

DECLARATION OF CONDOMINIUM REGIME

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LAKEVIEW TERRACE

This Declaration of Condominium Regime is made and executed this 2ND day of May 1980, by LAKEVIEW TERRACE, LTD., a Texas Limited Partnership (hereinafter referred to as "Developer"), pursuant to the provisions of the Texas Condominium Act, Article 1301a of the Texas Revised Civil Statutes (hereinafter referred to as the "Act"), for the purpose of submitting the hereinafter described real property and the improvements located thereon to a condominium regime;

W I T N E S S E T H:

WHEREAS, Developer is the owner of certain real property in the County of Montgomery, State of Texas, (herein called the "Subject Property") more particularly described in the attached Exhibit "A;" and

WHEREAS, Developer has caused to be prepared plans for the construction of two (2) buildings and other improvements appurtenant thereto on the Subject Property which when completed will consist of separately designated condominium units; and,

WHEREAS, Developer desires by recording this Declaration of Condominium Regime, together with the condominium by-laws attached hereto as Exhibit "B" and the condominium subdivision plans and specifications attached hereto as Exhibit "C" (both of which are hereby incorporated by reference and made a part hereof), to establish a condominium project known as Lakeview Terrace Condominiums under the provisions of the Act; and,

WHEREAS, Developer further desires to permit the expansion of the Project in order to provide for additional units and common areas; and,

WHEREAS, Developer by declaring the condominium regime desires to establish a plan for the individual ownership in fee simple of the area of space contained within each unit and the co-ownership by the individual and separate owners thereof, as tenants in common, of all of the remaining Subject Property;

NOW, THEREFORE, Developer does upon the recording hereof, establish Lakeview Terrace Condominiums as a condominium project under the Act and does declare that Lakeview Terrace Condominiums shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved and in any other manner utilized, subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Declaration of Condominium Regime and Exhibits "B" and "C" hereto, all of which shall be deemed to run with the title to all or any portion of Lakeview Terrace Condominiums and shall be a burden and a benefit to Developer, Lakeview Terrace Condominiums, and any persons acquiring or owning any interest in Lakeview Terrace Condominiums, their grantees, heirs, executors, administrators, successors and assigns. In furtherance of the establishment of this condominium project, it is provided as follows:

I.

DEFINITIONS

1. Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the following meanings:

A. "Unit" shall mean and refer to an enclosed air space consisting of one or more rooms occupying all or part of one or more floors in a building in the Condominium Project, as such space may be further described, delineated and delimited in the map or plat attached thereto as Exhibit "C" (and as may hereafter be described, delineated and delimited by an amendment or supplement hereto as herein permitted).

B. "Condominium" shall mean and refer to the separate ownership of a Unit, together with an undivided ownership interest in the Limited and General Common Elements expressed as a fraction of the entire ownership interest in the Common Elements as set forth and defined herein.

C. "Condominium Project" shall mean and refer to Lakeview Terrace Condominiums as a condominium project established in conformance with the provisions of the Act.

D. "Owner" shall mean and refer to a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who or which is the record owner of fee simple title to one or more Units in the Condominium Project.

E. "Association" shall mean and refer to the Lakeview Terrace Condominium, its successors and assigns, comprised of the Owners of all the Units or a non-profit association, the By-Laws of which shall govern the administration of this Condominium and the members of which shall be all of the Owners of the Units; which Association may be, at Developer's election and as herein provided, a corporation organized pursuant to the Texas Non-Profit Corporation Act.

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

6. The General and Limited Common Elements of the Condominium Project are as follows:

1. The General Common Elements consist of:

(a) The land in the Condominium Project, as more particularly described as Section I in Exhibit "A" (and the additional land which may be described in a supplement hereto as herein permitted);

(b) The foundations, bearing walls and columns (including any windows, doors and chimneys therein), roofs, attics, ceilings and floors, or communication ways and any other portion of the buildings located on the land described above not included within any Unit;

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(c) The premises and facilities, if any, used for maintenance or repair of the Condominium Project;

(d) All common recreational facilities, including without limitation the office and the grounds, yards and walkways;

(e) Parking spaces not yet designated with a Unit number and described on the condominium subdivision plan attached hereto as Exhibit "C" as unassigned parking spaces; provided, however, Developer expressly reserves the right at any time and from time to time to assign, and to charge a fee for the use of pending assignment, any unassigned parking space to any Owner and to retain any sums received therefor; and, provided further, coincident with the assignment of any unassigned parking space the condominium subdivision plan attached hereto as Exhibit "C" shall be amended for the purposes of designating such parking space with a number corresponding to as Unit number, and thereafter such parking space shall be a Limited Common Element appurtenant to such Unit.

(f) All other elements desirable or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Project.

2. The Limited Common Elements, being those common Elements reserved for the use of specific Units to the exclusion of others, consist of:

(a) Parking spaces, if any, designated with a number corresponding to a Unit number as described on the condominium subdivision plan attached hereto as Exhibit "C";

(b) Compartments or installations of central services such as power, light, electricity, telephone, gas, cold and hot water, plumbing, reservoirs, water tanks and pumps, incinerators, and all similar devices and installations corresponding to a building within the Condominium Project or corresponding to a Unit;

(c) Storage rooms, patios, balconies and decks designated with a number as described on the condominium subdivision plan and specifications attached hereto as Exhibit "C";

(d) Mail boxes not located at individual Units which are designated with a number corresponding to a Unit number;

(e) All other portions of the General Common Elements which are specifically reserved for the exclusive use of the Owner of a Condominium Unit as shown on Exhibit "C" attached hereto or as may hereafter be shown by supplement or amendment hereto.

H. "Entire Premises" or "property" means and includes the land, buildings, all improvements and structures thereon, and all rights, easements and appurtenances belonging thereto.

III. "Common Expenses" means and includes:

1. All sums lawfully assessed against the general Common Elements by the managing agent or board of managers of the Condominium Project;

2. Expenses of administration and management, maintenance, repair or replacement of the General Common Elements;

3. Expenses agreed upon as Common Expenses by the Owners; and,

4. Expenses declared Common Expenses by provisions of this Declaration and by the By-Laws.

J. "By-Laws" means the By-Laws of the Association attached hereto as Exhibit "B" for reference and any amendment, modification or revision thereto as therein permitted.

K. "Map", "Survey Map", or "Plans" means and includes the engineering survey of the land located thereon all of the improvements, the floor plans and any other drawing or diagrammatic plan depicting a part of or all of the improvements, same being herewith filed, consisting of three (3) sheets labeled Exhibits "A", "C-1" and "C-2."

L. "Building" means any one of the two (2) buildings within the Condominium Project.

II.

ESTABLISHMENT OF REGIME

2.1 GRANT AND SUBMISSION

Developer hereby grants and submits to Condominium Ownership all of the Subject Property, the improvements to be constructed thereon, the Condominium Project and all attachments and appurtenants thereto and in anywise hereon.

2.2 DESCRIPTION OF PROPERTY

The Condominium plans and specifications attached hereto as Exhibit "C" shall be filed for record simultaneously with the recording of this Declaration as a part hereof, and prior to the first conveyance of any Condominium Unit. The Condominium plans and specifications consists of and set forth (1) the legal description of the surface of the land; (2) the linear measurements and location, with reference to the exterior boundaries of the land, of the buildings and all other improvements built or to be built on said land by Developer; (3) floor plans and elevation drawings of the building built or to be built thereon showing the location, the building designation, the Unit designation and the linear dimensions of each Unit, and the limited common elements; (4) the elevations of the unfinished interior surfaces of the floors and ceilings as established from a datum plane. Developer hereby expressly reserves the right to amend Exhibit "C" to conform the map to actual location of the constructed improvements to establish, vacate and

relocate outside utility easements, access and parking facilities as same may be located on the ground, all as more fully provided herein.

2.3 DIVISION OF FEE ESTATES

The real property is hereby divided into the following separate fee simple estates:

(a) Twenty (20) fee simple estates consisting of twenty (20) separately designated Units, each such Unit identified by number and by building, each or being described as follows:

Building B - Containing twelve (12) Units numbered B101 through B106, and B201 through B206, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat of Building B attached as Exhibit "B" for reference.

Building C - Containing eight (8) Units numbered C101 through C104, and C201 through C204, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat for Building C attached as Exhibit "C" for reference.

As set forth on the plan and specifications attached hereto as Exhibit "C" for reference, the architectural design of each of the Units covered herein Condominium Declaration are labeled as architectural designs, A, B, C, D, E, and F with varying modifications to the basic architectural designs, which variations are indicated by Arabic numbers. Accordingly, reference on the attached plans and specifications should be kept to the basic architectural plans as they relate to the various Unit numbers.

(b) The remaining portion of the entire premises, referred to as the General Common Elements, shall be held in common by the owners, the percentage interest in the general common elements attributable to the appurtenant to the respective Units are set out in Exhibit "D" hereto (at column 2 thereof), each such undivided interest being appurtenant to one of the Units covered hereby as scheduled, subject to revision as set forth in Article 2.5 hereof.

2.4 TITLE

Title to any Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a Deed from Developer of any Unit shall be deemed an acknowledgment of and consent to these provisions.

2.5 EXPANSION OF PROJECT

The Developer anticipates that the Condominium Regime created hereunder will be expanded to include additional Units and Common Elements to be constructed on the real property described and on the real property additionally described on Exhibit "A" attached hereto for reference, adjacent to the Subject Property which Units shall be designed, modified or revised as Developer may deem advisable in his sole discretion, provided however, in no event

shall more than ninety-four (94) additional Units (for a total of ninety-six (96) Units) be constructed. In this connection, it is hereby stipulated that the undivided interests set forth on Exhibit "D" hereto, which is appurtenant to the Units covered hereby will be revised as additional Units and Common Elements are built or scheduled to be built, based upon the ratio that the number of square feet contained in each Unit bears to the number of square feet contained in all of the Units, including the additional Units, and correspondingly each Owner will own a percentage interest in the additional Common Elements at such time as the hereinafter amendment or supplement is filed. In order to include the additional Units within the Condominium Regime created hereby, Developer reserves the right to amend or supplement this Declaration at any time prior to January 1, 1983, such amendment may be made by Developer without the joinder of any Owner or mortgagee of Owner and the filing of such Amendment or supplement shall be binding upon each Owner and mortgagee. In no event, however, may any such Amendment serve to dilute or reduce the respective percentage ownership interests of each Owner as set forth on Exhibit "b" hereto except to the extent provided above and to the extent that each Owners' voting rights in the Association will be diluted since more votes will be required to equal the specified number to pass or reject the matter being considered. Further, if the Amendment or supplement herein permitted to be filed is not filed prior to January 1, 1983, the Developer shall not thereafter be entitled to amend this Declaration for the limited purpose set forth in this Article 2.5

III.

OCCUPATION AND USE

3.1 CONVEYANCE OF CONDOMINIUM UNITS

Each Unit and the undivided ownership interest in the Common Elements appurtenant thereto shall be inseparable and may be conveyed, leased or encumbered only as a Condominium Unit. Any conveyance of a Unit shall be deemed to include the Common Elements appurtenant thereto.

3.2 DESCRIPTION OF CONDOMINIUM UNITS

Every deed, lease, mortgage, trust deed or other instrument may legally describe a Condominium Unit by its number or letter followed by the words "Lakeview Terrace Condominiums" with further reference to this Declaration and the Map. Every such description shall be deemed good and sufficient for all purposes to convey, transfer, encumber, or otherwise affect a Unit, the Common Elements appurtenant thereto and such Unit's percentage of interest in the Common Elements.

3.4 COMBINATION OF UNITS

In the event that one Owner shall own two or more Units adjacent to each other, such Owners shall have the right to combine such Units into one area to create entries, door openings and stairways between such Units so long as such changes do not affect load-bearing walls or pipes, conduits, ducts, shafts and wiring for the utility services of the

Building and so long as the same is approved by all relevant governmental bodies.

3.5 DIVISION OF UNIT

The Developer, or a successor developer, hereby reserves the right to divide any Unit into two (equal or unequal) separate Units, by the filing of a supplement to this Declaration and to the Map, which shall describe the Units in the same manner as in this original Declaration and Map. In the event of division, the percentage interest of ownership in Common Elements allocated to the original Unit being divided shall be divided among the two new separate Units in the ratio that the square footage area of each such new Unit bears to the total square footage area of the original

Unit. This reserved right in the Developer shall not run with the Land and shall not inure to the benefit of any subsequent owner of a Unit. However, this right is restricted in that only one division into said Units may be made as to any Unit. The parking and storage spaces originally assigned to the Unit shall be reassigned, in the event of division, to the newly created Units.

3.6 MODIFICATION OF BUILDING

Prior to the sale of any Unit within a Building, the Developer reserves the right to modify any proposed Unit or Building for any purpose whatsoever, provided that the aggregated percentage interests allocated to the Building in Exhibit "E" do not change and further provided that the aggregate number of the Units in such Building is not increased.

3.7 RIGHT OF ACCESS AND EMERGENCY REPAIRS

The Association shall have the right of access to each Unit and its appurtenant Limited Common Elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of Common Elements, or at any time deemed necessary for the making of emergency repairs to prevent damage to the Common Elements or to the Unit or to another Unit. In the event any damage occurs to an individual Unit as a result of the repair of or repairs to the Common Elements, the cost for restoration of said damaged Unit shall be a common expense. Further, in the event a Common Element is damaged as a result of actions or inactions of a Unit owner or his guests, invitees, tenants or others taking or occupying through said owner, then such owner shall be liable for any and all costs incurred for the repair and restoration of the damaged Common Element.

3.8 NO PARTITION

Except as provided herein, no owner shall bring an action for partition of his Condominium Unit or of his Unit or of the Common Elements. This restriction shall not, however, prohibit the division of a Unit as provided in Section 3.5 hereof.

3.9 RIGHT TO MORTGAGE

Each Owner shall have the right from time to time to encumber his interest in his Condominium Unit by deed of trust, mortgage or other security instrument.

3.10 TAX ASSESSMENTS

It is specifically stipulated that each Unit may be subjected to separate tax assessments and taxation by the appropriate governmental authority.

3.11 ENCROACHMENTS AND EASEMENTS

If any portion of the General Common Elements encroaches upon a Unit or Units, for any reason whatsoever, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion of an adjoining Unit or Units encroaches upon another Unit or Units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. For title or other purposes, such encroachment(s) and easement(s) shall not be considered or determined to be encumbrances either on the Common Elements or the Units.

3.12 LABOR AND MATERIALMAN LIEN

Subsequent to the completion of the improvements described on the Map, no labor performed or materials furnished and incorporated in a Unit with the consent or at the request of the Owner thereof or his agent or his contractor or subcontractor shall be the basis for filing of a lien against the Unit and Common Elements owned by such other Owners. Each Owner shall indemnify and hold harmless each of the other Owners, the Developer and the Association from and against all liability arising from the claim of any lien against the Unit of any other Owner or against the General Common Elements for construction performed or for labor, materials, services or other products incorporated in the Owner's Unit at such Owner's request. Upon written request of any Owner the Association shall have the right to enforce such indemnity.

IV.

ADMINISTRATION

4.1 ADMINISTRATION

The administration of this Condominium Project shall be governed by this Declaration and the By-Laws of Lakeview Terrace Condominium Association, a non-profit association, and the Articles of Incorporation of such Association (if any), hereinafter referred to as the "Association". A copy of "By-Laws" is hereto attached marked Exhibit "B" and incorporated herein; and same shall be deemed adopted by Developer as sole owner of the Property herein described, and all owners shall be bound thereby. Developer may, at its election, cause to be formed a Texas non-profit corporation bearing said name, in which event such non-profit corporation shall thereafter act and do all things to be done by "Association", and the said non-profit corporation, if formed, shall be bound by, adopt and observe its By-Laws, the By-Laws hereto attached marked Exhibit "B". "Association" as here used shall refer to the member owners as a group, both before and after incorporation. In the event of incorporation, a certified copy of the Certificate of Incorporation, a certified copy of the Certificate of Incorporation of Lakeview Terrace Condominium Association

shall be recorded and shall provide that five (5) persons shall act as a Board of Directors and shall serve as the Directors until their successors have been elected and qualified. An Owner of a condominium Unit, upon becoming an Owner, shall be a member of the Association and shall remain a member for the period of his ownership." The Board of Directors may retain a Managing Agent, for the Lakeview Terrace Condominium Association, and the Managing Agent shall perform all of the duties of the Board of Directors until (i) the date on which Developer elects to call the first meeting of the home owners for election of a Board of Directors, or (ii) January 1, 1983, or, (iii) until 90% of Units shall be sold to owner occupants, whichever first occurs, (herein called "Association date"). For purposes of determining the operation of the Association, there shall be two classes of voting membership, all as more particularly set forth in the By-Laws attached hereto.

V.

MAINTENANCE

5.1 UNIT AND LIMITED COMMON ELEMENTS

An Owner shall maintain and keep in repair the interior of his own Unit, including the fixtures thereof. All fixtures and equipment, with the heating and air conditioning system, installed within the Unit, commencing at a point where the utility lines, pipes, wires, conduits or systems (which for brevity are hereafter referred to as "utilities") enter the Unit shall be maintained and kept in repair by the Owner thereof. Without limitation on the generality of the foregoing, an Owner shall maintain and keep in good repair (and replace, if so required) the air conditioning compressor, hot water heater units, fans, ductwork, heating unit and cooling coils, utilized in and for his Unit; as well as all other fixtures situated within or installed into the Limited Common Elements appurtenant to such Unit; and an Owner shall be obliged to promptly repair and replace any broken or cracked windows, doors, or glass therein that might be so broken or cracked. The Owner's obligation to maintain and repair as set forth herein shall also extend to any damage cause by Owner's guests, tenants and invitees.

5.2 LIMITATION ON WORK

An Owner shall do no act nor any work that will impair the structural soundness or integrity of the building or impair any easement or hereditament. No Owner shall in any way alter, modify, add to, or otherwise perform any work whatever upon any of the General Common Elements, save with written consent of the Board of Directors first obtained.

5.3 OWNERSHIP

An Owner shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors and ceilings surrounding his Unit, nor shall such Owner be deemed to own the utilities running through his Unit which are utilized for, or serve more than one Unit, except as a tenant-in-common with the other Owners. An Owner, however, shall be deemed to own and shall maintain the inner decorated and/or finished surfaces of the perimeter and interior walls, floors, and ceilings, doors, windows, and

other such elements consisting of paint, wallpaper, and other such finishing materials.

5.4 COMPLIANCE

Each Owner shall comply strictly with the provisions of this Declaration, By-Laws, 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 sums due for damages or injunctive relief, or both, maintainable by the Managing Agent or Board of Directors on behalf of the Owners, or, in proper cases, by an aggrieved Owner.

VI.

EXPENSES

6.1 COMMON EXPENSES

The costs and expenses (Common Expenses) of managing, operating and maintaining the Condominium Project and the Condominium Units by the Association shall be borne by all Owners. Common Expenses may include, but are not limited to, the overhead expenses of the Association, costs of maintenance, repair and operation of the Common Elements, taxes and special assessments unless separately assessed, insurance premiums for insurance coverage as deemed desirable or necessary by the Association, utility charges for the General Common Elements (including gas, electricity, water, and sewer) trash and garbage collection, guard service, burglar alarm service, landscape maintenance, janitorial service, manager's salary, legal and accounting fees, management fees, and the creation of a reasonable contingency of other reserve or surplus funds.

6.2 ASSESSMENTS

The assessments made to provide funds for Common Expenses shall be based upon the cash requirements deemed to be such aggregate sum as the Managing Agent or Board of Directors of the Association shall from time to time determine is to be paid by all of the Owners, (including Developer, but only after "Association Date" on Units not sold), to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the General Common Elements, which sum may include, in addition to the costs set forth in Article 6.2 hereof, among other things, cost of management, taxes, assessments, fire insurance with extended coverage and vandalism and malicious mischief with endorsements attached, issued in the amount of the maximum and public liability and other insurance premiums, landscaping and care of grounds, common lighting, repairs and renovations, garbage collections, wages, water charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Managing Agent or Board of Directors under or by reason of the Declaration, the payment of any deficit remaining from a previous period, the creation of a reasonable contingency or other reserve or surplus funds as well as other costs and expenses relating to the general common elements. The omission or failure of the Board to fix the assessment for

any month shall not be deemed a waiver, modification, or a release of the Owners from the obligation to pay. In no event shall the Developer be liable for any portion of the assessments until after the Association Date.

6.3 INSURANCE

The Managing Agent or Board of Directors shall obtain and maintain at all times insurance of the type and kind provided hereinabove, and including for such other risks, of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium buildings, fixtures, equipment and personal property, similar in construction, design and use, issued by responsible insurance companies authorized to do business in the State of Texas. The insurance shall be carried in Blanket policy form naming the Association the insured, which policy or policies shall identify the interest of each condominium unit owner and which shall provide for a standard, non-contributory mortgagee clause in favor of each first mortgagee. It shall also provide that it cannot be cancelled by either the insured or the insurance company until after ten (10) days prior written notice to each first mortgagee. Said Managing Agent or Board of Directors shall, upon request of any first mortgagee, furnish a certified copy of such blanket policy and the separate certificate identifying the interest of the mortgagor. All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Owner guilty of a breach of warranty, act, omission, negligence or non-compliance with any provision of such policy, including payment of the insurance premium applicable to that owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under such policy, as to the interest of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect. Further, such policies shall contain provisions requiring that the insurer waive its subrogation rights with respect to asserting any claim it might have against negligent unit owners.

6.4 PAYMENT DATE ✕

All Owners shall be obligated to pay the estimated assessments imposed by the Board of Directors or Managing Agent of the Association to meet the Common Expenses. Except for insurance premiums, the assessments shall be made pro rata according to each Owner's percentage interest in and to the General Common Elements. Assessments for insurance premiums shall be based upon that portion of the total premium(s) that the insurance carried on a condominium Unit bears to total coverage. Assessments for the estimated Common Expenses, including insurance, shall be due monthly in advance on or before the fifteenth day of each month shall require the imposition and assessment of a late charge of \$5.00.

Contribution for monthly assessments shall be pro rated if the ownership of a condominium Unit commences on a day other than on the first day of the month.

6.5 ALL OWNERS OBLIGATED

No Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the General or Common Elements, or by abandonment of his Unit. *

6.6 LIEN FOR ASSESSMENTS

All sums assessed but unpaid for the share of Common Expenses chargeable to any condominium Unit, including interest thereon at ten percent (10%) per annum, shall constitute a lien on such Unit superior (prior) to all other liens and encumbrances, except only for:

(a) Tax and special assessment liens in favor of any governmental body with taxing authority over the units, and

(b) A first mortgage or first deed of trust of record prior to the delinquency in the payment, including all unpaid obligatory sums as may be provided by such encumbrance, incurred as a result of the purchase and/or construction thereof.

To evidence such lien the Board of Directors or 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 Condominium unit and a description of the condominium unit. Such a notice shall be signed by one of the Board of Directors or by the Managing Agent and may be recorded in office of the Clerk of Montgomery County, Texas. Such lien for the Common Expenses shall attach from the date of the failure of payment of the assessment. Such lien may be enforced by foreclosure of the lien affecting the defaulting owner's condominium Unit, by the Association, in like manner as a mortgage on real property upon the recording of a notice or claim thereof. In 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 Owner shall also be required to pay to the Association a reasonable rental for the condominium Unit during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association shall have the power to purchase the condominium Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey same. The lien attaching hereunder may be foreclosed judicially. The acquisition of a Unit shall be deemed the consent of an Owner to such lien, and each Owner shall execute such document as may be reasonably required by the Managing Agent or Board of Directors to evidence this lien. If the Owner refuses, the Managing Agent shall be irrevocably vested with a power of attorney for such non-signing Owner, to execute and deliver such documents to the Association.

In addition to the lien herein imposed, a Vendor's Lien shall be retained in each deed from Developer to a Unit in order to secure the payment of all sums due under this Declaration, subordinate, however, as above set forth.

The amount of the Common Expenses assessed against each condominium 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.

Any encumbrancer holding a lien on a condominium unit may pay any unpaid Common Expense payable with respect to such Unit, and upon such payment such encumbrancer shall have a lien on such Unit for the amounts paid of the same rank as the lien of his encumbrance.

6.7 ZSTOPPEL STATEMENTS

Upon the written request of any Owner or any encumbrancer or prospective encumbrancer of a condominium unit, and upon payment of a reasonable fee as may from time to time be set by the Association, the Association, by its Managing Agent or Board of Directors shall issue a written statement setting forth the unpaid common expenses, if any, with respect to the subject Unit, the amount of the current monthly assessments and the date that such assessment becomes due, credit for advanced payments or for prepaid items, including but not limited to insurance premiums, which shall be conclusive upon the Association for all persons who rely thereon in good faith. Unless such request for a statement of indebtedness shall be complied with within twenty (20) days, all unpaid common expenses which become due prior to the date of making of such request shall be subordinate to the lien of the person requesting such statement.

6.8 LIABILITY

The grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor; provided, however, that upon written request, and payment of a reasonable fee as determined by the Association any such prospective grantee shall be entitled to a statement from the Managing Agent or Board of Directors, setting forth the amount of the unpaid assessments, if any, with respect to the subject unit, the amount of the current monthly assessment and the date that such assessment becomes due, credit for advanced payments or for prepaid items, including but not limited to insurance premiums, which shall be conclusive upon the Association. Unless such request for a statement of indebtedness shall be complied with within twenty (20) days of such request, then such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments against the subject Unit.

VII.

FINANCING

7.1 RIGHT TO FINANCE

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, provided that such first deed of trust, mortgage and security agreement shall be subordinate to this Declaration, unless herein specifically pro-

vided to the contrary. A first mortgage shall be one which has first and paramount priority under applicable law. The owner of a condominium Unit may create a second mortgage on the following conditions: (1) that any such second mortgage shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for common expenses, and other payments created by this Declaration and by the By-Laws; (2) that the mortgagee under any second mortgage shall release, 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 forthwith by a second mortgagee upon written request to the Association.

7.2 FORECLOSURE

Any first mortgagee, upon foreclosure of its lien on a Unit, or upon acceptance of a deed in lieu of foreclosure thereon, shall be required to pay any unpaid assessments owing on said Unit. Any assessment lien created or claimed under the provisions of this Declaration of Condominium Regime shall be subject and subordinate to the rights of any first mortgagee of any duly recorded first mortgage upon one or more Units made in good faith and for value. No lien created under the provisions hereof shall in any way defeat, invalidate or impair the rights of any first mortgagee under any such duly recorded first mortgage unless such mortgage shall expressly subordinate its interest, in writing, to such lien.

7.3 AMENDMENT AFFECTING FINANCING

No amendment to this Declaration of Condominium Regime shall affect the rights of the mortgagee of any such mortgage which is made in good faith and for value; provided that any such mortgage is recorded prior to the recordation of such amendment and written notice of delivery and recordation of such mortgage is given to the Association; provided further that the benefit of this paragraph shall not apply to the mortgagee of any such prior mortgage unless such mortgagee shall either join in the execution of such amendment or shall approve said amendment in writing as a part of said amendment.

7.4 BREACH

No breach of any provision of this Declaration of Condominium Regime shall impair or invalidate any lien of any duly recorded mortgage made in good faith and for value encumbering one or more Units; provided, however, that all the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration of Condominium Regime shall be binding upon and effective against any person who acquires title to or any beneficial interest in any Unit by way of foreclosure, or otherwise.

VIII.

DAHAGE, REPLACEMENT AND REPAIR

8.1 POWER OF ATTORNEY

All of the Owners, by the acceptance of any deed or other conveyance of a Unit, irrevocably name, designate, constitute and appoint Lakeview Terrace Condominium Association, a non-profit corporation, or its successor non-profit corporation, if same be hereafter organized, their true and lawful attorney in their name, place, and stead, for the purpose of dealing with the property upon its destruction or obsolescence as is hereafter provided. This power of attorney shall be coupled with an interest and irrevocable. As attorney-in-fact, the Association, by its president and secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of a condominium Unit Owner which are necessary and appropriate to exercise the powers herein granted.

8.2 DEFINITION OF REPAIRS

Repair and reconstruction of the improvement(s) as used in the succeeding subparagraphs means restoring the improvement(s) to substantially the same conditions in which it existed prior to the damage, with each Unit and the General and Limited Common Elements having the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be made available to the Association for the purpose of repair, restoration or replacements unless the Owners and all first mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

8.3 RECONSTRUCTION WITH INSURANCE PROCEEDS

In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s), shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed.

8.4 ASSESSMENT IF INSURANCE IS INSUFFICIENT

If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), and if such damage is not more than fifty (50%) percent of all of the General Common Elements, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and the proceeds of an assessment to be made against all of the Owners and their condominium Units. Such deficiency assessment shall be a Common Expense made pro rata according to each Owner's percentage interest in and to the General Common Elements and shall be due and payable within days after written notice thereof. The Association shall have the authority to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of each Owner and a lien on his condominium Unit and may be enforced and collected as is provided in Paragraph 6.6. In addition thereto, the Association as attorney-in-fact, shall have the absolute right and power to sell the condominium Unit of any Owner refusing or failing to pay such deficiency

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assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the condominium Unit of the delinquent Owner shall be sold by the Association, and each Owner by the acceptance of the conveyance of a Unit does hereby grant to the Association the limited power of sale as herein stipulated. The proceeds derived from the sale of such condominium Unit shall be used and disbursed by the Association, as attorney-in-fact, in following order:

- A. For payment of the balance of the lien of any first mortgage;
- B. For payment of taxes and special assessments liens in favor of any assessing entity;
- C. For payment of unpaid common expenses;
- D. For payment of junior liens and encumbrances in order of and to the extent of their priority; and
- E. The balance remaining, if any, shall be paid to the condominium Unit Owner.

8.5 SALE AFTER DESTRUCTION.

If more than fifty (50%) percent of all of the General Common Elements, not including land, are destroyed or damaged, and if the Owners representing an aggregate ownership interest of sixty-five percent (65%) of the Units then under construction or completed, or more, do not voluntarily, within one hundred and twenty (120) days thereafter, make provision for reconstruction, which plan must have the unanimous approval or consent of every first mortgagee, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire remaining premises shall be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map and the By-Laws. The insurance settlement proceeds shall be collected by the Association, and such proceeds shall be divided by the Association according to each Unit Owner's interest (as such interests appear on the policy or policies), and such dividend proceeds shall be paid into separate accounts, each such account representing one of the condominium Units. Each such account shall be in the name of the Association, and shall further be identified by the number of the apartment Unit and the name of the Owner. From each separate account, the Association, as attorney-in-fact, shall use and disburse the total amount (of each) of such accounts, without contribution from any account to another, toward the full payment of the lien of any first mortgage against the condominium Unit represented by such separate account. There shall be added to each such account, the apportioned amount of the proceeds derived from the sale of the entire property. Such apportionment shall be based upon each condominium Unit Owner's percentage interest in the General Common Elements. The total funds of each account shall be used and disbursed, without contribution from one account to another, by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in this article.

8.6 PLAN FOR RECONSTRUCTION.

If the Owners representing an aggregate ownership interest of sixty-five percent (65%) of the Units then under construction or completed, or more, adopt a plan for reconstruction, which plan has the unanimous approval of all first mortgagees, then all of the Owners shall be bound by the terms and other provisions of such plan. Any assessment made in connection with such plan shall be a Common Expense and made pro rate according to each Owner's percentage interest in the General Common Elements and shall be due and payable as provided by the terms of such plan, but not sooner than thirty (30) days after written notice thereof. The Association shall have the authority to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The Assessment provided for herein shall be a debt of each Owner and a lien on his condominium Unit and may be enforced and collected as is provided in paragraph 6.6. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the condominium Unit of any Owner refusing or failing to pay such assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the condominium Unit of the delinquent Owner shall be sold by the Association. Each Owner by the acceptance of a conveyance of any Unit hereby grants to the Association the limited power of sale herein set forth. The proceeds derived from sale of such condominium Unit shall be used and disbursed by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in 8.4 hereof.

8.7 OBSOLESCENCE AND REPLACEMENT.

The Owners representing an aggregate ownership interest of sixty-five percent (65%) of the Units then under construction or completed, may agree that the General Common Elements of the property are obsolete and that the same should be renewed or reconstructed. In such instance, then the expense thereof shall be payable by all of the Owners as Common Expense; provided, however, that any Owner not agreeing to such renewal or reconstruction may give written notice to the Association that such Unit shall be purchased by the Association, for the fair market value thereof. If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within thirty days thereafter. If the parties are unable to agree, the date when either party notifies the other that he or it is unable to agree with the other shall be the "Commencing Date" from which all periods of time mentioned herein shall be measured. Within ten days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party) the appraiser who shall be a member of the Houston Real Estate Board. If either party fails to make such a nomination, the appraiser nominated shall within five days after default by the other party appoint and associate with him another appraiser (to be selected from the Houston Real Estate Board). If the two appraisers designated by the parties, or selected pursuant hereto in the event of the default of one party, are unable to agree, they shall appoint another appraiser (to be selected from the Houston Real Estate Board), if they can agree on such person. If they are unable to agree upon

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such third appraiser, then each appraiser previously appointed shall nominate two persons (each of whom shall be a member of the Houston Real Estate Board), and from the names of the four persons so nominated shall be drawn by lot by any judge of any court of record in Texas, and the name so drawn shall be such third appraiser. The nominations from who the third appraiser is to be drawn by lot shall be submitted within ten days the failure of the two appraisers to agree, which in any event shall not be later than twenty days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value or in the case of their disagreement, the decision of the third appraiser, shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owners. The sale shall be consummated within fifteen days thereafter, and the Association as attorney-in-fact, shall disburse such proceeds as is provided in this article.

8.8 OBsolescence AND SALE

The Owners representing an aggregate ownership interest of sixty-five percent (65%) of the Units then under construction or completed, or more, may agree that the General Common Elements of the property are obsolete and that the same should be sold. In such instance, the Association shall forthwith record a notice setting for the such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire premises shall be sold by the Association, as attorney-in-fact, for all of the Owners, free and clear of the provisions contained in this Declaration, the Map and the By-Laws. The sales proceeds shall be apportioned between the Owners on the basis of each Owner's percentage interest in the General Common Elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one condominium Unit. Each such account shall be in the name of the Association, and shall be further identified by the number of the apartment and the name of the Owner. From each separate account, the Association, as attorney-in-fact, shall use and disburse the total amount (of each) of such funds, without contribution from one fund to another, for the purposes and in the same order as is provided in this article.

IX.

RIGHT OF FIRST REFUSAL

9.1 OFFER OF PURCHASE

No Owner, except Developer, may sell such Owner's Condominium Unit or any interest therein except pursuant to the provisions of this Article IX. Any Owner, except Developer, who receives a bona fide offer for the purchase of his condominium Unit, which he intends to accept, shall give prompt written notice to the Association of (i) such offer and such intention, (ii) the name and address of the proposed purchaser, (iii) the terms of the proposed transaction, and (iv) such other information as the Association may reasonably require, and such Owner shall thereupon offer to sell his condominium Unit, through the agency of the Association, to all other Owners, whether one or more of them, on the same terms and conditions as contained in the bona

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fide offer. The giving of notice shall constitute a warranty and representation of the Association for the benefit of the remaining Owners, that such Owner believes the offer to purchase to be bona fide in all respects.

9.2 NOTICE TO REMAINING OWNERS

Within five (5) business days after the receipt of notice of a bona fide offer, the Association shall mail by regular United States mail, postage prepaid, to each Owner the information as to the bona fide offer to purchase. For a period of twenty (20) days beginning on and including the date of the actual mailing of such information, the other Owners shall have the right to purchase the subject condominium Unit on the same terms and conditions as contained in the bona fide offer.

9.3 EXERCISE OF RIGHT

In order to exercise the right of first refusal, the Owners, whether one or more of them, must on or before the end of such twenty (20) day period, actually deliver to the Association a written commitment or commitments to purchase the subject condominium Unit. If only one Owner shall submit a written commitment, then such Owner shall be deemed to have the sole right to acquire the offered Condominium Unit by purchase, pursuant to the terms of a bona fide offer. If more than one written commitment is delivered, the Association shall give immediate notice by telephone or telegram to all Owners who delivered such written commitment of the fact of multiple commitments. For a period of six (6) days beginning on and including the day of telephone or telegram notice, the Owners who submitted the multiple commitments may agree among themselves as to a form of undivided ownership and procedure for purchase of the offered condominium Unit. Notice of such agreement shall be delivered to or received by the Association in writing within the six day time period. If no such agreement is delivered to or received by the Association, then the Association shall promptly conduct a drawing between the Owners who submitted the multiple commitments to determine priority as between them and the priority so determined shall be conclusive. The Owner or Owners who shall have validly exercised the right hereunder shall enter into a contract with the offering Owner to purchase the offered condominium Unit upon the same terms and conditions no less favorable to the offering Owner, and tender to the offering Owner any downpayment or deposit heretofore made under the bona fide offer.

9.4 NON-EXERCISE OF RIGHT

If no Owner shall exercise his rights hereunder within the time period provided, the offering Owner shall be free to accept and close upon the basis of the bona fide offer with the person or persons who made the bona fide offer. If the offering Owner shall not within the period provided in the bona fide offer close the transaction on the terms and conditions as originally contained therein, then the offering Owner shall be required to again comply with all of the terms and provisions of this Article IX in order to subsequently sell the Condominium Unit.

9.5 FAILURE TO COMPLY

Any sale of an Condominium Unit without full compliance with the terms and provisions of this Article IX shall be voidable at the election of the Association and any such purchaser is deemed to know of this provision due to the recording of this document. Further, any Owner who violates this article shall be liable in damages, attorneys fees, and costs to this Association.

9.6 CERTIFICATE

After full compliance by an offering Owner with this Article IX, and after all periods of time provided for purchase by remaining Owners have expired and the right of first refusal has not been exercised, then the Association shall execute a certificate in recordable form stating that the provisions of this Article IX have been complied with and that any right or rights of first refusal theretofore vested in the remaining Owners have terminated. Such certificate may be signed by any member of the Board of Directors of the Association and shall be conclusive upon the Association and shall be conclusive upon the Association and the remaining Owners in favor of all persons who rely thereon in good faith.

9.7 EXCEPTIONS

Notwithstanding the earlier provisions, the following transfers or conveyances of a Condominium Unit are expressly excepted from the provisions of this Article IX:

A. A transfer to or purchase by any mortgagee which acquires its title as a result of foreclosure proceedings or conveyance in lieu thereof; and a transfer, sale or lease by any such mortgagee after acquisition of the Condominium Units herein or between an Owner, his wife and/or one or more of his children or issue.

B. A transfer or conveyance between or among Owners who are cotenants of the same or any other of the Condominium Units herein or between an Owner, his wife and/or one or more of his children or issue.

C. A transfer or conveyance by bona fide gift, devise, inheritance, or by operation of law.

D. A transfer or conveyance to the Owner's Revocable or Irrevocable Inter Vivos Trust.

X.

MISCELLANEOUS

10.1 COMPLIANCE WITH DECLARATION

Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation, By-Laws, rules, regulations and resolutions of the Association and any management agreement entered into by the Association as the same may from time to time be in force and effect. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages, attorneys fees, or injunctive relief or both, maintainable by the

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Association in behalf of the Owners, or by an aggrieved Owner.

10.2 SEVERABILITY

If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase, word or section, or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provision, paragraph, sentence, clause, phrase, word or section in any other circumstances shall not be affected thereby.

10.3 REVOCATION AND AMENDMENT

Except as permitted herein, this Declaration shall not be revoked and shall any of the provisions herein be amended unless the Owners representing an aggregate ownership interest of sixty-five percent (65%) of the condominium Units, or more, and all of the holders of any recorded mortgage or deed of trust covering or affecting any or all condominium units unanimously consent and agree to such revocation or amendment by instrument(s) duly recorded, provided, however, that the foregoing shall not prevent the making of physical changes in the interior of a Unit or Units coming into the possession of a mortgagee by virtue of foreclosure of any first mortgage; and physical changes to and alterations of the Unit or Units owned by virtue of foreclosure of any first mortgage may be made without the consent of the other owners or mortgagees and this Declaration may be amended without other Owners' or mortgagees' consent, by the Owner acquiring same by such foreclosure, to correspond with such physical changes; provided, however, that the percentage of the undivided interest of each Unit Owner in General Common Elements as expressed in this Declaration shall have a permanent character and shall not be altered (except as permitted in Article 2.5 hereof) without the consent of all of the unit Owners expressed in an amended Declaration duly recorded.

Developer reserves, and shall have the continuing right until January 1, 1983, without the joinder of Owner of any person or entity (whether or not condominium units have been conveyed) to amend this Declaration or the By-Laws for the purposes set forth in Article 2.5 or for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein provided that no such Amendment shall change the stated numbers of units nor the percentage interest in the Common Elements attributable thereto, nor materially adversely affect the interest of any Owner.

10.4 NOTICE

All notices, demands or other notices intended to be served upon an Owner shall be sent by ordinary or certified mail, postage prepaid, 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 Managing Agent, or the Board of Directors of the Association or the Association shall be sent by ordinary or certified mail, postage prepaid to c/o Walter Wilson, 2200 West Loop South, Suite 225, Houston, Texas 77027, until such address is changed by a notice of address change duly recorded.

10.5 CONSTRUED UNDER LAWS OF TEXAS

The provisions of this Declaration shall be in addition and supplemental to the Condominium Ownership Act of the State of Texas and to all other provisions of law.

10.6 WORD CONSTRUCTION

That whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural the singular and the use of any gender shall include all genders.

XI.**OPERATION DURING CONSTRUCTION, ETC.**

Notwithstanding any other provision expressly or impliedly to the contrary in this Declaration, the Developer reserves the right to exercise the rights, duties, and functions of the Association, Board of Managers, or managing agent, until the development of the Condominium Project has been fully completed, and all Units sold, including the exclusive right and power to delegate to others and duties of the manager or managing agent, or both. The compensation or fee to be paid therefor shall be reasonable, and shall be a part of the Common Expenses. Upon completion of the Condominium Project and the sale of all the Condominium Units, or, at the option of the Developer, at an earlier date, the Developer shall give written notice thereof to the condominium unit owners, at which time the first meeting of the Association members shall be called as indicated earlier, and the powers herein held by the Developer by this Article XI shall be eliminated. Notwithstanding the above, the Association shall take control no later than three (3) years after completion of the project. Further, for purposes of voting hereunder and determining the interest of each Owner of a Unit prior to said three (3) year period, there shall be two classes of voting membership, all as set forth in the By-Laws attached hereto for reference.

XII.**TERMINATION****11.1 TERMINATION**

The condominium shall be terminated, if at all, as provided herein, and:

(a) If such termination is approved by all Owners and first mortgagees. Such agreement must be evidenced by an instrument in writing and executed in a manner to provide for the conveyance of the property and as otherwise required by the Association. Such termination shall become effective when the agreement has been recorded in the public records of the County of Montgomery, State of Texas.

(b) If destruction should occur as indicated herein, and the property is not reconstructed as provided herein, the condominium form of ownership will be terminated and the documents herein will be revoked according to procedures provided by law and at the direction of the Board of Directors.

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(c) Except as otherwise provided herein, if such termination occurs, the Owners shall own their individual Units as earlier provided, and all Common Elements which are General Elements shall be owned as tenants in common, and the Limited Common Elements shall be owned as tenancy in common between those who previously shared the Limited Common Elements. Further, the holders of mortgages and liens against the owners properties shall have mortgages and liens respectively according to the undivided tenancy in common interest and the separate interest of the individual owners. All funds and other property of the Association, including insurance proceeds, if any, shall be held by the Association to be distributed in proportion to the ownership shares after all other claims on said funds are paid as determined in the discretion of the Association. The costs incurred by the Association in connection with the termination and winding up of the condominium ownership shall be borne as a Common Expense.

(d) Except as otherwise provided herein, following the termination, if any, of the condominium ownership, the subject property, including Common and Limited Elements, may be partitioned and sold upon the application by any Owner to the Court for such partition agreement. Further, if the Board of Managers determines that a termination of the Declaration and Condominium Association Agreement, including articles, by-laws, and minutes, is most advantageous, and if such determination is ratified by the written consent of ninety-five percent (95%) of all owners of the Association, then the managers, upon unanimous vote by said managers, may seek out the terms, and provisions to seek sale of the condominium property. However, such sale shall not work to the disadvantage of any parties who claim a lien on said property. Further, the determination as to any disposition of the condominium must be approved by all said parties holding mortgages or liens on any condominium unit. If the managers comply with the provision herein for such disposition of property, each Owner shall be bound to execute any documents, including deed, necessary or required by said managers to conform with their decision as to disposition of the condominium property and appoint the Managing Agent or agent and attorney-in-fact to execute such documents and consummate the sale.

EXECUTED in multiple originals on the date first above written.

LAKEVIEW TERRACE, LTD.
A Texas Limited Partnership

BY: [Signature]

MANAGING AGENT

BY: [Signature]

WALTER WILSON

Its Sole General Partners

THE STATE OF TEXAS I
COUNTY OF HARRIS I

018-01-1744

BEFORE ME, the undersigned authority, on this day personally appeared Tom Manafas, one of the General Partners of Lakeview Terrace, Ltd., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.



GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 2 day of 1980.

Beverly Bammel
Notary Public in and for Harris County,
T e x a s

My Commission expires: 5/11/81

THE STATE OF TEXAS I
COUNTY OF HARRIS I

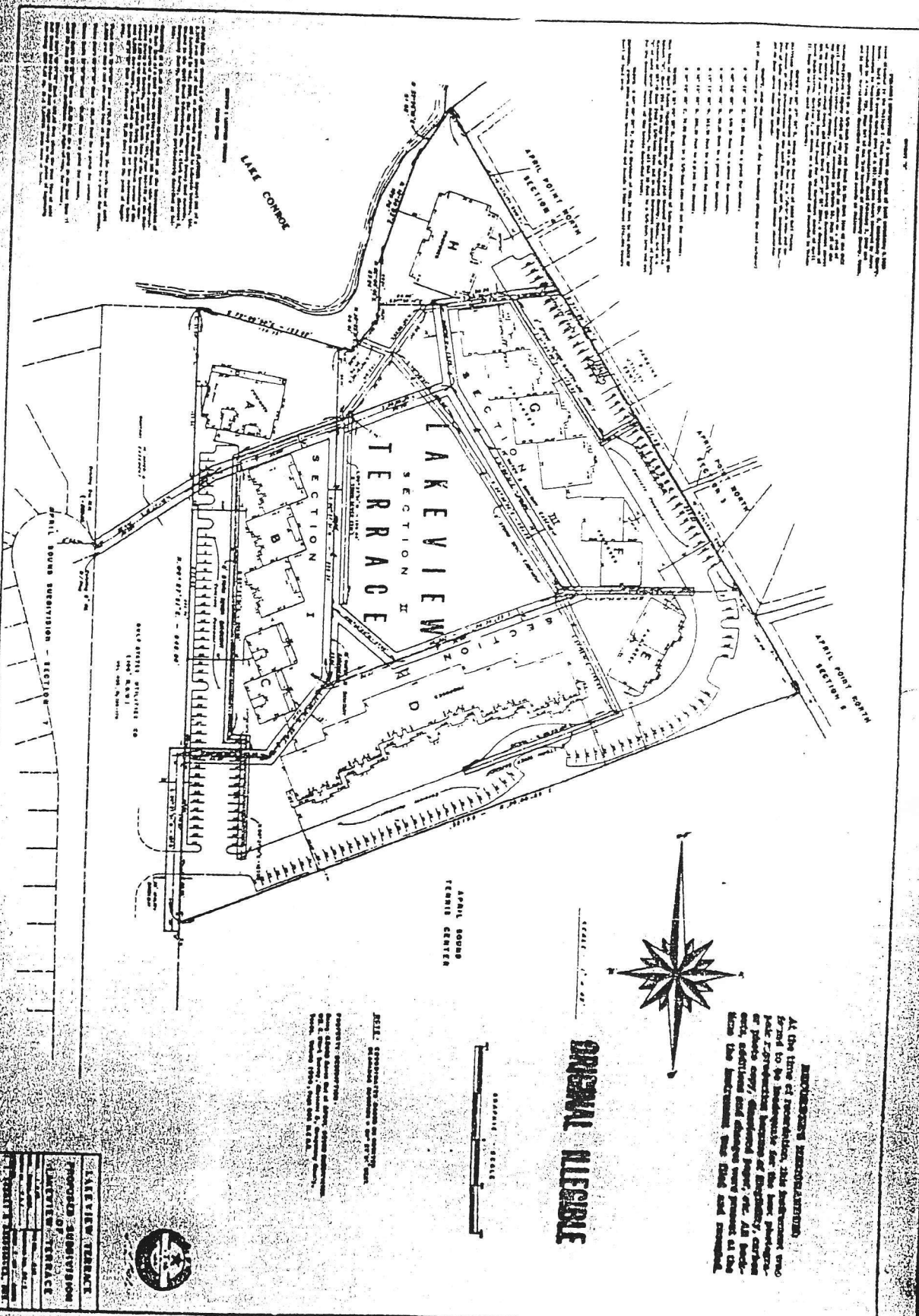
BEFORE ME, the undersigned authority, on this day personally appeared Walter Wilson, one of the General Partners of Lakeview Terrace, Ltd., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.



GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 1st day of May, 1980.

Houstonie Terry
Notary Public in and for
Harris County, T e x a s

My Commission expires: 4/30/81



SECTION I
SECTION II
SECTION III
SECTION IV
SECTION V
SECTION VI
SECTION VII
SECTION VIII
SECTION IX

LAKEVIEW TERRACE
SECTION I
SECTION II
SECTION III
SECTION IV
SECTION V
SECTION VI
SECTION VII
SECTION VIII
SECTION IX

NOTICE TO THE PUBLIC
At the time of preparation, the instrument was found to be in accordance with the laws of the State of New York, and the same is hereby certified to be a true and correct copy of the original instrument, as the same appears from the records of the County of Westchester, New York.

ORIGINAL MEASURE

APRIL 1908
TERRACE CENTER

WILLIAMSON & COMPANY, INC.
NEW YORK

ENGINEER

LAKEVIEW TERRACE	APRIL 1908
SECTION I	
SECTION II	
SECTION III	
SECTION IV	
SECTION V	
SECTION VI	
SECTION VII	
SECTION VIII	
SECTION IX	



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EXHIBIT "B"

TO DECLARATION OF CONDOMINIUM REGIME

CONDOMINIUM BY-LAWS

OF

LAKEVIEW TERRACE CONDOMINIUMS

ARTICLE I

Section 1. Definitions.

All definitions herein contained shall have the same meanings as set forth in the Declaration of Condominium Regime to which these By-Laws are attached, reference being here made for all purposes. All other definitions are expressly set forth elsewhere in this document.

Section 2. Administration.

Lakeview Terrace Condominiums (hereinafter referred to as the "Condominium Project") shall be administered by the association of all of the Owners of Units or by a non-profit corporation incorporated under the laws of the State of Texas under the name of "Lakeview Terrace Condominiums" (herein referred to as the "Association"). The Association shall be responsible for the management, maintenance, operation and administration of the Condominium Project, the Common Elements and easements appurtenant thereto in accordance with the Declaration of Condominium Regime, to which this Exhibit "B" is attached, these by-laws, the Articles of Incorporation, by-laws and duly adopted rules and regulations of the Association and the laws of the State of Texas.

Section 3. Members and Voting.

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

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

B. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged or transferred in any manner except as an appurtenance to his Unit in the Condominium Project.

C. The Association shall have two classes of voting membership:

Class A: Except as provided under "Class B" below, each Owner shall be a Class A member. Each Class A member shall be entitled to one vote for each Unit in which he holds the full fee interest. When the full fee interest in any Unit is held by more than one person, all such persons shall be members, and

the vote for such Unit shall be exercised as they, among themselves determine, but in no event shall more than one vote be cast with respect to any Unit.

Class B: The Class B member(s) shall be Developer. The Class B member(s) shall be entitled to votes for each Assessment Unit in which it holds the full fee interest, provided that the Class B three (3) membership shall cease upon termination of the Construction Period.

D. No Owner, other than Developer, shall be entitled to vote at any meeting of the Association until such Owner has presented evidence of ownership of a Unit in the Condominium Project to the Association. The vote of each Owner may only be cast by such Owner or by a proxy given by such Owner to his duly authorized representative. If title to a Unit shall be in the name of two or more owners, any one of such Owners may vote as the Owner of the Unit at any meeting of the Association and such vote shall be binding on such other Owners who are not present at such meeting until written notice to the contrary has been received by the Association in which case the unanimous action of all such Owners (in person or by proxy) shall be required to cast their vote as Owners. If two or more of such Owners are present at any meeting of the Association then unanimous actions shall also be required to cast their vote as Owners.

E. When a quorum is present at any meeting of the Association, the vote of fifth-one percent (51%) or more of the Units represented and qualified to vote and present in person or proxy at such meeting shall decide any question brought before such meeting, unless the question is one upon which by express provision of any statute, the Declaration of Condominium Regime, the Articles of Incorporation of the Association or these By-laws a different vote is required, in which case such express provision shall govern and control the decision of such question. The Owners present in person or by proxy at a duly organized meeting may continue to transact business until adjournment notwithstanding the withdrawal of enough Owners to leave less than a quorum.

F. At all meetings of the Owners cumulative voting shall not be permitted.

ARTICLE II

OFFICES

Section 1. Principal Office.

The principal office of the Association shall be in the City of Houston, Harris County, Texas.

Section 2. Registered Office.

The registered office of the Association required by the Texas Business Corporation Act to be maintained in the State of Texas, may be, but need not be, identical with the principal office, and the address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE III

MEETINGS OF MEMBERS

Section 1. Place of Meetings.

The meetings of Members of the Association shall be held at April Sound, Montgomery County, Texas, with the place of meetings being set by the Board of Directors of the Association. To the extent possible, said meetings shall be held within the boundaries of Lakeview Terrace Condominiums.

Section 2. Annual Meeting.

The annual meeting of the Members of the Association, commencing with the year 1981, shall be held each year at 7:00 o'clock p.m., Central Standard Time on the second Tuesday of the month of March, and if such day is a legal holiday, then on the next secular day following at 7:00 o'clock p.m., at which time the Members shall elect a Board of Directors and transact such other business as may properly be brought before the meeting.

Section 3. First Meeting.

The first meeting of the Members of the Association shall be held within ninety (90) days after conveyance by Developer of more than eighty percent (80%) in number of the Units in the Condominium Project. Until the first meeting of members, the affairs of the Association shall be managed by the Managing Agent, as set in the Condominium Declaration, or by first Board of Directors named in the Articles of Incorporation of the Association, or their replacements.

Section 4. Special Meeting.

Special meetings of the Members for any purpose or purposes, unless otherwise prescribed by law or by the Articles of Incorporation, may be called by the President, the Board of Directors or one-tenth (1/10th of all of the Members entitled to vote at the meetings. Business transacted at all special meetings shall be confined to the purpose or purposes stated in the call.

Section 5. Notice of Meetings.

Written or printed notice of all meetings of Members stating the place, day and hour thereof, and in the case of a special meeting the purpose or purposes for which the meeting is called, shall be personally served upon or mailed to each Member entitled to vote thereat at the address of the Unit owned by the aforesaid Member, or at any other address, provided that prior written notice of the other address is furnished to the Association at least thirty (30) days in advance of the meetings. If the Owner shall fail to give an address to the Association for the mailing of notices, the address of the Unit owned by the Owner shall be deemed to be the address for the giving of notice.

Section 6. Quorum.

Except as otherwise provided by statute, or these by-laws, the presence in person or by proxy of sixty percent (60%) of the Owners qualified to vote shall constitute a quorum for holding any meeting of the members of the Association. If, however, such quorum shall not be present or represented at any meeting of the Owners, the Owners present in person or represented at any meeting of the Owners,

the Owners present in person or represented by proxy, shall have the power to adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present or represented. If a quorum shall be present or represented by proxy at such meeting held in lieu of the adjourned meeting(s), any business may be transacted at such meeting as originally notified.

Section 7. Organization.

The President shall preside at all meetings of the Members. In his absence a Vice President shall preside. In the absence of all of these officers any Member or the duly appointed proxy of any Member may call the meeting to order and a chairman shall be elected from among the Members present.

The Secretary of the Association shall act as secretary at all meetings of the Members. In his absence an Assistant Secretary shall so act and in the absence of all of these officers the presiding officer may appoint any person to act as secretary of the meeting.

Section 8. Proxies.

At any meeting of the Members every Member entitled to vote thereat shall be entitled to vote in person or by proxy appointed by instrument in writing executed by such Member or by his duly authorized attorney-in-fact. No appointment of a proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless such proxy otherwise provides. A proxy shall be revocable unless expressly provided therein to be irrevocable and unless otherwise made irrevocable by law.

ARTICLE IV

DIRECTORS

Section 1. Number and Qualification.

The property, business and affairs of the Association shall be managed and controlled by a Board of not more than five (5) Directors who shall be elected annually by the Members. Each Member of the Board of Directors of the Association must be a member of the Association with the exception of the first Board of Directors (and any replacement directors selected by Developer prior to the first meeting of the Association) elected or appointed by the Developer or designated in the Articles of Incorporation of the Association. The number of Directors may be increased or decreased but not to a number less than one (1) by amendment of By-Laws. No decrease in the number of Directors shall have the effect of shortening the term of any incumbent Director.

Section 2. Election and Term of Office.

The Directors shall be elected at the annual meeting of the Members (except as provided in Section 5 of this Article) and each Director elected shall hold office until the next annual meeting of the Members and until his successor shall be elected and shall qualify or until his death or until he shall resign or be removed in the manner herein-after provided.

Section 3. Resignation.

Any Director may resign at any time by giving written notice to the President or Secretary. Such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal.

Any Director may be removed at any time either with or without cause and another person may be elected to serve for the remainder of his term at any special meeting of the Members called for the purpose of removal by a vote of a majority of the Owners. In case any vacancy so created shall not be filled by the Members at such meeting, such vacancy may be filled by the Directors as provided in Section 5 of this Article.

Section 5. Vacancies.

If any vacancy shall occur in the Board of Directors such vacancy may, subject to the provisions of Section 4 of this Article, be filled by the affirmative vote of the remaining Directors though less than a quorum of the Board of Directors; provided, however, any Directorship to be filled by reason of an increase in the number of Directors shall be filled by election at an annual meeting or at a special meeting of Members called for that purpose. A Director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office.

Section 6. General Powers.

In addition to the powers and authorities expressly conferred upon them by these By-Laws, the Board of Directors may exercise all such powers of the Association and do all such lawful acts and things as are not by law or by the Articles of Incorporation or by these By-Laws directed or required to be exercised or done by the Members.

Section 7. Compensation.

Directors as such shall not receive any stated salary for their services, but by resolution of the Board a fixed sum for expenses of attendance, if any, may be allowed for attendance at any regular or special meeting of the Board provided that nothing herein contained shall be construed to preclude any Director from serving the Association in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

Section 8. Advisory Directors.

The Directors of the Association shall have the power and authority to designate not more than twenty (20) individuals to serve as Advisory Directors of the Association. Individuals so designated shall serve for such term and for such compensation as the Directors of the Association shall determine. Advisory Directors shall have no vote, power or authority in the management and control of the Association, but shall serve only for the purpose of giving advice and counsel to the Directors of the Association.

ARTICLE V

MEETING OF DIRECTORS

Section 1. Place of Meetings.

The Directors of the Association shall hold their meetings, both regular and special at April Sound, Montgomery County, Texas. To the extent possible, said meeting shall be held within the boundaries of Lakeview Terrace Condominiums.

Section 2. Annual Meeting.

The first meeting of each newly elected Board shall be held at such time and place as shall be fixed by the initial Board of Directors or by the vote of the Members at their annual meeting and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present, or they may meet at such time and place as shall be fixed by the consent in writing of all of the Directors.

Section 3. Regular Meetings.

Regular meetings of the Board may be held without notice at such time and place as shall from time to time be determined by the Board.

Section 4. Special Meetings.

Special meetings of the Board may be called by the President on one (1) day's notice to each Director given either personally, by mail or by telegram. Special meetings shall be called by the President or Secretary in like manner and like notice on the written request of two (2) Directors. Neither the purpose of nor the business to be transacted at any special meeting of the Board of Directors need to be specified in the notice or waiver of notice of such meeting. Attendance of a Director at a meeting shall constitute a waiver of notice of such meeting except where a Director attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called or convened.

Section 5. Quorum and Action.

At all meetings of the Board the presence of a majority of the Directors shall be necessary and sufficient to constitute a quorum for the transaction of business and the act of a majority of the Directors at any meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by law, the Articles of Incorporation or these By-Laws. If a quorum shall not be present at any meeting of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting until a quorum shall be present.

Section 6. Presumption of Assent to Action.

A Director who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the secretary of the meeting before the adjourn thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjourn-

ment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

ARTICLE VI

EXECUTIVE COMMITTEE

Section 1. Membership and Authorities.

The Board of Directors, by resolution adopted by a majority of the whole Board, may designate one (1) or more Directors to constitute an Executive Committee, which Committee to the extent provided in such resolution, shall have and may exercise all of the authority of the Board of Directors in the business and affairs of the Association, except where action of the full Board of Directors is specified by applicable law, but the designation of such Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed upon it or him by law.

Section 2. Minutes.

The Executive Committee shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 3. Vacancies.

The Board of Directors shall have the power at any time to fill vacancies in, to change the membership of, or to dissolve, the Executive Committee.

ARTICLE VII

OFFICERS

Section 1. Number.

The officers of the Association shall be a President, a Vice President, a Secretary and a Treasurer. The Board of Directors may also choose additional Vice Presidents and one or more Assistant Secretaries and/or Assistant Treasurers. One person may hold any two or more of said offices except those of President and Secretary.

Section 2. Election, Term of Office and Qualifications.

The officers of the Association shall be elected by the Board of Directors at its first meeting after each annual meeting of Members. The Board shall elect a President, one or more Vice Presidents, a Secretary and a Treasurer, none of whom need be a member of the Board. Each officer so elected shall hold office until his successor shall have been duly chosen and qualify or until his death or his resignation or removal in the manner hereinafter provided.

Section 3. Subordinate Officers.

The Board of Directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such term and have such authority and perform such duties as the Board of Directors may delegate to any committee or officer the power to appoint any such subordinate officer or agent.

Section 4. Resignation.

Any officer may resign at any time by giving written notice thereof to the Board of Directors or to the President or Secretary of the Association. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section 5. Removal.

Any officer elected or appointed by the Board of Directors may be removed by the Board at any time with or without cause by the Board of Directors or by any committee or superior officer in whom such power of removal may be conferred by the Board of Directors.

Section 6. Vacancies.

A vacancy in any office shall be filled for the unexpired portion of the term by the Board of Directors, but in case of a vacancy occurring in an office filled in accordance with the provisions of Section 3 of this Article, such vacancy may be filled by any committee or superior officer upon whom such power may be conferred by the Board of Directors.

Section 7. The President.

The President shall be the chief executive officer of the Association; the President shall, when present, preside at all meetings of the Members and Directors; shall be ex officio a member of all standing committees, shall have general and active management of the business of the Association and shall see that all orders and resolutions of the Board of Directors are carried into effect. The President may sign, with any other proper officer, any contracts and other documents which the Board of Directors has authorized to be executed, except where required by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors or these By-Laws, to some other officer or agent of the Association.

Section 8. The Vice President.

Vice Presidents shall perform the duties as are given to them by these By-Laws and as may from time to time be assigned to them by the Board of Directors or by the President and may sign, with any other proper officer any documents authorized by the Board of Directors. At the request of the President, or in his absence or disability, the Vice President designated by the President (or in the absence of such designation, the senior Vice President) shall perform the duties and exercise the powers of the President.

Section 9. The Secretary.

The Secretary shall attend all meetings of the Board of Directors and all meetings of the Members and record all votes and the minutes of all proceedings in a book to be kept for that purpose and shall perform like duties for the Executive Committee and standing committees when required. He shall give, or cause to be given, notice of all meetings of the Members and special meetings of the Board of Direc-

tors as required by law or these By-Laws, be custodian of the corporate records and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall keep in safe custody the seal of the Association, and, when authorized by the Board, affix the same to any instrument requiring it and, when so affixed, it shall be attested by his signature or by the signature of the Treasurer or an Assistant Secretary.

Section 10. Assistant Secretaries.

The Assistant Secretaries shall perform the duties as are given to them by these By-Laws or as may from time to time be assigned to them by the Board of Directors or by the Secretary. At the request of the Secretary, or in his absence or disability, the Assistant Secretary designated by the Secretary (or in the absence of such designation the senior Assistant Secretary) shall perform the duties and exercise the powers of the Secretary.

Section 11. The Treasurer.

The Treasurer shall have the custody and be responsible for all corporate funds and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Association and shall deposit all moneys and other valuable effects in the name and to the credit of the Association in such depositories as may be designated by the Board of Directors. He shall disburse the funds of the Association as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the President and Directors, at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Association.

Section 12. Assistant Treasurers.

The Assistant Treasurers shall perform the duties as are given to them by these By-Laws or as may from time to time be assigned to them by the Board of Directors or by the Treasurer. At the request of the Treasurer, or in his absence or disability, the Assistant Treasurer designated by the Treasurer (or in the absence of such designation the senior Assistant Treasurer) shall perform the duties and exercise the powers of the Treasurer.

Section 13. Treasurer's Bond.

If required by the Board of Directors, the Treasurer and any Assistant Treasurer shall give the Association a bond such sum and with such surety or sureties as shall be satisfactory to the Board for the faithful performance of the duties of his office and for the restoration to the Association, in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the Association, provided, however, that the cost of the bond shall be paid for by the Association.

Section 14. Salaries.

The salary or other compensation of officers shall be fixed from time to time by the Board of Directors. The

Board of Directors may delegate to any committee or officer the power to fix from time to time the salary or other compensation of officers and agents appointed in accordance with provisions of Section 3 of this Article.

Section 15. Management.

The Association may provide for independent management of the Condominium Project, with the responsibilities of such management being determined by the Board of Directors. Such independent management may jointly manage the Condominium Project and other property. In such event, the Association shall not be required to bear in excess of its pro rata share (based on the ratio that the number of Units in the Condominium Project bears to the number of total units of whatever type so jointly managed) of such independent management expense. Any agreement for independent professional management of the Condominium Project shall provide that the management contract may be terminated for cause within a period of time not exceeding ninety (90) day's written notice and the term of any such contract shall not exceed three (3) years. Any officer or stockholder of the Association or any Owner (or any of their respective affiliates, nominees, employers or companies) may be employed as the independent management so long as the fees paid to such related party are reasonable.

ARTICLE VIII

ASSESSMENTS

Section 1. Expenses.

All costs incurred by the Association, including but not limited to any costs incurred in satisfaction of any liability arising within, caused by or in connection with the Association's operation, maintenance or use of the Condominium Project, costs for insurance, personal property taxes of any tangible personal property of the Condominium Project owned or possessed in common by the Owners, and all other common expenses set forth in the Condominium Declaration shall be Association expenses. All sums received by the Association, including but not limited to all sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association, shall be Association receipts.

Section 2. Assessments.

A. The Board of Directors of the Association shall establish an annual budget in advance for each fiscal year and such budget shall project all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium Project, including a reasonable allowance for contingencies and reserves. Such reserves shall include without limitation an adequate reserve fund for the replacement of the Common Elements. The assessment for such year shall be established by the adoption of such annual budget by the Board of Directors of the Association. Copies of such budget shall be delivered to each Owner, although the delivery of a copy of the budget to each Owner shall not affect the liability of any Owner for any existing or future assessment. Should the Board of Directors at any time determine, in the sole discretion of said Board of Directors, that the assessments levied are or may prove to be insufficient

to pay the costs of operation and management of the Condominium Project in any fiscal year, then the Board of Directors shall have the authority at any time and from time to time to levy such additional assessment or assessments as it shall deem to be necessary for that purpose.

B. Special assessments, assessments other than those described in Subsection A above, may be made by the Board of Directors of the Association at any time, and from time to time, to meet other needs or requirements of the Association and the Condominium Project including, but not limited to, assessments for costs described herein and capital improvements. However, any such special assessment shall not be levied without the prior approval of at least seventy-five percent (75%) of the Owners representing each of the Units in the Condominium Project.

C. Assessments levied by the Association against each Owner pursuant to Subsection A and/or Subsection B above which are expended on capital expenditures, or which are set aside in a reserve for future repairs or improvements within the Condominium Project (whether or not such repairs or improvements would otherwise be considered capital in nature pursuant to Section 263 of the Internal Revenue Code of 1954, as amended), shall be treated as capital contributions by such Owners to the Association and shall be shown on the books of the Association as such.

The provisions of this Subsection C may be amended by a majority vote of the Board of Directors of the Association if, in the sole discretion of said Board of Directors, such action is necessary to conform to any change in the Internal Revenue Code of 1954, as amended, or any Treasury Regulation or Ruling promulgated thereunder. Notwithstanding anything contained in this Declaration of Condominium Regime to the contrary, any amendment to this Subsection C duly authorized by the Board of Directors of the Association shall not require the consent of any Owner or mortgagee.

Section 3. Apportionment of Assessments.

All assessments levied against the Owner to cover expenses of the Association and the Condominium Project shall be apportioned among and paid by the Owners in accordance with the undivided percentage of value assigned to each Unit according to this Declaration of Condominium Regime without increase or decrease for the existence appurtenant to such Unit. Assessments shall be due and payable at such times as the Association shall determine, commencing the date of delivery of a deed to a Unit from Developer to subsequent Owner. Prior to such conveyance and the Association Date, Developer shall bear all assessments against Units owned by Developer in accordance with the aggregate percentage of value assigned thereto the payment of an assessment shall be in default if such assessment, or any part thereof, is not paid to the Association in full on or before the due date for such payment. Assessments in default shall bear interest at the rate of ten percent (10%) per annum from the due date until paid. Each Owner shall be, and remain, personally liable for the payment of all assessments which may be levied against such Owner by the Association in accordance with these By-Laws, and any

unpaid assessments with accrued interest thereon owed with respect to a Unit may, at the option of the Association, be collected out of the sale proceeds of such Unit in accordance with Section 13 of the Condominium Act of the State of Texas, under Article 1301a of the Texas Revised Civil Statutes (the "Act"). In addition, to the extent permitted by law, unpaid assessments shall become a lien against the Unit and each deed from Developer may expressly retain a Vendor's Lien to secure the payment of all assessments, subject only to: (i) assessments, liens and charges in favor of the state and any political subdivision thereof for taxes past due and unpaid on such Unit; and (ii) amounts due under any mortgage instruments duly recorded. Any first mortgagee, upon foreclosure of its lien on a Unit, or upon acceptance of a deed in lieu of foreclosure thereon, shall not be required to pay any unpaid assessments owing on said Unit. Such unpaid assessment lien may be recorded in the Condominium Records of Montgomery County, Texas, and may be enforced by foreclosure, and the expenses incurred therefor including interest, costs and attorneys' fees shall be chargeable to the Owner in default. Each Owner, by his acceptance of a deed to a Unit, shall expressly vest in the Association 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 lien by all methods available for the enforcement of such liens, including foreclosure by an action brought in the name of the Association in a like manner as a mortgage or deed of trust lien on real property as provided in Article 3810 of the Texas Revised Civil Statutes, and such Owner by acceptance of a deed to Unit expressly grants to the Association a power of sale in connection with said lien, and agrees to the creation of (and by the acceptance of deed grants) a Vendor's Lien to secure the payment of the assessments. The lien provided for in this section shall be in favor of the Association and shall be for the common benefit of all Owners. The Association acting on behalf of the Owners shall have the power to bid upon an interest foreclosed at foreclosure sale and to acquire and hold, lease, mortgage and convey the same and to treat the proceeds of any such lease, mortgage or conveyance in the same manner as assessments hereunder.

Section 4. No Exemption.

No Owner may exempt himself from liability for his contribution toward the expenses of the Association and the Condominium Project by waiver of the Use or enjoyment of any of the Common Elements or by the abandonment, sale or other disposition of his Unit.

Section 5. Enforcement.

The Association may, in addition to its rights under Section 3 hereof and Section 18 of the Act, enforce collection of delinquent assessments by suit at law for a money judgment, and the expenses incurred in collecting unpaid assessments including interest, costs and attorneys' fees shall be chargeable to the Owner in default. The Association may also discontinue the furnishing of any utilities or other services to an Owner in default of his obligations to the Association or other Owners as set forth herein upon seven (7) days written notice to such Owner of its intent to do so. An Owner in default of his obligations to the Association or other Owner as set forth herein shall not be entitled to vote at any meeting of the Association so long

as such default is in existence, and such defaulting Owner's name shall be placed in the announcements of the Association or on a bulletin board of the Association.

ARTICLE IX

OWNER ACTION

Without limiting the other legal rights of any Owner or the Association, legal action may be brought by the Association at the sole discretion on behalf of two (2) or more Owners as their respective interest may appear with respect to any cause of action relating to the Common Elements of more than (1) Unit.

ARTICLE X

INSURANCE

The Association shall carry a master policy of fire and extended coverage, vandalism and malicious mischief and liability insurance, and, if required by law, workmen's compensation insurance (hereinafter referred to as the "Master Policy"), and shall carry such other and additional insurance as the Board of Directors may deem advisable or necessary in its sole discretion with respect to the Condominium Project, the officers and directors of the Association and the Association's administration thereof in accordance with the following provisions:

A. The Master Policy shall be purchased by the Association for the benefit of the Association, the Owners and their mortgagees as their interests may appear (subject to the provisions of these By-Laws, the Declaration of Condominium Regime and the Act), and provision shall be made for the issuance of appropriate mortgagee endorsements to the mortgagees of the Owners. The Owners shall obtain insurance coverage upon their personal property at their own expense. The Association and the Owners shall use their best efforts to see that all property and liability insurance carried by an Owner or the Association shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against the Owners or the Association and the respective tenants, servants, agents, and guests of the Owners or the Association, as the case may be.

B. All buildings, improvements, personal property of the Condominium Project and other Common Elements of the Condominium Project shall be insured against fire and other perils covered by a standard extended coverage endorsement, in an amount equal to the maximum insurable replacement value thereof, excluding the cost of excavations, foundations and footings, as determined annually by the Board of Directors of the Association; provided, however, such amount shall be not less than eighty percent (80%) of the maximum insurable value (based upon replacement cost). The Association may, in its sole discretion, elect to carry insurance to cover such other perils as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use. The Association shall use its best efforts to see that the liability insurance carried by the Association shall cover the common elements and shall contain, if available, cross-liability and co-insurance endorsements or appropriate

provisions for the benefit of the Owners, individually and as a group, the members of the Board of Directors, and the management company, if any, insuring each insured against liability to each other insured. The Association shall also carry fidelity coverage against dishonest acts on the part of members of the Board of Directors, Owners, the management company, if any, and any other persons (including volunteers, with an appropriate endorsement, if required) handling funds belonging to or administered by the Association. Such fidelity coverage shall be in an amount equal to one and one-half times the estimated annual expenses and reserves of the Association.

C. All premiums upon insurance purchased by the Association pursuant to these By-Laws shall be included in the Association's budget in accordance with Sub-section 2A, Article VIII hereof, except that the amount of increase over such premiums occasioned by the use, misuse, occupancy or abandonment of a Unit or the Common Elements by an Owner shall be assessed only against such Owner.

D. Proceeds of all insurance policies owned by the Association shall be received by the Association, held in a separate account and distributed to the Association, the Owners and their mortgagees (subject to the provisions of these By-Laws, the Declaration of Condominium Regime and the Act) as their interest may appear; provided, however, whenever repair or reconstruction of the Condominium Project shall be required as provided in Article XI of these By-Laws, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction under the Declaration of Condominium Regime and these By-Laws shall be applied to such repair or reconstruction.

E. Each Owner, by ownership of a Unit in the Condominium Project, shall be deemed to appoint the Association as his true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance of the Master Policy. Without limiting the generality of the foregoing, the Association as said attorney shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds and to distribute the same to the Association, the Owners and their mortgagees (subject to the provisions of these By-Laws, the Declaration of Condominium Regime and the Act) as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Owner and the Condominium Project as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association 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 nor the liability of any Owner for occurrences therein not caused by or connected with the Association's operation, maintenance or use of the Condominium Project.

Nothing herein contained shall require or impose a duty on the Association to maintain insurance on personal items of the Owners of the Units, such personal items to include, but not be limited to, jewelry, furniture, household items,

Owner shall begin reconstruction or repair of his Unit within sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

Section 4. Assessments of Damage.

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

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

B. 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 an assessment shall be made against the Owners by the Association in the following manner:

A. All Owners shall be assessed on the basis of their percentage of value in the Condominium Project as set forth on Exhibit "D" to the Condominium Declaration for the payment of the estimated Common Element Costs not otherwise paid for by insurance held by the Association.

B. Each Owner of a damaged Unit shall be assessed an amount equal to the difference between his estimated Unit Costs less a sum calculated by multiplying the amount, if any, of the remaining insurance proceeds held by the Association with respect to the Casualty by a fraction, the Numerator of which is his estimated Unit Costs and the Denominator of which is the total of all of the estimated Unit Costs.

If actual costs exceed such estimated costs, then an additional assessment shall be made against the Owners by the Association in the above manner based upon actual costs.

Section 5. Eminent Domain.

In the event of any taking of any Unit in the Condominium Project by eminent domain, or private purchase in lieu thereof, the Owner of such Unit and his mortgagee shall be entitled to receive the award for such taking and, after acceptance thereof, if such Owner shall vacate his Unit by virtue of such taking, he and his mortgagee shall be divested of all interest in the Condominium Project. If any repair or rebuilding of the remaining portions of the Condominium Project is required as a result of such taking, a

or other personal property; such insurance for personal items shall be the sole and express obligation of each Owner.

ARTICLE XI

RECONSTRUCTION OR REPAIR

Section 1. Damage and Reconstruction.

If less than two-thirds (2/3) of the buildings in the Condominium Project (as determined by the vote or written consent of the majority of the Owners representing each of the Units in the exercise of their sole discretion) shall be damaged by fire or any other casualty, then the buildings in the Condominium Project shall be rebuilt or repaired. If more than two-thirds (2/3) of the buildings in the Condominium Project (as determined by the vote or written consent of a majority of the Owners representing each of the Units in the exercise of such discretion) shall be damaged by fire or other casualty, then reconstruction shall not be compulsory without the unanimous consent of each Owner and each mortgagee. In the event that such Owners decide not to reconstruct the Condominium Project, the land (more particularly described on Exhibit "A" of this Declaration of Condominium Regime) shall be sold and such sale proceeds along with any insurance proceeds shall be distributed to each Owner and his mortgagee, as their interests may appear, in accordance with each Owner's percentage of value in the Condominium Project.

Section 2. Reconstruction Guidelines.

Any reconstruction or repair of the building in the Condominium Project or any Unit located therein shall be substantially in accordance with the Declaration of Condominium Regime and the original plans and specifications for the buildings in the Condominium Project unless the Owners and their mortgagees shall unanimously decide otherwise.

Section 3. Owner's Responsibilities.

Each Owner shall be responsible for the reconstruction, repair or replacement of the interior of his Unit, including but not limited to, floor coverings, wall coverings, window shades, draperies, interior walls, furniture, furnishings, decorative light fixtures, and all appliances located therein irrespective of whether or not such appliances are "built-in" to the Unit. Each Owner shall also be responsible for the costs not otherwise covered by insurance carried by the Association of any reconstruction, repair or replacement of any portion of the Condominium Project necessitated by his negligence or misuse, or the negligence or misuse by his family, tenants, guests, agents, servants, employees or contractors. In the event damage to all or any part of the interior of an Owner's Unit is covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of such damage upon receipt of the insurance proceeds or any portion thereof from the Association, but in no event later than sixty (60) days after the date of such damage, 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

majority of the Owners of each of the Units shall determine by vote or written consent whether to rebuild or repair the Condominium Project or to take such other action as such remaining Owners deem appropriate. If no repair or rebuilding shall be required, or shall be undertaken, then the remaining portion of the Condominium Project shall be resurveyed and the Declaration of Condominium Regime and Exhibit "D" shall be amended to reflect such taking and to proportionately readjust the percentages of value assigned to the remaining Owners based upon a continuing value of the Condominium Project of one hundred percent (100%).

ARTICLE XII

RESTRICTIONS

Section 1. Single Family Use.

No Unit in the Condominium Project shall be used for other than single-family residence purposes or co-tenancy purposes so long as there are no more than two individual co-tenants and the Common Elements shall be used only for purposes consistent with the use of single-family residence; provided, however, a Unit selected by Developer may be used as a sale office during Developer's sale program.

Section 2. Structural Alterations or Modifications.

No Owner shall make structural alterations or modifications to his Unit or to any of the Common Elements, including the erection of antennae, aerials, awnings, the placement of any reflective or other material in the windows of the Unit (other than uniform window coverings approved by the Board of Directors) or other exterior attachments without the written approval of the Association. The Association shall have the right to authorize any and all structural alteration or modifications, provided, however, the Association shall not approve any alterations, decorations or modifications which would jeopardize or impair the soundness, safety or appearance of the Condominium Project and such alterations shall not affect the percentage of value assigned to each Unit Owner on Exhibit "D" to the Condominium Regime.

Section 3. Right to Lease.

An Owner or the Developer may Lease his or its Unit for single-family residence purposes. No rooms in a Unit may be rented and no transient tenants accommodated.

Section 4. Nuisance.

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

Section 5. Signs.

No signs or other advertising devices which are visible from the exterior of any Unit or upon the Common Elements

shall be displayed, including "For Sale" signs, without written permission from the Association.

Section 6. Pets.

No animals shall be kept except household pets. Such pets may not be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No more than one household pet may be kept without written permission of the Board of Directors of the Association which shall not be unreasonably withheld. No pets may be permitted to run loose upon the Common Elements, and any Owner who causes any animal to be brought or kept upon the premises of the Condominium Project shall indemnify and hold harmless the Association sustain or which may be claimed against the Association as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Notwithstanding the generality of the foregoing, after (i) repeated violations of this provision, (ii) ten (10) days prior written notice to the Owner of such pet(s), and (iii) an opportunity for such Owner to have a hearing before the Board of Directors, such pet(s) may be taken from such Owner and given to the Society for the Prevention of Cruelty to Animals, of Harris County, Texas.

Section 7. Use of Common Elements.

The Common Elements shall not be used for storage of supplies, personal property, trash or refuse of any kind (except common trash receptacles, storage buildings or other similar structures which may from time to time be placed upon the Common Elements at the discretion of the Board of Directors of the Association), not shall the Common Elements be used in any way for the drying, shaking or airing of clothing or other items. Stairs, entrances, sidewalks, yards, driveways and parking areas shall not be obstructed in any way nor shall unauthorized persons or pets play therein or thereon or use such areas for other than their intended purposes. In general, no activities shall be conducted nor condition maintained by any Owner either in his Unit or upon the Common Elements which despoils the appearance of the Condominium Project.

Section 8. Maintenance.

Each Owner shall maintain his Unit and any limited common elements appurtenant thereto in clean, safe and sanitary condition. Each Owner shall also use due care to avoid damaging any of the Common Elements, including, but not limited to, the central air-conditioning and heating, telephone, water, gas, plumbing, power or other utility systems throughout the Condominium Project and each Owner shall be responsible for his negligence or misuse of any of the Common Elements or of his own facilities resulting in damage to the Common Elements.

Section 9. Rules and Regulations.

Non-discriminatory regulations concerning the use of the Condominium Project shall be promulgated from time to time by the Developer or the Board of Directors of the Association and such regulations, and subsequent regulations duly adopted from time to time, shall be binding on all members

Section 2. Duties.

The Association shall perform the following duties within a reasonable time after request and upon payment of a reasonable fee not to exceed \$25.00 for each request.

A. The Association shall, at the request of any mortgagee of any Unit, report to such mortgagee any unpaid assessments due from the Owner of such Unit to the Association.

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

C. The Association shall notify each mortgagee appearing in the book described in Section 1 of this Article XIII of any default by any Owner in the performance of such Owner's obligations hereunder which is not cured within sixty (60) days from the date of such default.

ARTICLE XIV

TAXATION

Each Unit shall be assessed and taxed for all purposes as a separate parcel of real estate entirely independent of the building of which such Unit is a part, and independent of the Condominium Project or Common Elements thereof, and each Owner shall be solely responsible for the payment of all taxes, municipal claims, charges and assessments of any nature whatsoever assessed against such Unit. Such payment shall be made prior to the due date of such taxes, municipal claims, charges and assessments.

ARTICLE XV

AMENDMENT

The By-Laws (as opposed to the Declaration of Condominium Regime of which they are a part) may be amended by the members of the Association from time to time by approval of a majority of the Owners representing each Unit unless otherwise provided herein, or in the Act. Any such amendment may be evidenced by an instrument in writing signed and acknowledged by the president and secretary of the Association certifying that such amendment has been approved by the vote or written consent of a majority of the percentage of values assigned to the Owners in the Condominium Project, and such amendment shall be effective upon its recordation in the Condominium Records of Montgomery County, Texas. The procedure for proposing amendments hereto shall be set by the Board of Directors.

ARTICLE XVI

DEFAULT

Section 1. Compliance.

Failure to comply with the Declaration of Condominium Regime, these By-Laws, the Articles of Incorporation or By-Laws or duly adopted rules and regulations of the Associa-

of the Association unless duly amended by a majority of the percentage of value assigned to the Owners.

Section 10. Access.

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

Section 11. Vehicles.

Vehicles not in operating condition shall not be parked upon the premises of the Condominium Project (except in an assigned parking space). No parking space shall be converted for living, recreational or business purposes, no shall anything be stored in any parking space so as to prevent the parking of a vehicle therein.

Section 12. Sales Office.

None of the restrictions contained in this Article XII shall apply to the sales office, sales models and other commercial activities or signs or billboards, if any, of Developer during the sales period of the Condominium Project or of the Association in furtherance of its powers and purposes set forth herein and/or in its Articles of Incorporation and By-Laws as the same may be amended from time to time, including without limitation the power of the Association to own a Unit for the use and enjoyment of the resident manager of the Condominium Project.

Section 13. Enforceability.

The terms of these By-Laws with regard to the restrictive covenants as to the use of the Units and the Common Elements shall be a burden upon the fee title to the property herein described and covered by the Condominium Regime and shall run with the title to the land of same until duly amended by the Association as herein permitted.

ARTICLE XIII

MORTGAGES

Section 1. Notice.

Any Owner who mortgages his interest in a Unit shall, within ten (10) days after the execution of such mortgage, give notice to the Association in writing of the name and address of his mortgagee and the amount secured by said mortgage, and the Association shall maintain such information in a book entitled "Mortgages of Units". Said written notice shall be separately maintained by the Association or by a person designated by the Association. Such Owner shall, in the same manner, notify the Association as to release or discharge of any such mortgage.

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tion shall constitute an event of default and shall be grounds for relief, which may include, without intending to limit the same, an action to recover sums due for damages and injunctive relief, or any combination thereof.

Section 2. Attorneys Fees.

In any proceeding arising because of an alleged default by any Owner, the Association, if successful, shall be entitled to recover the costs of the proceeding including without limitation reasonable attorneys' fees.

ARTICLE XVII

BOOKS AND RECORDS

The Association shall keep or cause to be kept detailed books of account showing all expenditures and receipts of the administration of the Condominium Project which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Owners. Such books shall be open for inspection by the Owners and their mortgagees during reasonable working hours on weekdays and shall be audited annually by qualified auditors. The cost of such audit shall be an expense of administration of the Condominium Project.