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**CONDOMINIUM
RECORDS**

DECLARATION AND MASTER DEED

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

A Development of
The Waterford Development Company

82073 1140

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EXHIBITS

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

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DECLARATION AND MASTER DEED

THE WOODS ON PARK LANE, A CONDOMINIUM

Dallas County, Texas

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

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

B. The improvements for the Phase I Property (as hereinafter defined) shall consist of seven (7) residential buildings containing a total of eighty (80) units therein as depicted on the Map attached hereto as Exhibits "B-1" through "B-7", together with other improvements now or hereafter erected thereon, facilities and appurtenances thereto and all property, real, personal or mixed, intended for use or used in connection with the Property, being hereinafter sometimes referred to as the "Project" or the "Condominiums."

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

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

Developer does hereby establish Phase I of The Woods on Park Lane, A Condominium, as a condominium regime under the Texas Condominium Act and hereby declares that the Condominiums shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the following declarations, limitations, covenants, conditions, restrictions and easements, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Project and every part thereof. All of the limitations, covenants, conditions, uses, obligations, restrictions and easements shall constitute covenants which shall run with the land and shall be perpetually binding upon Developer and its successors-in-interest and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Project.

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ARTICLE I.

DEFINITIONS

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

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

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

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

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

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

1.7. "Common Expenses" shall mean and include:

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

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

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

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

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

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

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

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

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

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

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

1.13.2. To the extent not otherwise designated as Limited Common Elements or Units, the foundations, common dividing walls between two or more Units or between Units and Common Elements, bearing walls and columns (including any windows, doors and chimneys therein), girders, beams, slabs, supports, roofs, attics, ceilings and floors, halls, lobbies, or thoroughfares such as stairways, entrances, exits or communication ways and any other portion of any Building located on the Project;

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

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

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

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

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

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

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

1.15. "Limited Common Elements" shall mean those Common Elements reserved for the use of a specified Unit or Units to the exclusion of others, the enjoyment, benefit or use of which is reserved to the lawful occupants of said Unit or Units either in this Declaration, or as indicated on the Map as same may be amended from time to time, including, but not limited to:

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

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

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

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

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

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

1.18. "Mortgage" or "Deed of Trust" shall mean a lien interest in a Unit given to a creditor as security for repayment of a loan made to the Unit Owner, said interest to be evidenced by an instrument duly and properly recorded in the Deed of Trust Records of Dallas County, Texas.

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

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

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

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

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

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

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

ARTICLE II.

DIVISION OF PROJECT AND CREATION OF PROPERTY RIGHTS

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

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

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

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

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

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

respective Units, and cannot be changed, except as herein set forth. Developer and each Owner covenant and agree that the undivided interests in the Common Elements, the exclusive easements of the Limited Common Elements, and the fee title to the respective Units conveyed therewith, shall not be separated or separately conveyed, and each such undivided interest and exclusive easement shall be deemed to be conveyed or encumbered with its respective Unit even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the Unit.

2.3. Partition Prohibited. The Common Elements shall remain undivided as set forth above so long as suitable for a condominium regime. Except as provided by the Texas Condominium Act, no Owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the Owners with respect to the operation and management of the Project. Judicial partition by sale of a single Unit owned by two or more persons and division of the sale proceeds is not prohibited hereby (but partition of title to a single Unit is prohibited).

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

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

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

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

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

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

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

ARTICLE III.

ASSOCIATION, ADMINISTRATION,
MEMBERSHIP AND VOTING RIGHTS

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

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

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

3.4. Voting Rights. The Owner or Owners of each Unit shall be entitled to one vote, the value of which shall equal the Common Interest assigned to said Owner's or Owners' Unit, as set forth in Exhibit "C" hereto but subject to the provisions of Section 9.10 and other provisions hereof relating to reallocation of the Common Interest percentage of a Unit.

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

ARTICLE IV.

MAINTENANCE AND ASSESSMENTS

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4.1. Personal Obligation of Assessments. Each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed, as a

part of the purchase money consideration for such deed and conveyance, to covenant and agree to pay to the Association: (1) regular monthly assessments or charges, and (2) special Assessments for capital improvements and unexpected expenses, such Assessments to be established and collected as provided herein, in the Bylaws and in the Rules and Regulations of the Association. No Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.

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

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

4.2. Purposes of Assessments. The Assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the entire Project for the improvement and maintenance of the Common Elements for the common good of the Project. The Board may use said Assessments for said purposes, including, without limitation, providing for the enforcement of the provisions of this Declaration, the Bylaws and the Rules and Regulations promulgated thereunder. The decision of the Board with respect thereto shall be final so long as made in good faith. Annual Assessments shall include an adequate reserve fund for maintenance, repairs and replacement of the Common Elements. The Limited Common Elements shall be maintained as General Common Elements, and Owners having exclusive use thereof shall not be subject to any special charges or Assessments for the repair or maintenance thereof except as otherwise provided in the Bylaws and herein, including but not limited to, Sections 5.2, 5.3 and 9.7 hereof.

4.3. Regular Monthly Assessments and Creation of Lien. Except as provided in Section 4.1 above with respect to Units owned by Developer, all Owners shall be obligated to pay the Assessments imposed by the Board of Directors of the Association. The total amount of the estimated funds required from Assessments to operate the Project shall be set forth in a budget adopted by the Board of Directors and shall be assessed against each Owner in proportion to the Common Interest of such Owner as set forth herein, said total figure to be divided by twelve (12) to determine the regular monthly Assessment; provided, however, that said Assessments based on said Common Interests may be rounded off to the nearest dollar figure.

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Payment of said Assessments by each Owner shall be secured by a lien against said Owner's Unit, subject to the provisions hereof. Developer hereby reserves and assigns to the Association, without recourse, a vendor's lien against each Unit to secure the payment of the above-described Assessments and any special Assessment which may be levied pursuant to the terms hereof, and the expenses incurred in connection with the enforcement thereof, including, without limitation, interest at the rate provided in Section 4.5, costs and reasonable attorneys' fees. Said liens may be enforced by appropriate judicial proceedings, and the amounts secured thereby shall be the obligation of and chargeable to the Owner in default. Any such lien shall be and is subordinate and inferior only to the following: (i) assessments, liens and charges in favor of the State of Texas and any political subdivision thereof for taxes past due and unpaid on such Unit; and (ii) amounts due under any first lien Mortgage instruments duly recorded prior to the recordation of any lien assessment as provided in Section 4.5.

4.4. Special Assessments. In addition to the regular monthly Assessments authorized above, the Board may levy, in any year, one or more special Assessments only for the purpose of defraying, in whole or in part, the costs and expenses incurred in the current year, or in the immediately preceding fiscal year, including the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the Common Elements, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated expense or other action or undertaking normally covered by a regular Assessment (and, where necessary, for taxes assessed against the Common Elements or the Project as a whole). Said special Assessments shall be assessed against each Owner in proportion to the Common Interest of such Owner as set forth herein. Special Assessments may also be levied against an individual Unit and its Owner to reimburse the Association for costs incurred in bringing that Owner and his Unit into compliance with the provisions of this Declaration and the Bylaws including interest, actual attorneys' fees and costs. Said special Assessments shall be subject to such limitations as are provided in the Bylaws.

4.5. Assessment Lien. All sums assessed but unpaid for the share of Assessments chargeable to any Unit, including interest thereon at the maximum rate per annum permitted by applicable law (or such lesser rate as the Board of Directors may designate from time to time) from the date such Assessments are due until said Assessments are paid (subject to the provisions hereof limiting the interest contracted for, charged or received to the maximum permitted by applicable law) shall constitute a lien on such Unit superior to all other liens and encumbrances, except as provided in Section 4.3. The Board of Directors or a managing agent appointed by the Board ("Managing Agent") may (but shall not be required to) prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Unit and a description of the Unit. Such notice shall be signed by one of the members of the Board of Directors or by one of the officers of the Association or by a representative of the Managing Agent and may be recorded in the office of the County Clerk of Dallas County, Texas. Such lien may be enforced by the foreclosure of the defaulting Owner's Unit by the Association in like manner as a deed of trust on real property subsequent to the recording of a notice provided for above. In any such proceeding, the Owner shall be required to pay the costs, expenses and attorney's fees incurred in connection with filing the lien, and in the event of any foreclosure proceeding, all additional costs, expenses and attorney's fees incurred in connection with any such foreclosure proceeding. The Owner of the Unit being foreclosed shall be required to pay to the Association the monthly Assessment for the Unit during the period of foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same. The Association shall have the power to bid on the Unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the

votes appurtenant to, convey or otherwise deal with the same. Any Mortgagee holding a lien on a Unit may pay, but shall not be required to pay, any unpaid Assessments owing with respect to such Unit, but such payment shall not be deemed a waiver of the Owner's default by either the Association or such Mortgagee.

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

Each Owner, by acceptance of a deed to a Unit, hereby expressly vests in the Association or its agents the right and power to bring all actions against such Owner personally for the collection of such charges as a debt, and to enforce the aforesaid liens by all methods available for the enforcement of such liens, including non-judicial foreclosure pursuant to Article 3810 of the Texas Revised Civil Statutes, and such Owner hereby expressly grants to the Association the private power of sale in connection with said liens. The Association may also temporarily suspend the Association membership rights of any Owner who is in default in payment of any Assessment in accordance with the Bylaws.

4.6. Date of Commencement of Assessment; Due Dates. Except as provided in Section 4.1 with respect to Units owned by Developer, the regular monthly Assessments provided for herein shall commence as to all Units in the Project on the first day of the month following the conveyance by deed of the first Unit in the Project. It is additionally provided that each Unit Owner shall pay at closing of the purchase of a Unit a pro rata portion of the regular monthly Assessment for the month in which closing occurs, together with an amount equal to two (2) months' Assessments as a contribution to the working capital funds of the Association, which contribution shall not be considered as an advance payment of regular monthly Assessments. Thereafter, due dates of regular monthly Assessments shall be the first day of each and every subsequent calendar month. No notice of such Assessments or the due dates thereof shall be required other than an annual notice setting forth the amount of the regular monthly Assessments. The due date (or dates, if payable in installments) of any special Assessment shall be the due date(s) specified by the Board in the notice of such special Assessment delivered by the Association to each Owner; provided, however, such due date shall in no event be less than thirty (30) days subsequent to the date of such notice.

4.7. Transfer of Unit by Sale or Foreclosure. Sale or transfer of any Unit shall not affect the Assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a first Mortgage, or by deed or other transfer in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer (except for Assessments which became due prior to the recordation of such Mortgage). No such sale or transfer shall relieve such Unit from liability for any Assessments thereafter becoming due or from the lien thereof. When any Mortgagee of a first Mortgage obtains title to a Unit as a result of foreclosure of such Mortgage, or by deed or other conveyance in lieu thereof, such Mortgagee shall not be liable for the unpaid dues or charges of the Association chargeable to such Unit which accrued subsequent to the recordation of such Mortgage and prior to the acquisition of title to such Unit by such Mortgagee. Such unpaid dues or charges shall be deemed to be Common Expenses collectible from all of the Units including the Unit acquired by such Mortgagee. In a voluntary conveyance of a Unit (other than a deed or conveyance to a Mortgagee in lieu of foreclosure), the grantee of the same shall not be liable with the grantor for all unpaid Assessments by the Association against the latter for his share of the Common Expenses up

to the time of the grant or conveyance, unless said liability is assumed by the grantee or required by applicable law. Any such grantee, upon payment to the Association of a reasonable fee not to exceed Thirty-Five and no/100 Dollars (\$35.00) and upon written request, shall be entitled to a statement from the Association, setting forth the amount of any unpaid Assessments then due and owing to the Association with respect to the Unit being purchased, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid Assessments made by the Association against the grantor in excess of the amount set forth in the statement.

4.8. Separate Taxation. Each Unit, together with its Common Interest, shall be deemed to be a separate and distinct entity for the purpose of the assessment and collection of taxes, assessments and other charges of this state, or of any political subdivision, special improvement district or any other taxing or assessing authority. The lien for taxes assessed to any Unit shall be confined to that Unit. In the event that such taxes or assessments for any year are not separately assessed to each Unit but rather are assessed on the Project as a whole, then each Owner shall pay his proportionate share thereof in accordance with his Common Interest and, in said event, such taxes or assessments shall be a Common Expense. If necessary, a special Assessment or Assessments may be levied against the Units in an amount equal to said taxes, to be paid thirty (30) days prior to the due date thereof.

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

ARTICLE V.

DUTIES AND POWERS OF THE ASSOCIATION

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

5.1.1. Maintain, repair, replace, restore, operate and manage all of the Common Elements and all facilities, improvements, furnishings, equipment and landscaping thereon, and all property that may be acquired by the Association, in good condition. This obligation shall not extend to any portion or facility of the Common Elements required to be maintained by an individual Owner under this Declaration (specifically including, but not limited to, Sections 5.2, 5.3 and 9.7) or the Bylaws.

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

5.1.3. Maintain such policy or policies of insurance as are required by this Declaration or as the Board deems necessary or desirable in furthering the purposes of, and protecting the interests of, the Association and its Members.

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

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

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

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

5.2. Maintenance of Project by Association. The Association shall provide maintenance of the Project as provided in the Bylaws. The responsibility of the Association for maintenance and repair shall not extend to the cost and expense of repairs or replacements arising out of or caused by the willful or negligent act or neglect of any Owner, or his guests, tenants or invitees. The cost and expense of repair or replacement

of a Unit exterior or of any portion of the Common Elements resulting from such excluded items shall be the responsibility of such Owner who (or whose guests, tenants or invitees) neglects or willfully damages such excluded items. The Association may cause such repairs and replacements to be made at such Owner's sole cost and expense, and if said Owner shall fail to pay for such repairs or replacements upon demand, the cost thereof (plus interest from the date of payment(s) at the maximum legal rate) shall be added to the Assessments chargeable to such Unit and shall be payable to the Association by the Owner of such Unit upon demand.

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

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

ARTICLE VI.

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UTILITIES

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

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

6.1.2. Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or connections, heating or air-conditioning conduits, ducts, or flues (such items being hereinafter collectively called the "connections") are located or installed within the Project, which connections, or any portion thereof, lie in or upon more than one Unit, Developer reserves for the use and benefit of the Association the right and an easement to the full extent reasonably necessary therefor, to enter upon the Units or to have the utility companies enter upon the Units in or upon which said connections, or any portion thereof lie, to repair, replace and generally maintain said connections as and when reasonably necessary; provided, however, the exercise of such easement rights shall be in a manner reasonably calculated to cause as minimal interference with the continued use and occupancy of the Units so affected by the Owners thereof, while still adequately serving the purposes for which they are granted.

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

6.2. Easement for Utilities and Maintenance. Easements over and under the Project for the installation, repair, and maintenance of sanitary sewer, water, electric, gas, and telephone lines and facilities, heating and air-conditioning facilities, cable or master television antenna lines, drainage facilities, walkways, and landscaping as are shown on the Map, and as may be hereafter required to serve the Project, are hereby reserved by Developer for the use and benefit of the Association, together with the right to grant and transfer the same.

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

ARTICLE VII.

USE RESTRICTIONS

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

