of the death, resignation, removal, or absence of the said President of the Council of Co-Owners from the County of Palo Pinto, Texas, or his refusal or failure or inability to act, or when in the sole discretion of said Board of Administration it is deemed desirable to appoint a substitute to exercise the power of sale contained herein, said Board of Administration shall be and is hereby authorized to appoint a substitute without other formality than an appointment and designation in writing; and such substitute and successor agent shall thereupon succeed to all title, rights, powers, and duties conferred on the President of the Council of Co-Owners by this Paragraph 16.

(e) It is further agreed that, in the event of such default, the President or his successor may delegate the duty of posting and mailing of notices as aforesaid and the conduct of the foreclosure sale to his duly authorized agent and attorney in fact, appointed by instrument in writing.

(f) In the event of a judicial foreclosure upon the lien created herein, all funds from such judicial foreclosure sale shall be applied first to the cost and expense of filing and prosecuting suit, including all costs of court and a reasonable amount for attorney's fees, then toward payment of the indebtedness sued upon; and the remainder, if any, shall be paid over to the defendant or defendants in the suit as their interest may appear. In the event the proceeds realized from

the judicial foreclosure sale, applied as aforesaid, shall be insufficient to pay off and discharge the whole amount of the assessment and lien for Common Expenses sued on, then the purchaser acquiring title to such Apartment Unit at such foreclosure sale, whoever he may be, other than the Owner sued, shall not be liable for the deficiency; but such deficiency, if any, shall be deemed to be a Common Expense, collectible from all of the Owners of the Apartment Units in this project, including such purchaser at the foreclosure sale, on a pro rata basis as in the case of other Common Expenses.

(g) It is further specially agreed that in the case of any sale hereunder, all prerequisites to said sale shall be presumed to have been performed, and that in any conveyance given hereunder, all statements of fact or other recitals therein made as to the non-performance of any of the covenants herein set forth, or as to the request of the Board of Administration to enforce this power of sale, or as to the proper and due appointment of any substitute hereunder, or as to the advertisement of sale, or time or place or manner of sale, or as to any preliminary act or thing, shall be taken in all courts of law or equity as prima facie evidence that the facts so stated or recited are true.

(h) It is further specially agreed that the Board of Administration or any person authorized by it acting on behalf of all Unit Owners, or any Owner, as well as the defaulting Owner, shall have the right to become the purchaser of any said property sold upon a judicial foreclosure and sale or sold under the power of sale provided herein. In the event the Board of Administration so acquires the Apartment Unit of a defaulting Owner, title will be taken in the name of a nominee, as trustee for the Council of Co-Owners; and the Board of Administration will have the right to hold, lease, mortgage, sell, and convey the same on behalf of all Unit Owners.

(i) In any such foreclosure sale, the defaulting Apartment Unit Owner shall be required to pay a reasonable rental for the period beginning with the day of the sale and ending with the day such defaulting Owner moves from the Apartment Unit or is evicted therefrom, and the Board of Administration shall be entitled to the appointment of a receiver to collect the same for the purchaser at the sale.

(j) It is further agreed that in the event of a judicial foreclosure or foreclosure under the power of sale above stated, the Owner in possession of said Apartment Unit, or anyone claiming under him and in possession as tenant or otherwise, shall thereupon become a tenant at will of the purchaser at such foreclosure sale; and, should such tenant refuse to surrender possession of said property upon demand, the purchaser shall thereupon be entitled to institute and maintain the statutory action of forcible entry and detainer and to obtain and procure a writ of possession thereunder.

(k) In the event of any uncured default as is set forth in this Paragraph 16, in addition to all other remedies hereunder or otherwise existing, the Board of Administration shall have the right to disconnect or cause the disconnection of all utility services to such Apartment Unit, for so long as such default continues.

17. ASSESSMENTS - PAYMENT ON SALE. Upon the sale or conveyance of any Apartment Unit, all unpaid assessments against the selling Owner for his pro rata share of the Common Expenses shall be first paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature, except the following: (a) assessments, liens, and charges in favor of the state and any political subdivision thereof for taxes past due and unpaid on the Apartment Unit, and (b) amounts due under any first mortgage instrument made in good faith and for value and duly recorded.

18. CERTIFICATE OR STATEMENT OF ASSESSMENTS. Any prospective purchaser or mortgagee of any Apartment Unit, at the request of the Owner, shall be entitled to a certificate or statement from the Board of Administration as to the amount of the unpaid assessments up to a given date for Common Expenses against the Apartment Unit to be sold or encumbered; and such purchaser or mortgagee shall not be liable nor shall the Apartment Unit sold or mortgaged be liable or subject to any lien for any unpaid assessments in excess of the amount set forth in said statement or certificate for the period of time covered thereby, but any such excess shall be collectible from all other Unit Owners on a pro rata basis in proportion to their ownership of the Common Elements. A reasonable charge may be made for such certificate if so determined by the Board of Administration.

19. UTILITIES. Each Unit Owner shall pay for his own telephone and any other utilities which are separately metered or billed to each user by the respective utility companies. Utilities which are not separately billed or metered to individual users shall be treated as part of the Common Expenses, and each Unit Owner shall pay his pro rata part thereof as in the case of other Common Expenses; provided, however, that the Developer shall not be required to pay any part of any common electricity bill on unsold and unoccupied Apartment Units owned by Developer.

20. PROPERTY INSURANCE. The Board of Administration shall have the authority to and shall obtain and continue in effect blanket property insurance to insure the buildings, structures, and Apartment Units in or on the Project Property, and the Owners thereof, against risks of loss or damage by fire and other hazards, as are covered under standard extended coverage provisions, and against risks of whatever character, without prejudice to the right of each Unit Owner to insure his Apartment Unit on his own

account and for his own benefit. Such insurance policy shall show each Apartment Unit Owner as beneficiary with the respective amount of insurance coverage as to each Unit, and such amounts shall be determined by the Board of Administration and shall not necessarily be the same fraction or percentage of the total amount of insurance coverage for the entire project as the fraction or percentage of the individual ownership of the general Common Elements. Failure to show any such Owner as beneficiary shall not affect the intent of this Declaration that all Units and their respective Owners be covered by insurance pursuant to this Paragraph 20. All costs, charges, and premiums for such insurance shall be determined for each Apartment Unit by the Board of Administration and shall be included in the Common Expenses. The sufficiency of insurance coverage shall be reviewed annually by the Council of Co-Owners; and all decisions of the Council and the Board regarding the amounts, types, and sufficiency of insurance provided for herein shall be final. In no event shall the Council, Board, Developer, or other party be liable to any person or Unit Owner for not carrying sufficient insurance to meet every possible contingency. Each Unit Owner agrees that he has the right and responsibility to carry insurance for his own Unit and on his own account and for his own benefit to the extent not covered by the blanket property insurance provided for herein.

21. RECONSTRUCTION - APPLICATION OF INSURANCE PROCEEDS.

(a) In case of any injury or damage to or destruction of any part of the Project Property covered by insurance, the insurance indemnity and proceeds shall, except as provided in Subparagraph (b) below, be applied to reconstruct or repair the building or property so damaged or destroyed; and, if such insurance indemnity or proceeds collected shall exceed the total costs of such reconstruction or repair, then, unless the contract of insurance or the Bylaws, as existing or hereafter amended, shall specify otherwise, the Board of Administration or other agent or person named as Trustee in the policy of insurance and collecting said proceeds shall pay over such excess as follows:

- (1) If the damage, injury, or destruction affected only the Common Elements and no part of any individual Apartment Unit suffered any injury, damage, or destruction, as determined by the Board of Administration, then such excess shall be paid over to the Unit Owners and their respective mortgagees, if any, according to their respective interests in the insurance as established in this Declaration.
- (2) In the event the damage, injury, or destruction does not affect or extend to any of the Common Elements and affects only individual Apartment Units as determined by the Board of Administration, then such excess shall be paid over to the Unit Owners suffering such damage or destruction and their respective mortgagees, if any, as their respective interests may appear.

- (3) In the event the damage, injury, or destruction affects both Common Elements and any individual Apartment Unit, then a percentage of such excess in the proportion that the total cost of repairing or restoring the Common Elements, as determined by the Board of Administration, bears to the total cost of repairing and reconstructing all of the property injured, damaged, or destroyed shall be paid over to all of the Unit Owners and their respective mortgagees in the ratio of their respective interests in the insurance as established in this Declaration; and the remainder of such excess shall be paid over to the Unit Owner or Owners suffering such damage, injury, or destruction, and their mortgagees, as their respective interests may appear.

(b) Reconstruction or repair shall not be compulsory where it comprises the whole or more than two-thirds (2/3) of the building affected, as determined by the Council of Co-Owners. In such case, and unless otherwise unanimously agreed upon by the Unit Owners in the building affected, the insurance indemnity collected shall be delivered and paid pro rata to the Unit Owners in the building affected or their respective mortgagees, if any, as their respective interests may appear, entitled to it in accordance with their fractional or percentage interest in the insurance, as provided for in the Act.

(c) Where the insurance indemnity is insufficient to cover the cost of reconstruction and reconstruction is required as provided for herein and in the Act, the building or reconstruction costs in excess of the insurance proceeds shall be paid by all Unit Owners directly affected by the damage, in proportion to their respective interests in the insurance as set forth in this Declaration, or as may be provided for in the Bylaws; and, if one or more of the Unit Owners comprising the minority shall refuse to make such payments, the majority may proceed with the reconstruction at the expense of the Unit Owners benefitted thereby upon proper resolution setting forth the circumstances of the case and the cost of the work, as provided for in the Act. The provisions of this Subparagraph (c) may be changed by unanimous resolution of the parties concerned, adopted subsequent to the date on which the fire or other disaster occurs, as provided for in the Act.

22. PUBLIC LIABILITY AND OTHER INSURANCE. The Board of Administration shall also have the authority to and shall obtain comprehensive public liability insurance, in such limits as it shall deem desirable, and workmen's compensation insurance and other liability insurance as it may deem desirable, insuring each Unit Owner and the Council of Co-Owners, Board of Administration, Manager, and Managing Agent (temporary or permanent) from and against liability in connection with the Common Elements, and insuring the fee owner and Lessor of the Project Tract of Land pursuant to the hold harmless and indemnity provision of the Lease upon the Project Tract of Land; and all costs, charges, and premiums for all

such insurance shall be Common Expense. Each Unit Owner shall pay his pro rata share for such insurance as in the case of other Common Expense.

All decisions by the Board of Administration regarding the amounts, types, and sufficiency of insurance provided for herein shall be final. In no event shall the Board, Council, Developer, or other party be liable to any person or Unit Owner for not carrying sufficient insurance to meet every possible contingency. Each Unit Owner agrees that he has the right and responsibility to carry insurance to the extent not covered by the insurance for all of the Unit Owners obtained as part of the Common Expense as herein provided.

23. INDIVIDUAL INSURANCE. Each Unit Owner shall be responsible at his own personal cost and expense for his own personal insurance on the contents of his own Apartment Unit and his additions and improvements therein, and decorating and furnishings and personal property therein, and his personal property stored elsewhere on the Project Property, and his personal liability to the extent not covered by the liability insurance for all of the Unit Owners obtained as part of the Common Expense as above provided.

24. EASEMENTS AND ENCROACHMENTS. If any portion of the Common Elements shall actually encroach upon any Apartment Unit, or if any Apartment Unit shall actually encroach upon any portion of the Common Elements, as the Common Elements and Units actually and physically exist, or as shown by the survey plat attached hereto as Exhibit "C," then there shall be deemed to be mutual valid easements for the encroachment and for the maintenance of same, so long as it exists. In the event that an Apartment Building is totally or partially destroyed and then rebuilt, the Owners of the Apartment Units agree that all encroachments of or upon the Common Elements, Apartment Units, and facilities due to construction shall be permitted and that a valid easement for said encroachment and the maintenance thereof shall exist.

25. PLAN OF CONDOMINIUM OWNERSHIP. Each Owner of an Apartment Unit shall individually and separately own such Apartment Unit subject only to the property rights of the fee owner of the Project Tract of Land and shall own as a tenant in common the undivided fractional or percentage interest in the Common Elements allocated to such Apartment Unit as set out in Paragraph 9 of this Declaration and Exhibit "E." The undivided interest in the Common Elements allocated to each Apartment Unit shall not be separately conveyed, encumbered, or otherwise disposed of; and partition thereof, except as permitted and provided for in the Act, shall be prohibited.

26. SEPARATE TAXES. Taxes, assessments, and other charges of the state or of any political subdivision, or of any special improvement district, or any other taxing or

assessing authority, shall be assessed against and collected on each individual Apartment Unit, which shall include its percentage or fractional Common Elements, each of which shall be carried on the tax books as a separate and distinct entity for that purpose, and not on the property as a whole as more particularly provided for in the Act.

27. SEPARATE MORTGAGES. Each Unit Owner shall have the right to make a separate mortgage or encumbrance on his respective Unit together with his respective ownership interest in the Common Elements. No Unit Owner shall have the right or authority to make or create or to cause to be made or created any mortgage, encumbrance, or lien on or affecting the Project Property or any part thereof, except only to the extent of his individual Apartment Unit, which includes his respective undivided interest in the Common Elements. Following the execution of any such separate mortgage or encumbrance, a copy of such mortgage or encumbrance shall be forwarded by the mortgages to the Board of Administration, which shall keep a record of all such mortgages and encumbrances. Furthermore, each such separate mortgage or encumbrance shall provide, or the mortgagee or holder of the encumbrance shall furnish to the Board of Administration by letter or other unilateral written agreement, that any default by mortgagor under such mortgage or encumbrance shall be promptly reported to the Board of Administration and that the Board will be notified not less than fifteen (15) days prior to the institution of any foreclosure proceedings; and, if the default is cured prior to foreclosure, then the Board is to be likewise notified of such reinstatement.

28. LEGAL DESCRIPTION. The legal description of each Apartment Unit may consist of the identifying number of such Unit, or identification by name or other designation of the Apartment Unit, all as shown on and with reference to the exhibits attached hereto. It is expressly agreed, and each and every purchaser of an Apartment Unit, his heirs, executors, administrators, assigns, and grantees hereby agree, that the square footage, size, and dimensions of each Apartment Unit as set out in the exhibits attached to this Declaration are approximate and are shown for descriptive purposes only, and that the Developer does not warrant, guarantee, or represent that any Apartment Unit actually contains the area, square footage, or dimensions shown by the plat thereof. Each purchaser and Owner of an Apartment Unit or interest therein has had full opportunity and is under a duty to inspect and examine the Apartment Unit purchased by him, prior to his purchase thereof, and agrees that the Apartment Unit is purchased as actually and physically existing. Each purchaser of an Apartment Unit hereby expressly waives any claim or demand which he may have against the Developer or any other person

whomsoever, on account of any difference, shortage, or discrepancy between the Apartment Unit as actually and physically existing and as it is shown on the plat thereof which is attached as an exhibit hereto. It is specifically agreed that in interpreting deeds, mortgages, deeds of trust, and other instruments, for any purpose whatsoever or in connection with any matter, the existing physical boundaries of the Apartment Unit or of an Apartment Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be the boundaries regardless of settling, rising, or lateral movement of the buildings and regardless of variances between boundaries as shown on the plat and those of the buildings.

29. RESTRICTIONS, COVENANTS, AND CONDITIONS. The following restrictions, covenants, and conditions are placed upon each of the Apartment Units affected hereby as a general plan or scheme of restrictions, for the benefit of each Apartment Unit, to-wit:

(a) All of the Apartment Units in this Condominium Project shall be known and described as residential Apartment Units and shall be used primarily for residential purposes during the existence and continuance of the condominium regime established by this Declaration.

(b) Residential Apartment Units shall not be rented by the Owners thereof for transient or hotel purposes, which shall be defined as a rental for a period of less than thirty (30) days, or any rental where the Owner furnishes or causes to be furnished to the occupant customary hotel services such as room service for food and/or beverages, maid service, laundry, linen, and bellboy service. Other than the foregoing limitations, and subject to the provisions set out in Paragraph 30 below, the Owners of the respective Apartment Units shall have the right to rent or lease their respective Units, furnished or unfurnished, for residential purposes, provided that such tenancy or lease shall be subject to the provisions of this Declaration and the Bylaws of this Condominium Project.

(c) No trash, garbage, or debris shall be placed in any but the designated disposal facilities.

(d) No signs or posters of any kind shall be placed in any part of the Common Elements or Elements Subject to Common Control except as authorized by the Board of Administration, except that the Developer may maintain signs on the Project Property to advertise or attract attention to the property so long as the Developer owns any Apartment Unit which is for sale.

(e) Notwithstanding anything herein to the contrary, the Developer shall have the right to use any Apartment Unit as a "model apartment" for display of same to

the public and/or for use as a sales office for so long as it owns any Apartment Unit which is for sale in this project. Furthermore, any one or more of the Apartment Units may be used as a Manager's Office for this Condominium Project.

30. SALE, RENTAL, OR LEASE - RIGHT OF FIRST REFUSAL. If the Owner of any Apartment Unit, other than the Developer, shall desire at any time to sell, rent, or lease his Apartment Unit to any person other than the Developer, and receives an offer for the purchase, rental, or lease of the same which he would be willing to accept, such Owner shall not sell, rent, or lease his Apartment Unit without first giving the Board of Administration or the Managing Agent acting for the Board of Administration at least thirty (30) days prior written notice of the proposed sale, rental, or lease, which notice shall be sent by U. S. Certified or Registered Mail, return receipt requested, and shall state the name, address, occupation, and place of employment of the proposed purchaser, tenant, or lessee, and the price, terms, and conditions of the proposed sale, rental, or lease. During the period of thirty (30) days following the receipt of such notice by the Board of Administration or Managing Agent, the Council of Co-Owners (as a group, and not the individual Unit Owners who are members of the Council) shall have the right of first refusal to purchase, rent, or lease the Apartment Unit for the same price and upon the same terms and conditions as the proposed sale, rental, or lease described in such notice. If the Board of Administration shall fail to give written notice to such Unit Owner in writing within said thirty (30) day period that the Council of Co-Owners has elected to purchase, rent, or lease such Apartment Unit upon the terms herein provided, or if the Board of Administration notifies such Unit Owner in writing within said thirty (30) day period that the Council of Co-Owners has elected not to purchase, rent, or lease such Apartment Unit, then and in either event such Unit Owner may proceed to close said proposed sale, rental, or lease transaction. If, however, the Board of Administration gives written notice to such Unit Owner within said thirty (30) day period of the election by the Council of Co-Owners to purchase, rent, or lease said Apartment Unit upon the same terms as the proposed sale, rental, or lease described in said notice, then such purchase, rental, or lease shall be closed upon the same terms as such proposed sale, rental, or lease.

The Board of Administration shall have the authority, on behalf of and in the name of the Council of Co-Owners, to elect not to exercise such right of first refusal and to give written notice of such election. The Board of Administration shall also have the authority and right, on behalf of and in the name of the Council of Co-Owners, to waive the provision of this paragraph in respect to any Apartment Unit or Units,

provided that such waiver shall be in writing and duly executed and acknowledged in recordable form. Whenever any such waiver may be given by the Board of Administration in respect to any Apartment Unit or Units, the Owner or Owners thereof may sell, rent, or lease the same without regard to the provisions of this paragraph and without giving the Council of Co-Owners the right of first refusal provided for herein.

If the Board of Administration shall adopt a resolution recommending that the Council of Co-Owners should purchase, rent, or lease said Apartment Unit upon the terms described in said notice, then the Board of Administration shall promptly call a special meeting of the Council of Co-Owners for the purpose of voting upon its right of first refusal, which meeting shall be held within thirty (30) days from date of receipt of said notice; and, if the Unit Owners owning not less than two-thirds ($2/3$) in the aggregate of the total ownership interest in the Common Elements, by affirmative vote at such meeting, elect to exercise such right of first refusal to purchase, rent, or lease such Apartment Unit on the terms proposed, then the Board of Administration shall promptly give written notice of such election to the Unit Owner desiring to sell, rent, or lease in accordance with the provisions hereof. In such event, the Board of Administration shall have all authority to execute all such mortgages and to do everything necessary to close the transaction in its own name, as Trustee, for all Unit Owners and to make such assessments as authorized by the Council of Co-Owners, proportionately among the respective Unit Owners in the ratio of their ownership interests in the Common Elements. If the Council of Co-Owners shall purchase, rent, or lease any Apartment Unit as herein provided, the Board of Administration shall have the authority at any time thereafter to sell, subrent, or sublease the same on behalf of the Council of Co-Owners, upon such terms and for such price as the Board of Administration may deem proper; and all net proceeds or deficit therefrom shall be applied among all the Unit Owners in proportion to their respective ownership interests in the Common Elements, in such manner as the Board of Administration may determine.

The provisions of this paragraph shall not apply to any sales, rentals, or leases made by or to the Developer; and any Unit Owner may sell, lease, or rent his Apartment Unit to the Developer without complying with the provisions of this paragraph. Also, the Developer shall have the absolute and unconditional right to sell, rent, or lease any Apartment Unit which it may now own or which it may acquire by repurchase from any Unit Owner, to any person whomsoever, without complying with any of the provisions of this paragraph.

In the event of any default on the part of any Owner under any purchase money lien, mortgage, or deed of trust made in good faith and for value which entitled the holder thereof to foreclose same, any sale under such foreclosure, including delivery of a deed to the purchase money mortgagee in lieu of such foreclosure, shall not be subject to the provisions of this paragraph; but the purchaser (or grantee under such deed in lieu of foreclosure) of such Apartment Unit shall be thereupon and thereafter subject to the provisions of this Declaration including this paragraph. rt-

The transfer of a deceased joint tenant's interest to the surviving joint tenant or the transfer of a deceased's interest to a devisee by will or his heirs at law under intestacy laws shall not be subject to the provisions of this paragraph.

31. COMBINATION OF APARTMENTS. Unit Owners shall have the right to combine, remodel, or alter any adjacent Apartment Units owned by them into a single combined Apartment Unit, provided that the plans for such change must first be approved by the Board or Managing Agent, which approval shall not be unreasonably withheld. Such modifications may include alterations of the Common Elements within or contiguous to the original Apartments being so modified, but no modifications shall be made which affect the Apartment of any other Unit Owner without the prior written consent of such other Unit Owner and the Board of Administration or Managing Agent. pt

The Owner or Owners making such modifications to combine Apartments shall prepare and file of record an Amendment to this Declaration upon his or their own signature and the signature of approval of the Board of Administration or Managing Agent, which Amendment shall include the following information: (a) the identification of the original Apartments being combined or modified; (b) the identification of the single combined Apartment resulting from the combination or modification by use of the lowest number assigned to the original Apartments by this Declaration followed by the letter "R" (for "revised"); (c) the general description of the resulting combined Apartment, expressing the square footage, location, and any other data necessary for its identification, which information shall be depicted by a plat of each floor of such Apartment showing the letter of the building, the number of the floor, and the number of the Apartment; (d) the fractional or percentage interest which the resulting combined Apartment bears to the entire condominium regime, which shall be determined by combining the fractional or percentage interest given by this Declaration to the original Apartments involved and allocating such interest to the resulting combined Apartment; (e) the voting rights ng in the Council of Co-Owners to be exercised by the Owner(s) of the resulting combined

Apartment, which voting rights shall be determined by combining the number of votes given by this Declaration to the Owner(s) of the original Apartments involved and allocating such vote or votes to the resulting combined Apartment; and (f) any and all other information required to meet the requirements of law relating to the identification and description of condominium apartments.

Following the filing of such Amendment for record, such resulting combined Apartment shall be considered for all purposes as a single, separate "Apartment" of the condominium project as that term is defined in Paragraph 1(f) of this Declaration; the Owner(s) of such Apartment shall be subject to all rights, obligations, and covenants imposed upon a Unit Owner by this Declaration; and the resulting combined Apartment may be sold, leased, or mortgaged as a single Apartment the same as any other Apartment within the condominium project.

32. ALTERATIONS, ADDITIONS, AND IMPROVEMENTS. Except as provided in Paragraph 31 above, no alterations of any Common Elements or of any Elements Subject to Common Control or any additions or improvements thereto shall be made by any Unit Owner without the prior written approval of the Board of Administration or Managing Agent authorized to grant such approval; and no Unit Owner shall make any structural modification or substantial alterations in his Apartment Unit or the installations located therein except in the manner specified by provisions of the Bylaws.

33. MAINTENANCE, REPAIRS, AND REPLACEMENTS. Each Unit Owner shall furnish and be responsible for, at his own expense, all of the maintenance, repairs, and replacements within his own Apartment Unit, except as to the Common Elements located therein. Specifically, but without limitation, each Unit Owner shall repair and/or replace his own air conditioning unit, cooking range, oven, refrigerator, kitchen appliances, interior bathroom and kitchen fixtures, plumbing, equipment and appliances, individual lighting and electrical fixtures, all glass and/or plate glass which may be part of any window or wall of the Apartment (even though such glass may also constitute the outside wall of such Apartment Unit), and all other elements and contents of the Apartment which are individually and privately owned. Maintenance, repairs, and replacements of the Common Elements shall be furnished by the Council of Co-Owners or the Board of Administration as part of the Common Expenses.

To the extent that equipment, facilities, and fixtures within any Apartment Unit shall be connected to similar equipment, facilities, and fixtures serving or affecting other Apartment Units or the Common Elements, then reciprocal easements for the maintenance of same shall exist; and the use thereof by the individual Unit Owners shall be subject to such rules and regulations as the Council of Co-Owners or the Board of

Administration shall adopt in respect thereto. All workmen and other persons authorized by the Council of Co-Owners or the Board of Administration or Managing Agent shall be entitled to reasonable access to the individual Apartment Units as may be required in connection with the maintenance, repairs, or replacements of or to the Common Elements or any equipment, facilities, or fixtures affecting or serving other Apartments or the Common Elements.

34. DECORATING. Each Unit Owner shall furnish and be responsible for, at his own cost and expense, all of the decorating within his own Unit from time to time, including painting, wall papering, washing, cleaning, paneling, floor covering, draperies, window shades, curtains, lamps, and other furnishings and interior decorating. Each Unit Owner shall be responsible for the finished interior surface of the perimeter walls, floors, and ceilings of his Apartment Unit and shall maintain the same in good condition at his own expense as may be required from time to time. Decorating of the Common Elements or Elements Subject to Common Control (other than interior surfaces within the Apartment) shall be furnished by the Council of Co-Owners as part of the Common Expense.

35. AMENDMENTS. Except as hereinbelow provided, the provisions of this Declaration shall not be changed or amended except with the written consent of the Unit Owners and mortgagees representing at least seventy-five percent (75%) ownership of the Common Elements in the aggregate, or such higher vote as may be required by this Declaration or the Act for a particular provision. Each amendment agreed upon as aforesaid shall be filed for record in the same manner as the filing of this Declaration, and a copy of the recorded amendment shall be promptly furnished to the fee owner and Lessor of the Project Tract of Land.

Developer expressly reserves and shall have the right, so long as any Apartment remains unsold by Developer, to appropriately amend this Declaration for the purpose of correcting any obvious typographical error in this Declaration or any exhibit hereto, or for the purpose of making this Declaration and exhibits hereto comply with the mandatory provisions of the Act, if the same shall be deficient in any respect.

36. TEMPORARY ADMINISTRATION BY DEVELOPER. From the date of the conveyance by Developer of the first Apartment Unit to its Owner until at least ninety percent (90%) of all Apartment Units shall have been conveyed to other Owners than Developer, Developer may temporarily exercise all functions and powers of the Board of Administration and Council of Co-Owners. During such temporary administration, Developer shall be entitled to all sums for Common Expense provided in the Bylaws. At the time for the termination of such temporary administration, Developer shall initiate and complete the transfer of administration to the Council of Co-Owners and Board of Administration.

37. REMEDIES. In the event of any default by any Unit Owner under the provisions of the Act, Declaration, Bylaws, or rules or regulations of the Council of Co-Owners, the Board of Administration and/or the Council of Co-Owners, or their authorized representative, shall have each and all of the rights and remedies which may be provided by the Act, Declaration, Bylaws, or said rules and regulations or which may be available at law or in equity, and may prosecute any action or other proceeding against such defaulting Unit Owner and/or others for enforcement of any lien or to enforce compliance with the particular matter in respect to which default was made, by injunctive relief or otherwise, or for the collection of any sums or debts or damages in default or arising from any such default. All expenses of the Board of Administration or Council of Co-Owners or its authorized representative in connection with any such action or proceeding shall be part of the Common Expense. The Board of Administration shall be further empowered and authorized to correct or cure any such matter in default and to do whatever may be necessary for such purpose; and all expenses in connection therewith, including reasonable attorney's fees, shall be charged to and assessed against such defaulting Unit Owner and shall be secured in the same manner as assessments for Common Expense.

38. FAILURE TO INSIST ON STRICT PERFORMANCE. The failure of the Board of Administration, Council of Co-Owners, or their duly authorized representative to insist, in any one or more instances, upon the strict performance of any of the terms, covenants, conditions, or restrictions of this Declaration, or to exercise any right or option herein contained, or to serve any notice or to institute any action shall not be construed as a waiver or relinquishment for the future of such term, covenant, condition, or restriction; but such term, covenant, condition, or restriction shall remain in full force and effect.

39. RIGHTS AND OBLIGATIONS. The rights and obligations of the respective Unit Owners under this Declaration and the Bylaws shall be deemed to be covenants running with the land, so long as the Project Property remains subject to the provisions of the Act, and shall inure to the benefit of and be binding upon each and all of the representatives, successors, assigns, purchasers, lessees, grantees, mortgagees, and others having or claiming an interest in any Apartment Unit, subject to the provisions of the Act and this Declaration and the Bylaws. Upon the recording or acceptance by a Unit Owner at any time of any instrument conveying an Apartment Unit to him, such Unit Owner shall be deemed to have accepted and agreed to and to be bound and subject to each and all of the provisions of the Act and this Declaration and Bylaws, as now existing or hereafter lawfully amended.

40. INDEMNIFICATION. Each member of the Board of Administration shall be indemnified by the Owners 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 Administration, or any settlement thereof, whether or not he is a member of the Board of Administration at the time such expenses are incurred, except in such cases wherein the member of the Board of Administration 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 Administration approves such settlement and reimbursement as being for the best interest of the Council of Co-Owners.

41. DELEGATION OF AUTHORITY. The Board of Administration may delegate any of its duties, powers, or functions, except as expressly prohibited by law, this Declaration, and the Bylaws, to any person or firm to act as Manager of the project, provided that any such delegation shall be revocable upon notice by the Board of Administration. The members of the Board of Administration shall not be liable for any omission or improper exercise by the Manager of any such duty, power, or function so delegated by written instrument executed by a majority of the Board of Administration. In the absence of any such appointment, the President of the Council of Co-Owners shall act as Manager.

Any Manager named or employed by Developer shall be employed to manage only during the period of temporary administration as provided in Paragraph 36 of this Declaration; and, at the termination of such temporary administration, the Board of Administration shall have the right to retain or discharge said Manager as it determines desirable in its discretion.

42. EASEMENTS RETAINED FOR BENEFIT OF OTHER PROPERTY OWNED OR DEVELOPED BY DEVELOPER. Developer expressly reserves for the benefit of itself and its successors and assigns, and for the benefit of other owners or lessees of property previously or subsequently developed by Developer adjacent to or near the Project Tract of Land, an easement for reasonable pedestrian and vehicular access over the Project Tract of Land and between Possum Kingdom Lake and parking lots and roads serving the property around the lake; and this easement of access shall inure to the benefit of any such previous or subsequent owners or lessees from Developer and their guests, successors, and assigns.

43. NOTICES. Notices provided for in the Act, Declaration, or Bylaws shall be in writing and shall be addressed to the Board of Administration or the Council of

Co-Owners at the address of the Board of Administration or its representative, which may be established from time to time and of which the Unit Owners shall be notified. Notices to the Unit Owners shall be sent to the mailing addresses of their respective Apartment Units or to such other address which any Unit Owner may in writing designate by notice thereof to the Board of Administration or its representative.

44. SEVERABILITY. If any provision of this Declaration, or Bylaws attached hereto, or any section, sentence, paragraph, clause, phrase, or word, or the application thereof in any circumstance shall be held invalid or unenforceable, the validity or enforceability of the remainder of the Declaration or Bylaws and of the application of any such provision, section, sentence, paragraph, clause, phrase, or word in any other circumstances shall not be affected thereby.

45. INTERPRETATION. If any declaration or provision, sentence, word, or clause contained in this Declaration or the Bylaws shall be susceptible to two or more interpretations, the interpretation which shall most nearly be in accord with the Act and the general purposes and intent of the Declaration and Bylaws shall govern.

46. OMISSIONS. In the event of the omission from this Declaration of any provision or stipulation which shall be vital, necessary, or expedient for the accomplishment of the purposes and intent of this Declaration, this Declaration shall not thereby fail, in whole or in part; but any and all such omitted matter shall be supplied by inference and/or by reference to the provisions of the Act under which this condominium regime is established, and the provisions of such Act are hereby made a part hereof by reference thereto.

47. PERPETUITIES. If any provision of the Declaration or Bylaws would otherwise violate the rule against perpetuities or any other rule, statute, or law imposing time limits, then, notwithstanding anything herein or in said Bylaws contained to the contrary, such provision shall be deemed to remain in effect only until twenty (20) years and eleven (11) months after the death of the last survivor of the now living descendants of R. L. MARTIN, President of VILLA MARINA, INC., the Developer.

48. EXHIBITS. The following exhibits are attached to this Declaration and are made a part hereof for all purposes:

Exhibit "A"

Legal Description of the Project
Tract of Land

Exhibit "B"

Copy of the Lease between Paul A.
Lockhart, et al., as Lessors,
and Villa Marina, Inc., as
Lessee, covering the Project
Tract of Land

Exhibit "C"

Survey plat depicting Project Tract of Land and showing location of the Apartment Buildings thereon

Exhibit "D"

Floor plans of the Apartment Buildings and Apartments

Exhibit "E"

Schedule of Apartment Units

Exhibit "F"

Bylaws

Exhibit "G"

Copy of letter and attached exhibits (Conditions, Permit, and Location Sketch) from Brazos River Authority relating to facilities on Possum Kingdom Lake

With regard to Exhibit "G," such exhibit is attached to and made a part of this Declaration to comply with requirements of the Brazos River Authority. However, the facilities referred to in such exhibit are not part of the Common Elements of the condominium project, and such facilities are owned by the Developer; such facilities shall be used by or available to the Owners in the condominium project upon such terms and conditions as may be mutually agreed between the Developer and the Board of Administration of the condominium project.

IN WITNESS WHEREOF, VILLA MARINA, INC., a Texas corporation, has caused this Declaration to be executed by its duly authorized President and Assistant Secretary on the day and year stated at the beginning of this Declaration.

VILLA MARINA, INC.

By R. L. Martin
R. L. MARTIN, President

ATTEST:

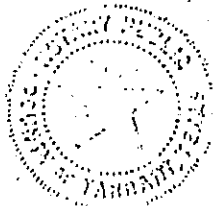
Robert G. West
ROBERT G. WEST, Assistant Secretary

THE STATE OF TEXAS }

COUNTY OF TARRANT }

BEFORE ME, the undersigned authority, on this day personally appeared R. L. MARTIN, President of VILLA MARINA, INC., a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said VILLA MARINA, INC., a corporation, and that he executed the same as the act and deed of said corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 24th day of May, 1978.



Margaret S. Jones
Notary Public in Tarrant County
for the State of Texas
My commission expires 10/25/79

APPROVAL OF CONDOMINIUM DOCUMENTS BY LESSORS

PAUL A. LOCKHART, JR., DORIS M. BROOKS (acting herein through PAUL A. LOCKHART, JR., as her Attorney in Fact), and GEORGIA B. PORTER, Individually and as Independent Executrix of the Estate of J. C. Porter, all of Dallas, Texas, and being the fee owners and Lessors of the Project Tract of Land described in the foregoing Condominium Declaration and in all exhibits thereto, do hereby consent to and approve the filing of the foregoing Condominium Declaration and all exhibits thereto.

EXECUTED AND DATED this 24th day of May, 1978.

Paul A. Lockhart, Jr.
PAUL A. LOCKHART, JR.,
Individually

DORIS M. BROOKS

By Paul A. Lockhart, Jr.
PAUL A. LOCKHART, JR.,
Attorney in Fact

Georgia B. Porter
GEORGIA B. PORTER,
Individually and as Independent
Executrix of the Estate of J. C. Porter

THE STATE OF TEXAS
COUNTY OF Dallas

BEFORE ME, the undersigned authority, on this day personally appeared PAUL A. LOCKHART, JR., 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 himself, individually, and as the Attorney in Fact of DORIS M. BROOKS, as principal, and that he executed the same for the purposes and consideration therein expressed and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 24th day of May, 1978.

Keith J. Daniels
Notary Public in and for
Dallas County, Texas
My commission expires 8-31-78

THE STATE OF TEXAS
COUNTY OF Dallas

BEFORE ME, the undersigned authority, on this day personally appeared GEORGIA B. PORTER, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for herself, individually, and as the Independent Executrix of the Estate of J. C. Porter, as principal, and that she executed the same for the purposes and consideration therein expressed and in the capacities therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 24th day of May, 1978.

Keith J. Daniels
Notary Public in and for
Dallas County, Texas
My commission expires 8-31-78

EXHIBIT "A"

LEGAL DESCRIPTION OF THE
PROJECT TRACT OF LAND

2.691 acres of land out of the J. N. Brown Survey, A-1733, and the E. R. Harris Survey, A-234, in Palo Pinto County, Texas;

BEGINNING at a point in the south line of said Brown Survey N. 60° W. 107.5 feet from its southeast corner;

THENCE with said south line N. 60° W. 123.5 feet to a corner;

THENCE N. 38° E. 140.44 feet to a corner;

THENCE S. 52° E. 79.50 feet to a corner;

THENCE S. 38° W. 59.84 feet to a corner;

THENCE S. 86°35' E. crossing the common boundary line between the J. N. Brown Survey and the E. R. Harris Survey 177.54 feet to a corner;

THENCE N. 32°25' E. 135.43 feet to a corner;

THENCE S. 57°35' E. 76.5 feet to a corner;

THENCE S. 32°25' W. 180.5 feet to a corner;

THENCE S. 86°35' W. 223.35 feet to the Place of Beginning.

EXHIBIT "B"

COPY OF LEASE COVERING
THE PROJECT TRACT OF LAND

THE STATE OF TEXAS)
COUNTY OF PALO PINTO)

LEASE

This LEASE is made and entered into by and between PAUL A. LOCKHART, JR., DORIS M. BROOKS (acting herein through PAUL A. LOCKHART, JR., as her attorney in fact), and GEORGIA B. PORTER, Individually and as Independent Executrix of the Estate of J. C. PORTER, all of Dallas, Texas, as Owners and Lessors ("Lessor"), and VILLA MARINA, INC., a Texas corporation with principal business offices in Palo Pinto County, Texas, as Lessee.

For and in consideration of the mutual covenants and promises set forth in this Lease, the parties contract and agree as follows:

1. Purpose of Lease. The property described in Paragraph 2 below is a portion of the property previously leased by the Lessor to the Lessee by a Lease dated October 14, 1977, and recorded in Volume 503, Page 900, of the Deed Records of Palo Pinto County, Texas. The purpose of this Lease is to establish a new and separate lease for the property described in Paragraph 2 below and, as to such property, this new Lease will supersede any and all previous leases upon such property. Simultaneously with the execution of this Lease, the previous Lease dated October 14, 1977, is being amended to exclude the property described in Paragraph 2 below and to make certain other related changes in the original Lease.

2. Description of Property. Lessor hereby leases to Lessee and Lessee hereby leases and accepts from Lessor the following described property:

2.691 acres of land out of the J. N. Brown Survey, A-1733, and the E. R. Harris Survey, A-234, in Palo Pinto County, Texas;

BEGINNING at a point in the south line of said Brown Survey N. 60° W. 107.5 feet from its south-east corner;

EXHIBIT "B": LEASE

THENCE with said south line N. 60° W. 123.5 feet to a corner;

THENCE N. 38° E. 140.44 feet to a corner;

THENCE S. 52° E. 79.50 feet to a corner;

THENCE S. 38° W. 59.84 feet to a corner;

THENCE S. 86°35' E. crossing the common boundary line between the J. N. Brown Survey and the E. R. Harris Survey 177.54 feet to a corner;

THENCE N. 32°25' E. 135.43 feet to a corner;

THENCE S. 57°35' E. 76.5 feet to a corner;

THENCE S. 32°25' W. 180.5 feet to a corner;

THENCE S. 86°35' W. 223.35 feet to the Place of Beginning.

3. Term. This Lease shall be for an original term beginning on the date of execution of this Lease and extending until September 30, 2007, with an option for extension as stated in Paragraph 14 below.

4. Rental. Lessee agrees to pay Lessor the sum of Five Thousand Fifty-Six Dollars (\$5,056) per year (which is a base ground rental rate of \$1,600 per year plus \$144 per year for each of the 24 condominium apartment units presently constructed or being constructed by Lessee upon the leased property). Such rental rate shall continue until September 30, 1987. The rental shall be subject to reevaluation by Lessor at the end of such initial period (September 30, 1987) and at the end of each succeeding ten-year period of the term or any extension thereof for so long as this Lease is in effect. At such times of reevaluation, Lessor shall have the right to increase such rental rate so as to provide an annual rental yield on the then fair market value of the land (assuming that it was unimproved) equivalent to the prime rate of interest for major metropolitan banks. If the parties involved cannot agree upon the then fair market value of the land and/or the prime rate of interest for major metropolitan banks, then the increased rental rate, or

the component factors thereof which are in dispute, shall be determined by a mutually agreeable appraiser, with each party Lessor and Lessee, paying one-half (1/2) of the appraisal fee. If the parties cannot agree upon a single appraiser, then each party, Lessor and Lessee, shall designate an appraiser suitable to that party; the two appraisers thus designated shall designate a mutually agreeable third appraiser; the increased rental rate and/or component factors thereof in dispute shall then be as agreed upon by any two of the three appraisers thus designated; and each party shall pay the cost of its designated appraiser and one-half (1/2) the cost of the third appraiser. Also on such reevaluation dates, Lessor shall have the right to charge an increase in the rental to compensate for any increase in Lessor's ad valorem taxes upon the leased property over and above Lessor's taxes on such land for the base year 1977.

The amount of rental for this Lease is based upon Lessee's construction or proposed construction of three condominium apartment buildings upon the leased premises, each building containing eight condominium apartment units. If any of such apartment units are combined or reconstructed into a lesser number of apartment units, the rental shall nevertheless remain unchanged. However, no additions to such apartment units and no additional units shall be constructed on the leased premises without renegotiating this Lease to provide for additional rental as may be appropriate considering the number and type of such additions or additional units.

5. Taxes on Improvements. Lessee agrees that it will make prompt payment to any taxing authorities for any taxes or assessments rendered against those improvements which it may have or may place upon said premises for the duration of this Lease; and, in the event of its failure to do so,

Lessee agrees that Lessor may, at its option, pay such taxes or assessments and be thereby subrogated to all rights and remedies of such taxing authorities, it being understood that this shall not preclude any other remedies which Lessor may have for the collection of said moneys by law or by the terms of this Lease.

6. Taxes on Real Estate. Lessor agrees that it will make prompt payment to any taxing authorities for any taxes or assessments rendered against the leased real estate for the duration of this Lease; and, in the event of its failure to do so, Lessor agrees that Lessee may, at its option, pay such taxes or assessments and be thereby subrogated to all rights and remedies of such taxing authorities, it being understood that this shall not preclude any other remedies which Lessee may have for the collection of said moneys by law or by the terms of this Lease. In the event that the governing taxing authorities shall add the value of Lessee's improvements to the value of the real estate, Lessee shall reimburse Lessor each year for the additional taxes payable by Lessor attributable to such improvements.

7. Compliance with Government Rules. Any and all sanitary provisions and requirements now existing or hereafter promulgated by the State Board of Health, any water districts, conservation districts, or any other rules or regulations promulgated by any political body or subdivision having jurisdiction over this property must be complied with before Lessee occupies the lot or tract of land; and Lessee must continue to comply with such matters during the entire period of such occupancy.

8. Unlawful Conduct or Nuisances. Neither Lessee nor its guests or invitees shall engage in or permit any conduct upon the leased premises that is unlawful, or that constitutes a nuisance, or that is offensive to the quiet and

peaceful enjoyment of a family-oriented recreation and resort community; and, unless Lessee immediately corrects any such conduct, this Lease shall be subject to forfeiture as provided in Paragraph 13(b) below.

9. Construction and Repair of Improvements. All buildings, fences, and other improvements or additions to same upon the leased premises shall be substantially and safely constructed, painted, and kept in good repair by Lessee.

10. Sewage and Garbage. All sewage and garbage shall be disposed of as provided by the State Department of Health or other regulatory agencies having jurisdiction. All garbage shall be deposited in water-tight metal receptacles with tightly fitting covers. No papers, trash, or rubbish shall be thrown or deposited on the ground or in any place except a proper receptacle.

11. Signs. It is expressly understood and agreed that no advertising signs of any description are allowed to be placed on the leased property, except by special permits of Lessor.

12. Protection of Natural Environment. It is expressly agreed that Lessee must not cut, break, or destroy any trees or flowers at any point on the leased premises except as may be necessary to clear land for the building of residences and such other improvements as may be permitted to be placed on the leased property.

13. Default by Lessee.

(a) It is mutually agreed that all buildings or any other improvements placed on the leased premises shall be held by Lessor until the full amount of annual rentals due by Lessee to Lessor has been fully paid; and, should any amount thereof remain due and unpaid for more than 60 days, Lessor shall have the right to cancel this Lease, sell the

improvements and apply the proceeds to the amount due and any costs incident to the sale, and turn over the balance, if any, to Lessee.

(b) In case of default of any covenant or covenants herein, Lessor shall give written notice of the default to Lessee (and to any mortgagee entitled to notice as provided in Paragraph 20 below); and, if such default is not cured within 30 days by or on behalf of Lessee, then Lessor may enforce the performance thereof in any manner provided by law or may declare the Lease forfeited at its discretion. Lessor, its agent or attorney, following such forfeiture of this Lease, shall have the right without further notice or demand to re-enter the leased premises and remove all persons therefrom without being guilty of any manner of trespass and without prejudice to any remedies for arrears of rent or breach of covenant; and Lessor shall have a lien as security for the rent aforesaid upon all the buildings, chattels, and other personal property which may be placed on the leased premises.

14. Option to Extend Term of Lease. At the expiration of the original term of this Lease, Lessor agrees to renew and extend the Lease for a period of 10 years, ending September 30, 2017, provided Lessee has faithfully carried out and observed all of the restrictions and conditions herein stipulated. The rental for the extension period shall be established and charged as set out above in Paragraph 4. Should Lessee desire to renew and extend this Lease, it shall notify Lessor in writing of such desire to extend same, which notice shall be given at least 90 days prior to the expiration of the original term of this Lease. In the event that undivided fractional interests in this Lease have been assigned to individual owners of condominium units upon the leased property,

as allowed by Paragraph 15 below, the decision of whether to exercise the option to extend this Lease shall be made by the condominium association in accordance with its applicable by-laws or procedures so that this Lease will either be extended for the entire leased property or terminated for the entire leased property.

15. Assignment by Lessee. It is mutually agreed that this Lease shall not be assigned by Lessee without written permission of Lessor, nor shall Lessee subdivide the leased premises into lots for the purpose of subletting to others without written permission of Lessor, except that Lessee, without the need for any further approval by Lessor, may assign fractional undivided interests in the leasehold estate established by this Lease to individual purchasers of the condominium apartments constructed upon the leased premises; and, in that event, the condominium association of such apartment owners, as the collective agent of all condominium owners, shall be considered the assignee of this Lease and shall assume all rights, duties, and responsibilities of Lessee under this Lease, so that Lessor shall be entitled to look solely to such condominium association for the payment of all rent and the performance of all other obligations of Lessee under this Lease, and the condominium association shall be responsible for the compliance with this Lease by each of the respective owners of the condominium units. Such fractional undivided interests in the leasehold estate established by this Lease shall become part of the rights and obligations appurtenant to the respective condominium units, and may be reassigned to successive condominium owners and/or mortgaged by the condominium owners, under applicable rules established by the condominium association and approved by Lessor, without the need for further individual approval by Lessor; and

upon the assignment of such a fractional undivided interest in the leasehold estate established by this Lease, from the Lessee or a subsequent condominium owner to a new condominium owner, the assignor shall be automatically released from any further obligation or right under this Lease.

It is expressly agreed, however, between Lessor and VILLA MARINA, INC., as the original Lessee, that VILLA MARINA, INC., shall continue to be liable and responsible to Lessor for all rent and obligations of Lessee under this Lease as a guarantor of the condominium association and the individual owners of the condominium association, until such time as Lessor expressly releases VILLA MARINA, INC., from such obligation of guaranty. In the event that VILLA MARINA, INC., is ever required to actually perform this obligation as guarantor of payment or performance by its assignees, then such assignees benefitted by such payment or performance by VILLA MARINA, INC., shall be obligated to reimburse, indemnify, and hold harmless VILLA MARINA, INC., for the benefit thus received by such assignees. Also, so long as VILLA MARINA, INC., is obligated to Lessor under this Lease, either as the original Lessee or under the guaranty provision stated above, it is specially agreed that R. L. Martin will not transfer a controlling interest in VILLA MARINA, INC., without prior written consent of Lessor.

16. Insurance. Lessee shall be responsible for securing all insurance desired by it upon the leased premises and improvements located upon the premises or appurtenant to the premises, and Lessee agrees to indemnify and hold Lessor harmless for any and all damages, losses, claims, injuries, or similar matters resulting from Lessee's use of the leased premises, unless caused by negligent acts or misconduct of Lessor. All improvements upon the leased premises shall be deemed the property of Lessee, and Lessee or any mortgagee

upon such improved property shall be entitled to all proceeds of hazard insurance policies upon the improved property, as their interests may appear, in accordance with any mortgage or applicable condominium documents covering the property. Furthermore, the Lease shall not terminate upon any damage or destruction to the property or improvements thereon, but shall continue in effect for the entire term of this Lease unless terminated by mutual agreement of the parties and their respective mortgagees, if any.

17. Condemnation.

(a) If, during the term of this Lease or any extension or renewal thereof, all or a substantial part of the leased property should be taken for any public or quasi-public use under any governmental law, ordinance, or regulation, or by right of eminent domain, or should be sold to the condemning authority under threat of condemnation, this Lease shall terminate and the rent shall be abated during the unexpired portion of this Lease, effective from the date of taking of the leased property by the condemning authority.

(b) If less than a substantial part of the leased premises is taken for public or quasi-public use as provided above, then Lessee shall be allowed to rebuild and restore the improvements on the remaining leased property, if practical, and unless the parties and their respective mortgagees, if any, consent to distribution of the condemnation proceeds in lieu of such rebuilding. In the event of such rebuilding following a partial taking, the rent for the remaining portion of this Lease shall be equitably adjusted between the parties.

(c) Lessor and Lessee shall each be entitled to receive and retain such separate awards and portions of

lump sum awards as may be allocated to their respective interests in any condemnation proceeding, provided that the portion of any such condemnation award allocable to Lessee shall not be less than the total award minus the then fair value of the land considered as unimproved. Payment of any such award allocable to Lessee shall be made to Lessee and any mortgagee of the leasehold estate, as their interests may appear, and application of such award proceeds shall be made first toward the reduction of any mortgage indebtedness upon the leasehold estate.

18. Lessor's Right of Ingress and Egress. Lessor reserves the right of ingress and egress over and across the leased premises for reasonable purposes of Lessor, including the right of building power lines, water and gas mains, and roads; provided, however, that the location of any such improvement by Lessor must be approved in writing by Lessee.

19. Place and Time of Rental Payments. All money due for rentals on this Lease shall be payable at the principal offices of Lessor at 2807 Mercantile Bank Building, Dallas, Dallas County, Texas 75201. All rentals shall be paid in advance on the first day of January for each year, except that the rental for the 1978 calendar year is being paid upon execution of this Lease. Rental for the first and last years of the Lease shall be prorated based on the number of calendar days the Lease is in effect for such years.

20. Financing of Improvements; Notice of Default to Lender. If Lessee (or any successor or assignee of Lessee) obtains a loan to finance the acquisition of the leasehold estate and/or any improvements placed on the leasehold estate, said loan being secured by a lien or mortgage on said leasehold estate and/or improvements, or any part thereof, Lessor

shall be notified within 10 days by such lender after the consummation of such loan; and, if such notice is thus given to Lessor, and thereafter default occurs in the payment of the rental on the part of Lessee, Lessor shall notify the lender within 30 days after such default occurs, and lender then shall only be liable for the Lease rental then in default and for such future rentals as may accrue until lender vacates the leased premises as evidenced by written notice of vacation to Lessor (which notice shall include the date of such vacation) and by furnishing to Lessor a recordable release of any and all liens against the property held by lender. If lender vacates the leased premises, then any improvements on which the lender has a valid first lien may be removed from the leased property not later than the date of vacation as stated in the notice from lender to Lessor; or, should said Lessee or its assignees in title default in any of the terms, conditions, or covenants of said note or deed of trust or this Lease, the said lender, after notice to Lessor, may at its option acquire said leasehold estate by voluntary conveyance, sale under deed of trust, or judicial proceedings, without assuming the rental payments due under this Lease other than is above set forth in this Paragraph.

It is specially agreed, however, that nothing herein shall in any way constitute a waiver of any right of Lessor to receive timely and full payments of the rentals required under this Lease as the same shall become due and to terminate said Lease for non-payment of rentals.

If a condominium association is established upon the property, in which multiple individual owners and mortgagees hold interests in the leasehold estate established by this Lease, then Lessor shall look and be entitled to look solely to the condominium association for payment of rentals

and performance of the other obligations of this Lease (as provided in Paragraph 15 above), but mortgagees of individual units may give Lessor notice of their mortgage as provided in this Paragraph and, if such notice is given, Lessor shall notify each such lender, as well as the condominium association, of any default under this Lease so that such parties will have an opportunity to cure such default before Lessor exercises the options available to Lessor as provided in Paragraph 13 of this Lease.

A mortgagee of the leasehold estate, or any part thereof, shall have the right to acquire the leasehold title held by its mortgagor, in the mortgagee's own name or in the name of a nominee, upon foreclosure or assignment in lieu of foreclosure. Upon such acquisition of leasehold title from its mortgagor, a mortgagee of the leasehold estate, or any part thereof, shall have all rights previously held by its mortgagor, including any right held by the mortgagor to exercise the renewal or extension option granted by this Lease, and such mortgagee shall be subject to all duties and obligations of its mortgagor under this Lease and any condominium declaration or other documentation applicable to the subject property.

21. Lake Elevation and Rules. It is understood that this Lease covers only land above the high water mark of Morris Sheppard Reservoir and that the Brazos River Authority has reserved the right to increase the height of the Morris Sheppard (Possum Kingdom) Dam so that the maximum lake level will be at an elevation of 1,015 feet above sea level. As a part of the consideration for this Lease, Lessee agrees that it will not erect any improvements or betterments below elevation of 1,015 feet mean sea level on the leased premises except at its own risk, and expressly waives any and

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all damages or claims for damages to any improvements or betterments which might be so erected after this date because of water stored in, caused by, resulting from, or flowing through the lake. Furthermore, it is distinctly understood and agreed between the parties that the leased property is located in and constitutes a part of the watershed of said Morris Sheppard Reservoir, which is a reservoir that furnishes water supply for public consumption, and that it is imperative that there be strict compliance with each and every one of the stipulations, conditions, and restrictions upon which this Lease is granted.

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22. Title to Leased Premises. Lessor warrants that it is the fee owner of the leased premises described in this Lease and that there are no outstanding liens, restrictions, or unrecorded agreements, by, through, or under Lessor, but not otherwise, that affect the intended use of the property by Lessee. It is specially agreed that Lessor makes no representations or warranties concerning the leasehold title of any previous lessee upon the property. If Lessor mortgages the property subsequent to the date of this Lease, Lessor agrees that it will obtain and furnish to Lessee a recordable subordination agreement from any such mortgagee in favor of Lessee recognizing the validity of this Lease and all of Lessee's rights hereunder in the event of a foreclosure upon Lessor's interest so long as Lessee is not in default under this Lease; and any such subordination agreement shall become an integral part of this Lease.

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23. Disposition of Improvements at End of Lease.
At the end of this Lease, assuming all rentals and other monetary obligations have been paid to Lessor, title to all buildings and other improvements upon the leased property shall belong to Lessee, and such improvements may be removed

from the leased property, scrapped, sold by Lessee to Lessor, or disposed of in any other manner chosen by Lessee; provided that, if such improvements are not sold or assigned to Lessor on terms mutually agreeable to both Lessor and Lessee, the leased property shall be cleared and restored to its natural condition at Lessee's expense.

24. Notices. Any notices required by this Lease shall be given by personally delivering same or by registered or certified mail, return receipt requested, to the following addresses for the respective parties:

Notices to Lessor: Mr. Paul A. Lockhart, Jr., Agent
2807 Mercantile Bank Building
Dallas, TX 75201

Notices to Lessee: Villa Marina, Inc.
Star Route Box 126
Graford, TX 76045

or to such other address as the parties (or their successors or assignees) may hereafter designate in writing to the other party.

25. Counterparts. This Lease is executed in duplicate counterparts, each of which shall be deemed an original instrument.

EXECUTED AND DATED the 24th day of May, 1978.

LESSORS

LESSEE

VILLA MARINA, INC.

Paul A. Lockhart, Jr.
PAUL A. LOCKHART, JR.
Individually

By R. L. Martin
R. L. MARTIN, President

DORIS M. BROOKS

By Paul A. Lockhart, Jr.
PAUL A. LOCKHART, JR.
Attorney in Fact

Georgia B. Porter
GEORGIA B. PORTER,
Individually and as Independent
Executrix of the Estate of
J. C. Porter

THE STATE OF TEXAS)
COUNTY OF *Dallas*)

BEFORE ME, the undersigned authority, on this day personally appeared PAUL A. LOCKHART, JR., 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 himself, individually, and as the Attorney in Fact of DORIS M. BROOKS, as principal, and that he executed the same for the purposes and consideration therein expressed and in the capacities therein stated.

24th GIVEN UNDER MY HAND AND SEAL OF OFFICE this the day of May, 1978.

Keretha N. Daniels
Notary Public in and for
Dallas County, Texas
My commission expires 8-31-78

THE STATE OF TEXAS)
COUNTY OF *Dallas*)

BEFORE ME, the undersigned authority, on this day personally appeared GEORGIA B. PORTER, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that she executed the same for herself, individually, and as the Independent Executrix of the Estate of J. C. Porter, as principal, and that she executed the same for the purposes and consideration therein expressed and in the capacities therein stated.

24th GIVEN UNDER MY HAND AND SEAL OF OFFICE this the day of May, 1978.

Keretha N. Daniels
Notary Public in and for
Dallas County, Texas
My commission expires 8-31-78

THE STATE OF TEXAS)
COUNTY OF TARRANT)

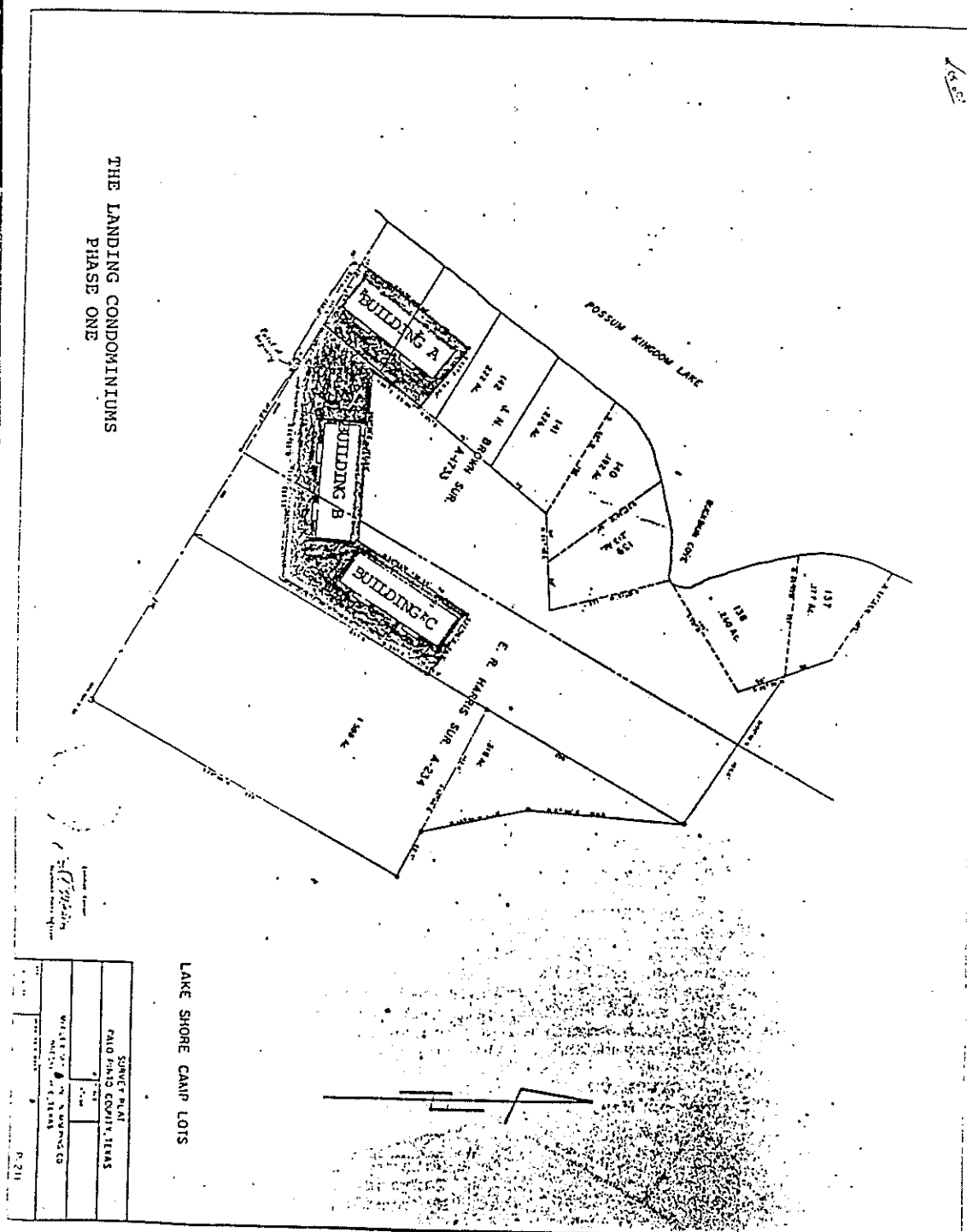
BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared R. L. MARTIN, President of VILLA MARINA, INC., known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the act of the said corporation and that he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

24th GIVEN UNDER MY HAND AND SEAL OF OFFICE this the day of May, 1978.

[Signature]
Notary Public in and for
Tarrant County, Texas
My commission expires 10/25/79

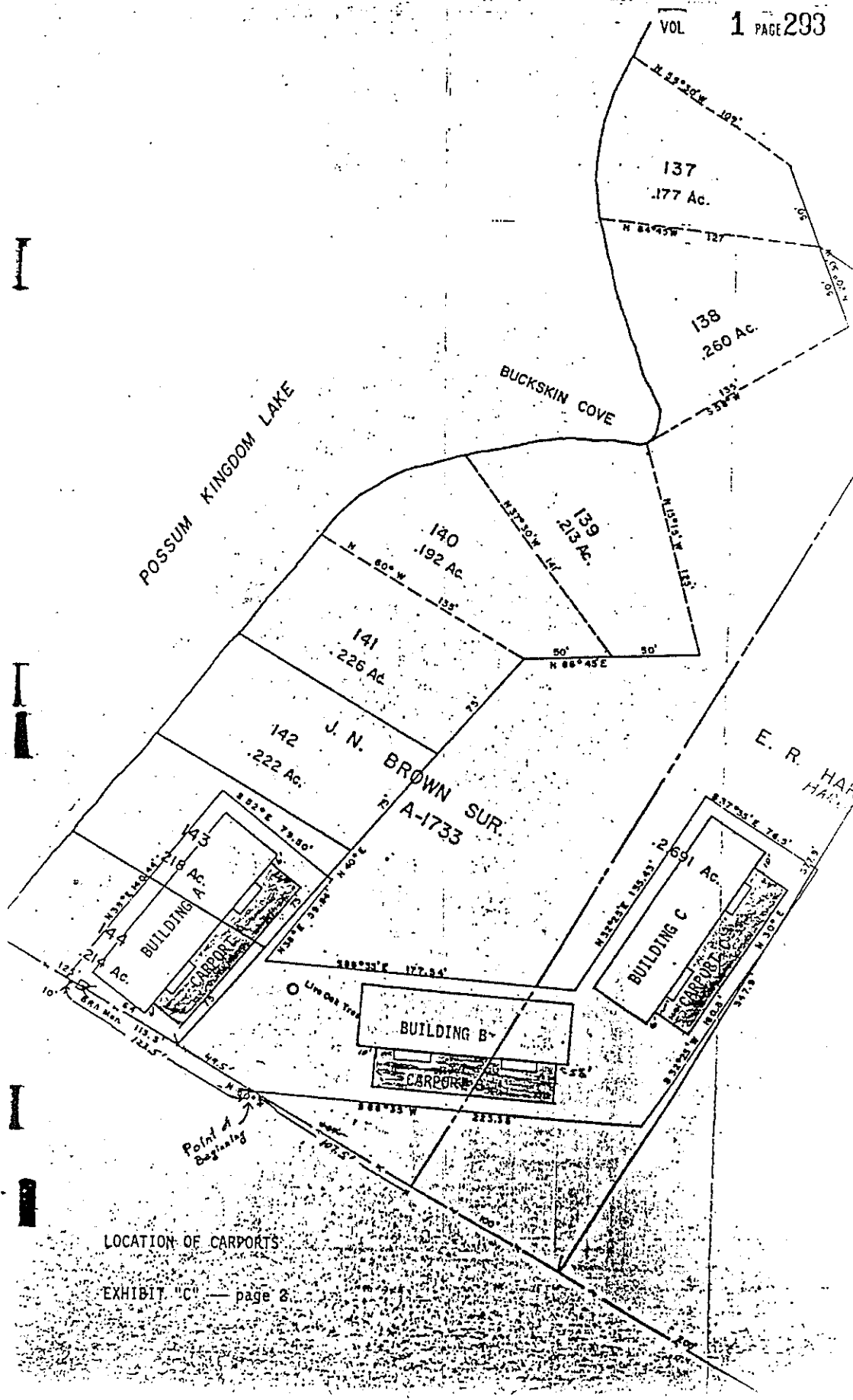
EXHIBIT "C"

SURVEY PLAT DEPICTING THE
PROJECT TRACT OF LAND AND SHOWING
LOCATION OF THE APARTMENT BUILDINGS THEREON



SURVEY PLAT

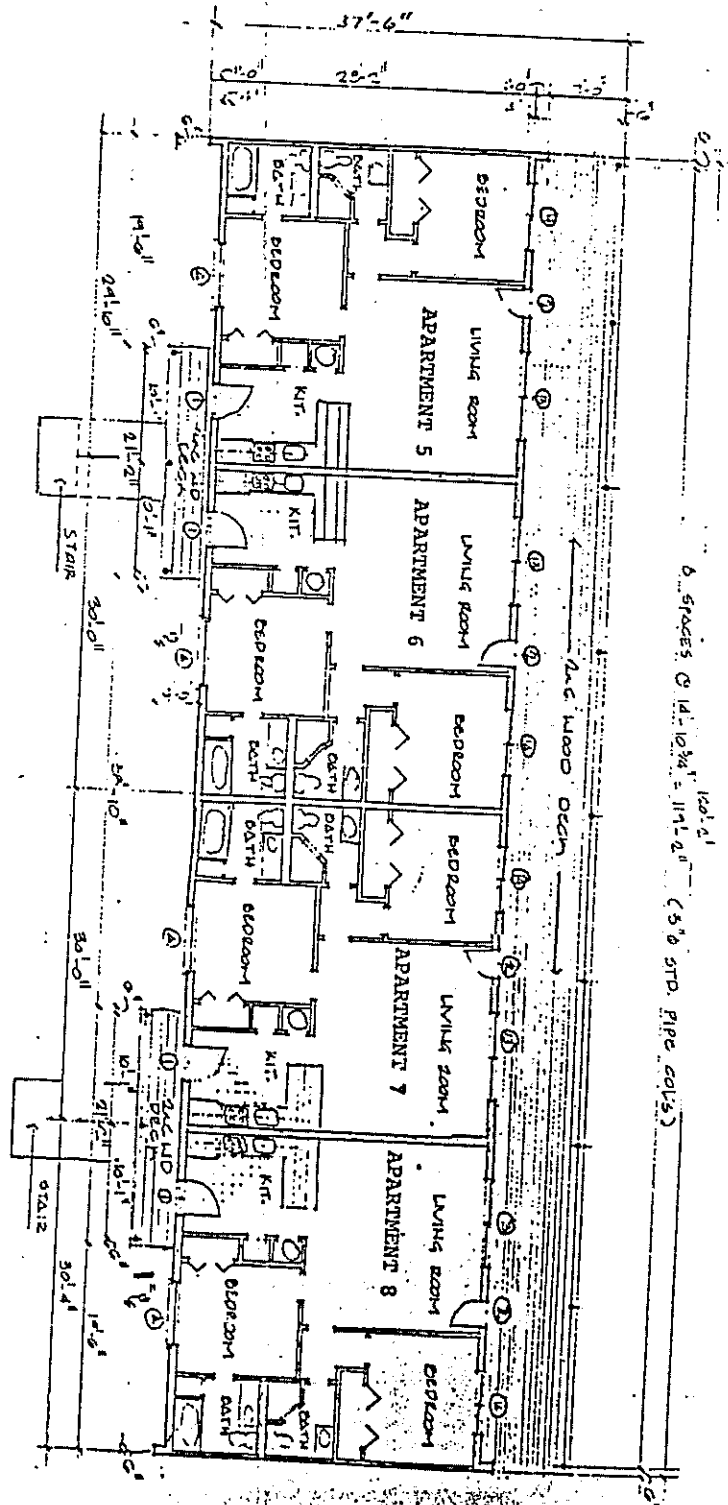
EXHIBIT "C" -- page 1



LOCATION OF CARPORTS

EXHIBIT "C" — page 2.

ALL BUILDINGS --- SECOND (UPPER LEVEL) FLOOR



FLOORPLANS

EXHIBIT "D" -- page 2

EXHIBIT "D" -- page 3

EXHIBIT "E"
SCHEDULE OF APARTMENT UNITS

| <u>BUILDING</u> | <u>APARTMENT</u> | <u>SIZE (SQ. FT.)</u> | <u>UNDIVIDED FRACTIONAL INTEREST IN COMMON ELEMENTS</u> | <u>VOTES IN COUNCIL OF CO-OWNERS</u> |
|-----------------|------------------|-----------------------|---|--|
| A | 1 | 840 | 1/24 | 1 |
| A | 2 | 840 | 1/24 | 1 |
| A | 3 | 840 | 1/24 | 1 |
| A | 4 | 840 | 1/24 | 1 |
| A | 5 | 840 | 1/24 | 1 |
| A | 6 | 840 | 1/24 | 1 |
| A | 7 | 840 | 1/24 | 1 |
| A | 8 | 840 | 1/24 | 1 |
| B | 1 | 840 | 1/24 | 1 |
| B | 2 | 840 | 1/24 | 1 |
| B | 3 | 840 | 1/24 | 1 |
| B | 4 | 840 | 1/24 | 1 |
| B | 5 | 840 | 1/24 | 1 |
| B | 6 | 840 | 1/24 | 1 |
| B | 7 | 840 | 1/24 | 1 |
| B | 8 | 840 | 1/24 | 1 |
| C | 1 | 840 | 1/24 | 1 |
| C | 2 | 840 | 1/24 | 1 |
| C | 3 | 840 | 1/24 | 1 |
| C | 4 | 840 | 1/24 | 1 |
| C | 5 | 840 | 1/24 | 1 |
| C | 6 | 840 | 1/24 | 1 |
| C | 7 | 840 | 1/24 | 1 |
| C | 8 | 840 | 1/24 | 1 |
| | | | | 24 |

EXHIBIT "E": SCHEDULE OF APARTMENT UNITS

EXHIBIT "F"

BYLAWS
OF
THE LANDING CONDOMINIUMS
PHASE ONE

VILLA MARINA, INC., a Texas corporation, hereinafter referred to as "Developer," being the sole owner of the leasehold estate of the Project Tract of Land and Project Property submitted to the provisions of the Condominium Act of the State of Texas (hereinafter referred to as the "Act"), for establishment of a condominium regime to be known as THE LANDING CONDOMINIUMS PHASE ONE, as more particularly defined, described, and provided for in the foregoing and attached Condominium Declaration (hereinafter referred to as the "Declaration"), does hereby adopt the following BYLAWS which shall govern the administration of such condominium regime as provided for and in compliance with said Act.

ARTICLE I
NAME

This condominium apartment project and the condominium regime established under the Declaration to which these Bylaws pertain shall be known as THE LANDING CONDOMINIUMS PHASE ONE.

ARTICLE II
ADMINISTRATIVE BODY

1. Council of Co-Owners. Each Owner of an Apartment Unit in THE LANDING CONDOMINIUMS PHASE ONE shall automatically be a member of the "Council of Co-Owners" (hereinafter referred to as the "Council"), which shall be the governing and administrative body for all Unit Owners for the protection and replacement of the Common Elements, Elements Subject to Common Control, and the government, operation, and administration of the condominium regime established in accordance with the provisions of the attached Declaration and the Act, and shall remain a member thereof until such time as his ownership ceases for any reason. Upon any transfer of ownership of any Apartment Unit, howsoever accomplished, the new Unit Owner acquiring or succeeding to such ownership interest shall likewise automatically succeed to such membership in the Council.

2. Annual Meetings. The first annual meeting of the Council shall be on such date and at such time and place as shall be specified in a notice which Developer shall give to each Unit Owner at least twenty (20) days prior to the end of temporary administration by the Developer. Thereafter annual meetings shall be held on such dates and at such time and place as the Council may decide upon at any annual meeting. At any annual meeting the Council may transact any business which may be properly brought before the meeting.

3. Special Meetings. Special meetings of the Council may be called by the President or by a majority of the members of the Board of Administration, or by Unit Owners having at least 25% of the votes entitled to be cast at such meeting. Notices of special meetings shall be in writing and may be mailed or personally delivered, and each shall state the date, time, place, and purpose of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Unit Owner at his present address as it appears on the books of the condominium project, with postage thereon prepaid. No business shall be transacted at any special meeting which is not generally stated in the notice, unless Unit Owners representing more than 50% of the votes entitled to be cast at such meeting, either in person or by proxy, consent to the transaction of such business.

4. Waiver of Notice. Notice of any meeting of the Council may be waived in writing signed by the person or persons entitled to such notice. Such waiver may be executed at any time before or after the holding of such meeting. Attendance at a meeting shall constitute a waiver of notice, except where the person attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

5. Votes. The aggregate number of votes for all Unit Owners shall be 24. The votes shall be divided proportionately among the respective Owners in accordance with and in proportion to their respective ownership interest in the Common Elements as allocated to each Unit in the Declaration. Votes at any meeting may be cast in person or by proxy. The Developer, through any officer or representative, may cast the votes allocated to the Apartment Units owned by it.

6. Quorum - Definitions. A quorum of Unit Owners for any meeting shall be constituted by Unit Owners represented in person or by proxy and holding more than 50% of the total votes of all Unit Owners, as allocated to each Unit Owner in the Declaration and these Bylaws. If any meeting of the Council cannot be organized because a quorum is lacking, then by majority vote of the Unit Owners present, either in person or by proxy, the meeting may be adjourned to the same hour of a date not less than ten (10) nor more than thirty (30) days from the date on which such meeting was to have been originally held, and at any such adjourned meeting a quorum shall be constituted by Unit Owners present in person or by proxy and holding more than 25% of the total votes of all Unit Owners. No new notice of such adjourned meeting need be given if it is to be held at the same place of the originally scheduled meeting. The term "majority vote" as used in these Bylaws shall mean a simple majority, that is more than 50% of the votes cast at any meeting. The term "majority of Owners or Unit Owners" as used in these Bylaws shall mean the Owner or Owners of Apartment Units who in the aggregate own more than 50% interest in the Common Elements as allocated to the Unit Owners.

7. Order of Business. The order of business at all meetings of the Council shall be as determined by the presiding officer or majority vote of the meeting. The latter shall govern in case of any objection to the former.

8. Means of Attendance. At any meeting of the Council, a Unit Owner may attend by telephone, radio, television, or similar means of communication which permits him to participate in the meeting, and an Owner so attending shall be deemed present at the meeting for all purposes including the determination of whether a quorum is present.

9. Action by Written Consent. Any action required by law to be taken at a meeting of the Council, or any action which may be taken at a meeting of the Council, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the Unit Owners entitled to vote with respect to the subject thereof. Such consent shall have the same force and effect as a unanimous vote of the Council and may be stated as such in any document or instrument reporting or relating to Council action.

ARTICLE III BOARD OF ADMINISTRATION

1. Composition. At the first annual meeting of the Council it shall elect a Board of Administration (hereinafter referred to as the "Board"), which shall be composed of not less than three (3) persons. At least two (2) of the Board members shall be persons owning or having an ownership interest in an Apartment Unit. If the Owner of any Apartment Unit is a corporation, partnership, trust, or other legal entity, a Board member may be an officer, director, partner, or beneficiary of such Unit Owner. At each subsequent annual meeting of the Council it shall elect new members to the Board in place of those whose terms have expired.

2. Duties and Authority. The Board shall manage and administer the affairs of the Council and shall have all such duties, rights, powers, and authority given to it by the Act, the Declaration, or the Bylaws, in addition to the following:

(a) To elect officers of the Council as hereinafter provided.

(b) To administer the affairs of the Council and the Common Elements and Elements Subject to Common Control of the Project Property.

(c) To keep or cause to be kept sufficient books and records with a detailed account of the receipts and expenditures affecting the Project Property and its administration, and specifying the maintenance and repair expenses of the Common Elements and Elements Subject to Common Control. Both the books and vouchers accrediting the entries made thereon shall be available for examination by all Co-Owners and their mortgagees at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedures and be audited at least once a year by an auditor of the organization, as provided by the Act.

(d) To engage the services of a Manager or Managing Agent who shall manage and operate the Common Elements and Elements Subject to Common Control for all of the Unit Owners, upon such terms and for such compensation, and with such specific duties and authority as the Board may approve or as may be specified in the contract of employment executed by the Board in behalf of all Unit Owners. The compensation paid to the Managing Agent shall be part of the Common Expenses.

(e) To formulate and enforce policies for the administration, management, and operation of the Common Elements and Elements Subject to Common Control, without depriving any Unit Owner or other person of the rights and/or privileges given to him by the Act or the Declaration in respect to the Common Elements or Elements Subject to Common Control.

(f) To provide for the maintenance, repair, upkeep, protection, and replacement of the Common Elements, Elements Subject to Common Control, and other items of Common Expense, and insurance for the Project Property, and to approve payment vouchers and make payments therefor.

(g) To delegate any of its duties, powers, and authority to the Manager or Managing Agent employed by the Board.

(h) To adopt an annual budget for the estimated Common Expenses each year, and to provide the manner of assessing and collecting from the Unit Owners their respective pro rata shares of such estimated Common Expenses, as hereinafter provided.

(i) To provide for the designation, hiring, and removal of employees and other personnel, including bookkeepers and accountants, and to engage or contract for the services of others, and in general to make purchases of labor, material, and/or services for the maintenance, upkeep, repair, replacement, administration, management, and operation of the Common Elements and other items and services of Common Expense.

(j) In general, the Board shall have all such duties, rights, and authority to do all such actions and things as are not by the Act, Declaration, or in these Bylaws directed to be done or exercised exclusively by the Unit Owners or Council which shall be necessary or reasonably required for the successful and orderly administration, management, and operation of the condominium regime established by the Declaration to which these Bylaws pertain.

(k) To adopt rules of conduct in addition to those set out in Article VI hereof from time to time as it may determine to be necessary. Such rules of conduct shall relate to any and all matters concerning the use of general Common Elements and Elements of Common Control, including but not limited to regulation of parking, lawn furniture, control of pets, and use of carports and storage areas.

3. Term of Office. At the first meeting of the Council at which Board members are elected, the term of office of two members of the Board shall be fixed for two years, and the term of office of the other Board member (or members) shall be fixed at four years. At the expiration of the initial term of office of each respective Board member, his successor shall be elected to serve a term of four years. The Board members shall hold office for their respective terms and until their successors have been elected and hold their first meeting.

4. Vacancies. Vacancies in the Board caused by any reason other than the removal of a Board member by vote of the Council shall be filled for the unexpired term by vote of the majority of the remaining Board members, even though they may constitute less than a quorum; and each person so elected shall be a Board member until a successor is elected at the next annual meeting of the Council or special meeting called for that purpose.

5. Resignation. Any member of the Board may resign at any time by giving written notice of resignation to the President or any other officer of the Council.

6. Automatic Resignation and Removal. If any member of the Board who was the Owner of an Apartment Unit or interest therein at the time of his election or appointment to the Board shall at any time sell or otherwise dispose of or voluntarily or involuntarily cease to be the Owner of such Apartment Unit or interest therein during his term of office, then upon such termination or cessation of his ownership interest in such Apartment Unit, such member shall automatically be deemed to have effectively resigned from the Board and he shall automatically be removed therefrom.

7. Removal by Council. At any regular or annual meeting or at any special meeting called for that purpose, the Council may by majority vote remove any one or more members of the Board, with or without cause, provided that a successor or successors shall then and there be elected to fill the vacancy or vacancies thus created, for the unexpired term of the Board member or members removed. Any Board member whose removal has been proposed shall be given an opportunity to be heard at such meeting.

8. Organizational Meeting. The first meeting of the newly elected Board shall be held within ten (10) days of election at such place as they shall fix at the meeting at which they were elected, to legally constitute such meeting, provided a majority of the whole Board shall be present.

9. Regular Meetings. Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board members, but at least one (1) such meeting shall be held during each fiscal year. Notice of regular meetings shall be given to each member personally or by mail, telephone, or telegraph, at least three (3) days prior to the day designated for such meeting.

10. Special Meetings. Special meetings of the Board may be called by the President on three (3) days prior notice to be given as in the case of regular meetings, stating the time, date, place, and purpose of the meeting. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of at least 50% of the Board members.

11. Waiver of Notice. Notice of any meeting of the Board may be waived in writing signed by the person or persons entitled to such notice. Such waiver may be executed at any time before or after the holding of such meeting. Attendance of a Board member at a meeting shall constitute a waiver of notice of such meeting, except where a Board members attends for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

12. Quorum. At all meetings of the Board a majority of the members shall constitute a quorum for the transaction of business, and the acts and decisions of the majority of Board members present at any meeting at which a quorum is present shall be the acts of the entire Board.

13. Executive Committee. The Board of Administration, by resolution adopted by a majority of the Board members, may designate two or more Board members to constitute an Executive Committee, which committee, to the extent provided in such resolution, shall have and may exercise all of the authority of the Board in the business and affairs of the condominium project except where action of the Board is specified by the Act or other applicable law, but the designation of such committee and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed upon it or him by law. The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board when required by the Board.

14. Compensation. Members of the Board, as such, shall not receive any salary for their services, but, by resolution of the Board, a fixed sum, plus expenses of attendance, if any, may be paid for attendance at each regular or special meeting of the Board. Members of the Executive Committee may, by resolution of the Board, be allowed like compensation for attending committee meetings. Nothing herein shall be construed to preclude any Board member from serving the condominium project in any other capacity, and any Board member may contract for and receive pay and compensation for work, materials, or professional services furnished to the Board or condominium project outside his normal duties as a Board member.

15. Means of Attendance. At any meeting of the Board, a member may attend by telephone, radio, television, or similar means of communication which permits him to participate in the meeting, and a member so attending shall be deemed present at the meeting for all purposes including the determination of whether a quorum is present.

16. Action by Written Consent. Any action required or permitted to be taken at a meeting of the Board or any Executive Committee 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 or Executive Committee, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting and may be stated as such in any document or instrument reporting or relating to Board action.

ARTICLE IV OFFICERS

1. Designation. The principal officers of the Council shall be a President, one or more Vice Presidents, a Secretary, and a Treasurer, and the office of Secretary and Treasurer may be held at the same time by the same person. The Board may

appoint Assistant Secretaries, Assistant Treasurers, and such other officers as in their judgment may be necessary.

2. Election of Officers. The officers of the Council shall be elected and appointed annually by the Board at the organizational meeting of each new Board, and they shall hold office at the pleasure of the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board, or by majority vote of the Council at any meeting, an officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board or at any special meeting called for that purpose.

4. President. The President shall also be a member of the Board. He shall be the chief executive officer of the Council and shall preside over meetings of the Board and of the Council. He shall have all the general powers and duties which are usually vested in the office of the President of an organization, including, but not limited to, the power to appoint committees for various purposes as he shall deem appropriate.

5. Vice President. The Vice President shall take the place of the President and perform his duties whenever the President is absent or unable to act.

6. Secretary. The Secretary shall keep the minutes of all meetings of the Board and of all meetings of the Council. He shall, in general, perform all the duties incident to the office of Secretary. The Secretary may be the Managing Agent or a representative of the Managing Agent.

7. Treasurer. The Treasurer shall have the responsibility for the Council funds and securities and shall be responsible for keeping the financial records and books of account.

8. Vacancies. Vacancies in any office may be filled by the Board at any meeting thereof.

9. Compensation. The officers, as such, shall receive no salary for their services, except that if the Managing Agent holds any office, he may be paid for his services as Managing Agent, including performance of the duties of his office, and except that by resolution of the Board of Administration, a fixed sum, plus expenses of attendance, if any, may be paid to the officers for attendance at each regular or special meeting of the Council or for the conduct of other business on behalf of the condominium project. Nothing herein shall be construed to preclude any officer from serving the condominium project in any other capacity, and any officer may contract for and receive pay and compensation for work, materials, or professional services furnished to the Council or condominium project outside his normal duties as an officer.

ARTICLE V ASSESSMENTS

1. Budget.

(a) The Board shall prepare or cause to be prepared an estimated annual budget for each fiscal year of the Council. Such budget shall take into account the estimated Common Expenses and cash requirements for the year, including salaries, wages, payroll taxes, supplies, materials, parts, services, maintenance, repairs, replacement, landscaping, insurance, water service, power, and other common utilities, management fees, and other Common Expenses. The annual budget shall also take into account and provide for a reserve for contingencies for the year and a reserve for replacements of the Common Elements, and Elements Subject to Common Control, in reasonable amounts as fixed by the Board. Any surplus or deficits in regard to previous budgets shall also be considered.

(b) The annual budget as estimated by the Board for each fiscal year shall be approved by the Board, and copies thereof shall be furnished to each Unit Owner not later than ninety (90) days after the beginning of such year. Unless the Board otherwise determines, each fiscal year shall be from the first day of January of each calendar year to the last day of December of such calendar year. The Board may designate a different fiscal year at its pleasure.

2. Obligation of Unit Owners. Unless the Board otherwise determines, assessments and charges covering all items of Common Expense provided for herein or in the

Declaration shall be payable semi-annually on or before the first day of January and the first day of July of each year. Each Unit Owner shall pay to the Managing Agent or the Board or such person as the Board may designate, as his respective semi-annual assessment for the Common Expenses, one-half (1/2) of his proportionate share of the Common Expenses for such budget year as estimated in and shown by such annual budget. Such proportionate share for each Unit Owner shall be in the ratio of his respective ownership interest in the Common Elements as set forth in the Declaration. The Board, Managing Agent, or other person authorized to collect and receive such assessments shall receive and hold the same in trust as Trustee for each of the Unit Owners and shall use, disburse, pay, and expend the same for the purposes authorized by said Council, Declaration, these Bylaws, or resolution of the Council of Co-Owners, for the mutual and common good and benefit of the Unit Owners. The Board or Managing Agent may cause a statement to be sent to each Unit Owner for his respective assessment semi-annually, but the failure to send or receive any such statement during any such period shall not relieve the obligation or excuse the failure to pay same or any part thereof. In the event that the Board shall not approve an estimated annual budget for any year, or until such time as the Board approves an estimated annual budget for the new fiscal year and notifies each Unit Owner of such, each Unit Owner shall continue to pay semi-annually the amount of his respective semi-annual assessment as last determined. No Unit Owner shall be relieved of his obligation to pay his assessments or Common Expenses by abandoning or not using or occupying the Apartment Unit belonging to him or by waiving or abandoning his rights or privileges to use or enjoy the Common Elements or any part thereof, nor under any other circumstances so long as his ownership continues. It shall be the duty of each and every Unit Owner to pay his proportionate share of the Common Expenses, in the same ratio as his percentage of ownership in the Common Elements as set forth in the Declaration, whether or not a statement for such semi-annual assessment is sent or received. If any Unit Owner shall fail or refuse to pay his pro rata part of the Common Expenses, or any part thereof, the amount thereof unpaid shall constitute a lien against his Apartment Unit, subject to certain prior liens and subject to foreclosure as provided for in the Declaration.

3. Supplemental Budget. In the event it shall appear to the Board that the estimated annual budget for any fiscal year shall be inadequate to cover the estimated Common Expenses in respect to the Common Elements and Elements Subject to Common Control or the Project Property or other expenses or assessments lawfully agreed to by the Council or the Unit Owners in accordance with the provisions of the Act or Declaration, then the Board shall prepare or cause to be prepared a supplemental estimated budget to cover the estimated deficiency for the remainder of the fiscal year, and each Unit Owner shall be assessed and pay his proportionate part of such supplemental annual budget in the same ratio of his percentage of common ownership in the Common Elements as established in the Declaration.

4. Capital Expenditures - Contracts. The Board shall not approve any capital expenditures for new improvements on any part of the Common Elements or Elements Subject to Common Control, excluding repair or replacement of existing improvements, in excess of \$3,000, nor enter into contracts for more than three years, without the approval of the Unit Owners who, in the aggregate, own more than fifty percent (50%) of the Common Elements.

5. Assessment During Period of Temporary Administration. "No budget or estimated budgets of the Common Expenses shall be prepared or adopted for or during the limited period of the temporary administration of this condominium project by the Developer, as temporary administrator, as provided for in the Declaration and these Bylaws; however, during this limited period of temporary administration by the Developer, there shall be assessed against each Unit Owner, and each Unit Owner shall and agrees to pay, his pro rata share, in proportion to his percentage of ownership interest in the Common Elements as set out in the Declaration, of the Common Expenses actually incurred by the Developer as temporary administrator, for maintenance, repairs, upkeep, replacement, and other service to the Common Elements and Elements Subject to Common Control, as well as for insurance, water, power, and other common utilities or services, and such other expenses as the Developer shall actually incur as temporary administrator which shall constitute "Common Expenses" under the provisions of said Act, Declaration, or these Bylaws.

During the limited period of temporary administration by the Developer, the Developer shall semi-annually prepare and send or cause to be sent to each Unit Owner the written statement which shall set out the nature and amount of the Common Expenses incurred by Developer as temporary administrator for the period of time specified in each statement, and each such statement as sent shall constitute an assessment against each Apartment Unit and Apartment Unit Owner, for its and his pro rata share of such Common

Expenses. Each Unit Owner shall pay the amount of his assessment to the Developer within fifteen (15) days after the date such statement is sent. Each assessment thus made shall constitute a lien against each Apartment Unit in the same manner and to the same extent as the liens provided for in the Declaration to secure the payment of assessments for Common Expenses.

Upon or prior to the termination of the temporary administration by the Developer, the Developer shall prepare or cause to be prepared and furnish copies to each Unit Owner (in person or by sending same to the address of the Owner of each Apartment Unit) a proposed or suggested estimated annual budget for the first fiscal year of the Council of Co-Owners following termination of the temporary administration by the Developer, which suggested or proposed estimated budget may be considered, adopted, or rejected in whole or in part by the Board of Administration to be elected. The duty of Developer, as temporary administrator, to pay for Common Expenses and to make and collect assessments therefor shall cease and terminate at the same time the temporary administration by it ceases and terminates as provided for in the Declaration and/or in these Bylaws, and thereafter it shall be the duty of said Board of Administration to adopt an estimated annual budget for each fiscal year and to make and collect assessments for Common Expenses in accordance with the provisions of the Declaration and these Bylaws.

ARTICLE VI RULES OF CONDUCT

1. The Apartment Unit shall be used and occupied only for the purpose or purposes authorized in the Declaration. No unlawful, immoral, noxious, or offensive activity shall be carried on in any Apartment Unit or elsewhere on the Project Property, nor shall anything be done therein or thereon which shall constitute a nuisance or cause unreasonable noise or disturbance to others.

2. Unit Owners shall not display, hang, or store any signs, clothing, sheets, blankets, laundry, or other articles outside his Apartment; nor shall any Unit Owner paint or decorate or adorn the outside walls of any Apartment Building or install outside his Apartment any canopy or awning or other equipment, fixture, or item of any kind without the written permission of the Board.

3. The Developer may use any Apartment Unit or Units it may own as a "model apartment" for display to the public and/or as a sales office during the period of time it owns any Apartment Unit or Units which are for sale, and it may place or affix an appropriate sign or signs on a door outside such Unit or on the Project Property to advertise same, and, during any such period, existing signs on the property may be maintained.

4. Each Unit Owner shall maintain his Apartment Unit in good condition and in good repair and order, at his own expense, excepting the Common Elements and Elements Subject to Common Control.

5. The use, maintenance, and operation of the Common Elements or Elements Subject to Common Control shall not be obstructed, damaged, or unreasonably interfered with by any Unit Owner.

6. Trash, garbage, and other waste shall be kept in sanitary containers while in any Apartment or on any Apartment Unit and shall be disposed of in the garbage disposal installations provided or as otherwise directed by the Board or Managing Agent.

7. The Developer and its employees, agents, representatives, contractors or sub-contractors, and other persons authorized by the Developer, and their agents and employees, shall be entitled to access, ingress, and egress to said Project Property as may be required in connection with construction on or remodeling of the Project Property.

8. No Unit Owner shall do anything which would change the appearance of any area outside his Apartment, or any part of the Common Elements or Elements Subject to Common Control, without the prior written consent of the Board or Managing Agent first obtained, and then only in the manner specified in such consent.

ARTICLE VII GENERAL PROVISIONS

1. Temporary Administration by Developer. During the limited period of temporary administration of this condominium regime and the Project Property by the Developer,

as provided for in the Declaration, the Developer shall constitute and represent and act as the Council of Co-Owners and shall exclusively have and exercise all powers, rights, authority, and duties of the Council of Co-Owners; and the Developer may in its discretion delegate all of such powers, rights, authority, and duties to a temporary Managing Agent whom it may designate. The Developer or its temporary Managing Agent shall also constitute and exclusively act as, and represent and have all of the powers, rights, authority, duties, and functions of, the Board of Administration during the period of such temporary administration by Developer.

2. Resolutions. Resolutions adopted by the Board from time to time, pursuant to the Declaration or Bylaws or in the exercise of its duties, which do not amend these Bylaws need not be filed for record, but the records thereof shall be kept in the minute book.

3. Amendments. These Bylaws may be amended or modified from time to time by action or approval of a majority of the Unit Owners (as such majority is defined in these Bylaws), but no amendment, change, or modification shall be made which would conflict or be inconsistent with the Declaration or any of its provisions, except in the manner required for amendments to the Declaration. Such amendments shall be filed for record in the office of the County Clerk of Palo Pinto County, Texas. The term "majority of Unit Owners" or "majority of Owners" as used in these Bylaws and in the Declaration means the Owner or Owners of Apartment Units who, in the aggregate, own more than 50% of the votes entitled to be cast at any meeting of the Council of Co-Owners, as such votes are allocated to the respective Unit Owners by the Declaration.

4. Compliance. These Bylaws are set forth to comply with the requirements of the Act and the provisions of the Declaration. In case these Bylaws or any part hereof conflict with any of the provisions of said Act or the Declaration, it is hereby agreed and accepted that the provisions of the Act and/or Declaration shall govern and be controlling.

DATED AND ADOPTED by the undersigned, sole owner of the leasehold estate and improvements thereon constituting THE LANDING CONDOMINIUMS PHASE ONE, a condominium project, this 24th day of May, 1978.

VILLA MARINA, INC.

By 
R. L. MARTIN, President

ATTEST:

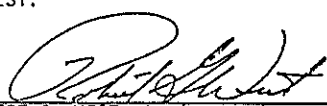

ROBERT G. WEST, Assistant Secretary

EXHIBIT "F" BYLAWS

EXHIBIT "G"

COPY OF DOCUMENTS FROM BRAZOS RIVER AUTHORITY
RELATING TO FACILITIES ON POSSUM KINGDOM LAKE



BRAZOS RIVER AUTHORITY

4100 COONS DRIVE P. O. BOX 1553 TELEPHONE AREA CODE 817 776-1111

WACO, TEXAS 76710

April 11, 1978

Mr. R. L. Martin
Star Route, Box 126
Graford, Texas 76045

Dear Mr. Martin:

The Lake Management Committee of the Board of Directors of Brazos River Authority at its meeting on January 27, 1978, considered your application for a permit for facilities on Possum Kingdom Lake, copy attached as Exhibit B, including the sketch of the facilities to be installed, copy attached as Exhibit C.

The Committee approved the application under the conditions set forth in this letter and in Exhibit A, attached, provided that you include a copy of this letter and the attached Exhibit A in your condominium declaration, and provided that you give a copy of the condominium declaration to each condominium purchaser so that each purchaser will be fully informed of the conditions under which these facilities are permitted on Possum Kingdom Lake.

The facilities must be installed as shown on the sketch accompanying the application for permit (Exhibit C), and the facilities may not be moved or altered so as to cause them to extend any further into the lake than when originally installed.

These facilities are considered commercial rather than private, and the annual fee for such facilities is computed at the rate of 10¢ per square foot of lake area required. Based on the information presented in the application and sketch, the "lake area required" for these facilities totals 7,460 square feet, so the annual fee is \$746.00. This fee is subject to change at any time the 10¢ per square foot rate is adjusted by the Brazos River Authority.

It is understood that, in normal operation, the lake level may drop as much as 30 feet or more. IT IS THEREFORE RECOGNIZED THAT THERE WILL BE TIMES WHEN THESE FACILITIES WILL BE PARTIALLY OR ENTIRELY OUT OF THE WATERS OF THE LAKE.

If these conditions are acceptable, please so indicate by signing in the space provided below on all three copies of this letter. One copy is for you to retain and use in making copies for each condominium declaration, and the other two copies are to be returned to the Brazos River Authority Possum Kingdom Lake Office, Star Route, Graford, Texas 76045

Sincerely yours,

WALTER J. WELLS
General Manager

WJW:bo
Att.

Accepted this 7 day of May, 1978.

VILLA MARINA, INC. (THE LANDING)

By R. L. MARTIN, President

EXHIBIT "G" BRA PERMIT - PAGE 1

CONDITIONS UNDER WHICH
FACILITIES ARE PERMITTED TO BE MAINTAINED
ON POSSUM KINGDOM LAKE BY "THE LANDING" CONDOMINIUM ASSOCIATION

1. Facilities shall be installed and maintained only in the location specifically authorized by the Brazos River Authority.
2. Buoyancy for all floating facilities shall be provided by styrofoam or similar flotation material. Barrels, drums or other improvised flotation equipment may not be used unless filled with a satisfactory flotation material.
3. No living quarters, kitchens, or toilet facilities will be allowed in or on facilities permitted on the lake.
4. Responsibility for safety and structural soundness of permitted facilities shall rest entirely with the owner or permittee.
5. Light reflectors must be installed on both sides of all facilities at no greater than 20-foot intervals.
6. There shall be permanently displayed on each permitted facility a "permanent permit plate" bearing an identifying permit number furnished by the Brazos River Authority when the permit is issued. There shall also be displayed adjacent to the permanent permit plate an "annual permit plate" issued each year by the Authority to show that the annual fee has been paid and the permit is valid for the year shown on the annual permit plate.
7. Permittees shall observe Possum Kingdom Lake Rules and Regulations and other requirements of Brazos River Authority with regard to construction, maintenance, and use of the permitted facilities.

8. If a permittee fails to observe applicable regulations and requirements of Brazos River Authority or to pay the annual permit fee when due, Brazos River Authority may cancel the permit and require removal of the facilities on 30 days' notice.

THE LAKE LEVEL WILL NOT BE CONSTANT. POSSUM KINGDOM LAKE IS A WATER CONSERVATION AND HYDROELECTRIC POWER PROJECT, AND THE LEVEL OF WATER IN THE LAKE WILL VARY, DEPENDING ON THE AMOUNTS OF RAINFALL AND RUNOFF IN THE BRAZOS BASIN UPSTREAM AND OTHER FACTORS. DURING A SEVERE DROUTH, THE LEVEL MAY DROP AS MUCH AS 30 FEET OR MORE BELOW THE FULL LAKE LEVEL.

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APPLICATION FOR PERMIT FOR COMMERCIAL FACILITY
ON POSSUM KINGDOM LAKE

To: Brazos River Authority - Possum Kingdom Lake Office
Mailing Address: Star Route, Graford, Texas 76045

Mr. R.L. Martin
Name of Applicant

Star Route, Box 126
Mailing Address

Graford
City

Texas
State

76045

Zip Code

Structure or Facility Description: Swim Dock, Gas Dock & Day Slips
Type (Dock, Pier, Boathouse, etc.)

(Attach Sketch If Necessary)

Length _____ Ft.: Width _____ Ft.

FACILITIES MAY NOT BE
EXTENDED OR ALTERED IN
ANY MANNER WITHOUT APPROVAL
OF BRAZOS RIVER AUTHORITY

(See Sketch)

Catwalk Length _____ Ft.: Width _____ Ft.

Location of structure or facility (Lot, Area, Name of Lessor, etc.):

"The Landing" Condominiums - Constantin Lease

Applicant represents that he has the necessary landrights on land adjoining the lake at the site of the requested facility.

Applicant understands that the annual permit fee for the privilege of constructing and maintaining the requested facility on Possum Kingdom Lake is 10¢ per square foot of lake area required for the facility, with the minimum fee being \$50.00 per year; Applicant agrees to make prompt payment of the annual fee, due on January 1 of each year, to Brazos River Authority, P.O. Box 7555, Waco, Texas 76710.

Applicant agrees to observe Possum Kingdom Lake Rules and Regulations and other requirements of Brazos River Authority with regard to construction, maintenance and use of the requested facility.

If Applicant fails to observe applicable regulations and requirements of Brazos River Authority or to pay the annual permit fee when due, Brazos River Authority may cancel this permit on 30 days notice.

Date 2/27/78

Signature of
Applicant

R.L. Martin

DO NOT WRITE BELOW THIS LINE

Approved for not to exceed 7460 square feet of lake area.

Date 4/11/78

BRAZOS RIVER AUTHORITY

By

L. D. Hill

BRA Form No. 42
Revised 8/23/77

EXHIBIT "B"

INFORMATION FOR APPLICANTS
FOR PERMITS FOR PRIVATE FACILITIES
ON POSSUM KINGDOM LAKE

Permits are to be obtained before construction is initiated.

Buoyancy for all floating facilities shall be provided by styro-foam or similar flotation material. Barrels, drums, or other improvised flotation equipment may not be used unless filled with satisfactory flotation material.

No living quarters, kitchens or toilet facilities will be allowed in or on facilities permitted on the lake.

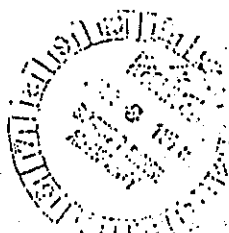
Responsibility for safety and structural soundness of permitted facilities shall rest entirely with the owner or applicant. Authority may revoke the permit for any facility not properly maintained or not meeting the requirements of the Authority's rules and regulations.

Facilities must be so located and maintained as not to obstruct access to the lake from adjoining properties.

THE LAKE LEVEL WILL NOT BE CONSTANT, AND THIS FACT SHOULD BE TAKEN INTO CONSIDERATION BY ALL APPLICANTS FOR PERMITS. THIS IS A WATER CONSERVATION AND HYDRO-ELECTRIC POWER PROJECT, AND THE LEVEL OF WATER WILL VARY, DEPENDING ON THE AMOUNT OF WATER USED FROM THE LAKE, EVAPORATION RATES, AMOUNTS OF RAINFALL AND RUNOFF IN THE BRAZOS BASIN UPSTREAM, AND OTHER FACTORS. DURING A SEVERE DROUTH, THE LEVEL MAY DROP AS MUCH AS 30 FEET OR MORE BELOW THE FULL LAKE LEVEL.

Brazos River Authority will furnish for each permitted facility a "permanent permit plate" bearing an identifying permit number which must be permanently displayed on the permitted facility so that it is visible from passing boats on the lake.

In addition to the permanent permit plate, Brazos River Authority will furnish each year an "annual permit plate" showing the year for which issued. The annual permit plate for the current year must also be displayed on the facility adjacent to the permanent permit plate.



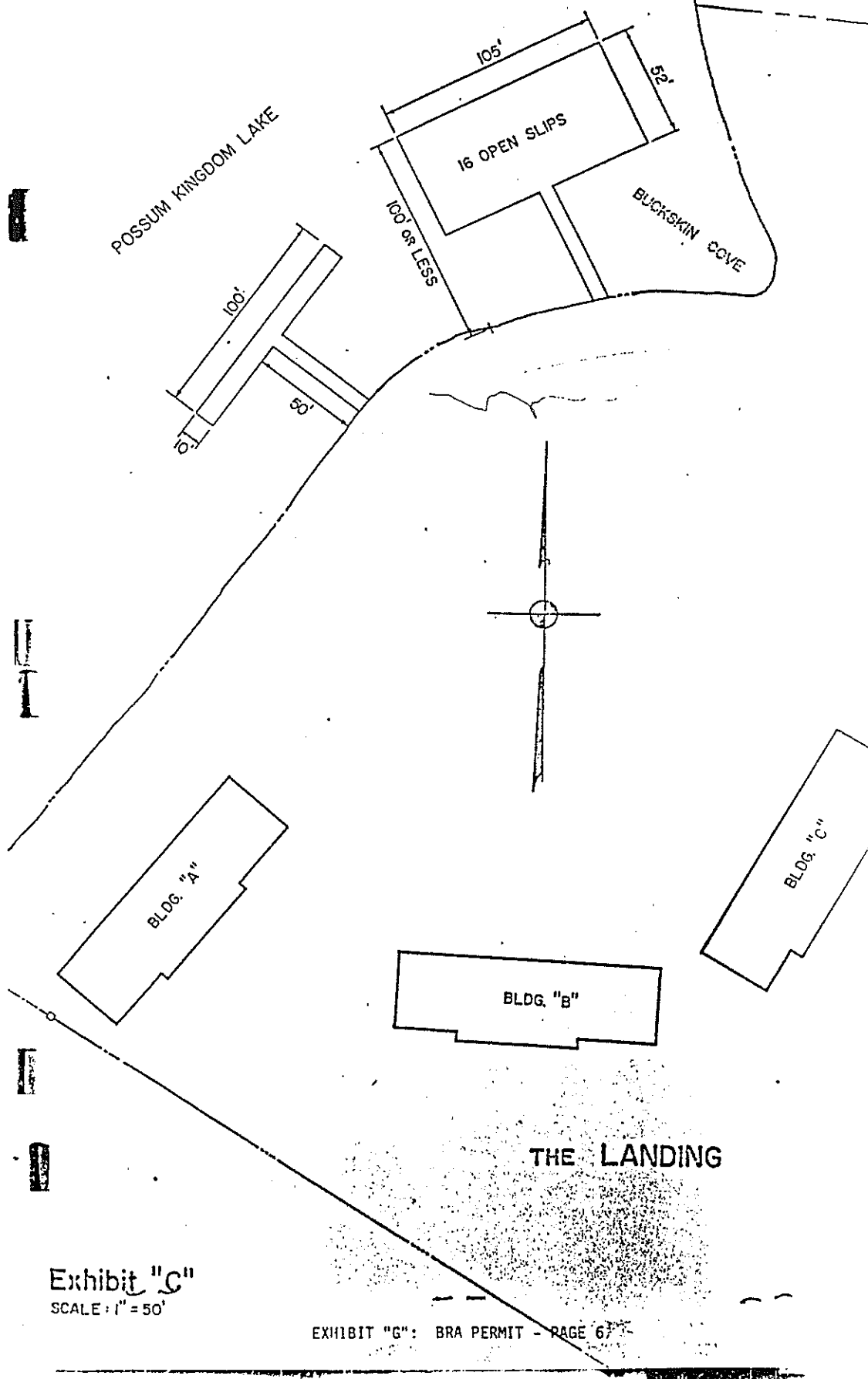


Exhibit "C"

SCALE: 1" = 50'

THE STATE OF TEXAS
County of Palo Pinto

I, C. V. Botkin, Clerk of the County Court in and for said County do hereby
certify that the above instrument in writing, with its certificate of authentication, was filed for record in my office
on the 13 day of June A.D. 1978 at 9 o'clock P.M. and recorded the 20 day
of June A.D. 1978 in the Condominiums Records of said County
in Volume 1 Pages 248

Witness my hand and official seal in Palo Pinto, Texas, this day and year last above written.

C. V. Botkin
County Clerk, Palo Pinto County, Texas

By [Signature] Deputy