DECLARATION AND MASTERS DEED
THE RIDGE AT LOST CREEK CONDOMINIUMS
Travis County, Texas

THIS DECLARATION AND MASTERS DEED ("Declaration"), made on the date hereinafter set forth, by Baldwin Wilson
March 31, 1980

WHEREAS, Declarant is the owner of certain improved real property located in the County of Travis, State of

Texas, more particularly described as Lot 1, Lost Creek Section Four, a subdivision in Travis County, Texas

("Property")

WHEREAS, the Property presently consists of the land, six (6) residential buildings containing a total of

Twenty-two (22) units therein, together with other improvements now or hereafter erected thereon, facilities

with the Property, being hereinafter sometimes referred to as the "Project" or the "Condominiums."

WHEREAS, Declarant desires to establish a condominium regime under the Texas Condominium Act. Declarant

does hereby establish a plan for the individual ownership in fee simple of estates consisting of the unit plus

membership in the RIDGE AT LOST CREEK CONDOMINIUMS HOMEOWNERS ASSOCIATION, INC.

WHEREAS, Declarant intends by this document to impose upon the Property mutually beneficial restrictions

under a general plan of improvements for the benefit of all of said Condominiums and the Owners thereof.

Declarant does hereby establish the Ridge at Lost Creek Condominiums as a condominium regime under the

Texas Condominium Act and hereby declares that the Condominiums shall be held, conveyed, mortgaged, encumbered,
covenants, conditions, restrictions and easements. All of which are for the purpose of enhancing and protecting
conditions, restrictions and easements shall constitute covenants which shall run with the land and shall be
perpetually binding upon Declarant, its successors-in-interest, its assigns, and all parties having or
acquiring any right, title or interest in or to any part of the Project.

ARTICLE I
DECLARATIONS

Unless the context shall expressly provide otherwise:

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

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, which is to be
paid by each Unit Owner as determined by the Association in accordance with this Declaration and the Bylaws.

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

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

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

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

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

8. "Common Expenses" means and includes:

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

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

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

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

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

10. "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 Common Condominium Act.

11. "Control" means the right of the Declarant to control the Association, the Association Board, the
Project, or the Unit Owners in any manner except through votes allocated to Units it owns on the same basis as
the common areas for completion of improvements and making repairs to improvements and rights to maintain
utilities to market Units the Declarant owns.

12. "Declarant" shall mean and refer to Baldwin Wilson Lost Creek Partnership, and its
successors-in-interest and assigns, provided such successors or assigns are designated in writing by Declarant.

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

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

a. The land in the condominium regime more particularly described as Lot 1, Lost Creek Section Four,
subdivision in Travis County, Texas, according to the map or plat thereof, recorded in Volume 83, Page 50,
h. To the extent not otherwise designated as Limited Common Elements, the foundations, common dividing walls between two or more units or between units and common elements, exterior walls, bearing walls and columns (including any windows, doors and chimneys therein), garages, decks, carports, stairs, terraces, porches, decks, and areas used for storage of maintenance equipment and materials, if any;

c. The grounds, yards, gardens, swimming pool, clubrooms, managerial offices, mail rooms, unassigned parking areas, driveways, fences, unassigned storage areas, streets, service drives, walks, service easements, recreational common facilities, laundry rooms, boiler rooms, mechanical rooms, pool equipment room, sun decks, and areas used for storage of maintenance and janitorial equipment and materials, if any;

d. The installations consisting of the equipment and materials making up central services such as power, electricity, gas, water, sewer, television, hot water, heating and air conditioning, and the like which are intended to serve more than one unit, elevators, elevator shafts, machinery and equipment related thereto;

e. Parking spaces not yet designated with a Unit number and described on the Map as unassigned parking spaces; provided, however, Declarant expressly reserves the right to assign the parking spaces to units prior to transferring all unassigned parking spaces to the Association which shall occur pursuant to the terms of Article V(5) herein;

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

g. All other items not described as a Unit or a Limited Common Element.

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

15. "Institutional Lender" shall mean the Federal Home Loan Mortgage Corporation (FHLBC), the Federal National Mortgage Association (FNMA) or other 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.

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

a. Parking spaces once assigned and designated with a Unit number in accordance with Section 13(e) hereof, subject to the right to realign granted therein;

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

c. The utility, sewers, power, water, gas, electricity and other common lines running through the walls, ceilings, doors or floor of each Unit and used only to service such Unit.

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

17. "Map" or "Condominium Plan" shall mean and refer to the engineering survey of the Property which is filed herewith as Exhibit "A" and by this reference made a part hereof, as the same may be amended from time to time as herein provided. The Map sets forth: (1) the legal description of the surface of the Property; (2) the linear measurements and location, with reference to the exterior boundaries of the Property, of the buildings and all other improvements built or to be built on the Property by Declarant; (3) floor plans and elevations plans of the buildings built thereon showing the location, the building designation, the unit designation and the linear dimensions of each Unit and the Limited Common Elements; (4) the elevations of the unfinished interior surfaces of the floors and ceilings as established from a datum plane and a description of the Limited and General Common Elements.

In interpreting the Map, the existing physical boundaries of each Unit shall be conclusively presumed to be its boundaries. If permitted under applicable law, Declarant reserves unto itself the right, so long as Declarant owns one or more Units, to amend the Map and amendments thereto to conform same to the actual location of any of the improvements, to establish, vacate and relocate easements, and access roads easements, and to show such other changes that Declarant may make in accordance with the terms of this Declaration.

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

19. "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 Records of Travis County, Texas.

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

21. "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.

22. "Person" means a natural person, a corporation, a partnership, a trust, or other legal entity.

23. "Project Documents" means and includes this Declaration and the exhibits attached hereto, the Articles and Bylaws of the Association, as the same may be established or amended from time to time.

24. "Texas Condominium Act" or "Act" shall mean Article 1201a 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

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

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a. Units. In determining dimensions of, and area contained within each Unit, the enclosed space within a Unit shall be measured from interior finished, unpainted surfaces of the perimeter walls, floor and ceiling and the Unit shall be unencumbered. 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, floors or ceilings (such as, but without limitation, paint, wallpaper, vinyl wall or floor covering). The Unit shall be the interior surface of the perimeter walls, floors, ceilings, windows and doors. Interior trim around windows and doors shall be a part of each Unit and shall not be a part of the Common Elements. The Unit does not include "Common Elements" defined herein. It is EXPRESSLY DECLARED, AGREED TO, AND ASSENTED HERETO THAT THE SQUARE FOOTAGE, SIZE AND DIMENSIONS OF EACH UNIT, AS SET OUT AND SHOWN IN THE CONDOMINIUM PLAN (A) ARE APPROXIMATE AND ARE SHOWN FOR DESCRIPTIVE PURPOSES ONLY, AND THAT THE DECLARANT DOES NOT WARRANT OR REPRESENT THAT ANY UNIT ACTUALLY CONTAINS THE ABOVE-OWNED SQUARE FOOTAGE OR DIMENSIONS SHOWN IN THE CONDOMINIUM PLAN THEREOF. Each purchaser and Owner of a Unit, or interest therein, has full right of access 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 being sold as actually and physically existing. Each purchaser of a Unit hereby expressly waives any claim or demand which he may have against the Declarant or other seller of such Unit on account of any difference, shortage or discrepancy as they actually exist and as it is shown on the Condominium Plan. Each Unit is subject to such easements and restrictions as are contained in each building, whether the same now exist or may be later caused or created in any manner. In interpreting deeds and the Condominium Plan, the then existing physical boundaries of 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, recording of the platting, or location of any Building and regardless of similar differences between boundaries shown on the Condominium Plan or deed, and those of any building.

b. Common Elements. The remaining portion of the Property, referred to herein as "Common Elements," shall include all of the elements set forth in Article I(1). 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 total area shown in Exhibit A. Each Unit Owner shall have the right, under and by this Declaration as a part hereof, the ownership of each Condominium shall include a Unit and such undivided interest of the Common Elements. The Common Elements are declared to be an irreducible and undivided part of the Property, and all Owners of said Units and the Exclusively Devoted Property are declared to be owners as expressed in an amended Declaration, except as provided elsewhere herein. Such Common Interest cannot be sold, assigned, or transferred from the Unit in which it is located to any other Unit or person other than the Owners. The applicable section for the purposes for which they are intended. The exercise of the right or by any other Unit Owners, the transfer of the General Condominium Board, the Common Elements to the Owners as lessees in common, the Common Elements shall reserve and hereby reserves and declares, the Common Elements for common driveway purposes, for drainage and encroachment purposes, and for ingress and egress, the Common Elements for the purpose of providing improvements thereon and for the performance of necessary repairs, work, and in the event of the Declarant further reserves unto itself, or any of its associates or its designated agents the right to establish easements, reservations, and exclusions consistent with the ownership of the Condominium Project and for the best interest of the Owners and the Association in order to serve the Condominium Project.

c. Limited Common Elements. The Limited Common Elements shall be identified herein, on the Map, as set forth from time to time, and designated as appurtenances to a particular Unit or Units. The rights of an individual Owner in the Limited Common Elements shall consist of (1) an exclusive easement to use for vehicle parking purposes any parking space originally assigned or reassigned by the Declarant or the Association to the Owner being appurtenant to his Unit, if any; (2) an exclusive easement to use the utilities and lines described in Article I(15)(c) and (d); (3) an exclusive easement for ingress and egress over and under the common driveways, common parking areas and common easements adjacent and appurtenant to the Unit; (provided, however, that such easement shall be shared with any other Unit to which such stairs and landing area are also adjacent, appurtenant or necessary to have ingress and egress across in order to reach a particular Unit), if any; (4) an exclusive easement to use a storage or laundry area, balcony or attached patio, if any, adjacent to and appurtenant to the Unit, as shown, on the Condominium Plan and (5) an exclusive easement to use such other areas and facilities as may be designated in this Declaration and on the Map, as may be as amended from time to time.

2. No Separate Conveyance of Individual Interests. The appurtenant interests and exclusive easements are hereby appurtenant, and except as herein set forth, Declarant and each Owner covenant and agree that the undivided interests in the Common Elements, the exclusive easements of the Limited Common Elements, and the fee title to the respective Units conveyed thereunder are not to be separated, 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.

3. Partition Prohibited. The Common Elements shall remain undivided as set forth above and so long as suitable for the Condominium. Except as provided by the Texas Condominium Act, no Owner is entitled to any action for partition. It being agreed that this restriction is for the preservation of 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 said proceeds is not prohibited hereby (but partition of title to a single Unit is prohibited). Notwithstanding the provisions of this Section 3, until all of the Units are conveyed by Declarant to a third party, if permitted under applicable law, Declarant has the right to:

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

b. physically combine part or, or a combination of parts of, the space within one Unit with part or, parts, of, or, or an adjoining Unit, to redevise the Common Interest of the Units so combined and to amend the Declaration and Map to include said changes;

c. partition or subdivide any Unit owned by Declarant into two or more Units, Common Elements, or a combination of Units and Common Elements, to redevise the Common Interest of those Units so partitioned or subdivided, and, if applicable, of all other Units, and to amend the Declaration and Map to include said changes;

d. modify or record 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 redevise the Common Interest of the Units altered, if any, and to amend the Declaration to include said changes.

ARTICLE III: ASSOCIATION, ADMINISTRATION, MEMBERSHIP AND VOTING RIGHTS

1. Association to Manage Common Elements. The management of the Common Elements shall be vested in the Association in accordance with the terms of this Declaration and the Bylaws. A copy of the Bylaws which have
been duly adopted by the Board of Directors of the Association and attached hereto as Exhibit "A" 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 agreements of all the Unit owners 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.

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. 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. Any attempt to make a prohibited transfer void. In the event the owner of any Unit shall sell the right to record the transfer upon its books.

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 "A" hereto.

5. Board of Directors. The affairs of the Association shall be managed initially by a Board of Directors composed of three persons. This initial Board of Directors will be replaced with a five-member Board of Directors at the first meeting of the Association pursuant to the Bylaws which has been established and shall conduct regular and special meetings according to the provisions of the Bylaws.


a. Audited Statement. If there are fifty (50) or more Units in the Project, any holder, insurer or guarantor of a first mortgage shall be withheld, without charge, upon written request, to the Association for the immediately preceding fiscal year. If at any time following such request, the Project contains less than fifty (50) Units or the audited report is not available, a Mortgagor shall be entitled to an audited statement prepared at its own expense.

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

ARTICLE IV.

MAINTENANCE AND ASSESSMENTS

1. PersonalColligation of Assessments. Declares, for each Unit owned within the Project, hereby covenants, and each Owner of any Unit by acceptance of a deed thereto, whether or not it shall be so expressed in such deed, is deemed, as part of the 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 unanticipated expenses, such Assesments 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.

2. Purposes of Assessments. The Assessments levied by the Association shall be used exclusively to promote the common health, welfare, and safety of all the residents in the Project and 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, and to defray any deficit of the Association from any prior year. The decision of the Board with respect thereto shall be final and nonappealable.

3. Regular Monthly Assessments and Creation of Liens. All Owners shall be obligated to pay the Assessments imposed by the Board of Directors. The total amount of the estimated funds for Assessments from the Owners to operate the Project shall be set forth in a budget adopted by the Board of Directors and shall be assessed against each Owner, including Declares, in proportion to the Common Interest of such Owner as set forth herein. Said figures to be divided by twelve (12) to determine the regular monthly Assessments provided herein. Said Assessments shall be treated as a lien on the Unit and subject to the provisions hereof. Declares hereby reserves and assigns to the Association, without recoupment, a vendor's lien against each Unit to secure the payment of any regular or special Assessment including and other related fees, late charges, fines or interest, which may be imposed pursuant to the terms hereof, and the expenses incurred in connection with the enforcement thereof, including, without limitation, interest at the rate provided in Article IV(5), costs and attorney's fees. Said liens may be enforced by appropriate judicial proceedings, and the amounts secured hereby shall be and are subordinate and inferior only to the following: (1) assessments, liens and charges in favor of the State of Texas and other political subdivisions thereof for taxes past due and unpaid on such Unit; and (2) liens and charges under any first lien mortgage instruments duly recorded prior to the recording of any lien assessment as provided in Article IV(5).

4. Special Assessments. In addition to the regular monthly assessments authorized above, the Board may levy, in any year, one or more special Assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of the construction, repair or replacement of any capital improvements upon the Common Elements, including fixtures and personal property related thereto, or to defray any cost, which may be incurred in bringing that Owner and his Unit into compliance with the provisions of this Declaration and the Bylaws including actual attorneys' fees and costs. Said Special Assessments may be subject to each limited liability unit of the Bylaws. Costs resulting from the imposition of special Assessments may be enforced by appropriate judicial proceedings, and the amounts secured hereby shall be and are subordinate and inferior only to the following: (1) 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 (2) amounts due under any first lien mortgage instruments duly recorded prior to the recording of any lien assessment as provided in Article IV(5).
5. Assessment lien. All sums assessed but unpaid for the share of Assessments chargeable to any Unit, including interest thereon at the maximum rate permitted by law per annum from the date such Assessments are due until said Assessments are paid, subject to the provisions herein limiting the interest on Assessments charged or received to the maximum permitted by applicable law, together with costs, expenses and reasonable attorney fees incurred in connection therewith by the Association shall and are hereby secured by a lien on such Unit superior to all other liens and encumbrances except as provided in Article IV(7) and (8). 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 the direction of the Board shall be signed by one of the members of the Board of Directors or by one of the officers of the Association or by a representative of the Managing Agent and may be recorded in the office of the County Clerk of Travis County, Texas. Such lien may be enforced by the foreclosure of the lien in the same manner as a mortgage on real property. In the event of any foreclosure proceeding, all additional reasonable attorney fees incurred in connection with 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 notes appurtenant to, convey or otherwise deal with the same. Any Mortgages holding a lien on a Unit may pay, but shall not be required to pay, any such Assessments provided such lien shall not be valid to such extent that any overdraft shall be feasible to the Owner of the Unit by either the Association or such Mortgages.

The amount of the Common Expenses assessed against each Unit shall also be a lien on 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 waives 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 lien, and refuses all process for the enforcement of such liens, including any actions to foreclose pursuant to Article 3010 of the Texas Revised Civil Statutes, and such Owner hereby expressly grants to the Association the private power of sale in connection with said Assessments. The Association may also temporarily suspend the Association membership rights of any Owner in default in payment of any Assessment in accordance with the Bylaws.

6. Date of Commencement of Assessment Due Dates. The regular monthly Assessments provided for herein shall commence as to all Units in the Project, including unoccupied and unsold Units owned by Declarant, on the first day of the month following the date of the first Unit in the Project. Thereafter, due dates of regular monthly Assessments shall be the first day of each month and every subsequent calendar month. No notice of such Assessments or the due dates thereof shall be required other than an annual notice setting forth the amount of the regular monthly Assessments. The due date of any special Assessment shall be the due date specified by the Association. The notice of such special Assessments delivered 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.

7. Working Capital Fund. To insure that the Association will have funds to meet unforeseen expenditures or to purchase any additional acquisitions, Declarant together with purchasers of Units from Declarant will establish within sixty (60) days after closing of the sale of the first Unit by Declarant, a "working capital fund" at least equal to two (2) months' estimated assessments for each Unit which will be transferred to the Association and will remain in this fund and will not be considered advance payments of assessments otherwise due hereunder. As additional Units are sold by Declarant, such purchasers will reimburse Declarant, on a proportionate basis, for Declarant's payment into such working capital fund.

8. Transfer of Unit by Sale or foreclosure. Sale or transfer of any Unit shall not affect the Assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a Mortgage by a Mortgagee, or by deed or other transfer in lieu thereof, shall extinguish the lien of such Assessments as to payments which become due prior to such sale or transfer (except for Assessments which become due prior to the recording of such Mortgage). No such sale or transfer shall release such Unit from liability for any Assessments thereafter becoming due as a result of the acquisition of a Mortgage, or by deed or other conveyance in lieu thereof, such Mortgagee shall not be liable for the unpaid sums or charges of the Association chargeable to such Unit which accrued subsequent to the recording of the Mortgage or the acquisition of title to such Unit by such Mortgagee. Such unpaid sums 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 by a Mortgagee), the grantor of the same shall not be personally liable with the grantee for the unpaid assessments by the Association against the latter for his share of the Common Expenses up to the time of the grant or conveyance, unless such grantee has assumed payment thereof. In such event the grantee shall be liable for any such Assessments becoming due after the date of such conveyance.

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

ARTICLE V.
DUTIES AND POWERS OF THE ASSOCIATION

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

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

b. Enforce the provisions of this Declaration by appropriate means, including, without limitation, the expenditures of funds of the Association, the employment of legal counsel and the commencement and prosecution of actions.
9. Adopt reasonable rules not inconsistent with this Declaration, the Articles, or the Bylaws relating to the use of the Common Elements and all facilities therein, and the conduct of Owners and their tenants and guests with respect to the Project and other Owners.

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 extend to the cost and expense of repairs or replacements arising out of or caused by the wilful or negligent acts of any Owner, his guests, tenants or invitees, except as provided in Article III(6)(a) hereof. The Association shall keep at all times an accurate record of all expenses incurred by the Association for maintenance or repair of any portion of the Common Elements resulting from such excluded items. Items shall be regarded as excluded if they result from the negligence of any Owner, his guests, tenants or invitees, unless the Association shall have in good faith exercised reasonable care in the maintenance or repair of the affected portion of the Common Elements or Units or is determined by a court of competent jurisdiction to be liable for damages to persons or property resulting from the negligence of any Owner, his guests, tenants or invitees.

3. Association Assessments 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 operation of the Board of its responsibilities under this Declaration, the Association (and its agents and employees) shall have a non-exclusive easement over and onto all the Common Elements, and shall also have the right to enter any Unit without notice to the Owner, and at any reasonable hours, to enter any Unit for such purposes and to enter any Unit at the request or demand of the Association at the time of any remedial work to make such repairs or other work as may be necessary to perform repairs or other work to any Unit, unless such Owner shall have delivered to the Association, and unless such Owner shall have given such Owner's permission, for such repairs or other work to be performed. The Association may cause such repairs and replacements to be made at such Owner's expense, or may pay for such repairs or replacements upon demand, the cost thereof chargeable to the Owner. When such repairs or replacements shall be chargeable to the Owner, such Owner shall be liable to the Association for the cost thereof, together with interest from the date of payment at the maximum legal rate.

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

5. Control of Association. Declarant will transfer control of the Association to the Unit Owners upon the first to occur of the following:

   a. One hundred twenty (120) days after seventy-five percent (75%) of the Units have been conveyed to
      Unit Owners.
   b. Or, three (3) years following conveyance of the first Unit unless the FNSA modifies the time
      limit.

ARTICLE VI.

UTILITIES

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

   a. Each Owner shall pay for his own utilities which are separately metered and billed to such Unit
      by the respective utility companies or submetered and billed to such Unit by the Association.
      Any such utility expenses incurred by the Association, and separately billed to such Unit, shall be
      paid by the Owner in the same manner as other expenses are paid which are separately billed to
      such Unit.

   b. Whenever sanitary sewer, water, electric, gas, television receiving, or telephone lines or
      connections, heating or air-conditioning conduits, ducts, or pipes (such items being hereafter
      collectively called "the Utilities") are located or installed within the Project, which connections, or any
      portion thereof, lie in or upon more than one Unit, Declarant reserves the use and benefit of the
      Utilities for the use of the Project, and the use of the Utilities by the Owners of the Unit(s) affected
      thereby will be in a manner reasonably calculated to cause as minimal interference with the
      continued use and occupancy of the Unit(s) so affected by the Owners thereof, while still ade-
      quately serving the purposes for which they are granted.

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

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

3. Association's Duties. The Association shall maintain all utility installations located in the Common Elements described herein, or on any utility easement, irrevocably, exclusive of utility companies, public, private, or municipal. The Association shall pay all charges for utilities supplied to the Project except those merged or submetered and charged separately to the Unit.

**ARTICLE VII.

USE RESTRICTIONS**

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

1. Use of Individual Units. No Unit shall be occupied and used except for residential purposes by the Owners, their tenants, and guests, and no trading or business shall be conducted therein; however, that shall not prevent any Unit or Units in the Project owned by the Owner for a model home site or sales, display and sales office and may lease all Units not sold until the last Unit in the entire Project is sold.

2. Noises. No noxious, illegal, or offensive activities shall be carried on in any Unit or in any part of the Project, nor shall anything be done therein which may be or may become an annoyance or a nuisance to, or which may in any way interfere with, the quiet enjoyment of any of the Owners of his respective Unit, or which cause any nuisance to the quiet enjoyment of the Property, or which may impair the structural integrity of any Building.

3. Vehicle Restrictions. No trailer, camp, mobile home, recreational vehicle, commercial vehicle, truck, or any other vehicle shall be permitted to remain upon any area within the Project, other than temporarily (for purposes of loading and unloading of passengers or personal property), unless in an area specifically designated for such purpose by the Boards. Vehicles shall not include sedans or standard size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and not offensive as determined by the Board. No noisy or polluting vehicles shall be parked or used on the Project. No off-road or unlicensed motor vehicles shall be maintained or operated upon the Project, except as may be reasonably necessary to the execution of the rights and duties of the Association under this Declaration.

4. Signs. No signs or devices of any kind shall be posted, erected, or placed in or around the Common Elements or use the Common Elements for sales purposes until the last Unit in the entire Project is sold. Owners other than the Owner, or any other person, are prohibited from placing or sale, "for rent" or any other sign in or around the Common Elements or displaying signs to the public view on any Unit or any portion of the Project.

5. Animals. No animals or birds of any kind shall be raised, bred, or kept in any Unit, or on any portion of the Project except as permitted in the Bylaws or in the rules and regulations adopted by the Board and published from time to time.

6. Garbage and Refuse Disposal. All garbage and refuse shall be regularly removed from the Project and shall not be allowed to accumulate therein. Trash, garbage and other waste shall not be kept except in a sanitary container in accordance with the Bylaws and rules and regulations adopted by the Board and published from time to time. All equipment, garbage cans, woddyards, or storage piles shall be kept screened and concealed from view of other units, streets, and the Common Elements.

7. Radios and Television Antennae. No alteration to or modification of a central radio or television antenna system or cable television system, whenever applicable, shall be permitted, and no owner shall be permitted to construct, use, or operate his own external radio or television antenna, or other electronic antenna without the prior written consent of the Board. No Citizens Band transmitter or other transmission device shall be permitted on the Project without the prior written consent of the Board.

8. Right to Lease. The respective Units shall not be rented by the Owners thereof for transient or hotel purposes, which shall be defined as rental for any period less than thirty (30) days, or shall be less than an entire Unit be rented or leased. Subject to the Bylaws and regulations of the Board, the Owner of the respective Unit shall have the right to lease the Unit, provided that the lease is in writing, for a term not to exceed one year, and that the conditions, covenants, restrictions, limitations, leases for Common Expenses and uses contained in this Declaration and the Bylaws, and any rules and regulations adopted by the Board and published from time to time. Notwithstanding any of the foregoing, the right of the Owner to rent or lease Units until their initial transfer to any third party or parties is hereby specifically reserved.

9. Mortgaging a Unit. Any Owner shall have the right from time to time to mortgage or encumber his Unit free of, and in trust, mortgages or other security instrument. A first Mortgage shall be one which has first and prior priority under applicable law. Any Mortgage shall be second and shall not be secured by the Owner's interest in Common Elements or future improvements or additions thereto caused by the neglect, misuse, or negligence of such Owner or any tenant or other occupant of his Unit, guest or invitee.

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

11. Liability of Owner for Damage to Common Elements. The Owner of each Unit shall be liable to the Association for all damage to the Common Elements or improvements thereon caused by the neglect, misuse, or negligence of such Owner or any tenant or other occupant of his Unit, guest or invitee.

12. No Warranty of Informatio. While the Association has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article or elsewhere in this Declaration are or will be enforceable for any reason or to any extent, the Association makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms or provisions. No Owner acquiring a Unit in the Project in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Unit agrees to hold this harmless hereafter.
ARTICLE VIII.
ARCHITECTURAL CONTROL.

1. Prohibition of Alteration and Improvement. Subject to the exception of Declarant under Article IX(10) herein, no building, fence, wall, obstruction, balcony, screen, patio, patio cover, tent, awning, carport, carport cover, improvement, or structure of any kind shall be commenced, erected, painted or maintained upon the Project, nor shall any alteration or improvement of any kind be made thereto (save and except for repainting and redecorating of the interior of a Unit by an Owner) until the same has been approved in writing by the Board or by an Architectural Control Committee (the "Committee") appointed by the Board and/or Declarant as provided in this Article.

2. Plans and Specifications. Plans and specifications showing the nature, kind, shape, color, size, materials and specifications of improvements, shall be submitted to the Board or Committee for approval or rejection as to matters as quality of workmanship and design and harmony of structural and external design with existing structures, and as to location in relation to surrounding structures, topography, and finish grade elevation. No approval or rejection shall be required in accordance with Declarant's requirements for plans and specifications, or to rebuild in accordance with plans and specifications previously approved by the Board or Committee. No landscaping of patios or yards visible from the street, other units or from the Common Elements shall be undertaken by any Owner until plans and specifications showing the nature, kind, shape, design and location of the proposed materials shall have first been submitted to and approved in writing within sixty (60) days from the date it receives said request for approval of plans and specifications required under this Article VIII. If the Board or Committee does not respond in writing within said sixty (60) day period, the Board or Committee shall be deemed to have approved said request.

3. Architectural Control Committee. The number, appointment and term of members of the Committee shall be as provided in the Bylaws, subject to the following limitations:
   a. If a Committee is appointed, there shall be not less than three (3) nor more than five (5) members of the Committee.
   b. Declarant may appoint all of the original members of the Committee and all replacements until the last Unit in the entire Project is sold. Thereafter, the Board shall have the power to appoint all of the members of the Committee and all replacements members of the Association Committee members appointed by the Board shall, however, be from the membership of the Association.

ARTICLE IX.
GENERAL PROVISIONS

1. Enforcement. The Association, any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens, and charges, and all such other covenants or restrictions, as may be imposed by this Declaration, and in such event shall be entitled to recover costs and reasonable attorneys' fees as are ordered by the Court, provided, however, that an individual Owner shall have no right to enforce the collection of any assessment levied against any other Owner under Article IV. Failure by any such Person to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.

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

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

4. Indemnification. Any Owner, contractor, sub-contractor, and or miner shall indemnify and hold harmless each other from and against any and all liability arising from any such claims or losses against the Unit or any other Owner or Owners against the Common Elements for construction performed or for labor, materials, services or other products furnished in the indemnifying Owner’s Unit at such indemnifying Owner’s request. Labor performed or materials furnished for the General Contractor, if duly authorized by the Managing Agent or the Board in accordance with the Declaration or Bylaws, shall be deemed to be performed or furnished with the express consent of each Owner and shall be the basis for the filing of a lien pursuant to law against each Unit in the Project.

5. Mortgages Insurers and Guarantors Protection Clauses.
   a. Rights of Mortgages. No breach of any of the covenants, conditions and restrictions contained in this Declaration, or of the enforcement of any lien provisions herein, shall render invalid the lien of any first lien Mortgage (even in favor of any other mortgagee) on any Unit, held, insured, or guaranteed by such Eligible Mortgagee, Eligible Insurer or Eligible Guarantor, as applicable.

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

   (1) Any condemnation loss or any casualty loss which affects a material portion of the project or any Unit or which bears a Mortgage held, insured, or guaranteed by such Eligible Mortgagee, Eligible Insurer or Eligible Guarantor, as applicable.)
(2) Any delinquency in the payment of assessments or charges owed by an Owner of a Unit subject to a Mortgage held, insured or guaranteed by such Eligible Mortgagor, Eligible Insurer or Eligible Guarantor, which remains uncured for a period of sixty (60) days;

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

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

c. Additional Rights of Eligible Mortgagor. To the extent permitted by applicable law, Eligible Mortgagors shall also be afforded the following rights:

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

(2) Any election to terminate the legal status of the Project after substantial destruction or a substantial taking in condemnation of the Project Property must require the approval of Eligible Mortgagors of Units to which at least sixty-seven percent (67%) of the votes in the Association have been allocated.

(3) No reallocation of Common Interests resulting from a partial condemnation or partial destruction of the Project may be effected without the prior approval of Eligible Mortgagors of the remaining Units whether existing in whole or in part, to which have been allocated at least fifty-one percent (51%) of the votes in the Association of all remaining Units subject to Mortgages held by Eligible Mortgagors.

(4) No amendment of the Project Documents which authorizes the alteration or destruction of one or more Units or Limited Common Elements may be effected without the consent of the first lien Mortgagor of the Owners of such Units or Limited Common Elements.

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

d. Mortgage Priority. Notwithstanding any language contained in this Declaration or the other Project Documents to the contrary, no Owner or other party shall have priority over any rights of the Mortgagor of any Unit pursuant to its Mortgage in the case of a distribution to the Owner of such Unit of insurance proceeds or condemnation awards for damage to all or a portion of an Unit and/or Common Elements.

The Association shall have the right to examine the books and records of the Association at reasonable times during regular business hours of the Association.

e. Compliance with FHLB and FHA Requirements. The Declarant intends that the Project shall comply with all requirements of the FHLB and FHA with respect to the purchase by FHLB and FHA of conventional home loans on the Units, and, notwithstanding anything to the contrary contained herein, in the event the Project or any of the Project Documents do not comply with the FHLB and FHA requirements, if permitted under applicable law, the Board shall have the power (on behalf of the Association and each and every Owner of this Declaration and the Bylaws and to enter into any agreement with FHLB and FHA or (or their designees) or the Mortgagors of the Units reasonably required by FHLB and FHA or the Mortgagors to allow the Project to comply with such requirements.

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

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

h. Revocation or Amendment to Declaration. Except as hereinafter set forth and as set forth in Article 13(3)(e), this Declaration shall not be amended unless the Owners to whom at least sixty-two percent (62%), the Association, the Owners to whom at least sixty-seven percent (67%) of the votes in the Association have been allocated consent and agree to such amendment by instrument(s) duly recorded, (2) shall not be amended to alter or destroy one or more Units or Limited Common Elements without the consent of the Owners of such Units or Limited Common Elements, and (3) shall not be material amended unless the Owners to whom at least sixty-seven percent (67%) of the votes in the Association have been allocated and Eligible Mortgagors holding Mortgages on Units to which at least fifty-one percent (51%) of the votes in the Association have been allocated consent and agree to such amendment by instrument(s) duly recorded. A material amendment involves a change in any of the following matters:

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

In addition, Eligible Mortgagors representing at least sixty-three percent (63%) of the votes of the Units must agree to a termination of the legal status of the Project for reasons other than substantial destruction or condemnation of the Property. Notwithstanding the foregoing, as long as all the Units are owned by Declarant, Declarant may, with the written consent of any Institutional Lender of any Unit which would be affected (but without the consent of any Owner) amend this Declaration, Map, Bylaws and any other Exhibits attached hereto, which amendments may
include by way of example, but not be limited to those made pursuant to Article (15) and (16) and Article (11).)

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

8. Insurance Damage or Destruction.

a. Association Liability Insurance. The Association shall obtain and maintain a comprehensive public liability insurance insuring the Association, the Declarant and the agents and employees of each and the other and the respective family members, guests and invitees of the Owners against any liability incidental to the ownership or use of the Common Elements, commercial areas, if any, and public ways and streets including, if applicable, a cross-liability endorsement insuring such insured against liability to each other insured, and a "cross-liability of Interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owners or the Association. The scope of the coverage shall include all other coverage in the kinds and amounts commonly required by FHA for projects similar in construction, location, and use. Coverage shall be in an amount not less than the One Million Dollars ($1,000,000) per occurrence, for personal injury and/or property damage.

b. Master Hazard Insurance. Additionally, the Association shall obtain and maintain in effect a master or blanket policy of multi-building insurance on the Project, providing as a minimum fire and extended coverage and all other coverage in the kinds and amounts commonly required by Institutional Lenders for projects similar to the Project including, but not limited to, the replacement cost of existing buildings and other insured property in the amount of Three Hundred Thousand Dollars ($300,000) per occurrence or location. This policy shall extend to all buildings and other property covered by the insurance policies of the Board, in an amount not less than the amount of insurance required by the Board. If such insurance is not maintained, the Association shall maintain insurance in such amount as to cover the replacement cost of each building and other insured property in the amount of Three Hundred Thousand Dollars ($300,000) per occurrence or location. The Association shall maintain insurance in an amount not less than One Million Dollars ($1,000,000) per occurrence or location. If the Project is located in an area identified by the Secretary of Housing and Urban Development as having a special flood hazard, a "special" policy of flood insurance on the Project must be maintained in the amount of one hundred percent (100%) of the current replacement cost of all buildings and other insured property located in the flood hazard area, or the maximum limit of coverage available under the insurance of 1969, as amended, whichever is less. The Association shall maintain insurance in an amount not less than the amount required by the Board, in an amount not less than the amount of insurance required by the Board. If such insurance is not maintained, the Association shall maintain insurance in such amount as to cover the replacement cost of each building and other insured property in the amount of Three Hundred Thousand Dollars ($300,000) per occurrence or location. If the Project is located in an area identified by the Secretary of Housing and Urban Development as having a special flood hazard, a "special" policy of flood insurance on the Project must be maintained in the amount of one hundred percent (100%) of the current replacement cost of all buildings and other insured property located in the flood hazard area, or the maximum limit of coverage available under the insurance of 1969, as amended, whichever is less. The Association shall maintain insurance in an amount not less than the amount required by the Board, in an amount not less than the amount of insurance required by the Board. If such insurance is not maintained, the Association shall maintain insurance in such amount as to cover the replacement cost of each building and other insured property in the amount of Three Hundred Thousand Dollars ($300,000) per occurrence or location.

c. Additional Association Insurance. The Association may purchase such other insurance as it may deem necessary, including, but not limited to, public liability insurance, workers' compensation, director's liability insurance and errors and omissions insurance. If the Project includes more than thirty (30) units, the Association shall maintain in its name fidelity bond insurance providing coverage in an amount not less than the sum of money collected and held in at least three (3) and special assessments plus reserves set up. The bond shall cover against dishonest acts by any directors, managers, trustees, employees or volunteers of the Association who are responsible for handling funds belonging to or administered by the Association.

d. Choice of Carriers/Insurers/Incorporation. The insurance policies required under this Section shall be acquired from carriers meeting the qualifications of the FHA and the FHA. Insurance premiums shall be a Common Charge to be included in the assessments levied by the Association. The acquisition of insurance by the Association shall be without prejudice to the rights of any Owner to obtain additional individual insurance.

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

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

(2) Insufficient Proceeds. If the insurance proceeds are insufficient to reconstruct the Project, damagable property, subject to the provisions of Sections 8(1)(3) and (4) herein, but promptly caused to be repaired and restored by the Association or its duly authorized agents, using proceeds of insurance, if any, on the Project for that purpose, and the Owners shall be liable for the special assessment or assessment for deficiency as hereinafter provided.

f. Less than Two-thirds Destruction. If less than two-thirds (2/3) of the Project (as determined by the vote of the Owners owning at least fifty-one percent (51%) of the Common Interest in the}

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exercise of their sole discretion, is destroyed or substantially damaged by fire or any other disaster, and if the Owners, by unanimous vote or written consent, do not voluntarily, within one hundred eighty (180) days after determination of the amount, if any, of the insurance proceeds resulting from such destruction or damage, an arbitration shall be held, to which the Association shall be a party, for the determination of the amount, if any, of the insurance proceeds resulting from such destruction or damage. The decision of the arbitrator shall be final and binding upon the Owners and the Association.

(i) The Project shall be deemed to be owned in common by the Owners;

(ii) The undivided interest in the Project owned in common which shall appertain to each Owner shall be the percentage of undivided interest previously owned by such Owner in the Common Elements;

(iii) Any lien or any other claim or right of the Owners or any other person or entity which shall arise out of any of the agreements, covenants, conditions or restrictions contained herein shall be recorded and shall be a lien for the benefit of the Owners who are party thereto;

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

Notwithstanding the foregoing provisions hereof, in the event of destruction or substantial damage to two-thirds (2/3) or more of the Project, sixty-six and two-thirds percent (66-2/3%) of the institutional lenders (based upon one vote for each mortgage owned by written approval and the Owners may, by an affirmative vote of the Members voting at least three-fourths (3/4) of the undivided Common Interest at a meeting of the Members duly called for such purpose, elect to sell or otherwise dispose of the Project. Such action shall be binding upon the Association and all Owners, and it shall thereafter become the duty of every Owner to execute and deliver such instruments and to perform all acts in manner and form as may be necessary to effect the sale and purchase. The purchase price of the ownership interest in each Owner so being purchased shall be payable to the Owner and the Owners’ mortgagees in their interests shall appear and shall be an amount equal to the Owner’s percentage interest in the Association’s insurance proceeds plus an amount equal to the Owner’s percentage interest in the amount equal to the then current market value of the Project, considered as a whole, excluding such insurance proceeds and less the amount derived from such sale or other disposition of the Project. In the event the parties are unable to agree upon the purchase price, the price shall be determined by appraisal as follows: The Association shall select an independent appraisal firm to act for it within thirty (30) days of the Association’s appointment of an appraiser. The selected appraiser shall be designated as an appraiser. The appraiser shall act on behalf of the Association with the two appraisers acting together shall select a third independent Fannie Mae designated appraiser by mutual agreement. The three appraisers by a vote of the majority of the group shall determine the purchase and sales price with respect to each Owner and sales shall be closed within sixty (60) days subsequent to the determination of the purchase and sales price as aforesaid, with the Association retaining the notes in accordance with Article IX(9). Within fifteen (15) days of the last such closing, the Association shall cause to be held a special meeting of Members for the purpose of securing approval of the sale.

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

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

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

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

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

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

1. Personal Liability Insurance. In addition to the master policies which the Association shall carry, the Board shall have the power to require each Owner, at his sole cost and expense, to carry personal liability insurance covering the common areas and buildings to the extent of others within the Project resulting from negligence of the Owner or his agents, tenants, guests or invitees, in an amount of at least One Hundred Thousand Dollars ($100,000.00) for each occurrence.

J. Waiver of Subrogation Notice of Cancellation. All property and liability insurance carried by the Association or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, officers, directors, and any Members, their agents, servants and employees. All policies of hazard insurance must contain or have attached the standard mortgage clause commonly accepted by private institutional mortgage lenders located hereinafter. No condemnation, and the Association shall contain a provision requiring the insurer to notify all Insureds, including servicers on behalf of Fannie Mae and Freddie Mac, at least ten (10) days in advance of the effective date of any reduction in or cancellation of the policy.

K. Appointment of Attorney-In-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project, in whole or in part, upon its destruction or termination.

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

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

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

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

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

9. Financing of Purchase of Unit by Association. In the event the Association acquires a Unit at foreclosure or pursuant to Section 10.01(A), such acquisition by the Association may be from the working capital of the Association and common charges in the hands of the Association, or if such funds are insufficient, the Association may levy a special assessment or assessments against each Owner in proportion to his Common Interest, as a Common Expense, or the Association, in its discretion, may borrow money to finance the acquisition of such Unit provided, however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit, together with the interest in the Common Elements appurtenant thereto, as to be acquired by the Association.

10. Limitation of Restrictions on Declarant. Declarant is performing certain work in connection with the construction of the Project at the Unit and the sale, rental and occupancy of said Unit is essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and said Project be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to

a. Prevent Declarant, its contractors, or subcontractors from doing on or to the Project or any Unit, whatever is reasonably necessary or advisable in connection with the completion of the works or services of said Unit is essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and said Project be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to

b. Prevent Declarant from doing or causing or permitting any acts or things necessary or advisable in connection with the completion of the work or services of said Unit is essential to the establishment and welfare of the Project as a residential community. In order that said work may be completed and said Project be established as a fully occupied residential community as rapidly as possible, nothing in this Declaration shall be understood or construed to

c. Prevent Declarant from conducting on any part of Unit nor establish a plan of Unit ownership and disposing of said Project by sale, lease or otherwise or

d. Prevent Declarant from maintaining any Unit nor establish a plan of Unit ownership and disposing of said Project by sale, lease or otherwise.
As long as Declarant owns one or more of the Units established and described in this Declaration (and except as otherwise specifically provided herein), Declarant, its successors and assigns, shall be subject to the provisions of this Declaration.

11. Termination of Any Responsibility of Declarant. Declarant may at any time, or from time to time, sell, assign or transfer all or any part of its rights hereunder or its rights, title and interest in the Project to any Person or Entity who shall thereafter have such rights and powers of Declarant as are contained in the Project Documents and so transferred or assigned. In the event Declarant shall convey all of its right, title and interest in and to the Project to any Person or Entity, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such Person or Entity shall be obligated to perform all such duties and obligations of the Declarant.

12. Owners’ Compliance. Each Owner, Tenant or occupant of a Unit and their guests and invitees shall comply with the provisions of the Project Documents and all lawful decisions and resolutions of the Association or its duly authorized representative, and failure to comply with any such provisions, decisions or resolutions, shall be grounds for an action by the Association or the Persons entitled to recover sums due for damages (including costs and reasonable attorneys’ fees) and for injunctive relief. All agreements and determinations lawfully made by the Association in accordance with the voting percentages established in this Declaration or in the bylaws, shall be deemed to be binding on all Owners, their successors and assigns.

13. Legal Intent. It is the intent of Declarant, the Association and the Owners that the Project Documents be in strict compliance with applicable usury laws of the State of Texas. In furtherance thereof, said parties stipulate and agree that none of the terms and provisions contained in the Project Documents shall ever be construed to create a contract to pay for the use, forbearance or detention of money, interest at a rate in excess of the maximum interest rate permitted to be charged by applicable laws of the State of Texas. The Owners or other parties now or hereafter becoming liable for payment of sums owing under the terms of the Project Documents shall not be liable for unearned interest on any of said sums and shall never be required to pay interest above the maximum interest that may be lawfully charged under applicable laws of the State of Texas, and the provisions of this Section shall control over all other provisions of the Project Documents and the Act, in the event that the Declarant, the Association or any of its designated agents shall collect monies which are deemed to constitute interest in excess of the legal rate, said monies shall be immediately returned to the owner or other party so paying said monies upon determination.

14. Conflict of Project Documents. If there is any conflict among or between the project documents, the provisions of this Declaration shall prevail; thereafter, priority shall be given to Project Documents in the following order: Map; Articles; Bylaws; and Rules and Regulations of the Association.

15. Term of Declaration. The covenants, conditions, and restrictions of this Declaration shall run with and bind the Property and the Project, and shall inure to the benefit of and shall be enforceable by the Association, its respective legal representatives, successors-in-interest and permitted assigns, for a term of fifty (50) years from the date this Declaration is recorded, after which time said covenants, conditions, and restrictions shall automatically be extended for successive periods of ten (10) years, unless an instrument, signed by all of the then Owners and all of the Members, has been recorded, agreeing to change said covenants, conditions, and restrictions in whole or in part.

The undersigned, being the Declarant herein, has executed this Declaration on April 19, 1984.

DECLARANT: BALDWIN-WILSON LOST CREEK PARTNERSHIP.

By: ____________________________

THE STATE OF TEXAS

COUNTY OF TRAVIS

On April 19, 1984, before me, the undersigned, a Notary Public in and for said County and State, personally appeared __________________________, known to me to be a partner of Baldwin-Wilson Lost Creek Partnership, whose names are subscribed to the within Declaration and Notarized, and known to me to be the person and officer who executed the within instrument on behalf of such partnership, as the act and deed of such partnership, and acknowledged to me that he executed such instrument for the purposes and consideration set forth therein and in the capacity therein stated.

WITNESS my hand and official seal.

NOTARY SEAL.

8561 352
CONSENT AND SUBORDINATION OF MORTGAGE

InterFirst Bank Austin, N.A. is the present owner and holder of that certain Deed of Trust, promissory note in the amount of $12,000.00, executed by Martin C. Whittle, dated February 28, 1984 (the "Note"), which is secured by a Deed of Trust to Lee R. Wolf, Trustee, of even date recorded in Volume 9348, Page 592 of the Deed of Trust Records of Travis County, Texas, creating a lien upon the Property, and more fully described in the Deed of Trust.

InterFirst Bank Austin, N.A., as the holder of the Note and Deed of Trust, hereby consents to the filing of this Declaration and subordinates its Deed of Trust lien and all other liens it may have against the above described property to such declaration.

EXECUTED this 19th day of APRIL, 1984.

INTERFIRST BANK AUSTIN, N.A.

By: ____________________________

INTERFIRST BANK AUSTIN, N.A.

3-67-6531.

SIGNED VICE PRESIDENT

THE STATE OF TEXAS

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COUNTY OF TRAVIS

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This instrument was acknowledged before me on April 19, 1984 by Lee R. Weber, Sr., Vice President of InterFirst Bank Austin, N.A., a national banking association, on behalf of said association.

Sr. Vice President

LINDA KUNDINGER

Notary Public - State of Texas

My commission expires: 12-23-85

Linda Kundinger

NOTARY SEAL

8561 353
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EXHIBIT "B"