

DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS FOR
GARDENS AT SPICEWOOD CONDOMINIUMS
REVISED 1998

Recitals

This is a Declaration of Covenants, Conditions, and Restrictions for the Gardens at Spicewood Condominiums. The property subject to this Declaration is described in Exhibit A. The property consists of 34 residential condominium units, and no more, and various common areas and common area improvements, all of which are built. The property is locally known as the "Gardens At Spicewood Condominiums."

The Declaration establishes a plan for individual ownership in fee simple of each condominium unit and an undivided interest in the common area and common facilities. Each owner shall have exclusive ownership of, possessory interest in, and responsibility for the area or space contained within such owner's condominium unit, subject to the covenants, conditions, and restrictions contained in the Declaration.

The Declaration and the Property subject to it shall be governed by the Texas Uniform Condominium Act, Chapter 82, Texas Property Code as amended from time to time. The terms, covenants, conditions, easements, restrictions, uses, limitations, and obligations in this Declaration shall be deemed to run with the land and shall be binding upon any person acquiring or owning an interest in the real property and improvements, their grantees, successors, heirs, executors, administrators, devisees, and assigns.

WHEREAS, Unit owners own real property located in Travis County, Texas, more particularly described as Lot Two (2), THE GARDENS AT BALCONES, an addition in Travis County, Texas, according to the map or plat thereof, recorded in Volume 83, Page 138D and 139A, Plat Records of Travis County, Texas (the "Property").

WHEREAS, the Property presently consists of the land, proposed residential buildings containing a total of Thirty-four (34) Units therein, together with other improvements now or hereafter erected thereon, facilities and appurtenances thereto and all property, real, personal or mixed, intended for use or used in connection with the Property, being hereinafter sometimes referred to as the "Project" or the "Condominiums."

ARTICLE I
DEFINITIONS AND TERMS

1.1 DEFINITIONS AND TERMS. As used in this agreement, the following terms shall have the respective meanings set forth after them unless the context shall expressly provide otherwise:

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

b. "Assessment" shall mean the assessment made and levied against each Owner and his Unit for that portion of the cost of maintaining, improving, repairing, operating and managing the Condominiums and for repair, maintenance and operation of the Common Elements, including reserves for replacements, which is to be paid by each Unit Owner as stated in the Texas Uniform Condominium Act.

c. "Association" shall mean and refer to the GARDENS AT SPICEWOOD CONDOMINIUMS HOMEOWNERS ASSOCIATION, INC., its successors and assigns, a non-profit corporation organized pursuant to the Texas Non-Profit Corporation Act, of which the Owners shall all be Members. The term "Association" shall have the same meaning as the term "Council of Co-Owners" in the Texas Condominium Act.

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

e. "Building" shall mean one or more of the structures presently erected on the Property containing two or more Units.

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

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

h. "Common Expenses" means and includes:

1. All sums lawfully assessed with respect to the Common Elements by the Board;
2. Expenses of admission and management, maintenance, repair or replacement of the Common Elements, as provided herein, including a reasonable reserve for such purposes;
3. Expenses agreed upon as Common Expenses by the Owners; and
4. All sums designated as Common Expenses by or

pursuant to the Project Documents.

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

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

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

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

1. The land in the condominium regime more particularly described as Lot Two (2), THE GARDENS AT BALCONES, and addition in Travis County, Texas, according to the map or plat thereof, recorded in Volume 83, Page 138D and 139A, Plat Records of Travis County, Texas
2. To the extent not otherwise designated as Limited Common Elements, the foundations, common dividing walls between two or more Units or between Units and Common Elements, exterior walls, bearing walls and columns (including any windows, doors and chimneys therein), girders, beams, slabs, supports, roofs, attics, ceilings, floors, halls, lobbies, or thoroughfares such as stairways, entrances, exits or communication ways and other portions of any Building located on the Property.
3. The grounds, yards, gardens, mail rooms, unassigned parking area, driveways, fences, streets, service drives, walks, and service easements.
4. All other structures, facilities, equipment, and property located on the Project necessary or convenient to its existence, maintenance, operation and safety, or normally in common use.
5. All other items not described as a Unit or a Limited Common Element.

6. All repairs, replacements and additions to any of the foregoing.
- m. "Institutional Lender" shall mean the Federal Home Loan Mortgage Corporation ("FHLMC"), the Federal National Mortgage Association ("FNMA") or other similar government agency; any bank, savings and loan association, insurance company, or any other similar financial institution holding a recorded first Mortgage or Deed of Trust on any Unit.
- n. "Limited Common Elements" shall mean those Common Elements reserved for the use of a specified Unit or Units to the exclusion of others, or serving exclusively one or more specified Units, the enjoyment, benefit or use of which is reserved to the lawful occupants of said Unit or Units either in this Declaration, or as indicated on the Map as same may be amended from time to time, including by way of example, but not limited to:
1. Patios, courtyards, entrances, stairways and storage area, if any, indicated on the Map as Limited Common Elements appurtenant to a specified Unit or Units;
 2. The utilities, sewers, power, water, gas, electricity and other common lines running through the walls, ceilings or floor of each Unit and used only to service such Unit.
 3. Such portions of the perimeter walls, floors, ceilings, doors, windows, and all associated fixtures and structures therein as well as air conditioning and heating equipment, as lie outside the Unit boundaries but that serve only such Unit.
- o. "Map" or "Condominium Plan" shall mean and refer to the engineering survey of the Property which is filed herewith as Exhibit "A" and by this reference made a part hereof, as the same may be amended from time to time as herein provided. The Map sets forth, among other things, a survey of the Property showing the location of the Building designated by letter. The Map or Condominium Plan shall also include, and refer to, a plat of each Unit showing the perimeter measurement of the exterior walls, floor and Unit number and general description of the Common Elements, a copy of which is attached hereto and incorporated as Exhibit "B".

In interpreting the Map, the existing physical boundaries of each Unit shall be conclusively presumed to be its boundaries. Declarant reserves unto itself the right, so long as Declarant owns one or more Units, to amend the map and amendments thereto to conform same to the actual location of any of the improvements, to establish, vacate and relocate easements, access road easements, parking spaces, to establish certain General Common Elements not theretofore established, to establish certain General Common Elements as Limited Common Elements, to show such other changes that Declarant may make in accordance with the terms of this Declaration including, but not limited to, Article II(3).

- p. "Member" shall mean and refer to a person entitled to membership in the Association as provided herein.
- q. "Mortgage" or "Deed of Trust" shall mean a lien interest in a Unit given to a creditor as security for repayment of a loan made to the Unit Owner, said interest to be evidenced by an instrument duly and properly recorded in the Deed of Trust Records of Travis County, TX.
- r. "Mortgagee" shall mean the beneficiary or a holder of any first lien Deed of Trust or Mortgage.
- s. "Owner" or "Owners" shall mean and refer to the record holder or holders of fee simple title of a Unit in the Project, but shall exclude Persons having any interest in a Unit merely as security for the performance of any obligation.
- t. "Person" means a natural person, a corporation, a partnership, a trustee, or other legal entity.
- u. "Project Documents" means and includes this Declaration and the exhibits attached hereto, the Articles and Bylaws of the Association, as the same may be established or amended from time to time.
- v. "Texas Uniform Condominium Act" or "Act" shall mean Chapter 82 of the Texas Property Code as amended from time to time, which permits the creation of condominium regimes, and same is amended or supplemented in any successor statute.

ARTICLE II.

DIVISION OF PROJECT AND CREATION OF PROPERTY RIGHTS

2.1. Division of Project. The Project is hereby divided into the following freehold estates and areas: On the Map (Exhibit "A") attached hereto, the Buildings in the Project are lettered as indicated thereon and the Units located therein are numbered and shown on the Map (Exhibit "B").

a. Units. In determining dimensions of, and area contained within each Unit, the enclosed space within a Unit shall be measured from interior finished, unpainted surfaces of the perimeter walls, floors and ceilings, and the Unit shall include the airspace so encompassed. Included in each Unit, without limitation, shall be finishing materials applied or affixed to the interior surfaces of the common exterior wall or interior walls, floors or ceilings (such as, but without limitation, paint, wallpaper, vinyl wall or floor covering, carpet and tile). The boundaries of each Unit shall be the interior surface of the perimeter walls, floor, ceilings, windows and doors. Interior trim around windows and doors shall be a part of each Unit and shall not be a part of the Common Elements. The Unit does not include "Common Elements" defined herein. IT IS EXPRESSLY STIPULATED, AND EACH AND EVERY PURCHASER OF A UNIT, HIS HEIRS, EXECUTORS, ADMINISTRATORS, SUCCESSORS AND ASSIGNS HEREBY AGREE THAT THE SQUARE FOOTAGE, SIZE AND DIMENSIONS OF EACH UNIT, AS SET OUT AND SHOWN IN THIS DECLARATION OR ON THE CONDOMINIUM PLAN ARE APPROXIMATE AND ARE SHOWN FOR DESCRIPTIVE PURPOSES ONLY, AND THAT THE DECLARANT DOES NOT WARRANT, REPRESENT OR GUARANTEE THAT ANY UNIT ACTUALLY CONTAINS THE AREA, SQUARE FOOTAGE OR DIMENSIONS SHOWN BY THE CONDOMINIUM PLAN THEREOF. Each purchaser and Owner of a Unit, or interest therein, has had full opportunity and is under a duty to inspect and examine the Unit purchased by him prior to the purchase thereof, and agrees that the Unit is purchased as actually and physically existing. Each purchaser of a Unit hereby expressly waives any claim or demand which he may have against the Declarant or other seller of such Unit on account of any difference, shortage or discrepancy between the Unit as actually and physically existing and as it is shown on the Condominium Plan. Each Unit is subject to such encroachments and protrusions as are contained in each Building, whether the same now exist or may be later caused or created in any manner. In interpreting deeds and the Condominium Plan, the then existing physical boundaries of the Unit, whether in its original state or reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or Condominium Plan, regardless of settling, rising or lateral movement of any Building and regardless of minor variances between boundaries shown on the Condominium Plan or deed, and those of any Building.

b. Common Elements. The remaining portion of the Property, referred to herein as "Common Elements," shall include all of the elements set forth in Article I(N). Each Unit Owner shall have as an appurtenance to his Unit, an undivided percentage interest in the Common Elements, based upon the approximate size of his Unit in relation to the others, as set forth in Exhibit "C" attached hereto and by this reference made a part hereof. The ownership of each Condominium shall include a Unit and such undivided interest in the Common Elements. The Common Interest appurtenant to each Unit is declared to be permanent in character and cannot be altered once sold by

Declarant without the consent of all the Owners of said Units and the Mortgagees of such Owners as expressed in an amended Declaration, except as provided elsewhere herein. Such Common Interest cannot be separated from the Unit to which it is appurtenant. Each Unit Owner shall have a non-exclusive right to use the General Common Elements in accordance with the purposes for which they are intended without hindering the exercise of or encroaching upon the rights of any other Unit Owners. Notwithstanding the transfer of the ownership of the Common Elements to the owners as tenants in common, the Declarant shall reserve and hereby reserves unto itself and to the Association or its designated agents an easement over and onto the Common Elements for common driveway purposes, for drainage and encroachment purposes and for ingress to, and egress from, the Common Elements for the purpose of completing improvements thereon and for the performance of necessary repair work. Declarant further reserves unto itself and to the Association or its designated agents the right to establish easements, reservations, and exclusions consistent with the ownership of the Condominium Project and for the best interest of the Owners and the Association in order to serve the entire Condominium Project.

c. Limited Common Elements. The Limited Common Elements shall be identified herein, or on the Map, as amended from time to time, and designated as appurtenant to a particular Unit or Units. The rights of an individual Owner in the Limited Common Elements shall consist of (1) an exclusive easement to use for vehicle parking purposes, the parking space or spaces specifically originally assigned or reassigned by Declarant or the Association to the Owner as being appurtenant to his Unit, if any; (2) an exclusive easement to use the utilities and lines described in Article I(N)(2&3); (3) an exclusive easement for ingress and egress over and for the use and enjoyment of the exterior stairs and landing area adjacent and appurtenant to the Unit (provided, however, that such easement shall be shared with any other Unit to which such stairs and landing area are also adjacent, appurtenant or necessary to have ingress and egress across in order to reach a particular Unit), if any; (4) an exclusive easement to use a storage or laundry area, balcony entranceway or patio, if any, adjacent to and appurtenant to the Unit, as shown on the Condominium Plan; and (5) an exclusive easement to use such other areas and facilities as may be designated in this Declaration and on the Map, as same may be amended from time to time.

2.2. No Separate Conveyance of Undivided Interests. The foregoing interests and exclusive easements are hereby established and are to be conveyed only with the respective Units, and cannot be changed, except as herein set forth. Declarant and each Owner covenant and agree that the undivided interests in the Common Elements, the exclusive easements of the Limited Common Elements, and the fee title to the respective Units conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest and exclusive easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the Unit.

2.3. Partition Prohibited. The Common Elements shall remain undivided as set forth above so long as suitable for a condominium regime. Except as provided by the Texas Uniform Condominium Act, no Owner shall bring any action for partition, it being agreed that this restriction

is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project. Judicial partition by sale of a single Unit owned by two or more persons and division of the sale proceeds is not prohibited hereby (but partition of title to a single Unit is prohibited).

ARTICLE III. ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

3.1. Association to Manage Common Elements. The management of the Common Elements shall be vested in the Association in accordance with the terms of this Declaration and the Bylaws. A copy of the Bylaws which have been duly adopted by the Board of Directors of the Association is attached hereto as Exhibit "D" and incorporated herein by reference for all purposes; and all Owners of the Units and all holders of liens thereon shall be bound thereby. The Owners of all the Units covenant and agree that the administration of the Project shall be in accordance with the provisions of this Declaration, the Articles and the Bylaws, subject to the standards set forth in this Declaration and all applicable laws, regulations and ordinances of any governmental or quasi-governmental body or agency having jurisdiction over the Project or the Association, as same may be amended from time to time.

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

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

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

3.5. Board of Directors. The affairs of the Association shall be managed by a Board of Directors composed of five persons. The Board of Directors shall conduct regular and special meetings according to the provisions of the Bylaws.

3.6. Association Financial Statements.

a. Audited Statements. If there are fifty (50) or more Units in the Project, any holder, insurer or guarantor of the first mortgage shall be entitled, without charge, upon written

request, to an audited or reviewed financial statement for the immediately preceding fiscal year within a reasonable time following such request. If the Project contains less than fifty (50) Units and an audited report is not available, a Mortgagee shall be entitled to an audited or reviewed statement prepared at its own expense.

b. Other Documentation. The Owner's Association shall make available to inspection during business hours and under normal circumstances current copies of the Declaration, Bylaws, Rules and Regulations, books, records and financial statements of the Association to Unit owners, lenders and holders, insurers or guarantors and any first lien mortgage free of charge.

ARTICLE IV. MAINTENANCE AND ASSESSMENTS

4.1. Personal Obligation of Assessments. Each Owner of any Unit by acceptance of a deed therefore whether or not it shall be so expressed in such deed, is deemed, as a part of the purchase money consideration for such deed and conveyance, to covenant and agree to pay to the Association: (1) regular monthly Assessments or charges, and (2) special Assessments for capital improvements and unexpected expenses, such Assessments to be established and collected as provided herein, in the Bylaws and in the Rules and Regulations of the Association. No Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the user or enjoyment of any of the Common Elements or by the abandonment of his Unit.

4.2. Purposes of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the entire Project for the improvement and maintenance of the Common Element for the common good of the Project. The Board may use said Assessments for said purposes, including, without limitation, providing for the enforcement of the provisions of this Declaration, the Bylaws and the Rules and Regulations promulgated thereunder and to defray any deficit of the Association from a prior year. The decision of the Board with respect thereto shall be final so long as made in good faith. Annual Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of the Common Elements. The Limited Common Elements shall be maintained as General Common Elements except as provided in Article XIII(7) hereof, and Owners having exclusive use thereof shall not be subject to any special charges or Assessments for the repair or maintenance thereof except as otherwise provided in the Bylaws and herein, including, but no limited to, Article V(2) hereof.

4.3. Regular Monthly Assessments and Creation of Lien. All Owners shall be obligated to pay the Assessments imposed by the Board of Directors of the Association. The total amount of the estimated funds required from Assessments to operate the Project shall be set forth in a budget adopted by the Board of Directors and shall be assessed against each Unit in proportion to the Common Interest of such Unit as set forth herein, said figure to be divided by twelve (12) to determine the regular monthly Assessment; provided however that said Assessments based on said Common Interests may be rounded off to the nearest dollar figure and shall be secured by a lien

against said Unit, subject to the provisions hereof. Fines or interest which may be levied pursuant to the terms hereof, and the expenses incurred in connection with the enforcement thereof, including, without limitation, interest at the rate provided in Article IV(5), costs and reasonable attorney's fees. Such lien attaches from the date of the original delinquency. Said liens maybe enforced by non judicial proceedings by foreclosure in a like manner as a mortgagee or appropriate judicial proceedings, and the amounts secured thereby shall be and are subordinate and inferior only to the following: (I) assessments, liens and charges in favor of the State of Texas and any political subdivision thereof for taxes past due and unpaid on such Unit; and (ii) amounts due under any first lien Mortgage instruments duly recorded prior to the recordation of any lien assessment as provided in Article IV(5).

4.4. Special Assessments. In addition to the regular monthly Assessments authorized above, the Board may levy, in any year, one or more special Assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the Common Elements, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated expense or other action or undertaking normally covered by a regular Assessment (and, where necessary, for taxes assessed against the Common Elements or the Project as a whole). Said special Assessments shall be assessed against each Owner in proportion to the Common Interest of such Owner as set forth herein. Special Assessments may also be levied against an individual Unit and its Owner to reimburse the Association for costs incurred in bringing that Owner and his Unit into compliance with the provisions of this Declaration and the Bylaws including actual attorneys' fees and costs. Said special Assessments may be subject to such limitations as are provided in the Bylaws. Liens resulting from the imposition of special Assessments may be enforced by appropriate judicial or non judicial proceedings, as outlined in paragraph 4.3 above, and the amounts secured thereby shall be and are subordinate and inferior only to the following: (I) assessments, liens, and charges in favor of the State of Texas and any political subdivision thereof for taxes past due and unpaid on such Unit; and (ii) amounts due under any first lien mortgage instruments duly recorded prior to the recordation of any lien assessment as provided in Article IV(5).

4.5. Assessment Lien. All sums assessed but unpaid for the share of Assessments chargeable to any Unit, including interest thereon at the maximum rate permitted by law per annum from the date such Assessments are due until said Assessments are paid, subject to the provisions hereof limiting the interest contracted for, charged or received to the maximum permitted by applicable law, together with costs, expenses and reasonable attorneys fees incurred in connection therewith by the Association shall and are hereby secured by a lien on such Unit superior to all other liens and encumbrances, except as provided in Article IV(3) and (4). The Board of Directors or a managing agent appointed by the Board ("Managing Agent") may (but shall not be required to) prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Unit and a description of the Unit. Such notice shall be signed by one of the members of the Board of Directors or by one of the officers of the Association or by a representative of the Managing Agent and may be recorded in the office of the County Clerk of Travis County, Texas. Such lien may be enforced by the judicial foreclosure or by the foreclosure of the defaulting Owner's Unit by the

Association in like manner as a mortgage on real property subsequent to the recording or a notice provided for above. In any such proceeding, the Owner shall be required to pay the costs, expenses and attorney's fees incurred in connection with filing such lien, and in the event of any foreclosure proceeding, all additional costs, expenses and attorney's fees incurred in connection with any such foreclosure proceeding. The Owner of the Unit being foreclosed shall be required to pay to the Association the monthly Assessment for the Unit during the period of foreclosure, and the Association shall have the power to bid on the Unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. Any Mortgagee holding a lien on a Unit may pay, but shall not be required to pay, any unpaid Assessments owing with respect to such Unit, but such payment shall not be deemed a waiver of the Owner's default by either the Association or such Mortgagee.

The amount of the Common Expenses assessed against each Unit shall also be a debt of the Owner thereof at the time the Assessment is made. Suit to recover a money judgment for unpaid Common Expenses shall be maintainable without foreclosing or waiving the lien securing same.

Each Owner, by acceptance of a deed to a Unit, hereby expressly vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid liens by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to the provisions of this Declaration and the Texas Uniform Condominium Act and such Owner hereby expressly grants to the Association the private power of sale in connection with said liens. The Association may also temporarily suspend the Association membership rights of any Owner who is in default in payment for any Assessment in accordance with the Bylaws.

4.6. Date of Commencement of Assessment; Due Dates. The regular monthly Assessments provided for herein shall commence as to all Units in the Project, on the first day of the month following the conveyance by deed of the first Unit in the Project. Thereafter, due dates of regular monthly Assessments shall be the first day of each and every subsequent calendar month. No notice of such Assessments or the due dates thereof shall be required other than an annual notice setting forth the amount of the regular monthly Assessments. The due date of any special Assessment shall be the due date specified by the Association in the notice of such special Assessment delivered by the Association to each Owner; provided, however, such due date shall in no event be less than thirty (30) days subsequent to the date of such notice.

4.7. Transfer of Unit by Sale or Foreclosure. Sale or transfer of any Unit shall not affect the Assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a Mortgage by a Mortgagee, or by deed or other transfer in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer (except for Assessments which become due prior to the recordation of such Mortgage). No such sale or transfer shall relieve such Unit from liability for any Assessments thereafter becoming due or from the lien thereof. When

any Mortgagee of a Mortgage obtains title to a Unit as a result of foreclosure of such Mortgage, or by deed or other conveyance in lieu thereof, such Mortgagee shall not be liable for the unpaid dues or charges of the Association chargeable to such Unit which accrued subsequent to the recordation of such Mortgages and prior to the acquisition of title to such Unit by the Mortgagee. Such unpaid dues or charges shall be deemed to be Common Expenses collectible from all of the Units including the Unit acquired by such Mortgagee. In a voluntary conveyance of a Unit (other than a deed or conveyance to a Mortgagee grantor for the unpaid assessments by the Association against the latter for his share of the Common Expenses up to the time of the grant or conveyance, unless such grantee has assumed payment thereof. However, the grantee shall be liable for any such Assessment becoming due after the date of any such conveyance.

4.8. Separate Taxation. Each Unit, together with its Common Interest, shall be deemed to be a separate and distinct entity for the purpose of the assessment and collection of taxes, assessments and other charges of this state, or of any political subdivision, special improvement district or any other taxing or assessing authority. The lien for taxes assessed to any Unit shall be confined to that Unit. No forfeiture sale of any Unit shall divest or in any way affect title to any other Unit. In the event that such taxes or assessments for any year are not separately assessed to each Unit but rather are assessed on the Project as a whole, then each Owner shall pay his proportionate share thereof in accordance with his Common Interest and, in said event, such taxes or assessments shall be a Common Expense. If necessary, a special Assessment or Assessments may be levied against the Units in an amount equal to said taxes, to be paid thirty (30) days prior to the due date thereof.

ARTICLE V. DUTIES AND POWERS OF THE ASSOCIATION

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

a. Maintain, repair, replace, restore, operate and manage all of the Common Elements and all facilities, improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association in good condition. This obligation shall not extend to any portion or facility of the Common Elements required to be maintained by an individual Owner under this Declaration (specifically including, but not limited to Article V(2) and (3) and Article XIII (7) or the Bylaws.

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

c. Maintain such policy or policies of insurance as are required by the Declaration or as the Board deems necessary or desirable in furthering the purposes of and protecting the interests

of, the Association and its Members.

d. Grant and reserve easements, permits and licenses where necessary or desirable for utilities, utility facilities, roadways and other purposes over the Common Elements and Units to serve the Common Elements and the Units, necessary for the operation of the Project, and amend the Map to show same.

e. Have the authority to employ a manager or other persons and to contract with independent contractors or managing agents to perform all or any part of the duties and responsibilities of the Association, subject to the Bylaws and restrictions imposed by any governmental or quasi-governmental body or agency having jurisdiction over interest in the Project, specifically including, but not limited to, the FHLMC and the FNMA.

f. Keep or cause to be kept records with detailed accounts of the income receipts and expenditures affecting the Project and its administration, specifying any maintenance and repair expenses with regard to the Common Elements and any other expenses incurred by or on behalf of the Project or Association. The records also include copies of the Declaration, Bylaws and Rules and Regulations so kept shall be available for inspection by all Owners, Mortgagees of Units, holders, insurers, and guarantors during regular business hours of the Association that shall be set and announced for general knowledge. All records shall be kept in accordance with generally accepted accounting principals and if required by Article III(6)(a) herein, shall be audited or reviewed at least once a year by an independent auditor. Copies of the auditor's reports, if required, shall be made available to all Owners and Mortgagees upon written request pursuant to Article III(6) herein. By available, it is defined to mean available for inspection, upon request, during normal business hours or under other reasonable business circumstances.

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

5.2. Maintenance of Project by Association. The Association shall provide maintenance of the Project as provided by the Bylaws. The responsibility of the Association for maintenance and repair shall not extend to the cost and expense of repairs or replacements arising out of or caused by the willful or negligent act or neglect of an Owner, or his guests, tenants or invitees. The cost and expense of repair or replacement of a Unit exterior or of any portion of the Common Elements resulting from such excluded items shall be responsibility of such Owner who (or whose guests, tenants or invitees) neglects or willfully damages such excluded items. The Association may cause such repairs and replacements to be made at such Owner's sole cost and expense, and if said Owner shall fail to pay for such repairs or replacements upon demand, the cost thereof (plus interest from the date of payments(s) at the maximum legal rate) shall be added to the Assessments chargeable to such Unit and shall be payable to the Association by the Owner of such Unit upon demand.

5.3. Association Easements and Access to Units. For the purpose of performing

maintenance, repair or replacement authorized by this Article or for any other purpose reasonably related to the performance by the Board of its responsibilities under this Declaration, the Association (and its agents and employees) shall have a non-exclusive easement over and onto all portions of the Common Elements, and shall also have the right, after reasonable notice to the Owner, and at reasonable hours, to enter any Unit for such purposes and to enter any Unit without notice at any time in the event of an emergency. Damage to the interior or any part of a Unit or Units resulting from the maintenance, repair, emergency repair or replacement of any of the Common Elements or are a result of emergency repairs within another Unit at the instance of the Association, shall be a Common Expense of all of the Owners; provided, however, that if such damage is the result of the neglect, misuse or negligence of an Owner, then such Owner shall be responsible and liable for all such damage. All damaged improvements shall be restored to substantially the same condition of such improvements prior to damage. All maintenance, repairs and replacements as to the General Common Elements, whether located under or outside of Units (unless required to be maintained by an individual Owner under this Declaration or necessitated by the neglect, negligence or misuse by an Owner or his guests, tenants or invitees, in which case such expense shall be charged to such Owner), shall be the Common Expenses of all the Owners.

5.4. Original Plans. The Association shall maintain a complete set of plans and specifications for the Building(s) and all structures located on or a part of the Common Elements.

ARTICLE VI UTILITIES

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

a. Each Owner shall pay for his own utilities which are separately metered and billed to each Unit by the respective utility companies or submetered and billed to each Unit by the Association. Any such utility expenses billed to each Unit by the Association shall be deemed to be special Assessments hereunder and shall be secured by the lien reserved in Article IV(3). Utility expenses which are not metered or submetered and separately billed shall be part of the Common Expenses, and each Owner shall pay his pro rata share thereof as in the case of other Common Expenses.

b. Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections, heating or air-conditioning conduits, ducts, or flues (such items being hereinafter collectively called the "connections") are located or installed within the Project, which connections, or any portion thereof, lie in or upon more than one Unit, Declarant reserves for the use and benefit of the Association the right and an easement to the full extent reasonably necessary therefore, to enter upon the Units or to have the utility companies enter upon the Units in or upon

which said connections, or any portion thereof are located, to repair, replace and generally maintain said connections as and when reasonably necessary; provided, however, the exercise of such easement rights shall be in a manner reasonably calculated to cause as minimal interference with the continued use and occupancy of the Units so affected by the Owners thereof, while still adequately serving the purposes for which they are granted.

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

6.2. Easement for Utilities and Maintenance. Easements over and under the property for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, and telephone lines and facilities, heating and air-conditioning facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping of public record or as are shown on the Map, or the plat of the subdivision of which its land is a part, and as may be hereafter required to serve the Property, are hereby reserved for the use and benefit of the Association, together with the right to grant and transfer the same.

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

ARTICLE VII. USE AND OCCUPANCY RESTRICTIONS

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

7.1. Use of Individual Units. No Unit shall be occupied and used except for residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein

7.2. Nuisances and safety. No unsafe, noxious, offensive, or illegal activity or odor is permitted on the Project. No activity shall be conducted on the property which in the judgment of the Board of Directors might reasonably be considered as annoying to neighbors of ordinary sensibilities, or might be reasonable calculated to reduce the desirability of the property for quality of living. No exterior loudspeakers or flashing lights shall be allowed. No person may do anything that may: (a) increase insurance rates for the Project without the prior written consent of the Board, (b) cause such improvements to be uninsurable, or cause any policy to be canceled, suspended, or materially modified by the issuing company.

7.3. Barbecue grills. Except for barbecue grills, no exterior fires are permitted. Barbecue grills may not be operated within 10 feet of any building.

7.4. Noise. Condominium unit owners and occupants shall refrain from playing radios, televisions, stereos, and other electrical or mechanical devices so loud that they may be heard outside their condominium unit. Doors and windows must be shut when playing televisions, stereos, and similar sound equipment at sound levels objected to by any unit owner, tenant, or management representative. Yelling or loud talking outside is prohibited.

7.5. Vehicle Restrictions. No trailer, camper, mobile home, Recreational vehicle, commercial vehicle, truck (other than standard size pickup truck), inoperable automobile, boat or similar equipment shall be permitted to remain upon any area within the Project, other than temporarily (for purposes of loading and unloading of passengers or personal property), unless in an area specifically designated for such purpose by the Board.

Commercial vehicles shall not include sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or polluting vehicles shall be operated on the Project. No off-road unlicensed motor vehicles shall be maintained or operated upon the Property, except as may be reasonably necessary to the execution of the rights and duties of the Association under this Declaration.

7.6. Signs. "For Sale," "For Rent," or similar signs are not permitted to be displayed at any time in, on, or around any individual Unit in the Project. Such signs maybe posted only on the Project's "master sign" located at the south end of the Project. This "master sign" will be used only for notices of Units available for sale or lease, and any notices posted there must exactly follow the format outlined by the Architectural Committee. A sample will be available for review in the files of the Board of Directors and of the Managing Agent. Any notices posted on the "master sign" that do not follow the approved format, and any signs posted anywhere else on the Project grounds or on or in any individual Unit are subject to being removed by the Board of Directors or the Managing Agent.

7.7. Animals. No animals or birds of any kind may be kept and raised in any Unit or anywhere on the Project grounds for the purposes of breeding. However, small domesticated household pets(40lb weight limit) are allowed to be kept by Unit Owners, subject to the following stipulations:

(i) Each Owner is allowed to keep no more than one pet.

(ii) Each Owner is fully responsible for controlling his pet to insure that it is not a nuisance to other residents or guests.

(iii) If an Owner allows his pet outside of his Unit or the fenced courtyard area adjacent to his Unit, the Owner must accompany the pet at all times and is responsible for the pick-up

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and removal of any animal waste left by his pet in the Common areas of the Project.

7.8. Garbage and Refuse Containers. All trash containers of any kind shall be concealed from the view of the other Units and the Common drive areas of the complex. Except for the designated trash collection day, all such containers must be stored in Unit garages or courtyards.

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

7.10. Right to Lease. The respective Units shall not be rented by the Owners thereof for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days, nor shall less than an entire Unit be rented or leased. Subject to the foregoing restrictions and to those of Article VII(13) hereof, the Owners of the respective Units shall have the absolute right to lease the Units provided that the lease is in writing and is made subject to the covenants, conditions, easements, restrictions, limitations, liens for Common Expenses and uses contained in this Declaration and the Bylaws, and any rules and regulations adopted by the Board and published from time to time.

7.11. Mortgaging a Unit - Priority. Any Owner shall have the right from time to time to mortgage or encumber his interest by deed of trust, mortgage or other security instrument. A first Mortgage shall be one which has first and paramount priority under applicable law. An Owner may create and grant a second lien mortgage or deed of trust against his Unit on the following conditions: (1) that any such second lien mortgage or deed of trust shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, easements, obligations and liens for Common Expenses and other payments created by this Declaration and by the Bylaws; and (2) that the mortgage under any second lien mortgage or deed of trust shall release by written recordable instrument, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title and interest in and to the proceeds under all insurance policies upon said premises, which insurance policies were effected and placed upon the mortgaged premises by the Association. Such release shall be furnished to the Association by the mortgagee under any second lien mortgage or deed of trust promptly following written request therefor by the Association.

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

7.13. Liability of Owners for Damage to Common Elements. The Owner of each Unit shall

be liable to the Association for all damages to the Common Elements or improvements thereon caused by the neglect, misuse or negligence of such Owner or any tenant or other occupant of his Unit, guest or invitee.

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

7.15. Liability for pets. The Unit Owner and the pet owner are both jointly liable to all other Unit Owners and their respective families, guests, tenants, and invitees for injury and all damage caused by any animals brought or kept on the Project by a Unit Owner or members of his family, his tenants, or his guests -- with or without permission of the Board. Unit owners agree, for themselves, and their respective families, guests, tenants, and invitees, that neither the Board members nor the Association shall have any liability for any injury or damage caused by any animal brought or kept upon the Project, with or without the permission of the Board, by a Unit Owner or members of his family, his tenants, or his guests.

7.16. Windows. No foil or other material objectionable in the reasonable judgment of the Board of Directors shall be placed in or next to any window, sliding glass door, or air conditioning unit.

7.17. Storage. No property may be stored temporarily or permanently on sidewalks, parking lots, or other Common Areas. Storage of boxes and personal property in garages is prohibited if such storage prevents the parking of the Owner's or occupant's vehicle(s) in the garage.

7.18. Garage doors. Garage doors shall remain closed at all times except when opened for vehicle entry or exit or for working in the garage. At all times, garages must have working garage doors. Nothing may be stored in garages to prevent parking of a vehicle in the parking space(s) inside the garage. Owners shall be responsible for the maintenance of the mechanics of his or her garage door (i.e. ensuring the door is operable). Maintenance of the exterior of the garage door shall be at the expense of the Association.

7.19. Vehicle repair. Except in an emergency when a vehicle is inoperable, no vehicle may be worked on outside of a garage or carport or in a garage that has the garage door open. Otherwise, vehicles must be serviced or repaired off the property. Vehicles which have expired license plates, expired inspection stickers, flat tires, or which are obviously inoperable due to missing parts are prohibited and may be removed from the property at the Owner's expense.

7.20. Parking. The grounds of the Project include three marked multi-car parking areas.

These spaces are expressly reserved for parking guest and visitor cars and residents' automobiles not parked inside the unit garages. The short driveways behind and leading up to the garage door of each Unit as well as other unmarked paved areas in the Project shall not be used for vehicle parking if the vehicle parked there will in any way obstruct the safe and normal flow of traffic along the main Project drives or interfere with access to or egress from the garage of any neighboring unit. Parking of trailers, campers, mobile homes, commercial trucks, recreational vehicles, boats, or inoperable vehicles of any kind is prohibited everywhere within the Project unless specific approval for an exception to this rule has been obtained in writing from the Board of Directors. Failure to comply with this rule, after due notice, may subject such vehicles to being towed away at Owner's expense and fine(s) levied against Owner and tenant.

7.21. Anti-theft alarms. Owners and occupants who have vehicles with anti-theft systems shall not allow the alarms or horns to go off and disturb other persons in the Project for more than three minutes; and any vehicle violating the three-minute rule shall be deemed to be illegally parked and subject to immediate towing, without prior notice to the vehicle owner or operator, by the Association under the Texas towing statutes. The Association may, without liability to the owner or operator of the vehicle, cut or disconnect any power source to such alarm or horn to avoid having to tow the vehicle.

7.22. Pest control. The Association does not have responsibilities for pest control inside units. However, the Association shall have the right to enter and exterminate ant Owner's Unit, at the Owner's expense, if the Owner's failure to control pests inside his unit is adversely affecting other Units.

7.23. No alterations. Except with prior written approval of the Board, no owner or other person may make any alteration, modification, or improvement to the Common Elements, including trimming of trees or other vegetation; no additional lighting, awnings, patio covers, or other devices may be added to the Common Elements; and no structure, equipment, or object may be added or removed to the Common Elements by any Owner or other person.

7.24. No drilling. No drilling, digging, quarrying, or mining operation of any sort shall be permitted on the Project.

7.25. Care during construction. An Owner who is having a Unit or other structure worked on, repaired, or remodeled shall take reasonable and necessary precautions to prevent damage to the Common Area (including any streets) caused by construction companies, workmen, suppliers, or service companies working on or delivering materials to or removing materials from the work site on the Owner's Unit. Such Owner shall be liable to the Association for any damages to the Common Area and for costs of cleaning up or replacing property in the Common Area destroyed or damaged by such construction companies, workmen, suppliers, or service companies. Such Owner shall be liable to the respective Unit Owners for any damage to another Owner's Unit and for any costs of cleaning up or replacing property which maybe destroyed or damaged by such construction companies, workmen, suppliers, or service companies and the Association shall have the right to

repair such damage at the Association's expense, in which event the cost of repair shall be owed to the Association by the Unit Owner who caused the damage or whose construction company, workmen, suppliers, or service company caused the damage.

7.26. No temporary structures. No structure of a temporary character, trailer, tent, shack, garage, barn or other outbuildings is permitted on the Project, temporarily or permanently, except with the prior written consent of the Board. However, temporary structures may be used in connection with the construction, repair, or rebuilding of any Building or other Common Elements.

7.27. Criminal activity. While on the condominium project, no person may violate any criminal laws, health codes, or other applicable laws. No tampering with water, lighting, sprinklers, pool equipment, or other Common Elements equipment is allowed.

7.28. Persons who may use Common Areas. Common Areas may only be used by Unit Owners and their tenants, family, and guests.

7.29. Leasing. Leasing of Units is allowed only if: (i) all leases are in writing and are subject to the provisions of the Declaration and Rules and Regulations; (ii) a copy of the then-current Rules and Regulations are provided by the Owner to the Owner's tenant at the beginning of the lease term, (iii) the Unit is not leased for hotel or transient purposes or for less than 30 days, (iv) Owners leasing their units furnish a copy of the lease to the Managing agent, and (v) the Owner and tenant comply with all applicable community policies.

7.30. Rules and Regulations. All persons shall comply with the Association's Rules and Regulations as amended from time to time.

ARTICLE VIII. RIGHTS AND OBLIGATIONS OF OWNERSHIP

8.1. Ownership. A Unit will be a fee simple estate and may be held and owned by any person, firm, corporation, or other entity singularly, as joint tenants, as tenants in common, or in any real property tenancy relationship recognized under the laws of the State of Texas. Each Unit Owner shall have an undivided interest in the Common Elements and shall have a right to use easements and any Limited Common Elements in accordance with the declaration. Each Owner shall have an unrestricted right of ingress and egress to the Owner's Unit, subject to reasonable routes of such vehicular and pedestrian access.

8.2. No Partition. The Common Elements (both General and Limited) shall be owned in common by all of the Owners of the Units and shall remain undivided, and no Owner shall bring any action for partition or division of the Common Elements. Nothing in this Declaration shall be construed as limiting the right of partition of a Unit between the Owners thereof, but such partition shall not affect any other Unit.

8.3. Rights of Ownership. Each Owner shall be entitled to exclusive ownership and possession of the Unit owned by such Owner. Each Owner may use the Common Elements in accordance with the purposes for which they are intended and without hindering or encroaching upon the lawful rights of the other Owners, subject to the rules and regulations adopted from time to time by the Board for the purpose of facilitating such common use and enjoyment by all Owners.

8.4. Residential Dwelling. Each Unit shall be occupied and used or leased by the Owner only as and for a residential dwelling for the Owner, his family, guests, or tenants.

8.5. Mechanic's and Materialman's Liens. No labor performed or materials furnished and incorporated in a Unit, notwithstanding the consent or request of the Owners, his agent, contractor or subcontractor, shall be the basis for filing of a lien against the interest in the Common Elements owned by the other Owners. Each Owner shall indemnify and hold harmless each of the other Owners from and against all liability arising from the claim of any lien against the Unit of the other Owners or against their interest in the Common Elements for construction performed or for labor, materials, services, or other projects incorporated in such Owner's Unit.

8.6. Right of Entry. The Association shall have the right to have access to each Unit from time to time during reasonable hours as may be necessary for the maintenance, repair, or replacement of any of the Common Elements, or at any time for making emergency repairs therein necessary to prevent damage to the Common Elements or to another Unit or Units.

8.7. Owner's Right and Obligation to Maintain and Repair. Except for those portions of the Project which the Association is required to maintain and repair as provided herein and in the Bylaws, each Unit Owner shall, at his sole cost and expense, maintain and repair his Unit keeping the same in good condition. Additionally, each Owner shall, at his sole cost and expense, maintain, repair and replace as necessary any separate air-conditioning and heating units which service only his Unit. Also, each Owner shall, at his sole cost and expense, maintain any patio or courtyard adjacent to his unit and designated for the exclusive use of his unit. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his Unit. In the event an Owner fails to maintain his Unit or other designated area, as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Project, the Board may notify such Owner of the work required and request that it be done within sixty (60) days from the giving of such notice. In the event such Owner fails to complete such maintenance within said period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner and, if necessary, create a lien against his Unit for the amount thereof.

8.8. Board Approval for Construction, Alteration, or Modification. No Owner shall construct or modify the exterior of a condominium Unit or attic space in a condominium Unit without the prior written approval of the plans therefor by the Board of Directors. No Owner shall construct, alter, modify, add to, or otherwise perform any work whatever upon any of the Common Elements, Limited or General, without the prior written approval of the plans therefor by the Board of

Directors.

Any proposed construction, alteration, or modification shall be in harmony with the external design and location of the surrounding structures and topography, and shall not be considered until submission to the Association of complete plans and specifications showing the nature, kind, shape, size, materials, color, location, and any other information requested by the Board for all proposed work. The Board shall have the obligation to answer in writing within 30 days after receipt of notice of the proposed construction, alteration, or modification. Failure to so answer in writing within the stipulated time shall be deemed approval of the proposed construction, alteration, or modification.

An Owner shall do no act nor any work that will impair the structural soundness or integrity of the Units, Buildings, or Common Elements or impair any easement or appurtenance. An Owner may not modify the garage in such a manner that it decreases the number of vehicles that may be parked in the garage.

No utility lines or skylights may be installed in Common Areas without proper written approval of the Board.

8.9. Liability for Negligent Acts. If the need for maintenance or repair to any portion of the Project is caused through the willful or negligent act of an Owner, his family, guests, tenants, or invitees and is not covered or paid for by insurance either on such Owner's Unit or the Common Elements, the cost of such maintenance or repairs shall be added to and become part of the assessments to which such Unit is subject, pursuant to Article IV.

8.10. Subject to Declaration and Bylaws. The Owner of each Unit and the Association shall comply strictly with the provisions of this Declaration, the Bylaws of the Association, and the decisions and resolutions of the Association adopted pursuant thereto, as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover damages or for injunctive relief, or both, maintainable by the Association on behalf of the Owners or, in proper cause, by an aggrieved Owner against another Owner or against the Association, including the right to judicially contest the decisions of the Board or the Association.

ARTICLE IX MANAGEMENT AND ADMINISTRATION

9.1. Maintenance and Management by the Association. Except as otherwise provided in the declaration, the affairs of the Project shall be managed and administered by the Association. The Association shall have all rights, powers and duties of, and shall constitute and be, the "Association," as that term is used in the Texas Uniform Condominium Act. The Association shall have the right, power, and obligation to provide for the maintenance, repair, replacement, and administration of the Project, including Common Elements and Limited Common Elements, to the degree and in the

manner as provided in this Declaration, the Bylaws, and the rules and regulations of the Association. However, the Association shall not be responsible for repairs or maintenance of the Units or for owner maintenance obligations outlined in Article 8.7. The business and affairs of the Association shall be managed by the Board, and the Association may enter into a management agreement upon the terms and conditions approved by the Board and consistent with this Declaration.

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

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

9.4. Annual Meetings. The annual meeting of the Association shall be held on or before forty-five (45) days after the expiration of the prior fiscal year. At such meetings there shall be elected by the Owners a Board of Directors. The Owners may also transact such other business of the Association as may properly come before them.

9.5. Meetings. It shall be the duty of the President to call a special meeting of the Owners as directed by resolution of the Board of Directors or upon a petition signed by a majority of Owners and having been presented to the Secretary or Assistant Secretary of the Association. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business except as stated in the notice shall be transacted at a special meeting.

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

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

- (a) Roll call and certifying proxies;
- (b) Proof of notice of meeting or waiver of notice;
- (c) Reading and disposal of unapproved minutes;
- (d) Reports of officers;
- (e) Reports of committees;

- (f) Election of directors;
- (g) Unfinished business;
- (h) New business; and
- (i) Adjournment

ARTICLE X. BOARD OF DIRECTORS

10.1. Number and Qualification. The affairs of this Association shall be governed by a Board of Directors consisting of five (5) persons, serving staggered two year terms. The Board of Directors shall govern the affairs of this Association until their successors have been duly elected and qualified.

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

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

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

(b) To establish, make and enforce compliance with such reasonable rules and regulations as may be necessary for the operation, use, and occupancy of the Project with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each Owner promptly upon the adoption thereof.

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

(d) To insure and keep insured all of the insurable General Common Elements of the Project in an amount equal to their maximum replacement value as provided in the Declaration. Maximum replacement value shall be determined from time to time in the Board's sole discretion by one or more written appraisals. Further, to obtain and maintain comprehensive public liability insurance as provided in the Declaration. To insure and keep insured all of the fixtures, equipment,

and personal property acquired by the Association for the benefit of the Association and the Owners of the Units and their Mortgagees. The limits and coverage shall be reviewed at intervals of not less than one (1) year and adjusted, if necessary, to provide such coverage and protection as the Association may deem prudent. So long as the Federal Home Loan Mortgage Corporation (FHLMC) and/or the Federal National Mortgage Association (FNMA) is a Mortgagee of a Unit in the Project, or owns a unit therein, the Association shall maintain in effect at least such casualty, flood, and liability insurance and a fidelity bond, meeting standards established by FHLMN and FNMA for condominiums, as published in the FHLMC "Servicer's Guide" and the FNMA Conventional Home Mortgage Selling Contract Supplement or otherwise, except to the extent such requirements shall have been waived in writing by FHLMN and/or FNMA. Worker's compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association.

Each Owner may obtain additional insurance at his own expense for his own benefit. Insurance coverage on the furnishings and other items of personal property belong to an Owner, and casualty and public liability insurance coverage within each Unit are specifically made the responsibility of each Owner.

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

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

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

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

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

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

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

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

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

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

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

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

(q) The Board of Directors may employ for the Association a management agent ("Managing Agent") who may be delegated and shall exercise some or all of the powers granted to the Board of Directors by the Declaration and Bylaws as determined by the Board, except for the powers of attorney-in-fact set forth in the Declaration.

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

(i) At least sixty percent (60%) of the gross income of the Association for any taxable year shall consist solely of amounts received as membership dues, fees, or assessments

from Unit Owners;

(ii) At least ninety percent (90%) of the expenditures of the Association for any taxable year shall be for the acquisition, construction, management, maintenance, and care of Association property;

(iii) No part of the net earnings of the Association shall inure (other than by acquiring, constructing, or providing management, maintenance, and care of Association property and other than by a rebate of excess membership dues, fees, or assessments) to the benefit of any private Member or individual. In addition, the Board shall take such steps as are necessary to insure that substantially all of the Units will be used as residences.

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

10.5. Election and Term of Office. The term of office of the Directors shall be two years. Two Directors are elected in even numbered years and Three Directors are elected in odd numbered years. The Directors shall hold office until their successors have been elected and hold their first meeting, except as is otherwise provided.

10.6. Vacancies. Vacancies in the Board of Directors caused by death, resignation, or disqualification, or by any reason other than the removal of a Director by a vote of the Association, shall be filled by vote of the majority of the remaining Directors, even though they may constitute less than a quorum; and each person so elected shall be a Director until a successor is elected at the next annual meeting of the Association.

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

10.8. Organization Meeting. The first meeting of the newly elected Board of Directors following the annual meeting of the Owners shall be held within ten (10) days thereafter at such place as shall be fixed by the Directors at the meeting at which such Directors were elected, and no notice shall be necessary to the newly elected Directors in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

10.9. Regular Meetings. Regular meetings of the board of Directors may be held at such time and place as shall be determined, from time to time, by a majority of the Directors but at least one such meeting shall be held during each calendar year. Notice of regular meetings of the Board

of Directors shall be given to each Director, personally or by mail, telephone, or telegraph, at least five (5) days prior to the day named for such meeting.

10.10. Special Meetings. Special meetings of the Board of Directors may be called by the President on five (5) days' notice to each Director, given personally or by mail, telephone, or telegraph, which notice shall state the time, place (as hereinabove provided), and purpose of the meeting. Special meetings of the Board of Directors shall be called by the President or Secretary or Assistant Secretary of the Association in like manner and on like notice on the written request of one or more Director.

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

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

10.13. Fidelity Bonds. The Board of Directors may require that all officers and employees of the Association or of the Managing Agent, if any, handling or responsible for Association funds, shall furnish fidelity bonds in accordance with the Declaration. The premiums on such bonds shall be a Common Expense.

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

10.15. Articles of Incorporation and Bylaws. The Administration of this Condominium Project shall be governed by this Declaration, the Articles of Incorporation of the Association, the Bylaws of the Association, and the resolutions of and rules adopted by the Board. The current Articles of Incorporation of the Association and current Bylaws of the Association are contained in Exhibit D and Exhibit E, respectively. Each of the foregoing documents may be amended or changed only in accordance with the amendment procedures contained in the respective documents. An Owner of a Unit, upon becoming an Owner, shall be a member of the Association and shall remain a member for the period of his ownership.

10.16. Administration and Enforcement of Declaration, Bylaws, and Rules. The Association or any Owner may utilize any of the rights and remedies set forth below for the enforcement of rules,

Bylaws, this Declaration, or the Articles of Incorporation. Failure of the Association or any Owner to enforce shall not be deemed a waiver of the right to do so thereafter.

(a) *Rule and regulation authority.* The Board may adopt rules and regulations (which may be referred to as Community Policies) for governing the use and maintenance of the property and obtaining compliance by Owners and their families, guests, and tenants with the Declaration and with Association bylaws, rules and regulations, provided that they are not prohibited by this Declaration or Texas law. The rules may address any subject relating to uses of Units, Common Areas, construction, repairs, parking, garage doors, unsightly objects, relationships between Owners, tenants and/or the Association, enforcement, and other subjects reasonably affecting the project. The rules must be consistent with and not in conflict with this Declaration.

(b) *Late charges.* The Board may adopt late charges, from time to time, for late payment by the Owners of monies owed to the Association. The Board may set a late charge date in the Association rules.

(c) *Returned check charges.* The Board may assess returned check charges against an Owner, as set by the Board from time to time, for each returned check, plus late charges, until acceptable payment is received.

(d) *Nonassessment items first.* All monies received from an Owner may be applied first to nonassessment obligations of the Owner, such as fines, late charges, returned check charges, user fees, damages, etc., regardless of notations on checks or transmittal letters.

(e) *Suspension of voting rights and use rights.* The right to vote and the right to use common facilities such as the swimming pools, etc. of any Owner who is more than 30 days delinquent on any sum owed to the Association shall be automatically suspended without notice. Such suspension rights shall extend to general or special membership meetings, mail ballots, committee meetings, board meetings, and all other meetings.

(f) *Fines.* The Board or the Association's manager may assess fines against an Owner for violations by the Owner or his family, guests, agents, or tenants of standards of conduct contained in the Declaration and the Association rules. Fines may also be assessed for violation of suspended common facility use rights. Each day of violation may be considered a separate violation if the violation continues after written notice to the Owners. There must be notice of the alleged infraction and fine to the Owner no later than 45 days from the discovery of alleged infraction.

(g) *Remedies against tenants.* The Board shall have authority to evict tenants of Owners, after reasonable notice, for substantial or repeated violations of Association rules. The Board shall have authority to enforce all rules against the Owner's tenants, including collection of fines for violations of the declaration, bylaws, or rules and regulations by the tenants.

(h) *Leasing.* The Board may adopt reasonable requirements for leasing a Unit.

For example, the Board may require (1) that tenant names, work phones, home phones, and emergency contact persons be registered with the Board or the Association's management company, or (2) that a particular lease form be used, provided that members are free to modify or amend such lease form as they deem proper.

The management company managing the Association does not have authority to act for the Association in leasing or managing individual Units. A Unit Owner may contract with the same management company which manages the Association to lease or manage a Unit owned by the Owner. Additionally, in such case the Unit Owner shall inform the tenant that in leasing or managing the Owner's unit, the management company is not acting on behalf of the Association.

(I) *Interest.* All sums due the Association by Owners shall bear interest from due date at the highest lawful rate, compounded annually.

(j) *Fees for special services.* Fees chargeable to Owners for special services (such as furnishing resale certificates, copies of declarations, copies of information sent to mortgagees, copies of accounting records, etc.) shall be set by the Board from time to time.

(k) *Publication of delinquencies.* The Board may disclose and publish to Association members and mortgagees the financial condition of the Association, including a list of names and amounts of any delinquencies. The Board may notify mortgage lenders and tenants of delinquent monies owned by such Owners to the Association. Mortgage lenders may notify the Board of any delinquencies in the payment of mortgages.

(l) *Name and address of new Owners.* An Owner may not sell or convey his Unit without all monies due and owing to the Association being paid in full; and if such Owner does sell, convey, or transfer his Unit without paying such monies, such selling Owner shall remain liable for all monies accruing to the Association thereafter on such until such monies are paid in full. If an Owner sells or transfer Ownership of his Unit and fails to notify the Association of the sale, the selling Owner shall continue to be liable for the assessments accruing after the sale or transfer until such time as the selling or transferring Owner notifies the Association in writing of the name and address of the new Owner. The new Owner shall also be liable from the date of such new Owner's acquisition of title. The selling or transferring Owner shall have a right of indemnity against the new Owner for recovery of any sums paid by the selling or transferring Owner under this section.

(m) *Change of address.* Owners shall keep the Association timely informed of their current addresses and any change of addresses.

(n) *Names and addresses of tenants.* Owners shall notify the Association of current names and addresses of tenants of their respective Units.

(o) *Lien of the Association.* The Association shall have a lien on an Owner's Unit, including any rentals and insurance proceeds relating to the Unit, to secure payment of all monies

owed by the Owner to the Association.

(p) *Venue and lawsuit authority.* All obligations of Owners, tenants, and the Association arising under this Declaration, the Bylaws, or Rules shall be performed in Travis County, Texas, and venue for any lawsuits relating thereto shall be in Travis County, Texas. The Association shall have the right to file and defend a suit (including injunctions) and recover on behalf of the Owners in any cause of action based on damages to the common facilities or Common Area or based on liabilities of Owners and their families, guests, agents, tenants, or third parties accruing to Owners and/or the Association.

(q) *Attorney's fees.* If delinquent accounts or other violations are turned over to the Association's attorney, the Owner shall be liable for all attorney's fees incurred by the Association in collections, filing liens, foreclosing liens, releasing liens, prosecuting lawsuits, and/or otherwise enforcing the Declaration, Bylaws, and rules.

(r) *Association entry.* The Association shall have the right to enter an Owner's Unit for purposes of (1) inspection for suspected utility leaks and frozen pipes, (2) prevention of water pipe freezing (by turning on heat or dripping faucets), and (3) protection of property rights and quiet enjoyment of other Owners. The Association may request but not require Owners to furnish the Association with entry keys to their Units for such purposes. If the Unit is unoccupied at the time such entry is needed for such purposes, only a locksmith may be used for gaining entry except in cases of extreme emergency such as a fire. Emergency utility leaks may be repaired by the Association at the Owner's expense without prior notice. Utility leaks for which the Owner is responsible under the Declaration, Bylaws, or rules may be repaired by the Association at the Owner's expense with prior notice delivered to the Unit or Unit Owner if the Owner fails to promptly repair them. If the Unit is vacant and for sale or lease, the Unit Owner shall furnish a key to the Unit in a sealed envelope to the Association until it is sold or leased, such key to be used only in the event of suspected utility leaks or repairs thereof. Except by court order, the Association may not unilaterally abate or alter improvements within a Unit (i.e. walls, etc.) That adversely affect the structural integrity of the Unit.

(s) *Abandoned Unit.* If an Owner of a Unit has abandoned it and if neither the Owner nor anyone occupying the Unit with the Owner's permission is residing in the Unit and if the Owner is more than 60 days delinquent in payment of sums due the Association, the Association may enter the Unit and rent the Unit to third parties (subject to the right of any first lienholder) and apply all rents received to sums due the Association by the Owner and thereafter to the Owner's account and to any repairs to the Unit necessary for renting. Provided, however, such may be done only after 10 days' notice, sent via certified mail to the Owner's last known address and to the Owner's first lien mortgagee, (if any), along with a copy of this section of the Declaration; and provided further that such may not be done if the Owner or mortgagee delivers written objection to the Association at any time after the alleged abandonment.

(t) *Notices to multiple Owners, tenants, and mortgagees.* Notice to or from one of multiple Owners or tenants of a Unit shall be deemed as notice to or from all Owners or tenants

of that Unit. If an Owner is more than 60 days delinquent, the Association may send to the Owner's tenant a copy of any Association notices or communications with the Owner. The Association shall give such notice upon written request of a first lien mortgagee or insurer.

(u) *Assignment of revenues.* The Association shall have the power to convey a security interest in its revenues to a lender for purposes of obtaining loans necessary for the operation and/or improvement of the Project. No such security interest may be given without being approved by a vote of 67% of the Association members voting in person or by proxy at an Association meeting. Such collateral assignment may be necessary for the Association to borrow funds for major emergency repairs (windstorm, tornado, explosions) when reserves may be exhausted and insurance proceeds may not yet be received from the Association's insurance carrier.

(v) *Other powers.* The Association shall have all other powers necessary and proper for the government and operation of the Association, including but not limited to those powers contained in the Texas Uniform Condominium Act. Such powers including the right to grant permits, licenses, and easements over Common Elements for utilities, roads, and other purposes for the proper operation of the Property.

10.17. Membership and Voting

(a) *Membership.* Each condominium Unit Owner shall be a member of the Association. Membership in the Association shall be appurtenant to the legal, fee title to the Condominium Units of the Project, and upon the transfer of title to a Condominium Unit of the Project, the membership appurtenant thereto shall be deemed to be transferred to the grantee of such condominium Unit, upon recordation of the deed or other conveyance thereof in the Real Property Records of Travis county, Texas.

No membership in the Association may be conveyed or transferred in any other manner. When the title to a Condominium Unit in the Project is owned by more than one person, firm, corporation, or other entity, the membership in the corporation appurtenant to such Condominium Unit shall be owned in the same manner and to the same extent as the condominium Unit, with all the Owners of such Condominium Unit being collectively the member in the Association.

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

(c) *Majority of Owners.* As used in these Bylaws, the term "Majority of Owners" shall mean those voting Owners holding fifty-one percent (51%) of the Common Interest.

(d) *Quorum.* Except as otherwise provided in the Declaration or these Bylaws, the presence in person or by proxy of fifty-one percent (51%) of the Common Interest of the

Owners shall constitute a quorum. In the event a quorum is not present, then the meeting called shall be adjourned, and notice of a new meeting for the same purposes within five (5) days to four (4) weeks shall be sent by mail or hand-delivered to each Unit, at which meeting the number of Owners represented in person or by proxy shall be sufficient to constitute a quorum. An affirmative vote of a majority of the Owners present, either in person or by proxy, shall be required to transact the business of the meeting.

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

10.18. Accounting, Audit, Inspection of Records. The Board shall keep or cause to be kept books of detailed account of the receipts and expenditures affecting the Project and its administration and specifying the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Project or the Association. Both the books of accounts and all vouchers supporting the entries made therein shall be available for examination at the office of the Association by all Owners at convenient hours on working days and the Board shall cause to be established and announced for general knowledge the days and hours within which such books shall be available for inspection. As required by the Texas Uniform Condominium Act, all financial records of the Association shall be kept in accordance with generally accepted accounting procedures, consistently applied, and audited at least once a year by an outside auditor selected by the Board unless directed otherwise by the Association at the annual membership meeting. The fiscal year of the Association shall be the calendar year unless another period is established by resolution of the Board.

At all times, the Association shall have and maintain current copies of the declaration, articles of incorporation, bylaws, and Association rules, along with books, records, and financial statements, available for inspection by Unit Owners or by holders, insurers, guarantors of any first mortgage that is secured by a Condominium Unit in the Project, and/or any prospective purchaser on submission of a written request for it. Reasonable charges may be required for copies.

The Association shall make an audited statement for the preceding fiscal year available to the holder, insurer, or guarantor of any first mortgage that is secured by a unit in the project on submission of a written request for it. The audited financial statement shall be available within 120 days of the Association's fiscal year-end.

10.19 Architectural Control Committee. The Board shall serve as the Architectural Control Committee for the Association, approving or disapproving construction, alternation, and modifications pursuant to article 8.8.

10.20. Security Policies.

(a) Neither Declarant nor the Association promises, warrants, or guaranties the safety or security of Owners, occupants, family, tenants, guests, or their agents or contractors or their personal property against the criminal actions of others. Each Owner and other person in the Project has the responsibility to protect himself or herself and to maintain insurance to protect his or her belongings. Owners and tenants should contact an insurance agent to arrange appropriate fire and theft insurance on their personal property.

(b) No security system, patrol, access gate, or electronic security device can provide protection against crime at every location at every moment of the day or night. Even elaborate security systems are subject to mechanical malfunction, tampering, human error, or personnel absenteeism, and can be defeated or avoided by clever criminals. Therefore, Owners and all other persons in the Project should not rely on such systems and should always protect themselves and their property as if no security systems exist. Owners and all other persons in the Project should make no other assumptions regarding security. The best safety measures are those precautions that can be performed as a matter of common sense and habit.

(c) If security systems, security devices, access gates, or walk-through/drive-through services are utilized in the Project, no representation is made by the Association that such systems, devices, or services will prevent injury, theft, or vandalism. Any companies or individuals walking or driving the community on behalf of owner, by law, may not carry weapons and have no greater authority under the law to restrain or arrest criminals or to prevent crime than the ordinary citizen. The Association does not promise, warrant, or guarantee that any such systems, devices, or services do in fact discourage or prevent breaches of security, intrusions, thefts, or incidents of violent crime. The Association reserves the right to reduce, modify, or eliminate any security system, security devices, or services (other than any that are statutorily required) at any time; and such action shall not be a breach of any obligation or warranty on the part of the Association. "Neighborhood Crime Watch" signs, if any, do not imply safety or security.

(d) If controlled access gates or intrusion alarms are provided, Owners will be furnished written operating instructions; and it is the responsibility of the Owners and their tenants to read them and bring any questions to the attention of the Association or its management company. Further, it is the responsibility of Owners and their tenants to promptly notify the Association in writing of any known problem, defect, malfunction, or failure of door locks, window latches, lighting, controlled-access gates, intrusion alarms, and other security-related devices in the common area. Each Owner and tenant must report to the Association any crime that he or she is aware of and that occurs in the Owner's Unit or in Common Areas near the Owner's Unit. If an Owner's Unit is equipped with an intrusion alarm, the Owner is responsible for all fines and other charges resulting from or attributable to the alarm, including false-alarm charges -- even if caused by the Owner's tenant, family, guests, or contractors. The Association has the right to enter a Unit for purposes of cutting off a security system in which the intrusion alarm is disturbing other Owners or their tenants.

(e) Protecting Owners, their families, occupants, guests, and invitees from crime is the sole responsibility of the respective Owners, occupants, and law enforcement agencies.

Owners, tenants, and other occupants should call the police of 911 first if a crime occurs or is suspected. Owners, tenants, and other occupants should promptly report to the Association or the Association's management company in writing any common area locks, latches, lighting, overgrown shrubbery, fences, gates, intrusion alarm, and other security-related devices that they believe are in need of repair or improvement.

(f) The Association expressly disclaims any duties of security. The Association shall not be responsible for damage or injury resulting from improper use of or malfunction of access gates.

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

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

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

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

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

2. Fiscal Year. The fiscal year for the Association shall be the calendar year.

10.22 Insurance: Damage or Destruction (a) Association Liability Insurance. The Association shall obtain and continue in effect comprehensive public liability insurance insuring the Association, the agents and employees of each and the Owners and the respective family members, guests and invitees of the Owners against any liability incident to the ownership or use of the Common Elements, commercial spaces, if any, and public ways, and including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured, and a "severability of interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owner or the Association. The scope of the coverage must include all other coverage in the kinds and amounts commonly required by FNMA for projects similar in constructions, location, and use. Coverage shall be in an amount not less than One Million Dollars (\$1,000,000) per occurrence, for personal injury and/or property damage.

(b) Master Hazard Insurance. Additionally, the Association shall obtain and continue in effect a master or blanket policy of multi-peril insurance on the Project, providing a minimum fire and extended coverage and all other coverage in the kinds and amounts commonly required by Institutional Lenders for projects similar in construction, location and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurance value (based upon replacement cost) of all improvements on the Project, including those covered by the standard "all risk" endorsement. If there is a steam boiler in operation in connection with any Unit, there must be in force boiler explosion insurance evidenced by the standard form of boiler and machinery insurance policy providing minimum coverage in an amount not less than Fifty Thousand Dollars (\$50,000) per accident per location. If the Project is located in an area identified by the Secretary of Housing and Urban Development as an area having special flood hazards, a "blanket" policy of flood insurance on the Project must be maintained in the amount of one hundred percent (100%) of the current replacement cost of all Buildings and other insurable property located in the flood hazard area, or the maximum limit of coverage available under the National Flood Insurance Act of 1968, as amended, whichever is less. The master policy of multi-peril Insurance shall contain extended coverage and replacement costs endorsements, if available, and may also contain vandalism and malicious mischief coverage, special form endorsement, stipulated amount clause and a determinable cash adjustment clause, or a similar clause to permit cash settlement covering full value of the improvements on the Project in the event of destruction and a decision not to rebuild pursuant to this Declaration. Such policies shall be in a form and amount as may be determined by the Board (provided that such policies must be acceptable to the FHLMC and the FNMA), shall name as insured the Association, the Owners and Declarant (so long as Declarant is an Owner of any Units), and all Mortgagees as their respective interests may appear, and shall provide that any proceeds be paid to the Association for the use and benefit of the Owners and Mortgagees as their interest may appear. Such policy shall not be required to insure the personal property or customized items within any individual Units, which shall be and remain the responsibility and risk of the Owners unless required by an Institutional Lender.

(c) Additional Association Insurance. The Association may purchase such other insurance as it may deem necessary, including without limitation plate-glass insurance, worker's compensation, directors liability, and errors and omissions insurance. If the Project includes more than thirty (30) Units, the Association shall maintain in its name fidelity bond insurance providing coverage in an amount not less than the sum of money collected in at least three (3) months from all general and special assessments plus reserve funds. The bond shall cover against dishonest acts by any directors, managers, trustees, employees or volunteers of the Association who are responsible for handling funds belonging to or administered by the Association.

(d) Choice of Carriers; Insurance Premiums. The insurance policies required under this Section shall be acquired from carriers meeting the qualifications of the FHLMC and the FNMA. Insurance premiums shall be a Common Expense to be included in the Assessments levied by the Association. The acquisition of insurance by the Association shall be without prejudice to the right of any Owner to obtain additional individual insurance.

(e) Reconstruction or Repair of Project. In the event of fire, casualty or other disaster involving

substantial damage to the Project, within ten (10) days or receipt of determination of the amount of insurance proceeds available to the Association, the Association shall cause notice to be given of a special meeting of members to be held not less than twenty (20) nor more than thirty (30) days from the giving of such notice. Such notice shall specify the amount of insurance proceeds available, the estimated cost of restoration and any other data deemed pertinent to the determination called for by this Section (e).

(1) Sufficient Proceeds. In case of fire, casualty or any other disaster, the insurance proceeds, if sufficient to reconstruct the Project, shall, subject to the provision of section 8 (e) (3) and (4) herein, be applied to such reconstruction. Reconstruction of the Project, as used in this Section 8 (e) means restoring the Project to substantially the same condition in which it existed immediately prior to the fire, casualty or other disaster, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before. Such reconstruction shall be caused to be accomplished by the Association or its duly authorized agents.

(2) If the insurance proceeds are insufficient to reconstruct the Project, damage to or destruction thereof shall, subject to the provisions of Sections 8 (e) (3) and (4) herein, be promptly caused to be repaired and restored by the Association or its duly authorized agents, using proceeds of insurance, if any, on the Project for that purpose, and the Owners shall be liable for the special Assessment or Assessments for any deficiency as hereinafter provided.

(3) Less than Two-thirds Destruction. If less than two-thirds (2/3) of the Project (as determined by the vote or written consent of Members owning at least fifty-one percent (51%) of the Common Interest in the exercise of their sole discretion) is destroyed or substantially damaged by fire or any other disaster, then the Project shall be rebuilt or repaired, unless the Members of the Association by 66 2/3 vote or written consent, or sixty-six and two-thirds percent (66-2/3%) of the Institutional Lenders (based upon one vote for each Mortgage owned) by prior written approval elect not to repair such damage.

(4) Two-thirds or More Destruction. If two-thirds (2/3) or more of the Project (as determined by the vote or written consent of Members owning at least fifty-one percent (51%) of the Common Interest in the exercise of their sole discretion), is destroyed or substantially damaged by fire or any other disaster, and if the members, by 66 2/3 vote or written consent, do not voluntarily, within one hundred eighty (180) days after determination of the amount of the Association's insurance proceeds resulting from such destruction or damage, make provision for reconstruction (unless within such period the buy-out contemplated in the Section 8(3) (4) is effected), the condominium regime shall be deemed to have been waived, and the Association shall take all action required under the Act to regroup and merge the filial estate with the principal property, whereupon:

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

(ii) the undivided interest in the Project owned in common which shall appertain to

each Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Elements:

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

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

Notwithstanding the foregoing provisions hereof, in the event of destruction or substantial damage to two-thirds (2/3) or more of the Project, sixty-six and two-thirds percent (66-2/3%) of the Institutional Lenders (based upon one vote for each Mortgage owned) by written approval and the Owners may, by an affirmative vote of the Members owning at least three-fourths (3/4) of the undivided Common Interest, at a meeting of the Members duly called for such purpose, elect to sell or otherwise dispose of the Project. Such action shall be binding upon all Owners, and it shall thereupon become the duty of every Owner to execute and deliver such instruments and to perform all acts as in manner and form may be necessary to effect the sale.

Notwithstanding the foregoing provisions hereof, in the event that two-thirds (2/3) or more of the Project has been damaged and 66 2/3 vote has not been obtained for reconstruction at the meeting held in accordance with the provisions of the first paragraph of this Section 8(e) (4), the Association may, by affirmative vote of the Members owning at least three-fourths (3/4) of the undivided Common Interest at a meeting of the Members duly called for such purpose, elect to purchase all the ownership interests in the Project of those Owners not voting to rebuild. Such action will be binding upon the Association and all Owners, and it shall thereupon become the duty of the Association and every Owner to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary to affect the sale and purchase. The purchase price of the ownership interest of each Owner so being purchased shall be payable to the Owner and the Owner's mortgagees as their interests shall appear and shall be an amount equal to the Owner's percentage interest in the Association's insurance proceeds plus an amount equal to the Owner's percentage interest in an amount equal to the then market value of the Project, considered as a whole, excluding such insurance proceeds and less the amount of any liens against the Project or any part thereof. In the event the parties are unable to agree upon the purchase price, the price shall be determined by appraisal as follows: The Association shall select one MAI designated appraiser to act for it; within thirty (30) days of the Association's appointment of an appraiser, the selling Owners shall appoint an MAI designated appraiser to act for them; forthwith the two appraisers acting together shall select a third independent MAI designated appraiser by mutual agreement; and the three appraisers by a vote of the majority of the group shall determine the purchase and sale price with respect to each Owner selling hereunder. All such purchases and sales shall be closed within sixty (60) days

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

(f) Repair of Interior of Unit. Each Owner shall be responsible for the reconstruction, repair or replacement of that portion of the interior of his Unit which the Owner has installed, furnished or provided, including but not limited to, any floor coverings, wall coverings, window shades, draperies, furniture, furnishings, decorative light fixtures, or other improvements, betterments and additions to his Unit, and all appliances located therein irrespective of whether or not such appliances are "built-in" to the Unit, except the original built-in appliances. Each Owner shall also be responsible for the costs not otherwise covered by insurance carried by the Association of any reconstruction, repair or replacement of any portion of the Project necessitated by his negligence or misuse or the negligence or misuse by his family, guests, agents, servants, employees or contractors. In the event damage to all or any part of the interior of an Owner's Unit is covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of such damage upon receipt of the insurance proceeds or any portion thereof from the Association, subject to the rights of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof. In the event damage to all or any part of the interior of an Owner's Unit is not covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of his Unit with sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

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

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

(2) The cost of restoring that part of the damage caused by the Casualty to each Unit which is or would be covered by insurance held by the Association without regard to the policy limits of such insurance (hereinafter referred to as the "Unit Costs"). All insurance proceeds available to the Association with respect to the Casualty shall first be applied to the payment of the actual Common Element Costs and the balance thereof, if any, shall thereafter be applied to the payment of the actual Unit costs. However, if such insurance proceeds are not sufficient to cover such estimated costs, then a special Assessment or Assessments shall be made against the Owners by the Association in the following manner:

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

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

(h) Condemnation. In the event of any taking of any Unit in the Project by eminent domain or sale or other transfer in lieu thereof, the owner of such Unit and the Mortgagee as their interests may appear shall be entitled to receive the award for such taking and after acceptance thereof, he and his Mortgagee shall be divested of all interest in the Project if such Owner shall vacate and abandon his Unit by virtue of such taking. If any repair or rebuilding of the remaining portions of the Project is required as a result of such taking, the remaining Owners shall determine by the affirmative or written consent of Owners owning a majority of the Common Interest owned by remaining owners, whether to rebuild or repair the Project or to take such other action such remaining Owners may deem appropriate. If no repair or rebuilding shall be required or shall be undertaken, the remaining portion of the Project shall be resurveyed, and the Declaration and Master Deed shall be amended to reflect such taking and proportionately readjust the percentages of ownership of the remaining Owners based on a continuing total ownership of the Project of one hundred percent (100%). The Association shall send written notice to all Institutional Lenders (who have notified Association in writing of their interest in a Unit or Units) having Mortgages on Units affected by condemnation proceedings or negotiations for sale in lieu of condemnation whenever the Association obtains knowledge of such proceedings or negotiations. If condemnation or sale in lieu thereof shall affect the lien priority of an Institutional Lender on the Unit on which it holds a Mortgage or on proceeds of condemnation of a Unit.

(i) Personal Liability Insurance. In addition to the master policies which Association shall carry, the Board shall have the power to require each Owner, at sole cost and expense, to carry personal liability insurance covering damage to property or injury to the person of others within the Project resulting from negligence of Owner or his agents, tenants, guests or invitees, in an amount of at least One Hundred Thousand Dollars (\$100,000) for each occurrence.

(j) Waiver of Subrogation; Notice of Cancellation. All property and liability insurance carried by the Association or the Owners shall contain provisions whereby insurer waives rights of subrogation as to the Association, officers, and directors, any Members, their guests, agents and employees. All policies of hazard insurance must contain or have attached the standard mortgage clause commonly accepted by private institutional mortgage investors in the area in which the Units are located. All insurance carried by the Association shall contain a provision requiring the insurer notify all insureds, including servicers on behalf of FHLMC and FNMA, named at least (10) days in advance of the effective date of any reduction in or cancellation of policy.

(k) Association as Attorney-In-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project, whole or in part, upon its

destruction or repair, condemnation or termination.

Title to any Unit is declared and expressly made subject to the terms conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment for the attorney-in-fact herein provided. All Owners irrevocably constitute and appoint the Association as their true and lawful attorney in their name, place and stead for the purpose of dealing with said Project upon its destruction, condemnation or termination is hereinafter provided. As attorney-in-fact, the Association, by and through the President or any Vice President and Secretary or any Assistant Secretary, shall have full and complete authorization, right and power to make, execute and deliver any contracts, deed or any other instrument with respect to the interest of an Owner which is necessary and appropriate to exercise the powers herein granted. Any repair, reconstruction or replacement made of the improvements shall be to substantially the same condition existing prior to the damage, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before.

The proceeds of any insurance collected shall be available to the Association for the purpose of repair, restoration or replacement unless the owners agree not to rebuild in accordance with the provisions herein set forth. The Association shall have full authority, right and power, as attorney-in-fact, to cause any repair and restoration if the improvement(s) permitted are required hereunder.

Without limitation on the generality of the foregoing, the Association as said attorney-in-fact shall have the full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to settle and compromise any and all claims under said insurance policies, or in any condemnation proceeding, to collect proceeds and to distribute the same to the Association, the Owners and their respective Mortgagees (subject to the provisions hereof) as their interest may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Owners, the Association and the Project as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer or condemning authority may deal exclusively with the Association in regard to such matters.

The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit or for the liability of any Owner for occurrences therein not caused by or in connection with the Association's operation, maintenance or use of the Project.

Any distribution of funds received by the Association as attorney-in-fact in connection with the termination of the Project will be made on a reasonable and equitable basis.

Owners' Compliance. Each Owner, tenant or occupant of a Unit and their guests and invitees shall comply with the provisions of the Project Documents and all lawful decisions and resolutions of the Association or its duly authorized representative, and failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action by the Association to recover

sums due for damages (including costs and reasonable attorney's fees) and for injunctive relief. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the bylaws, shall be deemed to be binding on all Owners, their successors and assigns.

ARTICLE XI. MAINTENANCE ASSESSMENTS

11.1. Assessments for Common Expenses. All Owners shall be obligated to pay the estimated Common Assessments imposed by the Association to meet the Common Expenses. Common Assessments for the estimated Common Expenses shall be due monthly in advance on or before the first day of each calendar month. By resolution of the Board, the frequency of collection of Common Assessments may be altered to a monthly frequency.

11.2. Purpose of Assessments. The Common Assessments levied by the Association shall be used exclusively for the purposes of promoting the health, safety, welfare, and recreation of the Owners of the Units, and in particular for the improvement, maintenance, operation, administration, and preservation of the Project.

11.3. Determination of Assessments. The assessments to be paid by all of the Owners shall be determined by the Board of Directors based upon the cash requirements necessary to provide for the payment of all Common Expenses. Examples of expenses that will be taken into account in making this determination include, among other items, taxes, governmental assessments, landscaping and grounds care, common area lighting, repairs and renovation, trash collections, wages, water charges, legal and accounting fees, insurance, management costs and fees, expenses and liabilities incurred by the Association or Managing Agent under or by reason of this Declaration, payment of any deficit remaining from a previous period, and the creation of a reserve contingency fund. Owners having exclusive use of Limited Common Elements shall not be subject to any special charges or assessments for the repair or maintenance. The omission or failure of the Board to fix the assessment for any calendar year shall not be deemed a waiver, modification, or release of the Owners from the obligation to pay Common Assessments.

11.4. Utilities. Each Owner shall pay for his own utilities which are separately metered and billed to each Unit Owner by the respective utility companies. Utility expenses which are not separately metered and billed shall be part of the Common Expenses and each Unit Owner shall pay his prorata share thereof as in the case of other Common Expenses.

11.5. Owner Obligations for Assessments and Mid-year Alterations of Assessments.

(a) All Owners shall be personally obligated to pay the Common Assessments imposed with respect to his Unit by the Association to meet the Common Expenses.

(b) If the Board determines at any time during the calendar year that an increase or decrease in the amount of the Common Assessment is required to adequately perform the

duties and responsibilities of the Association and pay all expenses thereof, then the Board shall call a special meeting of the Owners. By the assent of a majority vote of the Owners present in person or by proxy at the meeting, the amount of the Common Assessment for the remainder of such year may be altered. The new Common Assessment shall remain in effect until a new amount is established either under this Section 11.5 or under Section 11.7.

11.6. Special Assessments for Improvements. In addition to the regular Common Assessments authorized by this Declaration, the Board of Directors may levy in any calendar year a special Common Assessment or Assessments applicable to that calendar year only, for the purpose of defraying, in whole or in part, the cost of any construction or reconstruction or unexpected major repair or replacement of a described capital improvement constituting or to constitute part of the Common Elements.

Such special assessment shall be imposed upon the Owners in proportion to the respective ownership interests in the Common Elements as set out in this Declaration; provided however, that no such special assessment shall become effective until the same has received the affirmative vote of at least 67% of the total votes cast, in person or by proxy, at a special meeting of the members of the Association to be called for the purpose of such vote, notice of which special meeting shall be given to each member in accordance with the provisions of the bylaws of the Association regarding notices of special meetings. At any such meeting the membership may, by the required affirmative vote aforesaid, amend or modify any such special Common Assessment proposed by the Board of Directors. The prorata part and share of each Owner of any such special Common Assessment shall be due and payable as provided in the resolution adopting or approving any such special Common Assessment.

11.7. Commencement of Assessments. The regular Common Assessments shall be due on the first day of each calendar month. The Board shall fix the amount of the regular Common Assessments applicable to the units no later than January 31st of each year.

11.8. No Exemption. No Owner may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the General or Limited Common Elements or by abandonment of his Unit.

11.9. Lien for Assessments.

(a) All sums due and unpaid by a Unit Owner shall be secured by an express contractual lien (which is hereby created, granted, and reserved) on such Unit and any insurance proceeds and rents relating to such Unit, which lien shall be superior and prior to all other liens and encumbrances, except only for:

(1) Assessments, liens, and charges in favor of the State of Texas or a political subdivision thereof for taxes on the Unit; and

(2) All liens securing sums due or to become due under any duly recorded and valid purchase-money first lien mortgage, or initial construction mortgage, including all unpaid obligatory sums as may be provided by such encumbrance and including additional advances made thereon if the mortgage was recorded before the delinquency accrued.

(b) In order to evidence the amounts from time to time secured by such contractual lien, the Board of Directors may, but shall not be required to, prepare written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Unit, and a description of the Unit. Such notice shall be signed by one of the members of the Board of Directors or the Association's attorney and may be recorded in the Office of the County Clerk of Travis County, Texas. Such contractual liens may be enforced by the Association through judicial foreclosure or nonjudicial foreclosure on the defaulting Owner's Unit. Any such foreclosure sale is to be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in the Texas Property Code, or in any other manner permitted by law. Each Owner, by accepting a deed to his Unit, shall be deemed to have expressly granted to the Association a power of sale upon his Unit to secure payment of the Common Assessments thereafter imposed upon the Owner. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien, and all reasonable attorney's fees. The Association shall have the right to bid on the Unit at foreclosure sale and to acquire and hold, lease, mortgage, and convey same, if it is the highest bidder at such foreclosure sale. Without other formality than executing an instrument in writing, the Association shall have the right to appoint a successor or substitute trustee to exercise the power of sale.

(c) Suit to recover a money judgment against the Owner for unpaid sums shall be maintainable without foreclosing or waiving said lien securing same.

(d) Any lienholder on a Unit may pay any unpaid due imposed with respect to such Unit, and upon such payment, lienholder shall have a lien on such Unit for the amount paid of the same rank as the lien of his encumbrance.

(e) A lien for any assessment will not be affected by the sale or transfer of the Unit, unless a foreclosure of a first mortgage is involved, in which case the foreclosure will extinguish the lien for any assessments that were payable before the foreclosure sale, but will not relieve any subsequent Unit Owner from paying further assessments.

11.10. Subordination of the Lien to Mortgages. The contractual lien securing monies owned to the Association shall be subordinate to the lien of any first lien purchase-money mortgage or initial construction mortgage voluntarily granted or created by the Owner on his Unit provided that such first lien or construction lien is recorded with the Clerk of Travis County, Texas prior to the due date of the amount(s) owed to the Association. The holder of such a mortgage is referred to as a "First Mortgagee". Sale or transfer of any Unit pursuant to a foreclosure or a deed in lieu of

foreclosure shall not affect said contractual lien as to the amounts secured thereby which became due and payable prior to the recording of the mortgage being foreclosed; provided, however, that the sale or transfer of any Unit pursuant to a foreclosure pursuant to a superior lien shall not extinguish the Association's contractual lien on amounts becoming due and after such foreclosure. No such foreclosure shall relieve such Unit, or the Owners thereof, from liability for monies owed by the Owner to the Association.

11.11. Statement of Assessments. Upon payment to the Association of a reasonable fee calculated to reimburse the Association for the cost of providing same, and upon the written request of any Owner or any lienholder or prospective purchaser or lienholder of a Unit, the Association, by its Board of Directors or the Managing Agent, shall issue a written statement setting forth the unpaid Common Assessments and other sums due, if any, with respect to the subject Unit, the amount of the current Common Assessments, the date of the next of such Common Assessments becomes due and payable, which shall be conclusive upon the Association in favor of the addressee of such statement.

11.12. Personal Liability for Assessments. Assessments and other sums due shall be the personal obligation of the Owner of the Unit at the time the sum accrued. Subsequent Owners shall not be personally liable but their Units shall nonetheless be subject to a lien for payment of same as set forth in Section 11.9. Successor Units may agree to assume such liability, however.

ARTICLE XII. PROTECTION OF MORTGAGEES

12.1. Mortgage Priorities. Any Owner shall have the right from time to time to mortgage or encumber his Unit by deed of trust, mortgage, or other security instrument.

12.2. Notice to Association. Upon request by the Association, an Owner who mortgages his Unit shall notify the Association, giving the name and address of his mortgagee. Each mortgagee shall be permitted to notify the Association of the fact that such mortgagee holds a deed of trust or mortgage on a Unit. The Board shall maintain such information in its records.

12.3. Notice of Default; Lapse in Insurance. The Association shall notify a mortgagee of a Unit in writing, upon written request of such mortgagee, who also provides the Association with its name and address and the number of the Unit on which it holds its lien, of any default by the Owner of such Unit in performing such Owner's obligations, as set forth in the Declaration, which are not cured within 30 days after written notice to do so as has been given. The Association, upon written request, shall notify a First Mortgagee of any lapse, cancellation, or material modification of any insurance policy of fidelity bond maintained by the Association.

12.4. Examination of Books. Upon request, the Association shall permit Unit

Owners and their mortgagees to examine current copies of the Declaration, Bylaws, other rules concerning the Project, and the books and records of the Association during normal business hours.

12.5. Annual Audits. There shall be an independent audit or review of the Association's financial records as required by the Texas Uniform Condominium Act, each year. Upon written request of an Owner or a First Mortgagee, the Association shall furnish to the person so requesting a copy thereof upon payment of reasonable copy charges.

12.6. Notice of Meetings. The Association shall furnish each First Mortgagee, upon written request by such First Mortgagee, prior written notice of all meetings of the Association and permit the designation of a representative of such First Mortgagee to attend such meetings, one such request to be deemed to be a request for prior written notice of all subsequent meetings of the Association.

12.7. Notice of Damages, Destruction, or Condemnation. Upon written request by it, the Association shall furnish a First Mortgagee timely written notice of any substantial damage or partial destruction of any Unit on which such First Mortgagee holds the mortgage if such loss exceeds One Thousand Dollars (\$1,000.00) and of any part of the Common Elements if such loss exceeds Ten Thousand Dollars (\$10,000.00). The same notice shall be timely given if condemnation proceedings are instituted on a mortgagee's Unit or if specific notice to a lienholder is required under this Declaration.

12.8. Management Agreements. The Association shall be professionally managed. A management certificate, in compliance with the requirements of the Texas Uniform Condominium Act, shall be timely filed with the County Clerk of Travis County, Texas. A copy of the management certificate and may be modified as needed or required by law. If a management agreement is terminated, the Association shall enter into a new management agreement with a new management agent prior to the effective date of the termination of the old management agreement.

12.9. Alteration and Destruction of Units. The Association may not alter or destroy a Unit or a Limited Common Element without the consent of all Owners affected and the First Mortgagees of all affected Owners.

ARTICLE XIII. GENERAL PROVISIONS

13.1. Enforcement. The Association, any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens, or charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court; provided, however, that an individual Owner shall have no right to enforce the collection of any Assessment

levied against any other Owner under Article IV. Failure by any such Person to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

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

13.3. Encroachment and Protrusion Easements. Each Unit within the Project is hereby declared to have an easement over all adjoining Units and the Common Elements for the purpose of accommodating any encroachment and/or protrusion due to engineering errors, errors in original construction, settlement or shifting of any Building, or any other cause. There shall be valid easements for the maintenance of said encroachments and/or protrusions as long as they shall exist, and the rights and obligations of Owners shall not be altered in any way by said encroachment, protrusion, settlement or shifting; provided, however, that in no event shall a valid easement or encroachment or protrusion be created in favor of an Owner or Owners if said encroachment or protrusion occurred due to the willful misconduct of said Owner or Owners. In the event a structure is partially or totally destroyed, and then repaired or rebuilt, the Owners of each Unit agree that minor encroachments and/or protrusions over adjoining Units or Common Elements shall be permitted and that there shall be a valid easement for the maintenance of said encroachments and/or protrusions so long as they shall exist. Such encroachments or protrusions shall not be considered to be encumbrances either on the Common Elements or on a Unit for purposes of marketability of title or otherwise.

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

13.5. Mortgage Insurer and Guarantor Protection Clauses.

(a) *Rights of Mortgagees.* No breach of any of the covenants, conditions and restrictions contained in this Declaration, nor the enforcement of any lien provisions herein, shall render invalid the lien of any first lien Mortgage (meaning a Mortgage with first priority over any other mortgage) on any Unit made in good faith and for value, but all of said covenants, conditions

and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, unless otherwise provided herein.

(b) *Notice to Mortgagees, Insurers and Guarantors.* All Mortgagees including FNMA and FHLMC that have filed with the Association an appropriate written request which includes its name and address as well as the Unit number encumbered by its Mortgage (the "Eligible Mortgagees") as well as all insurers of a Unit and governmental guarantors of a Mortgage that have filed with the Association such an appropriate written request ("Eligible Insurers" and "Eligible Guarantors" respectively), shall be entitled to receive the following notices in writing from the Association.

(1) Any condemnation loss or any casualty loss which affects a material portion of the project or any Unit on which there is a Mortgage held, insured, or guaranteed by such Eligible Mortgagee, Eligible Insurer or Eligible Guarantor, as applicable;

(2) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a Mortgage held, insured or guaranteed by such Eligible Mortgagee, Eligible Insurer or Eligible Guarantor, which remains uncured for a period of sixty (60) days;

(3) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(4) Any proposed action which would require the consent of a specified percentage of Eligible Mortgagees as specified herein.

(c) *Additional Rights of Eligible Mortgagees.* To the extent permitted by applicable law, Eligible Mortgagees shall also be afforded the following rights:

(1) Any restoration or repair of the Project, after a partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with this Declaration and the original plans and specifications, unless other action is approved by Eligible Mortgagees of Units to which at least fifty-one percent (51%) of the votes in the Association have been allocated.

(2) Any election to terminate the legal status of the project after substantial destruction or a substantial taking in condemnation of the Project Property must require the approval of Eligible Mortgagees of Units to which at least fifty-one percent (51%) of the votes in the Association have been allocated.

(3) No reallocation of Common Interests resulting from a partial condemnation or partial destruction of the Project may be effected without the prior approval of Eligible Mortgagees of the remaining Units whether existing in whole or in part, to which have been

allocated at least fifty-one percent (51%) of the votes in the Association of all remaining Units subject to Mortgages held by Eligible Mortgagees.

(4) When professional management has been previously required by any Eligible Mortgagee or Eligible Insurer or Eligible Guarantor, whether such entity became an Eligible Mortgagee or Eligible Insurer or Eligible Guarantor at that time or later, any decision to establish self management by the Association shall require the prior consent of Owners of Units to which at least sixty-seven percent (67%) of the votes in the Association are allocated and the approval of Eligible Mortgagees of Units to which at least fifty-one percent (51%) of the votes in the Association have been allocated.

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

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

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

(g) *Management Agreements.* Any management agreement entered into by the Association will be terminable by the Association, with or without cause, without penalty, upon not less than ninety (90) days written notice, and the term of such management agreement will not exceed the period of one (1) year, renewable by agreement of the parties for successive periods, not to exceed one year each.

13.6. Revocation or Amendment to Declaration. Notwithstanding anything else in this Declaration to the contrary, this Declaration may only be amended at a meeting of the unit owners at which the amendment is approved by the holders of at least 67% of the ownership interest in the condominium. Any amendment of this Declaration may not alter or destroy a unit or a limited

common element without the consent of the Owners affected and the Owners' first lien mortgagees. Further, this Declaration shall not be materially amended unless the Owners to whom at least sixty-seven percent (67%), of the votes in the Association have been allocated (at a meeting as described above) and Eligible Mortgagees holding Mortgages on Units to which at least fifty-one percent (51%) of the votes in the Association have been allocated consent and agree to such amendment by instrument(s) duly recorded. A material amendment involves a change in any of the following matters:

- voting rights;
- assessments, assessment liens, or subordinating of assessment liens;
- reserves for maintenance, repair and replacement of Common Areas;
- responsibility for maintenance and repairs;
- reallocation of interests in the General or Limited Common Areas, or rights to their use;
- boundaries of any Unit;
- convertibility of Units into Common Area or vice versa;
- expansion or contraction of the Project, or the addition, annexation or withdrawal of property to or from the Project;
- insurance or fidelity bonds;
- leasing of Units
- imposition of any restrictions on an Owner's right to sell or transfer a Unit;
- a decision by the owner's association to establish self management when professional management had been required previously by an Eligible Mortgagee;
- restoration or repair of the Project (after a hazard damage or partial condemnation) in a manner other than that specified herein;
- any action to terminate the legal status of the Project after substantial destruction or condemnation occurs; or
- any provisions that expressly benefit Eligible Mortgagees, Insurers or Guarantors.

In addition, Eligible Mortgagees representing at least 67% of the votes of the Units must agree to a termination of the legal status of the Project for reasons other than substantial destruction or condemnation of the Property. Notwithstanding the foregoing, as long as all the Units are owned by Declarant, Declarant may, with the written consent of any Institutional Lender of any Unit which would be affected (but without the consent of any Owner) amend this Declaration, Map, Bylaws and any other Exhibits attached hereto, which amendments may include by way of example, but not be limited to those made pursuant to Article I(M) and (N) and Article II(3). As stated above, these amendments must also be done at a meeting of the unit Owners.

13.7. Owner's Right and Obligation to Maintain and Repair. Except for those portions of the Project which the Association is required to maintain and repair as provided herein and in the Bylaws, each Unit Owner shall, at his sole cost and expense, maintain and repair his Unit

keeping the same in good condition. Additionally, each Owner shall, at his sole cost and expense, maintain, repair and replace as necessary any separate air-conditioning and heating units which service only his Unit. Also, each Owner shall, at his sole cost and expense, maintain any patio or courtyard adjacent to his unit and designated for the exclusive use of his unit. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his Unit. In the event an Owner fails to maintain his Unit or other designated area, as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Project, the Board may notify such Owner of the work required and request that it be done within sixty (60) days from the giving of such notice. In the event such Owner fails to complete such maintenance within said period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner and, if necessary, create a lien against his Unit for the amount thereof.

13.8. The Board of Directors may, by unanimous vote, at any time amend this Declaration or the Bylaws by instrument duly signed, acknowledged, and filed for record, for the sole purpose of having the Declaration comply with financing eligibility requirements of the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veterans Administration, Federal Housing Administration, or comparable federal or state agencies.

13.9. Mortgagees will have deemed to have given their approval of any proposed amendment or other matter requiring a mortgagee vote if notice to such mortgagee is sent certified mail, return receipt requested, and the mortgagee has not responded within 30 days from the date of such notice.

13.10. Ownership of Common Personal Property. No Owner shall have any other interest and right to personal property owned by the Association and all such right and interest shall absolutely terminate upon the Owner's termination of possession of his Unit.

13.11. Change in Documents. Upon written request, the holder of any mortgage covering any of the Units shall be entitled to written notification from the Association 30 days prior to the effective date of any change in this Declaration.

13.12. Nonliability and Release of the Association, Officers, and Directors.

(a) *Nonliability and release.* THE ASSOCIATION AND ITS OFFICERS AND DIRECTORS SHALL NOT BE LIABLE TO UNIT OWNERS, THEIR TENANTS, AND PERSONS ON THE PROPERTY AT THEIR INVITATION OR WITH THEIR PERMISSION, FOR PROPERTY DAMAGE, PERSONAL INJURIES, OR HARM RESULTING AT ANY TIME FROM NEGLIGENT CONDUCT OR THE ASSOCIATION OFFICERS, DIRECTORS, EMPLOYEES, AND AGENTS RELATING TO ENFORCEMENT OR NONENFORCEMENT OF THE ASSOCIATION'S DECLARATION OR RULES. THIS INCLUDES BUT IS NOT LIMITED TO DECLARATION PROVISIONS AND RULES REGARDING PET LEASH REQUIREMENTS, TRAFFIC INTERSECTION SIGHTLINES, SWIMMING POOL RULES,

TRAFFIC SIGNS, VEHICLE PARKING, COMMON AREA LIGHTING OR FENCING, COMMON AREA SECURITY, HAZARDOUS MATERIALS STORAGE, ELECTRICAL LINES, GAS LINE OR SANITARY SEWER SYSTEM FAILURES, ETC. BY ACCEPTANCE OF A DEED OR LEASE, OWNERS AND TENANTS, AS WELL AS PERSONS ON THE PROPERTY AT THEIR INVITATION OR WITH THEIR PERMISSION, ARE DEEMED TO HAVE RELEASED THE ASSOCIATION AND ITS OFFICERS AND DIRECTORS FROM SUCH LIABILITY, TO THE EXTENT AUTHORIZED BY LAW. THE FOREGOING DOES NOT RELEASE AN OFFICER OR DIRECTOR FROM LIABILITY FOR ACTS OR OMISSIONS WHICH ARE (1) A BREACH OF THE OFFICER'S OR DIRECTOR'S DUTY OF LOYALTY AND FIDUCIARY DUTY TO THE ASSOCIATION OR ITS MEMBERS, (2) ACTS OR OMISSIONS NOT IN GOOD FAITH OR INVOLVING INTENTIONAL MISCONDUCT OR A KNOWING VIOLATION OF LAW, (3) A TRANSACTION FROM WHICH AN OFFICER OR DIRECTOR RECEIVES AN IMPROPER BENEFIT, WHETHER OR NOT THE BENEFIT RESULTED FROM AN ACTION TAKEN WITHIN THE SCOPE OF THE DIRECTOR'S OFFICE, OR (4) AN ACT OR OMISSION FOR WHICH THE LIABILITY OF THE DIRECTOR IS EXPRESSLY PROVIDED BY STATUTE.

(b) *Indemnity.* The Association shall indemnify all such Directors and officers from all claims, demands, actions, and proceedings and any expenses in connection therewith, except if such Director or Officer has acted in violation of the foregoing.

(c) *Directors and officers liability insurance.* The Board may purchase (but is not required to purchase) directors and officers liability insurance. Such insurance and any indemnification payment shall be treated as a common expense. The Board of Directors is authorized and directed to modify the Association's corporate charter to conform to this Section 13.12

13.13. Notices. All notices, demands, or other notices intended to be served upon an Owner may be sent by ordinary or certified mail, postage prepaid, or by personal delivery, in any event addressed in the name of such Owner in care of the Unit number and Building address of such Owner. All notices, demands or other notices intended to be served upon the Board of Directors of the Association or the Association, may be sent by regular or certified mail, postage prepaid, or by personal delivery, in any event to the management company for the Association, until such address is changed by notice of address change duly recorded in the Real Property Records of Travis County, Texas.

13.14. Conflict Between Declaration and Bylaws. Whenever the application of a provision of this Declaration conflicts with the application of any provision of the Bylaws adopted by the Association, the provisions or application of this Declaration shall prevail.

13.15. Invalidation of Parts. If any of the provisions of this Declaration or any section, sentence, clause, phrase or word or the application thereof in any circumstances is invalidated or declared unenforceable, such invalidity shall not affect the validity of enforceability of the remainder of this Declaration and the application of any provisions, section, sentence, clause,

phrase, or word in any other circumstance shall not be affected.

13.16. Omissions. In the event of the omission from this Declaration of any word, sentence, clause, provision, or stipulation which shall be necessary for the accomplishment of the intent and purposes of this Declaration, then such omitted matter shall be supplied by inference and/or by reference to the Act.

IN WITNESS WHEREOF, this Revised Declaration has been executed as of the _____ day of _____, 1998.

GARDENS AT SPICEWOOD CONDOMINIUMS

By: _____

Printed Name: _____

Title: _____

STATE OF TEXAS
COUNTY OF TRAVIS

This instrument was acknowledged before me on the _____ Day of _____, 1998 by _____ as _____ of Gardens At Spicewood Condominiums, Inc. A non-profit corporation incorporated under the laws of the State of Texas, on behalf of said corporation.

Notary Public for the State of Texas

Attached Exhibits:

RESTATED ARTICLES OF INCORPORATION
GARDENS AT SPICEWOOD CONDOMINIUMS
HOMEOWNERS ASSOCIATION, INC.

ARTICLE ONE: NAME

The name of the corporation is Gardens at Spicewood Condominiums Homeowners Association, Inc.

ARTICLE TWO: NON-PROFIT

The corporation is a non-profit corporation.

ARTICLE THREE: DURATION

The period of its duration is perpetual.

ARTICLE FOUR: PURPOSES

The purposes for which the Association is organized are to represent the interests of members of the Gardens at Spicewood Condominiums Homeowners Association, Inc.

ARTICLE FIVE: MEMBERSHIP

The corporation shall be a membership corporation. The qualifications for membership and rights, duties, and obligations of members shall be contained in the Bylaws of the corporation.

ARTICLE SIX: REGISTERED AGENT AND OFFICE

The name of its initial registered agent is Carol Wolf Management, and the street address of the initial registered office of the corporation is 1801 Coronado Hills Drive, Austin, Texas 78752.

ARTICLE SEVEN: BOARD OF DIRECTORS

The business and affairs of the corporation shall be managed by a Board of Directors in which shall reside all rights, powers, authority and responsibility with respect to the management and affairs

of the corporation. The initial Board shall consist of:

Joe Horsley, 11310 Spicewood Club #13, Austin, Texas 78750
J. W. Donaldson, 11310 Spicewood Club #26, Austin, Texas 78750
Michelle Bubnis, 11310 Spicewood Club #16, Austin, Texas 78750
Gary Baughn, 11310 Spicewood Club #30, Austin, Texas 78750
Ora Votti, 11310 Spicewood Club #1, Austin, Texas 78750

The Board of Directors of the corporation shall, after the corporate charter has been issued, be elected pursuant to the Bylaws of the corporation at the first meeting of the general membership.

ARTICLE EIGHT: INDEMNIFICATION

The corporation shall indemnify any director or officer or former director or officer of the corporation for expenses and cost (including attorney's fees) actually and necessarily incurred by him in connection with any claim asserted against the director or officer, by action in court or otherwise, by reason of being or having been the director or officer, except in relation to matters as to which the officer or director is guilty of gross negligence or willful misconduct in respect of the matter in which indemnity is sought.

ARTICLE NINE: LIMITED LIABILITY

The members of the Board of Directors, the officers of the corporation, and committee members of the Association shall not be liable to any member or any person claiming by or through any member for any act or omission of the director or officer in the performance of his duties unless the director's or officer's act or omission is (1) a breach of a duty of loyalty to the corporation or its members, (2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of law, (3) a transaction from which a director or officer receives an improper benefit, whether or not the benefit resulted from an action taken within the scope of the person's office, or (4) an act or omission for which the liability of the director is expressly provided for by a statute. The corporation shall indemnify all such directors and officers from all claims, demands, actions, and proceedings and any expenses in connection therewith except if the director or officer has acted in violation of the foregoing. The Board of Directors may purchase (but is not requested to purchase) directors and officers liability insurance.

ARTICLE TEN: IRS EXEMPTION

The business and affairs of this corporation shall always be conducted so that the corporation does not exercise any power or engage directly or indirectly in any activity that would invalidate its status as a corporation which is exempt from federal income taxation under §501 (c)(4) of the Internal Revenue Code of 1986, as amended.

ARTICLE ELEVEN: DISSOLUTION

In the event of dissolution of the corporation, the assets of the corporation shall belong to the members of the corporation at the time of dissolution, prorata according to the respective members' percentage ownership of common area of the Gardens at Spicewood Condominiums.

Dated 7-6-98, 1998.

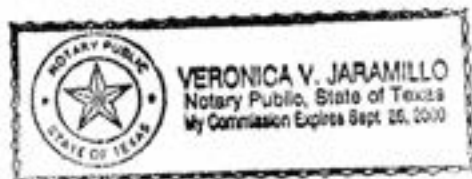
Carol A. Wolf
Joe Hersley, Incorporators
J.W. Donaldson
Michelle Bubnis
Gary Baughn
Ora Votti

CAROL A. WOLF, saw 7/6/98

STATE OF TEXAS
COUNTY OF TRAVIS

On this the 6th day of July, 1998, before me the undersigned authority appeared Incorporators listed above, who after being duly sworn, states that the foregoing information is true and correct.

Carol A. Wolf
Veronica V. Jaramillo



Notary Public for the State of Texas

Printed name of notary

My commission expires

9-26-2000

ORIGINAL
FILED FOR RECORD

AFTER RECORDING RETURN TO:

Joshua D. Bernstein, Esq.
Armbrust & Brown, L.L.P.
100 Congress Ave., Suite 1300
Austin, Texas 78701

GARDENS AT SPICEWOOD CONDOMINIUMS

FIRST AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS

Cross reference to that certain Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded in Vol. 13218, Pages 0090-0148, Official Public Records of Travis County, Texas.

GARDENS AT SPICEWOOD CONDOMINIUMS

**FIRST AMENDMENT TO DECLARATION
OF COVENANTS, CONDITIONS AND RESTRICTIONS**

RECITALS:

A. Gardens at Spicewood Condominiums, a residential condominium project (the "Regime") located in Travis County, Texas, is currently governed by that certain Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded in Vol. 13218, Pages 0090-0148, Official Public Records of Travis County, Texas (the "Declaration").

B. The Declaration provides for the Gardens at Spicewood-Austin Owners Association, Inc. (the "Association"), whose members are the unit owners within the Regime, to serve as the condominium association entitled under the Declaration to administer the affairs of the Regime.

C. Pursuant to Section 13.6 of the Declaration, the Declaration may only be amended at a meeting of the unit owners at which the amendment is approved by the holders of at least sixty-seven percent (67%) of the ownership interest in the condominium.

D. At a duly called meeting held on January 21, 2004 (the "Effective Date"), unit owners representing at least sixty-seven percent (67%) of the ownership interest in the condominium approved an amendment to the Declaration, on the terms and subject to the conditions set forth herein.

E. The President and Secretary of the Association have executed this Amendment for the purpose of evidencing the requisite consent of the unit owners hereto.

NOW THEREFORE, the Declaration is hereby amended as follows:

1. Owner's Right and Obligation to Maintain and Repair. Section 13.7 of the Declaration is hereby deleted in its entirety and replaced with the following:

13.7. Owner's Right and Obligation to Maintain and Repair. Except for those portions of the Project which the Association is required to maintain and repair as provided herein and in the Bylaws, each Unit Owner shall, at his sole cost and expense, maintain and repair his Unit keeping the same in good condition. Additionally, each Owner shall, at his sole cost and expense, maintain any patio or courtyard adjacent to his Unit and designated for the exclusive use of his Unit. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls,

ceilings, floors, windows and doors bounding his Unit. In the event of casualty damage by fire or flood, regardless of whose fault it is, the Association shall only pay for the cost of repairing or replacing the carpet of the same quality as used in the original construction of the Units. Otherwise, each Owner shall be responsible for all repairs or replacement of the floor covering (such as carpet, tile or wood flooring) in the Owner's own Unit. In the event an Owner fails to maintain his Unit or other designated area, as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Project, the Board may notify such Owner of the work required and request that it be done within sixty (60) days from giving such notice. In the event such Owner fails to complete such maintenance within said period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner and, if necessary, create a lien against his Unit for the amount thereof.

2. Miscellaneous. Any capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Declaration. In the event of any conflict between the terms and provisions of this Amendment and the terms and provisions of the Declaration, the terms and provisions of this Amendment shall control. However, unless expressly amended by this Amendment, all other terms and provisions of the Declaration remain in full force and effect as written, and are hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

EXECUTED to be effective as of the Effective Date.

THE ASSOCIATION:

GARDENS AT SPICEWOOD CONDOMINIUMS
HOMEOWNERS ASSOCIATION, INC., a Texas
non-profit corporation

By: [Signature]
Printed Name: C. Michael Meek
Title: President

By: L. H. H.
Printed Name: LOREN R. Hodge Jr
Title: Secretary

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me this 27th day of October, 2009 by
C. Michael Meek President of the Gardens at Spicewood Condominiums
Homeowners Association Inc., a Texas non-profit corporation, on behalf of said non-profit
corporation.

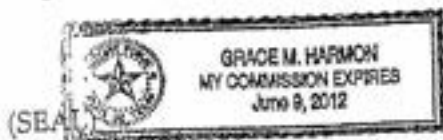


[Signature]
Notary Public Signature

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me this 27th day of October, 2009 by
Loren R. Hodge Secretary of the Gardens at Spicewood Condominiums
Homeowners Association Inc., a Texas non-profit corporation, on behalf of said non-profit
corporation.



[Signature]
Notary Public Signature

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dana DeBeauvoir

2009 Oct 20 02:26 PM

2009180859

CARTERT \$32.00

DANA DEBEAUVOIR COUNTY CLERK
TRAVIS COUNTY TEXAS

AFTER RECORDING RETURN TO:

Joshua D. Bernstein, Esq.
Armbrust & Brown, L.L.P.
100 Congress Ave., Suite 1300
Austin, Texas 78701

ORIGINAL
FILED FOR RECORD

GARDENS AT SPICEWOOD CONDOMINIUMS

SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

Cross reference to that certain Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded in Vol. 13218, Pages 0090-0148, Official Public Records of Travis County, Texas, as amended.

GARDENS AT SPICEWOOD CONDOMINIUMS

SECOND AMENDMENT TO DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

RECITALS:

A. Gardens at Spicewood Condominiums, a residential condominium project (the "Regime") located in Travis County, Texas, is currently governed by that certain Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded in Vol. 13218, Pages 0090-0148, Official Public Records of Travis County, Texas (as amended, the "Declaration").

B. The Declaration provides for the Gardens at Spicewood-Austin Owners Association, Inc. (the "Association"), whose members are the unit owners within the Regime, to serve as the condominium association entitled under the Declaration to administer the affairs of the Regime.

C. Pursuant to Section 13.6 of the Declaration, the Declaration may only be amended at a meeting of the unit owners at which the amendment is approved by the holders of at least sixty-seven percent (67%) of the ownership interest in the condominium.

D. At a duly called meeting held on January 26, 2005 (the "Effective Date"), unit owners representing at least sixty-seven percent (67%) of the ownership interest in the condominium approved an amendment to the Declaration, on the terms and subject to the conditions set forth herein.

E. The President and Secretary of the Association have executed this Amendment for the purpose of evidencing the requisite consent of the unit owners hereto.

NOW THEREFORE, the Declaration is hereby amended as follows:

1. Animals. Section 7.7 of the Declaration is hereby deleted in its entirety and replaced with the following:

7.7. Animals. No animals or birds of any kind may be kept and raised in any Unit or anywhere on the Project grounds for the purposes of breeding. However, domesticated household pets are allowed to be kept by Unit Owners, subject to the following stipulations:

(i) Each Owner is allowed to keep no more than two pets.

(ii) Each Owner is fully responsible for controlling his pet to insure that it is not a nuisance to other residents or guests.

(iii) If an Owner allows his pet outside of his Unit or the fenced courtyard area adjacent to his Unit, the Owner must accompany the pet at all times and is responsible for the pick-up and removal of any animal waste left by his pet in the Common Elements of the Project.

2. Miscellaneous. Any capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Declaration. In the event of any conflict between the terms and provisions of this Amendment and the terms and provisions of the Declaration, the terms and provisions of this Amendment shall control. However, unless expressly amended by this Amendment, all other terms and provisions of the Declaration remain in full force and effect as written, and are hereby ratified and confirmed.

[SIGNATURE PAGE FOLLOWS]

EXECUTED to be effective as of the Effective Date.

THE ASSOCIATION:

GARDENS AT SPICEWOOD CONDOMINIUMS
HOMEOWNERS ASSOCIATION, INC., a Texas
non-profit corporation

By: 

Printed Name: C. Michael Meek

Title: President

By: 

Printed Name: LOREN R. HODGE JR

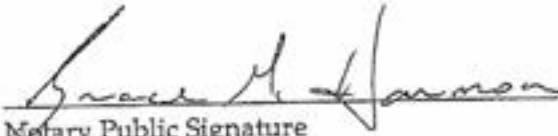
Title: Secretary

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me this 27th day of October, 2009 by
C. Michael Meek, President of the Gardens at Spicewood Condominiums
Homeowners Association Inc., a Texas non-profit corporation, on behalf of said non-profit
corporation.

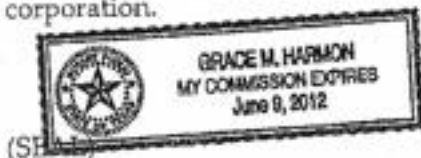


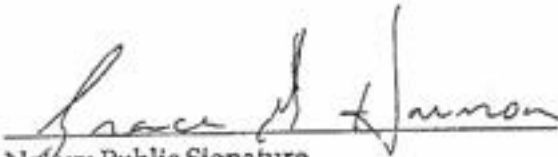

Notary Public Signature

THE STATE OF TEXAS §

COUNTY OF TRAVIS §

This instrument was acknowledged before me this 27th day of October, 2009 by
Loren R. Hodge, Jr., Secretary of the Gardens at Spicewood Condominiums
Homeowners Association Inc., a Texas non-profit corporation, on behalf of said non-profit
corporation.




Notary Public Signature

FILED AND RECORDED

OFFICIAL PUBLIC RECORDS

Dana DeBeauvoir

2009 Oct 29 02:28 PM 2009180881

CARTERT \$32.00

DANA DEBEAUVOIR COUNTY CLERK

TRAVIS COUNTY TEXAS

AFTER RECORDING RETURN TO:

Gregory S. Cagle, Esq.
Cagle Carpenter Hazlewood
7500 Rialto Boulevard, Bldg. 1, Ste. 110
Austin, Texas 78735

GARDENS AT SPICEWOOD CONDOMINIUMS**THIRD AMENDMENT TO
DECLARATION OF COVENANTS,
CONDITIONS AND RESTRICTIONS**

Cross reference to that certain Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded at Volume 13218, Page 0090, Official Public Records of Travis County, Texas, as amended by that certain First Amendment to Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded at Document No. 2009180859, Official Public Records of Travis County, Texas, and that certain Second Amendment to Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded at Document No. 2009180881, Official Public Records of Travis County, Texas.

GARDENS AT SPICEWOOD CONDOMINIUMS

**THIRD AMENDMENT TO DECLARATION OF
COVENANTS, CONDITIONS, AND RESTRICTIONS**

RECITALS:

A. WHEREAS, the condominium regime for Gardens at Spicewood Condominiums (the "Project") was established and is governed by that certain Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded at Volume 13218, Page 0090, Official Public Records of Travis County, Texas, as amended by that certain First Amendment to Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded at Document No. 2009180859, Official Public Records of Travis County, Texas, and that certain Second Amendment to Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded at Document No. 2009180881, Official Public Records of Travis County, Texas (collectively, the "Declaration").

B. WHEREAS, the Declaration establishes the Gardens at Spicewood-Austin Owners Association, Inc. (the "Association") as a condominium association, whose members are the unit owners within the Project.

C. WHEREAS, the Association desires to amend the Declaration to establish restrictions on the percentage of units that may be leased at any given time.

D. WHEREAS, pursuant to Section 13.6 of the Declaration, such an amendment constitutes a material amendment of the Declaration.

E. WHEREAS, pursuant to Section 13.6 of the Declaration, the Declaration shall not be materially amended unless the unit owners to whom at least sixty-seven percent (67%) of the votes in the Association have been allocated (at a meeting of unit owners) and Eligible Mortgagees (as defined by the Declaration) holding Mortgages on Units to which at least fifty-one percent (51%) of the votes in the Association have been allocated consent and agree to such amendment by instrument duly recorded;

F. Whereas, the Secretary of the Association hereby certifies that as of the date this third amendment to the Declaration is recorded there were no Eligible Mortgagees.

G. WHEREAS, the Secretary of the Association hereby certifies that the following amendment to the Declaration was approved by an affirmative vote of unit owners to whom at least sixty-seven percent (67%) of the votes in the Association have been allocated at a meeting of the unit owners conducted on February 28, 2017, in accordance with Section 13.6 of the Declaration.

NOW THEREFORE, the Declaration is hereby amended as follows:

1. Leasing Restrictions. Section 7.10 of the Declaration is hereby deleted in its entirety and replaced with the following:

7.10. Leasing Restrictions. In order to preserve the character of the Project as predominantly Owner-occupied, and to comply with the eligibility requirements for financing in the secondary mortgage market, the leasing of Units shall be governed by the restrictions imposed by this Section. Except as provided herein, the leasing of Units shall be prohibited. "Leasing," for the purposes of this Declaration, is defined as regular, exclusive occupancy of a Unit by any Person other than the Owner. For purposes hereof, occupancy by a roommate of an Owner who occupies the Unit as such Owner's primary residence shall not constitute Leasing hereunder.

7.10.1. General. Owners desiring to lease their Units may do so only if they have applied for and received from the Board either a "Leasing Permit" or a "Hardship Leasing Permit." The Board is also expressly permitted to issue a "Leasing Permit" or a "Hardship Leasing Permit" to a prospective purchaser of a Unit, if such prospective purchaser and the seller thereof have executed a binding contract therefor, provided that, in such event, the "Leasing Permit" or a "Hardship Leasing Permit" (as the case may be) will be effective only after the prospective purchaser has acquired the Unit. Such a permit, upon its issuance, will allow an Owner to lease his or her Unit provided that such Leasing is in strict accordance with the terms of the permit and this Article. The Board shall have the authority to establish conditions as to the duration and use of such permits consistent with this Paragraph. All Leasing Permits and Hardship Leasing Permits shall be valid only as to a specific Unit Owner and Unit and shall not be transferable between either Units or Unit Owners, but shall be transferable to successors in title to the same Unit.

7.10.2. Leasing Permits. An Owner's request for a Leasing Permit shall be approved if there are less than three (3) Leasing Permits then currently issued to Units in the Project. A Leasing Permit shall be automatically revoked upon the happening of any of the following events: (1) the sale or transfer of the Unit to a third party (excluding sales or transfers to (a) an Owner's spouse, (b) a Person cohabitating with the Owner, and (c) a corporation, partnership, company, or legal entity in which the Owner is a principal); (2) the failure of a Unit Owner to lease his or her Unit within one hundred eighty (180) days of the Leasing Permit having been issued; (3) the failure of a Unit Owner to have his or her Unit leased for any consecutive one hundred eighty (180) day period thereafter; or (4) the occurrence of the date referenced in a written notification by the Owner to the Association that the Owner will, as of said date, no longer need the Leasing Permit. If current Leasing Permits have been issued for three (3) or more Units in the Project, no additional Leasing Permits shall be issued (except for Hardship Leasing Permits) until the number of outstanding current Leasing Permits falls

below three (3). Owners who have been denied a Leasing Permit shall automatically be placed on a waiting list for a Leasing Permit and shall be issued the same if they so desire when the number of current outstanding Leasing Permits issued to Units in the Project falls below three (3). The issuance of a Hardship Leasing Permit to an Owner shall not cause the Owner to be removed from the waiting list for a Leasing Permit.

7.10.3. Hardship Leasing Permits. If the failure to lease will result in a hardship, the Owner may seek to lease on a hardship basis by applying to the Board for a Hardship Leasing Permit. The Board shall have the authority to issue or deny requests for Hardship Leasing Permits in its discretion after considering the following factors: (1) the nature, degree, and likely duration of the hardship, (2) the harm, if any, which will result to the Project if the permit is approved, (3) the number of Hardship Leasing Permits which have been issued to other Owners, (4) the Owner's ability to cure the hardship, and (5) whether previous Hardship Leasing Permits have been issued to the Owner. A "hardship" as described herein shall include, but not be limited to the following situations: (1) a Unit Owner must relocate his or her residence outside the greater Austin metropolitan area and cannot, within six (6) months from the date that the Unit was placed on the market, sell the Unit except at a price below the current appraised market value, after having made reasonable efforts to do so; (2) where the Owner dies and the Unit is being administered by his or her estate; and (3) the Owner takes a leave of absence or temporarily relocates and intends to return to reside in the Unit. Hardship Leasing Permits shall be valid for a term not to exceed one (1) year. Owners may apply for additional Hardship Leasing Permits. Hardship Leasing Permits shall be automatically revoked if during the term of the permit, the Owner is approved for and receives a Leasing Permit.

7.10.4. Duration of Lease. Subject to the foregoing restrictions, a Unit may not be leased for hotel or transient purposes, and under no circumstances shall a unit be leased for any period of time consisting of less than twelve (12) consecutive months.

7.10.5. Fractional Leasing Prohibited. Subject to the foregoing restrictions, fractional or partial leasing of Units is prohibited. A lease of a Unit shall consist of the entire Unit.

7.10.6. Leases Shall be in Writing and Subject to Applicable Dedicatory Instruments. All leases must be in writing and must expressly state that the lessee's leasehold and right of occupancy of the Unit is subject to the provisions of the Declaration and that the mere execution of the lease for a Unit (for any period of time) by the lessee subjects the lessee to all pertinent provisions of the Declaration, the Association's Bylaws, and any rules and regulations adopted by the Board to the same extent as if the lessee were an Owner; provided that notwithstanding the foregoing or any provision of the lease between the Owner of a leased Unit and a lessee, such Owner shall not be relieved of any obligation

under the Declaration, the Association's Bylaws, and any rules and regulations adopted by the Board and shall remain primarily liable thereunder.

7.10.7. Liability for Damages Caused by Lessee. The Owner of a leased Unit shall be liable for any and all damages caused to the Common Elements by a lessee and/or occupant of the Owner's Unit, as well as the lessee's or occupant's family, guests, employees, contractors, agents, or invitees.

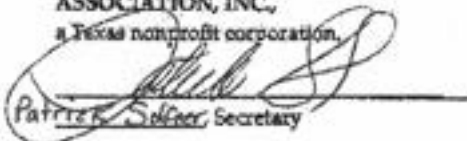
2. Miscellaneous. Any capitalized terms used and not otherwise defined herein shall have the meanings set forth in the Declaration. Unless expressly amended by this instrument, all other terms and provisions of the Declaration remain in full force and effect as written, and are hereby ratified and confirmed.
3. Effective Date. This Third Amendment to Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums shall be effective upon its recording in the Official Public Records of Travis County, Texas.

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**CERTIFICATION OF
THE ASSOCIATION'S SECRETARY**

In accordance with the requirements of Section 13.6 of the Declaration of Covenants, Conditions, and Restrictions for Gardens at Spicewood Condominiums, recorded at Volume 13218, Page 0090, Official Public Records of Travis County, Texas, as amended (the "Declaration"), the undersigned Secretary of the Gardens at Spicewood-Austin Owners Association, Inc. hereby certifies that there are no currently existing "Eligible Mortgagees" as defined by the Declaration, and that this Third Amendment to the Declaration was approved by an affirmative vote of unit owners to whom at least sixty-seven percent (67%) of the votes in the Association have been allocated at a meeting of the unit owners conducted on February 28, 2017.

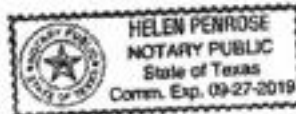
**GARDENS AT SPICEWOOD-AUSTIN OWNERS
ASSOCIATION, INC.,**
a Texas nonprofit corporation.


Patrick S. Saffner, Secretary

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §


THIS INSTRUMENT was acknowledged before me this 18th day of March
2017 by Patrick Saffner Secretary of Gardens at Spicewood-Austin Owners Association, Inc.


Notary Public of Texas



**FILED AND RECORDED
OFFICIAL PUBLIC RECORDS**




DANA DEBEAUVOIR, COUNTY CLERK
TRAVIS COUNTY, TEXAS

July 21 2017 12:00 PM

FEE: \$ 46.00 2017117198

BEING a part of the S.A. & M.G. RAILROAD SURVEY NO. 800, Travis County, Texas, and a part of those certain tracts or parcels of land described in a deed to Summey Building Summey Building Systems, Inc. and recorded in Volume 8034, Page 496, Deed Records of Travis County, AND BEING all of Lot 2, The Gardens at Balcones, a subdivision of record filed in Book 81, Pages 138D and 139A, Travis County Plat Records, and being more particularly described by metes and bounds as follows, to wit:

BEGINNING at an iron rod found at the northwest corner of said Lot 2, The Gardens at Balcones, said iron rod also being the northeast corner of Lot 1, Block C-J, Spicewood at Balcones Village Section 8, a subdivision of record filed in Book 78, Page 302, Travis County Plat Records;

THENCE along the southerly line of Pickfair Drive

- (1) An arc distance of 62.02' along a curve to the right, said curve having a central angle of $13^{\circ} 09' 37''$, a radius of 270.00', tangents of 31.14' and a chord bearing and distance of $N 83^{\circ} 52' 41'' E 61.88'$ to an iron rod found
- (2) $S 89^{\circ} 08' 34'' E 180.52'$ to an iron rod found
- and (3) An arc distance of 22.35' along a curve to the right, said curve having a central angle of $85^{\circ} 22' 30''$, a radius of 15.00', tangents of 13.84' and a chord bearing and distance of $S 45^{\circ} 47' 34'' E 20.34'$ to an iron rod found on the westerly line of Spicewood Parkway;

THENCE along the westerly line of Spicewood Parkway

- (1) An arc distance of 190.49' along a curve to the left, said curve having a central angle of $25^{\circ} 07' 12''$, a radius of 434.49', tangents of 96.80' and a chord bearing and distance of $S 15^{\circ} 53' 35'' E 188.97'$ to an iron rod found
- (2) $S 28^{\circ} 19' 18'' E 66.51'$ to an iron rod found
- (3) An arc distance of 118.58' along a curve to the left, said curve having a central angle of $20^{\circ} 35' 22''$, a radius of 330.00', tangents of 59.94' and a chord bearing and distance of $S 38^{\circ} 42' 03'' E 117.95'$ to an iron rod found
- and (4) An arc distance of 26.64' along a curve to the right, said curve having a central angle of $92^{\circ} 14' 15''$, a radius of 16.54', tangents of 17.21' and a chord bearing and distance of $S 02^{\circ} 55' 01'' E 23.35'$ to an iron rod found on the northwesterly line of Spicewood Club Drive;

THENCE along the northwesterly line of Spicewood Club Drive

- (1) $S 43^{\circ} 32' 18'' W 113.66'$ to an iron rod found
- (2) $S 43^{\circ} 32' 44'' W 75.13'$ to an iron rod found
- and (3) An arc distance of 368.07' along a curve to the left, said curve having a central angle of $37^{\circ} 22' 11''$, a radius of 564.33', tangents of 190.89' and a chord bearing and distance of $S 24^{\circ} 41' 20'' W 361.58'$ to an iron rod found at the most northerly corner of Lot 34A, Block B-N, Spicewood at Balcones Section 7-A, a subdivision of record filed in Book 78, Page 264, Travis County Plat Records;

THENCE along the westerly line of Lot 2, The Gardens at Balcones,

- (1) $N 41^{\circ} 50' 57'' W 195.86'$ to an iron rod found
- (2) $N 25^{\circ} 46' 08'' E 232.82'$ to an iron rod found
- (3) $N 46^{\circ} 06' 07'' E 153.86'$ to an iron rod found
- and (4) $N 15^{\circ} 44' 38'' W 327.95'$ to an iron rod found at the most easterly corner of Lot 1, Block C-J, Spicewood at Balcones Village Section 8;

THENCE $N 15^{\circ} 33' 12'' W 119.93'$ with the easterly line of said Lot 1, Block C-J, Spicewood at Balcones Village Section 8 to the place of beginning, and containing 4.84 acres of land, subject to easements, conditions or restrictions of record, if any.



CUNNINGHAM-GRAVES, INC.

J. Stanley Coalter
J. Stanley Coalter, RPS 1481
28 November 1984

THE GARDENS AT BALCONES



Total courtyard and patio area directly adjacent to each Unit is a limited common element for that Unit.

A C-3
DENOTES UNIT NO. DENOTES UNIT TYPE

RECORDERS MEMORANDUM
ALL OR PARTS OF THE TEXT ON THIS PAGE WAS NOT
CLEARLY LEGIBLE FOR SATISFACTORY RECORDATION

EXHIBIT "A"
Page 4 of 4

S491-182

cunningham-graves

13218 0147

Percentage Ownership Interest in Common Elements

<u>Building</u>	<u>Percentage Ownership</u>
Building A	2.81%
Building B	2.91%
Building C	2.81%
Building D	2.86%
Building E	2.87%
Building F	2.81%
Building G	2.84%
Building H	2.88%
Building I	2.91%
Building J	2.80%
Building K	2.81%
Building L	2.81%
Building M	2.88%
Building N	2.88%
Building O	2.88%
Building P	2.77%
Building Q	3.11%
Building R	3.00%
Building S	3.09%
Building T	3.23%
Building U	3.23%
Building V	2.97%
Building W	2.97%
Building X	2.97%
Building Y	2.89%
Building Z	2.91%
Building AA	2.91%
Building BB	2.89%
Building CC	2.96%
Building DD	2.96%
Building EE	2.96%
Building FF	3.49%
Building GG	2.96%
Building HH	2.97%

3-62-6990

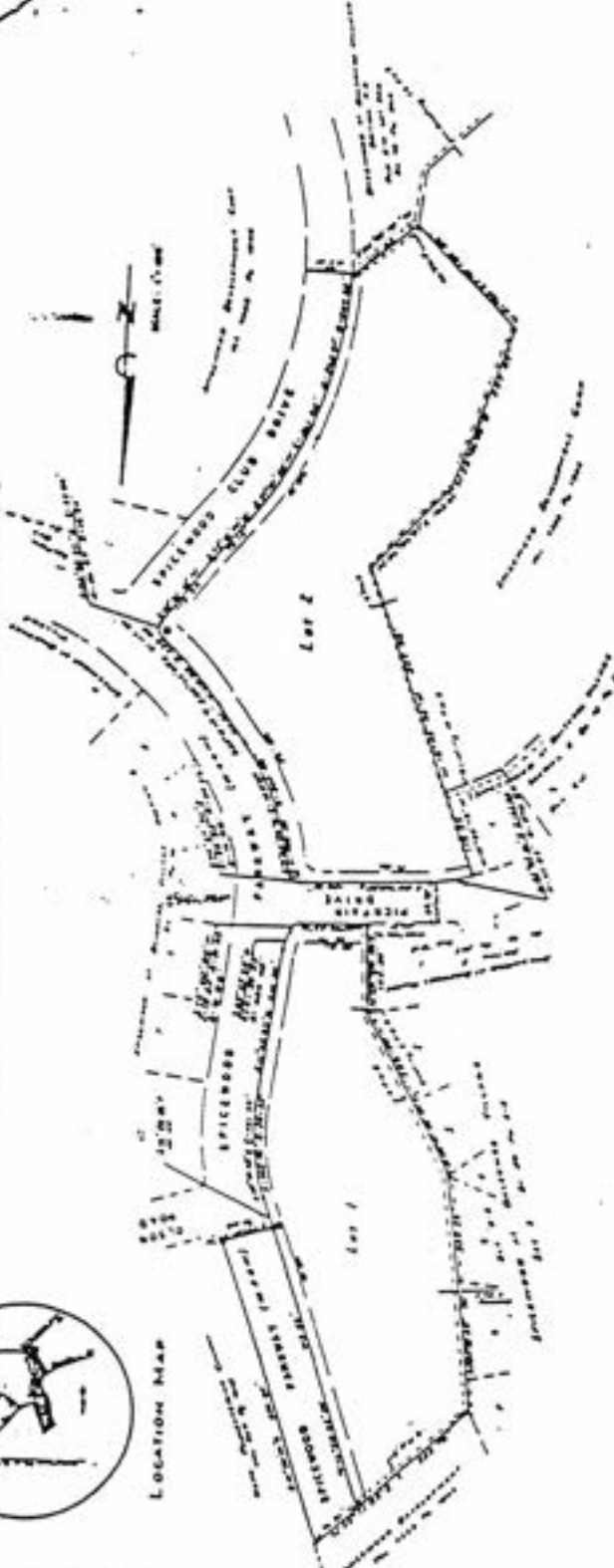
RECEIVED BY
CLERK OF DISTRICT COURT, 4th DISTRICT
[Signature]

Legend:
 --- Iron Pipe Line
 --- Gas Main Line
 --- Sewer Main Line
 --- Water Main Line
 --- Electric Main Line

The Gardens at Balcones



LOCATION MAP



RECORDERS MEMORANDUM
 ALL OR PARTS OF THE TEXT ON THIS PAGE WAS NOT
 CLEARLY LEGIBLE FOR SATISFACTORY RECORDATION

EXHIBIT "A"

Page 2 of 4

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