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RIVER OAKS GARDENS
DECLARATION OF CONDOMINIUM

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

KNOW ALL MEN BY THESE PRESENTS:

THAT DUDDLESTEN PROPERTIES, INC., a Texas corporation, being the owner of that tract of land more particularly described in Exhibit "A" attached hereto and made a part hereof for all purposes and the improvements thereon, and desiring to submit such land and improvements to the Texas Condominium Act (Texas Revised Civil Statutes, Article 1301a) for the purpose of establishing a condominium regime does hereby adopt, establish, promulgate and impress this Declaration of Condominium upon such land and improvements.

ARTICLE I

DEFINITIONS

Section 1.1 Definitions of Terms. When used in this Declaration of Condominium, the words set out below shall have the following meanings:

- (a) Board - The Board of Directors of The River Oaks Council of Co-Owners.
- (b) Buildings - The residential buildings lettered B through s on the plat hereto attached as Exhibit "B" and the Covered and Open Parking and Patios and all other improvements now or hereafter placed on the Land. The Buildings and Units are more completely described on the plats which are attached hereto as Exhibit "C" and made a part hereof for all purposes.
- (c) By-Laws The By-Laws of The River Oaks Council of Co-Owners.
- (d) Covered Parking - That part of Condominium designed for the parking of vehicles and designated "Covered Parking" on Exhibits "B" and "C".

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[Signature]
COUNTY CLERK
HARRIS COUNTY, TEXAS

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(e) Common Elements - The Common Elements shall be and include all of the Land and Buildings except the Units as defined herein and shall include, without limiting the generality of the foregoing, foundations; supporting columns; girders; beams; slabs; supports; dividing walls between two or more Units or between Units and Common Elements; roofs; halls; lobbies; walkways; stairs; stairways; fire escapes; entrances and exists of the Buildings; grounds; gardens; the covered and open parking spaces; carports; swimming pools; managerial offices and apartments; areas used for storage of janitorial supplies; maintenance equipment and materials; installations of all central services, including power, light, gas, water, heating, air conditioning and waste collection; tanks; pumps; motors; fans; compressors; ducts; driveways; security buildings and in general all apparatus and installations existing for the common use or necessary or convenient to the operation, maintenance and use of the property as a condominium including those which have been designated as common areas and facilities on the plats attached hereto; and all repairs and replacements of or additions to any of the foregoing. The hallways, stairs, Land and other Common Elements intended to be used for passage or temporary use and enjoyment are sometimes referred to herein as the "Common Areas".

(f) Condominium - The Land, the Buildings, the Covered and Open Parking and all other improvements erected upon and rights appurtenant to the Land and improvements.

(g) Condominium Regime - The rights and obligations created by this Declaration, together with the related By-Laws of the Council and the Rules promulgated thereunder.

(h) Council - The River Oaks Council of Co-Owners, a Texas non-profit corporation, the Members of which shall be the Owners of Units within the Condominium Regime during the period of their respective ownerships, and the successors and assigns of such Owners. The term "Council" shall have the same meaning as the term "Council of Co-Owners" in the Texas Condominium Act.

(i) Developer - Duddlesten Properties, Inc., a Texas corporation, and its successors or assigns, provided such successors or assigns are designated in writing by Duddlesten Properties, Inc. as a successor or assign of the rights of Developer set forth herein.

(j) Easement - An exclusive right to use a particular part of the Common Elements for the purposes for which they were designed and in compliance with the terms of this Declaration, the By-Laws and the Rules.

(k) Land - The real property more particularly described on Exhibit "A" attached hereto and made a part hereof for all purposes.

(l) Limited Common Elements - Those portions of the Common Elements reserved for the exclusive use of the Owners of certain Units to the exclusion of the Owners of all other Units.

(m) Common Expense Charge - The assessment made and levied against each Owner and his Unit for management and operation of the Common Elements (including reserves for replacements), in accordance with the provisions hereof.

(n) Common Expense Fund - The accumulated Common Expense Charges collected or received by and due and payable to the Council for use in the administration and operation of the Condominium, the maintenance, repair, additions, alterations, or reconstructions of all or any portion of the Common Elements and Limited Common Elements.

(o) Mortgage - A pledge of or a security interest in a Unit given to a creditor as security for the repayment of a loan made to an Owner.

(p) Mortgagee - The person or entity who holds a pledge of or security interest in a Unit to secure the payment of a debt.

(q) Owner - Any person or persons, firm, corporation or other entity which owns, of record, a Unit or legal interest therein, including the Developer, but the term "Owner" shall not include any Mortgagee or lessee.

(r) Open Parking - The spaces for the parking of vehicles other than the Covered Parking as shown on the attached Exhibit "B".

(s) Patio Areas - The fenced patio areas adjacent and contiguous to Units on the ground level of the Building as shown on Exhibits "B" and "C": All portions of the Patio Areas within and including the interior surfaces of the fences around them are Limited Common Elements and are reserved for the exclusive use of the Owners of the Units to which they are adjacent and contiguous.

(t) Percentage Ownership Interests - The undivided interest in and to the Common Elements associated with and appurtenant to each Unit as set forth on Exhibit "D" attached hereto and made a part for all purposes.

(u) Unit - Each one of the condominium units designated on Exhibit "C" attached hereto, the boundaries of which shall be the interior surfaces of the perimeter walls, floors and ceilings and the exterior surfaces of balconies. The term Units shall have the same meaning as the term "Apartment" as used in the Texas Condominium Act. Included within the boundaries of each Unit, without limitation, shall be any finishing materials applied or affixed to the interior surfaces of the interior walls, floors or ceiling (such as, but without limitation, paint, wallpaper, vinyl wall or floor coverings and carpets); interior walls; and all utility pipes, lines, systems, fixtures or appliances servicing only that Unit (whether or not within the boundaries of that Unit). The boundaries of each Unit shall be the interior surfaces of perimeter windows and doors, perimeter window frames and door frames. Interior trim around windows and doors as well as door and window glass and hardware shall be part of each Unit and shall not be Common Elements.

(v) Rules - The rules and regulations adopted by The River Oaks Council of Co-Owners concerning the management and administration of the Condominium Regime and the use of the Common Elements.

(w) Special Assessment - Any assessment over and above the Common Expense Charge necessary for the preservation, repair, management and administration of the Condominium.

(x) The Act - Article 1301a of the Texas Revised Civil Statutes entitled "The Texas Condominium Act", enacted in 1963, which provides for the creation of condominium regimes and the basic rules for their ownership and operation.

Section 1.2 Definitions of Rights and Responsibilities.

(a) Each Owner shall have exclusive ownership of his respective Unit and shall have the common right to share, with all other Owners, in the use of the Common Elements in accordance with the purpose for which they are intended and subject to the provisions of this Declaration without impairing the lawful rights of other Owners.

(b) The existing physical boundaries of each Unit as now existing, or hereafter constructed or reconstructed in accordance with the original plans therefor shall be conclusively presumed to be its boundaries regardless of settling, rising or lateral movement of the building and regardless of variances between boundaries shown on the plat and those of the building. None of the rights and obligations of the Owners created herein, or by any deed delivered to any Owner, shall be altered in any way by encroachments due to the settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of said encroachments so long as they shall exist; provided, however, that in no event shall a valid easement for encroachment be created in favor of an Owner or Owners if said encroachment occurred due to the willful conduct of said Owner or Owners.

Section 1.3 Parking Spaces. Parking Spaces (whether Covered or Open) shall be Limited Common Elements for the exclusive use of the Owner of the Unit to which they are assigned of record by the Developer, such Parking Spaces shall be perpetually appurtenant to the Unit to which they are assigned. Any conveyance of a Unit shall be effective as a conveyance of an Owner's right to such spaces even though made without specifically or particularly referring to the same. An Owner may assign and transfer his exclusive right to use a Parking Space which is appurtenant to his Unit but only to another Owner, and such transfer or assignment may be made for a term or perpetually as such Owners may

agree. In the event of any such assignment or transfer, the Owners involved shall cause an appropriate instrument of amendment to this Condominium Declaration to be prepared and executed by such Owners, which instrument shall be joined in by an officer of the Council and recorded. Such instrument of amendment shall recite the term of any assignment or transfer between the Owners and shall designate the Parking Spaces, the exclusive use of which was assigned or transferred.

ARTICLE II

GENERAL PROVISIONS

Section 2.1 Use Restrictions.

(a) All Units shall be used only for residential purposes; that is, to house persons and their personal belongings, without regard to whether the persons are owners of the Unit or occupy it pursuant to a rental, leasing or other arrangement. Except for the leasing or rental of any Unit, no Unit shall be used for any commercial, business or professional purposes or for a professional library or for the keeping of personal business or professional records of accounts. The handling of personal business or professional telephone calls or correspondence shall not be deemed to be a violation of this provision, but regular consultation with clients at a Unit is prohibited.

(b) Children over the age of eighteen (18) months or under the age of eighteen (18) years are not permitted to live in a Unit as permanent residents. Children over the age of eighteen (18) months or under the age of eighteen (18) years shall be permitted to visit as guests of Owners but for not longer than six (6) weeks in any consecutive twelve (12) month period. Any Owner (or tenant or guest of an Owner) who, subsequent to the purchase or lease of a Unit, has a child must vacate the Unit prior to the child's reaching the age of eighteen (18) months.

(c) No noxious or offensive activities of any sort shall be permitted, nor shall anything be done in any Unit or in any Common Element which shall be or may become an annoyance or nuisance to the other Owners.

(d) Notwithstanding any other provisions of this Article, the Developer may make such temporary use of the Common Elements and Units as is reasonably necessary to facilitate and complete the improvement of the Land, construction of the Buildings, the operation of Developer's sales efforts and the showing of the Condominium and any unsold Units therein. The provisions of this Article shall not prohibit the use by the Council of all Common Elements in any reasonable manner necessary in connection with the operation and maintenance of the Condominium.

(e) Nothing shall be done in or kept in or on any Unit, balcony, or Parking Space or Common Element which will increase the rate of insurance on the Condominium or any other Unit over that applicable to residential buildings, or would result in uninsurability of the Condominium or any part hereof, or the cancellation, suspension, modification or reduction of insurance in or on or covering the Condominium or any part thereof. If, by reason of the occupancy or use of any Unit by any Owner, the rate of insurance on all or any portion of the Condominium shall be increased, such Owner shall be personally liable to the Council for such increase caused thereby and such sum shall be payable to the Council at the same time and in the same manner as provided for the payment of the Common Expense Charge.

(f) No Owner shall install, attach, or hang or allow to be installed, attached or hung any equipment or wiring or electrical installations, television or radio transmitting or receiving antennas, air conditioning units or any other like equipment or wiring in or across any portion of any Common Elements; protruding from any balcony or through any wall, floor, ceiling, window or door which is a Common Element, except as approved in writing by the Council. All radios, televisions, electrical equipment or appliances of any kind or nature and the wiring therefor installed or used in a Unit shall fully comply with all rules, regulations or requirements of all state and local public authorities having jurisdiction.

(g) No animals, livestock or poultry of any kind shall be raised, bred or kept on any of the Units except that reasonable numbers, consistent with a residence, of

household pets may be kept provided that they are not kept, bred or maintained for any commercial purpose. Notwithstanding the foregoing, no Owner, tenant, guest or invitee of an Owner or tenant shall:

- (i) Keep more than one dog or one cat in any Unit;
- (ii) Keep a dog in excess of eighteen inches high or in excess of forty-eight pounds in weight;
- (iii) Keep any "exotic" cats or other "exotic" pets;
- (iv) Permit a dog to be outside of a Unit unless on a leash no longer than ten feet which is tended by a person residing in a unit;
- (v) Allow a dog or cat to leave any droppings within the perimeters of the brick wall surrounding the Buildings; it being intended that dogs and/or cats must be "walked" outside the perimeter of said brick wall; in any event owners shall be responsible for immediately cleaning up after pets which soil the common areas within the brick fence;
- (vi) Allow any pet to disturb the occupant of any Unit or otherwise be a nuisance to any occupant of a Unit;
- (vii) No pet shall be housed either temporarily or permanently in the Patio Areas adjacent to any Unit.

Should the Board of the Council elect to disallow all keeping of pets in any Unit or elect to further restrict or expand the rights and obligations set forth herein regarding pets, it may do so by enacting Rules outlining such changes and conditions.

(h) No advertising signs, billboards, unsightly objects, or nuisances shall be erected, placed or permitted on or in a Unit or in the Common Areas nor shall any unsightly materials be used to cover windows in

Units (including aluminum foil or other mirrored or reflective material); nor shall any Unit or the Common Areas be used in any way or for any purpose which may endanger the health or unreasonably disturb the Owner of any Unit or any resident thereof. Developer, however, shall have the sole right to erect identifying signs of any size at each entrance to the Condominium. The Council reserves the right to enter in and upon any Unit for the purpose of removing any sign being maintained thereon which has not been approved and shall not be liable to any person or persons for any damages of whatever nature in doing so in a reasonable manner.

(i) All clotheslines, equipment, service yards, or storage piles shall be kept within the Patio Areas or other screened areas so as to conceal them from view of neighboring Units, Parking Spaces and streets. All rubbish, trash, and garbage shall be kept in containers within designated areas located throughout the Condominium and designated by the Council for collection purposes.

(j) Except in the individual Patio Areas appurtenant to a Unit, no planting or gardening shall be done, and no fences, hedges or walls shall be erected or maintained upon the Condominium except such as are installed in accordance with the initial construction of the Buildings or as approved in writing by the Council. Except for the right of ingress and egress, the Owners of the Units are hereby prohibited and restricted from using any of said Common Areas, except as herein provided or as may be allowed by the Council. It is expressly acknowledged and agreed by all parties concerned that this paragraph is for the mutual benefit of all Owners of Units in the River Oaks Gardens Condominium and is necessary for the protection of said Owners.

(k) No Parking Space shall, without express written permission of the Council, be used for storage of boats, trailers, campers, unused or inoperable automobiles or any other items which the Council deems unsightly or inappropriate.

(1) Each Owner shall promptly and fully comply with any and all applicable law, rules, ordinances, statutes, regulations or requirements of any governmental agency or authority with respect to the occupancy and use of his Unit and with the provisions hereof, and the By-Laws and Rules promulgated hereunder.

Section 2.2 Decoration, Maintenance and Repairs of Units. Any Owner may decorate and redecorate his Unit and may make any improvements or alterations within his Unit (but not to Common Elements) and shall have the right to paint, repaint, tile, wax, paper, or otherwise furnish or decorate any interior surfaces of walls, partitions, ceilings and floors within the Unit. Each Owner shall, at his own cost and expense, unless such responsibility is specifically allocated to the Council herein, maintain his Unit and all Common Elements servicing only his Unit (whether or not within the boundaries of the Unit) in good condition and repair.

Section 2.3 Balconies. No Owner shall paint, remodel or enclose any Balcony or store objects or things on such Balcony or dry clothing or place other materials on such Balcony in any manner which is likely to impair the uniform appearance of the exterior of the Building. An Owner may furnish a Balcony appurtenant to his Unit with outdoor furniture in keeping with the provisions of this Declaration and the Rules promulgated hereunder.

Section 2.4 Alterations to Common Elements. No Owner shall do any act or permit any act to be done in, on or to any Unit, Balcony, Parking Space or Common Element which will impair the structural integrity, weaken the support or otherwise adversely affect the Buildings or any Common Element. Decorative wall items such as lights, shelves and art work may be affixed to or installed on the interior walls, floors, doors, and ceilings of any Unit which are Common Elements without prior approval of the Council provided such affixation or installation is done in a good and workmanlike manner. Except for such affixation of installation of decorative wall items, no Owner shall make any alterations to any of the Common Elements (including walls, windows and doors which are Common Elements) nor install, attach paste or nail any article thereto without the prior approval of the Council.

Section 2.5 Additional Provisions. The Council, by provisions of its By-Laws or by Rules enacted by a majority vote of the Board which are not in conflict with the provisions hereof, may provide such additional rules and regulations for use of the Common Elements and Limited Common Elements, the Units and Parking Spaces as are necessary or desirable in the judgment of the Council for the operation of the Condominium provided such By-Laws and Rules shall be applicable to the Common Elements and the Units as though set forth herein at length.

ARTICLE III

COUNCIL OF CO-OWNERS

Section 3.1 Authority to Manage. The affairs of the Condominium and Condominium Regime shall be administered by The River Oaks Council of Co-Owners, a Texas non-profit corporation. The Council shall have all rights, powers and duties of the "Council of Co-Owners", as that term is used in the Texas Condominium Act. The Council shall have the right, power and obligation to provide for the maintenance, repair, replacement, administration and operation of the Condominium and Condominium Regime as provided herein, in the By-Laws and in the Rules. The business and affairs of the Council shall be managed by its Board of Directors.

Until the election of the first Board (as provided for hereinbelow) the Developer shall exercise all of the powers, rights, duties and functions of the Board for the benefit of the Owners. The Developer may engage Duddlesten Management Co. or any other entity, whether or not affiliated with Developer, as the manager under a contract expiring not later than one (1) year after the first full calendar month in which twenty percent (20%) of the Units are occupied by Owners who have accepted Deeds to such Units and paid the full purchase price therefor to the Developer. Such contract shall provide for payment to the manager of a management fee no higher than the fees usually paid to managers of similar projects in Houston, Texas, and shall be terminable in writing for cause upon sixty (60) days written notice by the Board. After the election of the first Board, and upon the expiration of any such Management Contract entered into by the Developer on behalf of the Council, the Board may delegate any of its duties, powers or functions to a manager

selected by the Board. Any manager selected by the Board must be a professional manager with at least five (5) years experience managing multiple unit projects in the Houston area. The members of the Board shall not be liable for any omission or improper exercise by the manager of any such duty, power or function so delegated. Such delegation shall be by written instrument executed by a majority of the members of the Board which shall be terminable for any reason upon not more than sixty (60) days written notice by the Board.

Section 3.2 Membership in the Council. Each Owner (and only an Owner) shall be a Member of the Council. Membership shall be appurtenant to and may not be separated from ownership of a Unit. Upon the transfer or ownership of a Unit, the new Owner shall succeed to membership in the Council. The Council may issue certificates evidencing membership.

Section 3.3 Voting of Members. Except as provided below for voting by the Developer, there shall be one vote in the affairs and management of the Council for each Unit. In the event that ownership interests in a Unit are owned by more than one Member of the Council, the Members who own fractional interests in such Unit aggregating more than 50% of the whole ownership thereof shall appoint one Member who shall be entitled to vote the one vote of that Unit at any meeting of the Council. Such designation shall be made in writing to the Board of Directors and shall be revocable at any time by written notice to the Board executed by Members owning, in the aggregate, greater than 50% of the Unit. In the event a Unit is owned by more than one Member and no single Member is designated to vote on behalf of the Members having an ownership interest in such Unit, then none of such Members shall be allowed to vote. All Members of the Council may be present at any meeting of the Council and may act at such meetings either in person or by proxy.

The Developer shall be entitled to four (4) votes in the affairs and administration of the Council for each Unit owned by it until such time as the number of Units owned by Owners other than the Developer is equal to or exceeds the number of votes to which the Developer is entitled under this Section, whereupon the Developer shall be entitled to one (1) vote for each Unit owned by it.

Section 3.4 Meetings of the Members.

(a) The first annual meeting of the Members of the Council shall be held when called by the initial Board upon ten (10) days written notice to the Members. Such written notice may be given at any time but must be given not later than one hundred twenty (120) days after at least eighty percent (80%) of all of the Units have been sold to Owners for use as their residence and a deed therefor recorded and the purchase price paid.

(b) Thereafter, an annual meeting of the Members of the Council shall be held in the Buildings or at such other place as may be designated by the Board at 8:00 o'clock p.m. on the third Tuesday in January of each calendar year (or the first business day thereafter if such day is a governmental or religious holiday). At the discretion of the Board, the annual meeting of the Members of the Council may be held at such other reasonable time (not more than sixty (60) days prior to or subsequent to the aforesaid date) as may be designated by written notice of the Board delivered to the Members not less than ten (10) nor more than sixty (60) days prior to the date fixed for said meeting. Mortgagees shall be entitled to written notice of meetings if they so request and may designate a representative to attend all meetings.

(c) At the annual meeting, the Board shall present a statement of the Common Expense Fund, itemizing receipts and disbursements for the preceding calendar year, the allocation thereof to each Owner and the estimated Common Expense Charges for the coming calendar year. Within thirty (30) days after the annual meeting, the statements and estimates presented at the annual meeting by the Board shall be delivered to all Owners.

(d) Special meetings of the Members may be called by the President or any Vice-President at any time or may be called upon petition to the President by Members having forty percent (40%) of the votes in the Council or by a majority of the Board of Directors. Written or printed notice stating the place, day and hour of such special meeting and the purpose or purposes for which

the meeting is called should be delivered to each Member not less than three (3) nor more than twenty-one (21) days before the date of such meeting.

(e) For the purpose of determining the Members entitled to notice of a meeting and to vote at any meeting, the membership of the Council shall be determined at the close of business on the twenty-fifth (25th) day preceding such meeting.

Section 3.5 Board of Directors. The Board of Directors shall consist of five (5) persons who are officers or directors of Developer, Members of the Council, spouses of Members, or in the event that a Unit is owned by a corporation or other business entity, an officer or director of such entity who resides in the Unit owned by such entity. The Directors shall be elected by the Members at the first meeting of the Members and at each annual meeting thereafter. At the initial meeting of the Members of the Council, three (3) Directors shall be elected for a term of two (2) years and two (2) Directors shall be elected for a term of one (1) year. Thereafter, at the annual meeting of the Members, the Members shall elect either three (3) or two (2) Directors, as the case may be, each to serve for a term of two years, in order to fill the positions of the Directors whose terms have expired at the time of the annual meeting. The candidates receiving the highest number of votes of the Members shall be deemed elected. All votes shall be cast by written ballot. Members shall not vote cumulatively for the election of Directors. The presence of a majority of Directors at a meeting of Directors shall constitute a quorum for the transaction of business. The action of a majority of Directors present at the meeting at which there is a quorum shall be at the act of the Board of Directors. The annual meeting of the Board of Directors shall be held each year immediately following the annual meeting of the Members, at the place of such annual meeting of Members, for the election of officers and the consideration of any other business that may properly be brought before such meeting. Regular meetings of the Board of Directors shall be held at such times and places as the Board of Directors shall determine. Special meetings of Board of Directors shall be held at any time upon the call of the President or upon call by two (2) Directors. Notice of such special meeting shall be in writing no later than ten (10) days prior to the date of such meeting.

The Members of the Board (other than Members of the initial Board) shall serve for a term of two (2) years commencing at the time of their election until their death, resignation, removal or until they are no longer Members of the Council, whichever is earlier. Should such an event occur, the remaining members of the Board shall appoint a Member to serve for the remaining term of the affected Director. Any member of the Board may be removed from membership on the Board, with or without cause, by the affirmative vote of two-thirds of the votes represented at a meeting of the Members of the Council called to consider such action.

Section 3.6 Actions without Meetings. Any action required by this Declaration or by law to be taken at a meeting of the Members or at a meeting of the Board may be taken without a meeting if a consent in writing setting forth the action so taken, shall be signed by all of the Members entitled to vote with respect to the subject matter thereof or signed by all of the members of the Board of Directors, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting.

Section 3.7 Officers. The Officers of the Council shall be elected by the Board of Directors and shall consist of a President, a Vice-President, a Secretary and a Treasurer and such other Vice-Presidents, Assistant Secretaries, and Assistant Treasurers as may be convenient or necessary in the judgment of the Board for the administration and operation of the Condominium. The officers shall be elected from among the members of the Board of Directors.

Section 3.8 Administration of the Condominium. The Council, acting through its Board of Directors, its officers or other duly authorized management representatives, shall manage the business and affairs of the Condominium and shall, without limitation, have the powers of collection and enforcement set forth herein; for the benefit of all of the Owners in the Condominium shall provide, perform, cause to be performed, maintained, acquired, contracted and paid for out of the Common Expense Fund the following:

- (a) Utility services used in or for the Common Elements, water and sewer services used by or consumed by the Units and, if not separately metered or charged, other

utility services for the Units. Electricity, telephone, and other utility services separately metered or charged shall be paid for by the Owner of the Unit served by such utility services.

(b) The insurance required by Section 5.1 hereof and such other policies of casualty, liability and/or other insurance covering persons, property and risks as are in the best interest of the Condominium.

(c) The services of a Manager and such other persons as the Board shall from time to time determine are necessary or proper to the daily management, operation and maintenance of the Condominium.

(d) All supplies, tools and equipment reasonably required for use in the management, operation, maintenance, cleaning and enjoyment of the Condominium.

(e) The cleaning, maintenance, repairing, reconstruction and replacement of the Common Elements as the Board shall determine is necessary, including the painting, repairing or replacement of roofs, gutters, downspouts, exterior building surfaces, trees, shrubs, grass, walks and other exterior improvements. Such maintenance shall not include glass surfaces, enclosed patio areas, window and door fixtures and hardware or air conditioning equipment serving only one Unit. In the event that the need for repair of any Common Element is caused through the willful or negligent act of an Owner, or his family, guests, tenants or invitees, the cost of such maintenance shall be added to and become a part of the Assessment to which his Unit is subject.

(f) The services of gardeners, security guards and such other persons to the extent necessary for the operation of the Condominium in the manner desired by the Members.

(g) The removal of all trash, garbage and rubbish from the central garbage receptacles, including the employment of the services of a garbage collection company or agency, public or private.

(h) Costs of bookkeeping of the accounts of the Council and the annual statements provided for herein; legal and accounting services and fees of the Council; premiums of fidelity bonds; taxes or assessments of whatever type assessed or imposed against any of the Common Elements.

The Board shall not, without the prior authorization of the Members of the Council at a meeting of the Members contract for or pay for out of the Common Expense fund for any one (1) item of capital addition or improvement (other than replacement of existing Common Elements) at a cost in excess of Three Thousand Five Hundred and No/100 Dollars (\$3,500.00).

Nothing herein shall authorize the Board to furnish to any person services primarily for the benefit or a convenience of any Owner or Owners or any occupant or occupants of any Unit other than services customarily rendered to all Owners and occupants of Units. The Board shall have the exclusive right and obligation to contract for all goods, services and insurance in connection with the administration of the Condominium, payment for which is to be made from the Common Expense Fund.

Section 3.9 Accounting. The Board of Directors shall keep or caused to be kept books of detailed account of the receipts and expenditures affecting the Condominium and its administration and specifying the maintenance and repair expenses of the Common Elements and any other expenses and all vouchers supporting the entries made therein shall be available for examination at the office of the Council by all Owners at convenient hours on working days and the Board of Directors shall cause to be established and announced for general knowledge the days and hours within which such books shall be available for inspection by Owners and Mortgagees. All such books and records shall be kept in accordance with accepted accounting procedures, consistently applied, pursuant to the terms and provisions of the By-Laws of the Council. Financial statements certified as true and correct by the Board shall be sent to any Owner or Mortgagee, upon request, within ninety (90) days following the fiscal year-end. The fiscal year of the Council shall be the calendar year unless another period is established by an amendment of the By-Laws.

Section 3.10 Easements and Right of Entry. There is hereby created a blanket easement on behalf of the Council, or its duly authorized representatives upon, across, over and under the Land and Buildings of the Condominium for the purposes of:

(a) Performing necessary maintenance or repairs to the Common Elements for which the Council is responsible.

(b) Abating any nuisance or any dangerous, unauthorized, prohibited or unlawful activity being conducted or maintained in a Unit.

(c) Protecting the property rights and welfare of Owners.

(d) Enforcing the provisions of this Declaration of Condominium, the By-Laws or the Rules promulgated hereunder.

Such right of entry shall be exercised in such manner as to avoid any unreasonable or unnecessary interference with the possession, use or enjoyment of a Unit by an Owner or occupant thereof and shall, whenever possible, be preceded by reasonable notice to the Owner or occupant.

Section 3.11 Notices. Any notice permitted or required to be given to a member of the Board or to an Owner may be delivered personally, by mail or by placing such notice in the mail box of each Owner. If delivery is made by mail, it shall be deemed to have been delivered seventy-two (72) hours after deposit in the U. S. Mail, postage prepaid, addressed to an Owner at his Unit or to such other address as the Owner may have given in writing to the Secretary of the Council for the purpose of service of notices. Any address for purposes of notice may be changed from time to time by notice in writing to the Secretary.

ARTICLE IV

COMMON EXPENSE FUND; ASSESSMENTS; COLLECTION

Section 4.1 Common Expense Charges. Except as provided in Section 4.2 hereof, all Owners are bound to contribute, in proportion to their Percentage Ownership Interests, to the Common Expense Fund as a Common Expense Charge, the

expenses of administration of the Condominium Regime and the administration, maintenance and repairs of the Common Elements, and other expenses provided by the terms hereof to be paid by the Council or those expenses agreed upon to be assumed by the Council pursuant to this Declaration, the By-Laws and Rules. No Owner shall be exempt from the obligation to make such contributions to the Common Expense Fund by waiver of the use or enjoyment of the Common Elements, either General or Limited, or by abandonment of the Unit belonging to him.

Section 4.2 Basis of and Maximum Common Expense Charges. Until January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum Common Expense Charge shall not exceed those amounts set forth below based on unit types:

<u>Unit Type</u>	<u>Maximum Common Expense Charge</u>
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SEE EXHIBIT "D"

(a) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum Common Expense Charge may be increased effective January 1 of each year without a vote of the Members in conformance with the rise, if any, of the Consumer Price Index (published by the Department of Labor, Washington, D.C.) for the preceding month of July.

(b) From and after January 1 of the year immediately following the conveyance of the first Unit to an Owner, the maximum Common Expense Charge may be increased above that established by the Consumer Price Index formula only by the written approval of the Members entitled to cast a majority of the votes of the Council.

(c) After consideration of current maintenance costs and future needs of the Council, based on the Budgets hereinafter discussed, the Board may fix the Common Expense Charge at an amount not in excess of the maximum.

Section 4.3 Rates of Assessment of Common Expense Charges. Both annual and special assessments on all Units, must be fixed at uniform rates as follows:

- (a) Completed Units, those Units which have been sold to an Owner shall be assessed the full assessment as set by the Council;
- (b) Unsold Units, those Units which have not been sold to an Owner and which are unoccupied, shall be assessed twenty percent (20%) of the full Common Expense Charge as set by the Council as herein provided.
- (c) Uncompleted Units, those units which are under construction shall not be assessed a Common Expense Charge.

Notwithstanding the provisions of this Section 4.3, the Developer shall make up the difference, if any, between the actual cost of maintenance of the Common Areas and the total Common Expense Charges due as herein provided until such time as eighty percent (80%) of the Units are sold to Owners. However, the Developer's obligations under this provision shall be extinguished with respect to Developer and become a liability of Developer's successors and assigns in proportion to their ownership interest in the Condominium.

Section 4.4 Budgets, Establishment of Common Expense Charges and Special Assessments. Until the commencement of the first full fiscal year after the first meeting of the Members of the Council is held, the Developer shall have the right and obligation to establish the annual budgets for each fiscal year projecting all expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium and Condominium Regime, including any reasonable allowance for contingencies and reserves for repairs to or replacements of Common Elements. The fiscal year of the Condominium shall be the calendar year, unless the By-laws of the Council otherwise provides.

Commencing with the first full fiscal year after the first meeting of the Members of the Council is held, the Board of Directors of the Council shall establish an annual budget in advance for each calendar 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, including a reasonable allowance for contingencies and reserves for repairs to or replacements of Common Elements. The Common Expense Charge for such year shall be established by the adoption of such annual budget by the Board of Directors of the Council. Copies of each such budget shall be delivered to each Owner by such reasonable means as the Board of Directors may provide. In the event that the Board of Directors at any time determines that the Common Expense Charges so levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium for such fiscal year or in the event of casualty losses, condemnation losses or other events (including non-payment of Common Expense Charges by some Owners) which require additional funds be supplied for preservation and operation of the Condominium, the Board of Directors shall have the authority at any time or from time to time to levy such Special Assessment as it shall deem necessary for that purpose. Such Special Assessment shall not be levied, however, without the prior approval of Members having at least a majority of the votes in the Council, unless a greater number of votes is required by law.

The failure or delay of the Board to prepare any annual budget or to deliver copies of such budgets to each Owner shall not constitute a waiver or release in any manner of any Owner's obligation to pay Common Expense Charges whenever the same shall be determined, and in the event of any delay or failure to establish any annual budget each Owner shall continue to pay the Common Expense Charge, monthly, at the rate established for the previous period until a new annual budget is established.

Section 4.5 Payment of Common Expense Charges and Special Assessments. Common Expense Charges shall be due and payable monthly in advance. Special Assessments shall be payable on or before ten (10) days after Owners are invoiced therefor. Payment of Common Expense Charges and Special Assessments shall be in default if such Common

Expense Charges or Special Assessments, or any part thereof, are not paid to the Council on or before the due date for such payment. Common Expense Charges and Special Assessments in default shall bear interest at a rate of ten percent (10%) per annum from the date of delinquency until paid. Each Owner (whether one or more persons) shall be personally liable for the payment of all Common Expense Charges and Special Assessments which may be levied against such Owner and his Unit pursuant to the provisions hereof.

Section 4.6 Enforcement; Lien to Secure Payment. To secure the payment of the Common Expense Charges and Special Assessments levied hereunder, a lien shall be and is hereby reserved against each Unit and assigned to the Council, without recourse, which lien shall be enforceable through appropriate judicial proceedings by the Council or any Owner on behalf of the Council and may be foreclosed either as a vendor's lien or as provided for foreclosure of a contractual deed of trust lien on real property under Article 3810, Vernon's Annotated Civil Statutes of Texas. Said lien shall be deemed subordinate to the lien or liens of any bank, insurance company, savings and loan association, university, pension or profit-sharing trust or plan, or other institutional lender which may have heretofore or may hereafter lend money in good faith for the purchase or improvement of any Unit. The collection of such Common Expense Charges and/or Special Assessments may, in addition to any other applicable method at law or in equity, be enforced by suit for a money judgment and in the event of such suit, the expenses incurred in collecting such delinquent assessment, including interest, costs, and attorney's fees, shall be chargeable to and a personal obligation of such defaulting Owner. An Owner in default in the payment of the Common Expense Charge or any Special Assessment shall not be entitled to vote at any meeting of the Council so long as such default exists.

Section 4.7 Initial Common Expense Deposit. To further secure payment of the Common Expense Charges, at the closing of the purchase of a Unit, the new Owner thereof shall be required to deposit with the Council a Common Expense Deposit equal to three (3) times the then current monthly common expense charge. Such amount shall be returned to said Owner upon sale of his Unit and receipt of a Common Expense Deposit from the subsequent Owner, less any amounts owed the Council by the selling Owner.

Section 4.8 Common Expense Fund. The Common Expense Charges collected shall be paid into the Common Expense Fund to be held and used for the benefit, directly or indirectly, of the Condominium. The Common Expense Fund may be expended by the Board for the purposes set forth herein including, without limitation, providing for the enforcement of the provisions of this instrument, the By-Laws of the Council and Rules promulgated thereunder; for the maintenance, operation, repair, benefit and welfare of the Common Elements, and generally for doing those things necessary or desirable in the opinion of the Board to maintain or improve the Condominium. The use of the Common Expense Fund for any of these purposes, except as otherwise provided herein, is permissive and not mandatory, and the decision of the Board with respect thereto shall be final, so long as made in good faith.

ARTICLE V

INSURANCE

Section 5.1 General Provisions. The Board of Directors of the Council shall have authority to and shall obtain insurance for the Condominium as follows:

(a) Insurance on the Buildings, including the Units and the Common Elements, against loss or damage by fire and loss or damage by all risks now or hereafter embraced by standard extended coverage policies in use in the State of Texas (with vandalism and malicious mischief endorsements), in amounts sufficient to prevent the Council or the Owners from becoming a co-insurer within the terms of the applicable policies, but in any event in an amount not less than the full insurable replacement cost thereof. The "full insurable replacement cost" of the Buildings, including the Units and the Common Elements, shall be determined from time to time but not less than once in each fiscal year by the Board and the Board shall have the authority to obtain and pay for an appraisal by a person or organization selected by the Board in making such determination. The cost of any and all such appraisals shall be borne by the Common Expense Fund.

(b) Insurance on the Buildings against all loss or damage from explosion of boilers, heating apparatus, pressure vessels and pressure pipes installed in, on or about said Buildings, without co-insurance clause, so long as available, in such amount as the Board may deem desirable.

(c) Comprehensive public liability and property damage insurance against claims for personal injury or death or property damage suffered by the public or any Owner, the family, agent, employee or invitee of any Owner, occurring in, on or about the Common Elements or upon, in or about the private driveways, roadways, walkways, and passageways, on or adjoining the Condominium, which public liability and property damage insurance shall afford protection to such limits as the Board shall deem desirable. Such liability and property damage insurance policy shall contain a cross-liability endorsement wherein the rights of named insureds under the policy or policies shall not prejudice his, her or their action or actions against another named insured.

(d) Such worker's compensation insurance as may be necessary to comply with applicable laws.

(e) Employer's liability insurance in such amount as the Board may deem desirable.

(f) Fidelity bonds indemnifying the Council, the Board and the Owners from loss of funds resulting from fraudulent or dishonest acts of any employee of the Council or of any other person handling the funds of the Council in such an amount as the Board may deem desirable.

(g) Such other insurance in such reasonable amounts as the Board shall deem desirable.

The premiums for all insurance acquired on behalf of the Council or the Owners pursuant to the provisions hereof shall be borne by the Common Expense Fund.

All insurance provided for in this Section shall be effected under valid and enforceable policies issued by insurers of recognized responsibility authorized to do business in the State of Texas. All policies of insurance of the character described in Subsections (a) and (b) of this

Section 5.1 shall name as insureds the Council and each Owner in his Percentage Ownership Interest established in Exhibit "D" to this Declaration; shall contain standard mortgagee clause endorsements in favor of the Mortgagee or Mortgagees of each Unit, if any, as their respective interests may appear; shall be without contribution with regard to any other such policies of insurance carried individually by any Owner, whether such other insurance covers the Unit owned by such Owner and/or the additions and improvements made by such Owner to his respective unit; shall provide that such policy shall not be terminated for non-payment of premiums or for any other cause without at least thirty (30) days prior written notice to the Council and at least ten (10) days prior written notice to the Mortgagee of each Unit. If possible, all policies of insurance of the character described in Subsection (a) of this Section 5.1 shall contain an endorsement extending coverage to include the payment of Maintenance Charges with respect to Units damaged during the period of reconstruction thereof.

In the event that an insurance policy or policies specifically designed to meet the insurance needs of Condominium Regimes becomes available in Texas through action by appropriate governmental agencies or otherwise, the Board shall be authorized to obtain such a policy if the coverages provided by such policy are at least equal to the coverage provided by those policies enumerated hereinabove.

Section 5.2 Individual Insurance. Each Owner shall be responsible for insurance on the contents of his Unit and the furnishings, interior walls and wall coverings, appliances and all parts of the Unit not Common Elements, and personal property therein and all personal property (including automobiles) parked or stored in the Owner's assigned Parking Spaces. All policies of casualty insurance carried by each Owner shall be without contribution with respect to the policies of casualty insurance obtained by the Council for the benefit of all of the Owners as above provided. Owners may carry individual policies of liability insurance insuring against the liability of such owners, at their own cost and expense.

ARTICLE VI

FIRE OR CASUALTY; REBUILDING

Section 6.1 Determination of Loss. In the event of a fire or other casualty causing damage or destruction to the Buildings, the Board shall determine whether such loss comprises the whole or more than two-thirds of the Buildings. Unless otherwise provided by law, such determination shall be made by determining whether the cost of necessary repair or reconstruction would exceed two-thirds of the cost of reconstructing the Buildings as they existed prior to such fire or other casualty. In the event of fire or other casualty which does not comprise more than two-thirds of the Buildings, unless otherwise unanimously agreed to by the Owners, the Buildings shall be repaired and reconstructed substantially in accordance with the original Plans and Specifications for the Buildings, in accordance with the provisions hereof.

In the event that fire or casualty comprises the whole or more than two-thirds of the Buildings, unless otherwise unanimously agreed by the Owners, all proceeds of insurance policies carried by the Council and all accrued and collected Common Expense Charges shall be delivered to the Owners or their Mortgagees, as their interests may appear, in proportion to the Percentage Ownership Interest of each Owner and the Condominium Regime established by this Declaration of Condominium shall terminate. Upon such termination, the Units and Common Elements shall be deemed to be regrouped and merged into a single estate owned in undivided interest by all Owners as tenants-in-common in the Percentage Ownership Interests previously owned by each Owner in the Common Elements.

Section 6.2 Rebuilding. In the event that it is determined that the Buildings shall be repaired and reconstructed, then all proceeds of insurance policies with respect to such fire or casualty, carried by the Council, shall be paid to the Bank selected by the Board, as Trustee, insured by the Federal Deposit Insurance Company (or its successors) and located in Harris County, Texas, to be held in trust for the benefit of the Owners and their Mortgagees as their respective interests may appear. The Board shall thereupon contract to repair or rebuild the damaged portions of all

Units, Buildings, and Common Elements in accordance with the original Plans and Specifications therefor and the funds held in the Trust Fund in such depository bank shall be used for this purpose and disbursed by the Board in accordance with the terms of the contract of repair and rebuilding.

In the event that such insurance proceeds are insufficient to provide for such repair, restoration or rebuilding, the building costs in excess of the insurance proceeds shall be assessed against all of the Owners, in proportion to the Percentage Ownership Interest of each Owner, as set forth in this Declaration. Such Special assessments shall not require the consent of the Members of the Council notwithstanding the provisions of Section 4.4 hereof. If any Owner shall fail to pay to such Special Assessments when due, the Board may make up the deficiency by payment from the Common Expense Fund, which payment shall in no way release the Owner who has failed to make payment of such Special Assessment from liability therefor. Such assessments shall be enforceable as provided for other Special Assessments herein. The provisions of this Section may be changed only by unanimous resolution of the Owners, adopted subsequent to the date on which such fire or casualty loss occurs.

Section 6.3 Repair of Units. Each Owner shall be responsible for the reconstruction, repair and replacement of all personal property and other property not a Common Element in or part of his Unit, including, but not limited to the floorcoverings, wallcoverings, interior walls, furniture, furnishings, decorative light fixtures and appliances located therein.

Section 6.4 Indemnity of Council. Each Owner shall be responsible for the costs not otherwise covered by insurance carried by the Council caused by his negligence or misuse or by the negligence or misuse of his immediate family, his agents or employees in the course of their duties and his guests or invitees, and shall, to the extent not covered by insurance collected by the Council, indemnify the Council and all Owners against any such costs of reconstruction, repair and replacement of any portion of the Buildings.

ARTICLE VII

EMINENT DOMAIN

Section 7.1 General Provisions. If all or any part of the Condominium is taken or threatened to be taken by eminent domain or by power in the nature of eminent domain (whether permanent or temporary) the Board and each Owner shall be entitled to participate in proceedings incident thereto at their respective expense. The Board shall give notice of the existence of such proceeding to all Owners and to all Mortgagees known to the Board to have an interest in any Unit. The expense of participation in such proceedings by the Board shall be borne by the Common Expense Fund. The Board is specifically authorized to obtain and pay for such assistance from attorneys, appraisers, architects, engineers, expert witnesses and other persons as the Board in its discretion deems necessary or advisable to aid or advise it in matters relating to such proceedings. All damages or awards for any such taking shall be deposited with the Board, acting as Trustee, and such damages or awards shall be applied or paid as provided herein.

Section 7.2 Taking of Common Elements. In the event that an action in eminent domain is brought to condemn a portion of the Common Elements (together with or apart from any Unit), the Board, in addition to the general powers set out herein, shall have the sole authority to determine whether to defend or resist any such proceeding, to make any settlement with respect thereto; or to convey such property to the condemning authority in lieu of such condemnation proceeding. With respect to any such taking of Common Elements only, all damages and awards shall be determined for such taking as a whole and not for each Owner's interest therein. After the damages or awards for such taking are determined, such damages or awards shall be paid to each Owner in proportion to his Percentage Ownership Interest in the Common Elements. The Board may, if it deems advisable, call a meeting of the Owners, at which meeting the Owners, by a majority vote, shall decide whether to replace or restore as far as possible the Common Elements so taken or damaged. In the event it is determined that such Common Elements should be replaced or restored by obtaining other land or building additional structures, this Declaration and the map attached hereto shall be duly amended by instrument executed by the Board of Directors on behalf of the Owners.

Section 7.3 Taking of Units. In the event that such eminent domain proceeding results in the taking of or damage to one or more, but less than two-thirds of the total number of Units, then the damages and awards for such taking shall be determined for each Unit and the following shall apply:

(a) The Board shall determine which of the Units damaged by such taking may be made tenantable for the purposes set forth in this Declaration, taking into account the nature of this Condominium and the reduced size of each Unit so damaged.

(b) The Board shall determine whether it is reasonably practicable to operate the remaining Units of the Condominium including those damaged units which may be made tenantable as a condominium in the manner provided in this Declaration.

(c) In the event that the Board determines that it is not reasonably practicable to operate the undamaged Units and the damaged Units which can be made tenantable as a Condominium, then the Condominium shall be deemed to be regrouped and merged into a single estate owned jointly in undivided interest by all Owners, as tenants-in-common, in the Percentage Ownership Interests previously owned by each Owner in the Common Elements.

(d) In the event that the Board determines that it will be reasonably practicable to operate the undamaged Units and the damaged Units which can be made tenantable as a condominium, then the damages and awards made with respect to each Unit which has been determined to be capable of being made tenantable shall be applied to repair and reconstruct such Unit so that it is made tenantable. If the cost of such work exceeds the amount of the award, the additional funds required shall be assessed against the Owners of those Units which are being repaired or reconstructed so as to be made tenantable. With respect to those Units which may not be made tenantable, the award made with respect to such Unit shall be paid to the Owner of such Unit or his Mortgagee or Mortgagees, as their interests may appear, and the remaining portion of such Units, if any, shall become a part of the Common Elements and

repair and use of such Units shall be determined by the Board. Upon the payment of such award for the account of such Owner as provided herein, such Unit shall no longer be a part of the Condominium and the Percentage Ownership Interests in the Common Elements appurtenant to each remaining Unit which shall continue as part of the Condominium shall be equitably adjusted to distribute the ownership of the undivided interests in the Common Elements among the reduced number of Owners.

If the entire Condominium is taken, or two-thirds or more of the Units are taken or damaged by such taking, all damages and awards shall be paid to the accounts of the Owners of Units, as provided herein, in proportion to their Percentage Ownership Interests in the Common Elements and this Condominium Regime shall terminate upon such payment. Upon such termination, the Units and Common Elements shall be deemed to be regrouped and merged into a single estate owned in undivided interest by all Owners as tenants-in-common in the Percentage Ownership Interest previously owned by each Owner in the Common Elements.

Section 7.4 Payment of Awards and Damages. Any damages or awards provided in this Article to be paid to or for the account of any Owner by the Board, acting as Trustee, shall be applied first to the payment of any taxes or assessments by governmental authorities past due and unpaid with respect to that Unit; secondly, to amounts due under any mortgage instruments duly perfected; thirdly, to the payment of any Common Expense Charges or Special Assessments charged to or made against the Unit and unpaid; and finally to the Owner of such Unit.

ARTICLE VIII

TRANSFER OF UNIT; RIGHT OF FIRST REFUSAL

Section 8.1 Right of First Refusal. Except as provided below, should the Owner of any Unit be desirous of leasing or selling such Unit, the Council is hereby given and granted the right of first refusal to lease or purchase such Unit, as the case may be, on the terms and conditions herein stated, and no Owner of a Unit shall lease or sell the same to any party without first giving the Council notice in writing of such proposed lease or sale as herein provided and giving the Council the opportunity to determine

whether it will exercise the right of first refusal to lease or purchase said Unit on the same terms and conditions as those contained in any bona fide offer which the Owner of such Unit may have received for the lease or purchase of his said Unit. Any leasing or sale of a Unit without compliance with the terms hereof shall be void and of no force or effect and shall confer no title or interest in a Unit to the purported purchaser or lessee.

Section 8.2 Notice and Exercise of Option. Whenever the Owner of any Unit has received a bona fide offer to lease or purchase his Unit and is desirous of accepting such bona fide offer, the Owner of such Unit shall give the Board written notice of his desire to accept such offer for the lease or purchase of his Unit, stating the name, address, business, occupation or employment of the offeror, and an executed copy of a bona fide offer for said lease or purchase. If the Council desires to exercise its option to lease or purchase said Unit on the same terms and conditions as are contained in said offer, then the Board shall notify the Owner of said Unit desiring to lease or sell the same of the exercise of its option, such notice to be in writing and delivered by registered or certified mail to said Owner within fourteen (14) days from the date of receipt by the Board of the Owner's notice to said Board as hereinabove required, or written notice may be personally delivered to said Owner within said period. If the Board has elected to lease or purchase said Unit, then, within a reasonable time after the giving of notice to the Owner of such Unit of its election to lease or purchase said Unit, the Board shall execute a lease or contract to purchase, and shall consummate such contract to purchase all on the same terms and conditions as those contained in said bona fide offer. When any Owner of a Unit has notified the Council as above provided of his desire to lease or sell his Residence Unit, such Owner shall be free to consummate such lease or sale of his Unit unless, within fourteen (14) days after receipt of Owner's notice by the Board, the Board has notified said Owner of its intention to exercise its right of first refusal as set out herein. In the event that the Council elects not to exercise its right of first refusal, the Owner of said Unit shall be free to lease or sell said Unit only to the party and only upon the terms described in the required notice. In the event that the proposed transactions with regard to which the Board has declined to exercise its right of first refusal is not consummated within forty-five (45) days of the date of

the giving of the required notice, the Owner of each Unit must again give notice to the Council and the Council shall again have a right of first refusal as herein provided. The right of first refusal to lease or purchase herein set forth shall be a continuing right and the non-exercise of the right in any instance shall not be deemed a waiver thereof in any other instance or against any other Owner or Lessee.

Section 8.3 Purchase by Nominee of Council. If the Council shall so elect, it may cause its right of first refusal to lease or purchase any Unit to be exercised in its name for itself or for a party approved by the Board, or the Board may elect to cause said Unit to be leased or purchased directly in the name of a party approved by it, which party shall enter into a lease or contract to purchase and consummate such contract to purchase in the same manner as would the Board upon its exercise of said right of first refusal to lease or purchase the said Unit.

Section 8.4 Terms of Lease. Notwithstanding that the Board may have declined to exercise its right of first refusal with respect to any leasing of any Unit, no Unit shall be leased unless the lease shall be in writing, the lease shall be for at least six months and its terms and provisions specifically provide that such Unit may not be sublet to or be occupied by persons other than those named in the required notice provided for hereinabove without the prior written approval of the Board being first had and obtained. Any lease shall also provide that the Lessee shall comply with and be bound by all of the terms of the Declaration, the By-Laws and Rules promulgated hereunder and the laws of the State of Texas now or hereafter established governing the use of such Units and the Common Elements. Should any Lessee or occupant not comply with such lease provision, then the Board shall be given the right to cancel and terminate such lease, without any obligation or liability imposed upon the Owner, and for such purpose, the Board shall be regarded as the Owner's agent fully authorized to take such steps as may be necessary to effect the cancellation and termination of such lease.

Section 8.5 Exceptions to Right of First Refusal. The right of first refusal herein granted to the Council shall not apply to or be operative with respect to (i) transfers of ownership of any Unit by one spouse to or for the benefit of the other spouse and/or member of the Owner's

immediate family (which term includes descendants, parents, and siblings of the Owner and the spouses thereof); (ii) by one Owner to another Owner; (iii) in the event of transfers provided for in Sections 8.3 or 10.3 hereof; (iv) any foreclosure or other judicial sale of a Unit; (v) the sale or leasing of a Unit by the Council after the Council has acquired such Unit or a leasehold estate therein pursuant to the terms of this Article; or (vi) to any conveyance made by the Owner of a Unit to a bona fide Mortgagee in lieu of such foreclosure, provided that the title of a purchaser from such Mortgagee or purchaser obtained at any foreclosure or judicial sale shall thereafter be subject to the terms and provisions of this Article with respect to any further lease or sale of any such Unit; (vii) to any lease, rental or occupancy arrangement for any Unit the Owner of which is a corporation, limited partnership, trust or other legal entity other than a natural person or persons for the housing of its officers, directors, partners, trustees, beneficiaries or other designated agent or employee, provided that such entity is engaged in substantial business endeavors other than the renting or leasing of Units in this Condominium; (viii) the creation of a security interest in or Mortgage encumbering a Unit whereby a bank, insurance company, savings and loan association or other similar financial institution becomes the Mortgagee; or (ix) notwithstanding any provision hereof to the contrary, the right of first refusal granted to the Council herein shall not be applicable for the lease, sublease or sale of any Unit to or by Developer.

Section 8.6 Application of Proceeds of Sale. Upon the sale or conveyance of a Unit by an Owner other than the Developer, the proceeds of such sale or conveyance shall be applied as follows:

- (a) To assessments, liens and charges in favor of the state and any political subdivision thereof for taxes past due and unpaid on the Unit; then
- (b) To amounts due under mortgage instruments duly recorded; then
- (c) To the payment of all unpaid Common Expense Charges and Special Assessments against the Unit and the Owner thereof; and finally
- (d) To the Owner of such Residence Unit.

If such unpaid Common Expense Charges or Special Assessments are not paid or collected at the time of sale or conveyance of a Unit, the grantee of such sale or conveyance shall be jointly and severally liable with the selling Owner for all unpaid Common Expense Charges and assessments against the Unit up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the selling Owner the amounts paid by the grantee therefor.

In the event of a foreclosure of a first and prior lien on any Unit, the Purchaser at such foreclosure sale and any successor in title to such residence unit from the purchaser at such foreclosure sale (except the Owner upon whom such lien was foreclosed) shall not be liable for the Common Expense Charges or Special Assessments chargeable to such Unit which became due prior to such foreclosure or any conveyance in lieu thereof.

ARTICLE IX

AMENDMENT OF DECLARATION, BY-LAWS AND RULES AND REGULATIONS

Section 9.1 Amendment of Declaration. Except as otherwise provided by law, the provisions of this Declaration, except for the designation of the Percentage Ownership Interest which pertains to each Unit, may be amended only by an instrument in writing signed and acknowledged by Members having not less than seventy-five percent (75%) of the votes in the Council entitled to vote on such amendment. Except in the event of redistribution of Percentage Ownership Interest in connection with the occurrence of a fire, casualty or eminent domain taking, in order to amend the allocation of the Percentage Ownership Interests in the Common Elements pertaining to any Unit, it shall be necessary not only that the Members having not less than seventy-five percent (75%) of the votes in the Council entitled to vote on such amendment execute an instrument in writing but, in addition, the Owners of those Units whose Percentage Ownership Interests are increased by such amendment must join in such amendment. Additionally, any amendment providing for termination of professional management services, reallocation of Percentage Ownership Interests or termination of the Condominium must be approved in writing by all Mortgagees.

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Section 9.2 Amendment of By-Laws. The By-Laws of the Council, adopted pursuant to the provisions of this declaration, may be amended from time to time by the affirmative vote of the Members having sixty percent (60%) of the number of votes entitled to act on such matter at a meeting of the Council as provided herein. If the terms of the By-Laws and this Declaration conflict, this Declaration shall control.

ARTICLE X

MISCELLANEOUS

Section 10.1 Estoppel Certificate. Any Mortgagee and any prospective purchaser of a Unit shall be entitled upon written request therefor to a statement from the Board setting forth the amount of any unpaid Common Expense Charges or assessments not paid by the Owner of a Unit in which such prospective purchaser or Mortgagee has an interest. Any prospective purchaser shall not be liable for nor shall the Unit conveyed be subject to the lien provided for in this Declaration of Condominium for any unpaid Common Expense Charges or Special Assessments made by the Board against the particular Unit involved in excess of the amount set forth in such statement. Any such purchaser shall, however, be liable for any assessments or Common Expense Charges becoming due after the date of any such statement.

Section 10.2 No Partition. The Common Elements shall remain undivided and shall not be subject to an action for partition or division of the co-ownership thereof so long as suitable for a Condominium Regime, and, in any event, all Mortgages secured by an interest in the Common Elements must be paid in full prior to bringing any action for partition or the consent of all holders of such Mortgages must be obtained; provided, however, that if any Unit shall be owned by two (2) or more Owners as tenants-in-common or as joint tenants, nothing herein contained shall be deemed to prevent a judicial partition of such Residence Unit as between such co-tenants.

Section 10.3 Alteration of Boundaries of Units. If one person, firm or entity (including Developer) is the Owner of all or part of two (2) Units which are adjoining whether adjoining vertically (above and below each other) or horizontally (on the same floor of the Building) or if two

(2) Owners of adjoining Units so agree, then such Owner or Owners shall have the right to remove all or any part of any intervening partition or floor or to create doorways or other openings in such partition or floor, notwithstanding the fact that such partition or floor may in whole or in part be a Common Element, so long as no portion of any bearing wall or bearing column is weakened or removed and no portion of any Common Element other than that partition is damaged, destroyed or endangered. In any of such events, the Owner or Owners involved may relocate the boundaries between adjoining Units by causing an appropriate instrument of amendment to this Condominium Declaration to be prepared and executed by such Owners, which instrument shall be joined in by the President of the Council and recorded. The instrument of amendment (i) shall show the boundaries between those Units which are being relocated, (ii) shall recite the occurrence of any conveyancing between the Owners of such adjacent Units and (iii) shall specify any reasonable reallocation as agreed upon between the Units involved of the aggregate Percentage Ownership Interests in the Common Elements pertaining to those Units. Such plats and floor plans as may be necessary to show the altered boundaries between the Units involved shall be certified as to their accuracy by a registered architect or engineer.

Section 10.4 Enforcement. The Board or any Owner shall have the right to enforce, by any proceedings at law or in equity, all terms and provisions hereof. Failure by the Board or by any Owner to enforce any covenant or restriction herein contained shall in no event be deemed to be a waiver of the right to enforce such covenant or restriction thereafter.

Section 10.5 Severability. The provisions hereof shall be deemed independent and severable, and the invalidity or partial invalidity or unenforceability of any one provision or portion thereof shall not affect the validity or enforceability of any other provision hereof.

EXECUTED this the 15th day of August, 1978.

DUDDMESTEN PROPERTIES, INC.


President

THE STATE OF TEXAS X

COUNTY OF HARRIS X

BEFORE ME, the undersigned authority, on this day personally appeared Wayne B. Suddleston President of Suddleston Properties, Inc., a corporation, known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 14th day of August, 1978.



My commission expires August 30, 1979

Marcy Skemas
Notary Public in and for
Harris County, Texas

RETURN TO SUE WILLIS
P. O. BOX 1504
HOUSTON, TEXAS 77001

RIVER
A CONDOMINIUM
CONDOMINIUM

EXHIBIT "A"

LEGAL DESCRIPTION

A tract of land out of Lot Twenty-two (22), in Large Lot 48, of the subdivision of the Obedience Smith Survey, Abstract 696, in Harris County, Texas, map of which is recorded in Volume 10, Page 596, Deed Records, Harris County, Texas, and being more fully described by metes and bounds as follows:

COMMENCING at an iron rod marking the Northwest corner of the intersection of West line of McDuffie Street and the North line of Haddon Street, as established by rights of ways granted to the City of Houston, recorded in Volume 2755, Page 581, Deed Records, Harris County, Texas, and in Volume 3753, Page 484, Deed Records, Harris County, Texas;

THENCE North 89 deg 50 min West 107.20 feet along the North line of said Haddon Street, to a 1 inch iron rod, said iron rod marking the southeast corner of Lot 22 and being on the West line of Wilfran Place, a subdivision, in Harris County, Texas, map of which is recorded in Volume 725, Page 230, Deed Records, Harris County, Texas; for the PLACE OF BEGINNING;

THENCE North 89 deg 50 min West 698.99 feet along the North line of said Haddon Street, as it now exists on the ground, to intersection with the East line of South Shepherd Drive, for a corner;

THENCE North 00 deg 24 min East along the East line of South Shepherd Drive, a distance of 430.76 feet to the intersection with the south line of Peden Avenue, a 55 foot right of way, relocated, as described in instrument recorded in Volume 1061, Page 542, Deed Records, Harris County, Texas;

THENCE North 89 deg 49 min East along the south line of said Peden Avenue, a distance of 100.25 feet to the point of curvature of a curve to the left, for a corner;

THENCE Northeasterly along an arc of a curve to the left, having a radius of 225 feet, a central angle of 28 deg 38 min, a distance of 112.40 feet to a point of tangency of said curve, for a corner;

THENCE continuing North 61 deg 11 min East along the South line of Peden Avenue, a distance of 100.12 feet to a point of curvature of a curve to the right, for a corner;

THENCE Northeasterly along the south line of Peden Avenue on the arc of said curve to the right, having a radius of 175 feet, and a central angle of 28 deg 38 min a distance of 87.44 feet to a point of tangency of said curve, for a corner;

THENCE North 89 deg 49 min East along the south line of Peden Avenue, a distance of 325.51 feet to the Northeast corner of Lot 22, also being the Northwest corner of Lot 10, Block 1, Wilfran Place Subdivision, for a corner;

THENCE South 0 deg 58 min 21 sec West along the West line of said Wilfran Place Subdivision, a distance of 532.01 feet to a one inch iron rod at intersection of the southeast corner of Lot 22, with the southwest corner of Lot 1, said Wilfran Place Subdivision, also on the North line of Haddon Street, and being the point of beginning, said tract containing 7.989 acres, more or less, and being the aggregate of all tracts of land (C-1; C-2; C-3; C-4 and C-5) included as the property conveyed to Horne Management Co., in Deed, filed for record under File Number D 659546 in the Real Property Records of Harris County, Texas, on August 1, 1972.

GARDENS
PROJECT
RECORDS

EXHIBIT "A"

RETURN TO SUE WILLIS
P. O. BOX 1504
HOUSTON, TEXAS 77001

GF# 1089-W
SW/jj

EXHIBIT "D"

RIVER OAKS GARDENS TOWNHOMES

PERCENTAGE OWNERSHIP INTEREST & ALLOCATION OF MONTHLY COMMON EXPENSE CHARGE
BASED UPON PROFORMA BUDGET

<u>UNIT TYPE</u>	<u>DESCRIPTION</u>	<u>NO. UNITS</u>	<u>SQUARE FOOTAGE</u>	<u>% OF OWNERSHIP</u>	<u>MONTHLY FEE</u>
B	Del Monte	36	856	.004133	\$ 85.60
C	Inwood	36	939	.004533	\$ 93.90
D	Wickersham	32	1,024	.004944	\$102.40
D-1	Chevy Chase	12	987	.004765	\$ 98.70
E	Bellmeade	28	1,117	.005393	\$111.70
F	Locke Lane	12	843	.004070	\$ 84.30
F-1	Brentwood	2	911	.004398	\$ 91.10
F-2	Pelham	20	911	.004398	\$ 91.10
G	Willowick	11	1,330	.006421	\$133.00
H	River Oaks	14	1,560	.007531	\$156.00

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77001