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August 17, 2010

Via Certified Mail-RRR

Ms. Liz Basner
The Office
Marquis at Preston Park
2524 Preston Road
Plano, Texas 75093

Certified Article Number

7160 3901 9848 8546 1884

SENDERS RECORD

RE: The Marquis at Preston Park Condominium Association, Inc.

Dear Ms. Basner:

Per your request, enclosed please find the following instruments as they relate to The Marquis at Preston Park Condominium Association, Inc. (the "Association"):

1. "Unofficial" copy of the Declaration and Master Deed for The Marquis at Preston Park Condominiums, filed as Instrument Number 2000-01166951 on October 25, 2000, in the Official Public Records of Collin County, Texas;
2. Exhibit E titled "Purchaser's Affidavit";
3. Exhibit G titled "Liens, Leases, and Encumbrances"; and
4. Declarant's Conversion Statement.

Item 1 is listed as "unofficial" because it is not a certified copy obtained from the Collin County Clerk's office. If an official copy is requested, please let me know. Based on an on-line search of instruments recorded with Collin County, we cannot confirm that Items 2, 3, and 4 are official documents of the Association.


Thank you for your attention to this matter.

Yours very truly,

HENRY ODDO AUSTIN & FLETCHER

A Professional Corporation

By:


Vinay B. Patel

VBP/bb

Enclosures

MARQUIS AT PRESTON PARK CONDOMINIUM ASSOCIATION
2524 PRESTON ROAD PLANO, TX 75093

4787 0190

2000-0116951

*Declaration and Master Deed
For
The Marquis at Preston Park Condominiums*

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DECLARATION AND MASTER DEED
FOR
THE MARQUIS AT PRESTON PARK CONDOMINIUMS

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"B"	Bylaws of The Marquis At Preston Park Condominium Association, Inc.	2
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**DECLARATION AND MASTER DEED
FOR
THE MARQUIS AT PRESTON PARK CONDOMINIUMS**

STATE OF TEXAS §
 § **KNOW ALL MEN BY THESE PRESENTS:**
COUNTY OF COLLIN §

THIS DECLARATION AND MASTER DEED FOR THE MARQUIS AT PRESTON PARK CONDOMINIUMS (this "Declaration") is made on the ___ day of September, 2000, by PGV Venture, Ltd., a Texas limited partnership ("Declarant").

WITNESSETH:

WHEREAS, Declarant, having its principal office at 18470 Dallas Parkway, Dallas, Texas 75287, is the fee simple owner of the real property described on Exhibit "A" attached hereto and made a part hereof for all purposes (the "Property").

WHEREAS, Declarant desires to establish a condominium regime under the Texas Uniform Condominium Act, according to the provisions of Chapter 82 of the Texas Property Code, herein called the "Condominium Act"; and

WHEREAS, Declarant does hereby establish a plan for the individual ownership in fee simple of estates consisting of Units and the co-ownership by the separate Unit Owners thereof, as tenants in common, of all the remaining property, which includes both the Limited Common Elements and the General Common Elements (collectively referred to as the "Common Elements"), herein called the "Condominium".

NOW, THEREFORE, Declarant does hereby submit the real property described on the attached Exhibit "A" and all improvements thereon, to the provisions of the Condominium Act and the Condominium, and does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, laws, limitations and obligations shall be deemed to run with the land and shall be a burden and a benefit to Declarant, its successors and assigns, and to any Person acquiring or owning an interest in the real property and improvements submitted hereto, their grantees, successors, heirs, executors, administrators, devisees and assigns. All Owners are subject to all rights and duties assigned to Owners under this Declaration.

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ARTICLE I

DEFINITIONS

Generally, the terms used in this Declaration shall be given their normal, generally-accepted meanings. Unless the context otherwise requires, capitalized terms used in the Condominium Instruments (as hereinafter defined) shall be defined as follows:

1.01 Area of Common Responsibility: The Common Elements, together with those areas, if any, which the Association has assumed responsibility pursuant to the terms of this Declaration, or other applicable covenants, contracts, or agreements.

1.02 Articles or Articles of Incorporation: The Articles of Incorporation of The Marquis at Preston Park Condominium Association, Inc., a Texas non-profit corporation, as filed with the Texas Secretary of State, attached hereto as Exhibit "E", as amended from time to time.

1.03 Association: The Marquis at Preston Park Condominium Association, Inc., a Texas non-profit corporation, its successors or assigns.

1.04 Board or Board of Directors: The body responsible for management and operation of the Association, selected as provided in the Bylaws.

1.05 Bylaws: The Bylaws of the Marquis at Preston Park Condominium Association, Inc., attached hereto as Exhibit "B", as amended from time to time.

1.06 Common Elements: That portion of the Condominium which is not included within the boundaries of any Unit, as further described in this Declaration. The term shall include the Limited Common Elements and the General Common Elements.

1.07 Common Expenses: The actual and estimated expenses incurred, or anticipated to be incurred, by the Association for the general benefit of all Owners, including any reasonable reserve, as the Board may find necessary and appropriate pursuant to the Condominium Instruments.

1.08 Condominium: The Marquis at Preston Park condominium regime created by the filing of this Declaration.

1.09 Condominium Act: The Texas Uniform Condominium Act (Chapter 82 of the Texas Property Code), as the same may be amended from time to time.

1.10 Condominium Instruments: This Declaration, the Bylaws, the Articles of Incorporation, the Rules and Regulations and any future rules and regulations promulgated thereunder, as each may be amended from time to time.

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1.11 **Declarant:** PGV Venture, Ltd., or its successors or assigns, who takes title to any portion of the Condominium and who is designated as the Declarant in a recorded instrument executed by the immediately preceding Declarant.

1.12 **Declarant Control Period:** The period of time during which the Declarant may appoint and remove the Board of Directors and officers of the Association as permitted under the Condominium Act. The Declarant Control Period shall begin on the date this Declaration is recorded in the office of the County Clerk of Collin County, Texas, and shall terminate (i) one hundred twenty (120) days after conveyance of Units representing seventy-five percent (75%) of the Percentage Interests in the Condominium to Owners other than Declarant, (ii) three (3) years after the conveyance of a Unit by Declarant in the ordinary course of business, or (iii) the date on which Declarant voluntarily terminates Declarant's rights hereunder by recording a notice to that effect in the Collin County Deed Records, whichever occurs first. After termination of the Declarant Control Period, the Declarant shall have all the rights and responsibilities of an Owner under this Declaration.

1.13 **Eligible Mortgage Holder:** A Mortgagee, or insurer or guarantor of a Mortgage, who has requested notice of certain actions under Article XIII of this Declaration.

1.14 **First Mortgage:** Any Mortgage which is not subject to any lien or encumbrance except for taxes or other liens which are given priority by statute or by agreement.

1.15 **First Mortgagee:** The holder of record of a First Mortgage.

1.16 **General Common Elements:** The Common Elements, except for the Limited Common Elements.

1.17 **Limited Common Elements:** A portion of the Common Elements reserved for the exclusive use of those entitled to occupy one (1) or more, but less than all, Units, as described in Section 2.04 of this Declaration.

1.18 **Majority:** Those eligible votes, Owners or other group as the context may indicate totaling more than fifty percent (50%) of the total eligible number. Each Owner's vote shall be weighted in accordance with the Percentage Interest in the Common Elements, attributable to such Owner's Unit, as set forth on Exhibit "C" to this Declaration.

1.19 **Manager or Managing Agent:** The Person, if any, appointed or retained by the Association, acting through the Board, to manage the Condominium.

1.20 **Mortgage:** Any mortgage, deed to secure debt, deed of trust or other encumbrance, transfer or conveyance of any interest in a Unit for the purpose of securing the performance of an obligation including, but not limited to, a transfer or conveyance of fee title for such purpose.

1.21 **Mortgages or Mortgage Holder:** The holder of any Mortgage.

1.22 **Owner:** The record holder of title to a Unit, excluding any party holding an interest merely as security for the performance of an obligation.

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1.23 **Percentage Interest:** The undivided percentage interest in the Common Elements assigned to each Unit, as set forth on Exhibit "C" attached to this Declaration.

1.24 **Person:** A natural person, a corporation, a partnership, a trustee, a limited liability company, or any other legal entity.

1.25 **Property or Project:** All that real property described on Exhibit "A" attached to this Declaration, and all improvements and structures on such property, and all easements and other rights appurtenant to such property.

1.26 **Resident:** Any Person occupying all or any portion of a Unit for any period of time, regardless of whether such Person is the Owner of such Unit, a tenant, or a family member or guest of the Owner or tenant.

1.27 **Rules and Regulations:** The rules and regulations adopted from time to time by the Board in accordance with the Declaration and the Condominium Act. The initial Rules and Regulations are attached hereto as Exhibit "D" and incorporated herein by reference.

1.28 **Site Plan:** The site plan attached to the Declaration as Exhibit "A", which depicts, among other things, the legal description of the Property, a general schematic map of the entire Condominium showing the location of each building or improvement and parking areas and structures.

1.29 **Unit:** An enclosed space described on the Unit Plans consisting of an attached garage and one or more rooms or living areas occupying all or part of a floor in the condominium buildings (the "Buildings"), together with the undivided interest in the Common Elements assigned to such Unit by this Declaration. A Unit's boundaries shall include:

- (a) the interior unfinished surface of each perimeter wall;
- (b) the interior unfinished surface of the ceiling;
- (c) the upper unfinished surface of the concrete sub-floor;
- (d) the exterior surface (including all glass or glass substitutes) of the windows and doors set in perimeter walls; and
- (e) the exterior surfaces of the Unit's balconies and patios, if any.

A Unit shall consist of:

- (a) the air space enclosed within the area described in (a) through (e) above;
- (b) any and all walls, ceilings, floors, partitions and dividers wholly within such air space (excluding any bearing walls, bearing beams or bearing columns contained within such air space, which items shall be part of the General Common Elements);

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(c) all utility lines, chutes, flues, pipes, ducts, wires, vents and conduits located partially within and partially outside such air space or located wholly outside such air space but servicing such air space exclusively (excluding any such item which serves more than one Unit or the Common Elements, which shall be General Common Elements);

(d) all plumbing, heating, ventilating, air conditioning, lighting, cooking and other fixtures, appliances and equipment (including individual air conditioning components and systems) located partially within and partially outside such air space or located outside such air space but servicing such air space exclusively; and

(e) all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and any other materials constituting part of the finished surfaces of the Unit.

1.30 Unit Plans: The drawings attached to this Declaration as Exhibit "A" which identifies, among other things, the horizontal and vertical boundaries of the Units and Common Elements of the Condominium.

ARTICLE II

DESCRIPTION OF CONDOMINIUM

2.01 General. The name of the Condominium is The Marquis at Preston Park Condominiums. The Condominium is comprised of the Property, which is divided into one-hundred and twenty-six (126) separate Units, the Limited Common Elements and the General Common Elements, all as shown on the Site Plan and the Unit Plans attached as Exhibit "A" to this Declaration. The Condominium consists of sixteen (16) residential buildings, each containing two (2) floors, a clubhouse, and a swimming pool. No more than one hundred and thirty (130) Units may be established on the Property by subdivision of existing Units, conversion of non-condominium space or any other method.

2.02 Units.

(a) The Units are those areas identified on the Unit Plans as a "unit", followed by a number and/or letter if there is more than one Unit of the same type. The attached garage, storage area and stairways shown on the Unit Plans are a part of the Unit to which they are appurtenant. Each Unit shall be conveyed as a separately-designated and legally described freehold estate subject to the Condominium Act and the Condominium Instruments. Each Unit may be conveyed by reference to the description of the Unit as shown on the Unit Plans. Any such conveyance shall automatically include the Percentage Interest in the Common Elements assigned to such Unit, all rights in and to any Limited Common Elements assigned to the Unit, membership in the Association, and an undivided interest in the funds and assets held by the Association, whether or not separately described in the deed of conveyance. Any Unit may be jointly or commonly owned by more than one Person. The boundaries of each Unit are as set forth in Section 1.29 hereof.

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(b) All references to the square footages of a particular Unit in the Condominium Instruments are approximations only. In the event of a conflict between the Unit Plans and Exhibit "C", the latter shall control. The boundaries of a Unit as originally constructed or of a Unit reconstructed in substantial accordance with the original plans shall be conclusively presumed to be its boundaries rather than the metes and bounds expressed in any deed or on any plat, regardless of settling or lateral movement of the building in which the Unit was located, and regardless of minor variances between the boundaries shown on the Unit Plans or in a deed and the actual boundaries of the Unit.

(c) Each Owner shall be entitled to the exclusive use and possession of his Unit, subject to the rights of any other Persons holding an ownership interest in such Unit.

2.03 Common Elements.

(a) The Common Elements consist of all portions of the Condominium not consisting of or located within the boundaries of a Unit. Ownership of the Common Elements shall be by the Owners as tenants-in-common. The Percentage Interest in and to the Common Elements attributable to each Unit shall be as set forth in Exhibit "C", with each Unit being allocated a percentage interest in the Common Elements based upon the ratio of the Unit's square footage to the total number of square feet for all Units in the Condominium. Such Percentage Interests may be altered only by the consent of all Owners and Mortgagees whose Percentage Interest is to be changed, expressed in an amendment to this Declaration duly adopted and recorded in accordance with Section 14.06 of this Declaration. The Percentage Interest of each Owner in the Common Elements is appurtenant to the Unit owned by the Owner and may not be separated from such Unit. The Percentage Interest shall be deemed to be conveyed, encumbered and released from liens, and to otherwise pass with the title to the Unit, whether or not expressly mentioned or described in a deed of conveyance or other instrument describing the Unit.

(b) The Common Elements, including the Limited Common Elements, shall remain undivided, and no Owner nor any other Person shall bring any action for judicial partition or division of the Common Elements so long as the Property remains a Condominium. Any purported conveyance, encumbrance, judicial sale, or other voluntary or involuntary transfer of an undivided interest in the Common Elements made without the transfer of the Unit to which that interest is allocated is void. Except as provided in Section 2.04 regarding the Limited Common Elements and as otherwise specifically provided in this Declaration, each Owner and the Association may use the Common Elements for the purposes for which they are intended, but no such use shall enter or encroach upon the lawful rights of the other Owners.

2.04 Limited Common Elements.

(a) The Limited Common Elements are:

(i) shutters, awnings, window boxes, doorsteps, stoops, porches, balconies, patios, and exterior doors and windows designed to serve a single Unit, but located outside the Unit's boundaries.

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(ii) those parking spaces shown on the Unit Plans which are assigned to the respective Units as indicated thereon for the exclusive use of the Owners and Residents of such Units.

(b) The Board may designate, from time to time, certain portions of the General Common Elements as Limited Common Elements for use as parking and may assign the exclusive use of parking spaces to particular Units. Any such assignment shall require an amendment to this Declaration, executed by the Association, revising the Unit Plans to reflect such assignment. Limited Common Elements may be reassigned with the consent of each affected Owner and his or her First Mortgagee. Any such reassignment shall require an amendment to this Declaration, executed by the Owners between or among whose Units the reallocation is made, revising the Unit Plans to reflect such reassignment. The Owners executing the amendment shall deliver it to the Association, which shall record it at the expense of the reassigning Owners.

2.05 Easements.

(a) Easement for Support. Every portion of a Unit and all Common Elements contributing to the support of an abutting Unit or Common Element shall be burdened with an easement of support for the benefit of such abutting Unit or Common Element.

(b) Easement for Encroachments. There shall be valid easements over every portion of the Condominium for the maintenance of encroachments due to construction, reconstruction, repair, settlement or shifting of structures or any other cause, except that no easement for encroachment shall be created in favor of any Unit if such encroachment occurred due to the willful conduct of the Owner or Resident of such Unit or any Person acting on their behalf. None of the rights and obligations of Owners under this Declaration and the deeds conveying title to their respective Units shall be altered in any way by the existence of any encroachment.

(c) Easement for Access. Each Owner shall have a non-exclusive easement for use and enjoyment of the General Common Elements and for ingress and egress over and through the General Common Elements, subject to the exclusive rights of certain Owners to use of the Limited Common Elements described in Section 2.04. Such easements shall be subject to the right of the Association to regulate time and manner of use, including the right to limit guest use, and to the other rights and restrictions specifically set forth in the Condominium Instruments. Any Owner may extend his easement rights under this subsection (c) to his family, guests and invitees or to his tenant, the tenant's family, guests and invitees. Such easement rights shall be subject to the Board's authority to regulate the Common Elements as provided in this Declaration.

(d) Easement for Maintenance. There is hereby reserved unto the Declarant and to the Association an easement over and through each Unit and the Common Elements to do all things necessary to perform their responsibilities under this Declaration and the Bylaws, including maintenance and repair of electrical, plumbing or other mechanical or structural components of the Property which are contained within or most readily accessed from such Unit or Common Element.

(e) Easements to Third Parties. There is hereby reserved unto the Declarant and to the Association the right to grant to third parties easements in, on and over the Common Elements for

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the purpose of constructing, installing and maintaining utilities and services, and each Owner, by accepting a deed to his Unit, expressly consents to the granting of such easements. However, no such easement shall interfere with any exclusive easement previously granted or with the use, occupancy or enjoyment of any Unit.

ARTICLE III

ASSOCIATION, MEMBERSHIP AND VOTING RIGHTS

3.01 Association.

(a) The Association shall have all rights, powers and duties of an "association", as that term is used in the Condominium Act, and shall have the right, power and obligation to provide for the maintenance, repair, replacement, insurance, administration and operation of the Condominium as provided in the Condominium Instruments.

(b) The affairs of the Association shall be managed by the Board, which shall be entitled to exercise all rights and powers and perform all functions and duties of the Association, except to the extent that the Condominium Instruments or the Condominium Act specifically require approval of the Owners.

(c) In addition to all other rights of the Association under the Condominium Act, the Texas Non-Profit Corporation Act and the Condominium Instruments, the Association shall have the right and authority:

(i) to enter into Units for maintenance, security or safety purposes, which right may be exercised by the Board, the Association's officers, agents, employees, managers, and all police officers, firemen, ambulance personnel and similar emergency personnel in the performance of their respective duties. Except in an emergency situation, entry shall be only during reasonable hours and after reasonable notice to the Owner or Resident of the Unit;

(ii) to make and to enforce reasonable rules and regulations governing the use, occupancy, leasing or sale, maintenance, repair, modification, and appearance of the Condominium, including the Units, the Limited Common Elements and the General Common Elements;

(iii) to enforce the provisions of the Condominium Instruments and rules and regulations by any means authorized under the Condominium Instruments, which shall include the right to impose reasonable monetary fines, suspend the right to use the Common Elements and any property owned by the Association other than for direct access to the Unit occupied by the violating Owner or Resident, suspend the right to vote on Association matters, suspend services provided to the violating Owner or Resident or to his Unit, and to bring a suit for monetary damages or equitable relief. Any monetary fines shall be considered an assessment against the Unit of the violating Owner or Resident and may be collected as an Individual Assessment under Article IV of this Declaration;

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(iv) to grant permits, licenses, utility easements and other easements over the Common Elements for utilities, roads and other purposes necessary or convenient for the proper operation of the Condominium;

(v) to cause additional improvements to be made as part of the Common Elements;

(vi) to impose and receive payments, fees, or charges for the use, rental, or operation of the Common Elements and for services provided to Owners;

(vii) to control, manage, operate, maintain, improve and replace all portions of the Condominium for which the Association has maintenance responsibility under the Condominium Instruments;

(viii) to deal with the Condominium in the event of damage or destruction as a result of casualty loss, condemnation or eminent domain, in accordance with the provisions of the Condominium Act and this Declaration;

(ix) to represent the Owners in dealing with governmental entities or any matter related to the Common Elements;

(x) to temporarily close or discontinue operation of any portion of the Common Elements;

(xi) to permanently close or discontinue operation of any portion of the Common Elements; provided, any such action shall be approved by Owners representing at least two-thirds (2/3) of the Percentage Interests in the Common Elements who are present, in person or by proxy, at a duly held meeting of the Association;

(xii) to add or discontinue any service, benefit or item provided as a Common Expense to the Owners or provided to less than all of the Owners and assessed as an Individual Assessment;

(xiii) to maintain, repair, replace and insure parking facilities, landscaping, irrigation systems, drainage systems, roadways and access easements located adjacent to the Property and to enter into agreements with adjacent landowners for the payment of certain costs including, without limitation, utility costs and real and personal property taxes; and

(xiv) to acquire, hold and dispose of tangible and intangible personal property and real property, subject to any limitations on such rights relating to the Common Elements.

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3.02 Membership. Every Owner, by ownership of a Unit, is a Member of the Association; provided, there is only one membership per Unit. Such membership shall automatically be transferred upon transfer of record title to the Unit, except that the giving of a Mortgage shall not transfer membership in the Association.

3.03 Voting Rights. Except as otherwise provided in the Condominium Instruments, each Owner shall be entitled to vote on all matters upon which members of the Association are entitled to vote pursuant to the Condominium Instruments and the Condominium Act, except that there shall be only one vote exercised for each Unit. In the case of a Unit in which more than one Person holds the ownership interest required for membership in the Association, the vote for such Unit shall be cast as all co-Owners of such Unit agree among themselves. If only one such co-Owner attempts to cast the vote on a particular matter, it shall be assumed that all co-Owners of such Unit agree unless the Secretary is otherwise notified in writing prior to the matter being put to a vote. If more than one co-Owner of a Unit attempts to cast the vote for such Unit, the vote shall not be counted.

The vote assigned to each Unit shall be weighted in accordance with the Percentage Interest in the Common Elements attributable to the Unit, as set forth on Exhibit "C" to this Declaration.

3.04 Declarant Control Period. Notwithstanding Section 3.03 of this Declaration, and subject to the provisions of the Condominium Act, the Declarant shall retain the exclusive right to appoint and remove directors and officers of the Association for a maximum period not to exceed (i) one hundred twenty (120) days after conveyance of Units representing seventy-five percent (75%) of the Percentage Interests in the Condominium to Owners other than Declarant, (ii) three (3) years after the conveyance of a Unit by Declarant in the ordinary course of business, or (iii) the date on which Declarant voluntarily terminates Declarant's rights hereunder by recording a notice to that effect in the Collin County Deed Records, whichever occurs first (the "Declarant Control Period").

ARTICLE IV

ASSOCIATION FINANCES

4.01 Covenant to Pay. The Declarant and each Owner, by acceptance of a deed to his Unit, whether or not it shall be so expressed in such deed or other instrument of transfer, is deemed to covenant and agree to pay to the Association each assessment levied against such Owner and his Unit pursuant to this Declaration. Upon transfer of title to a Unit, the grantee shall not be personally liable for any assessments and other charges against the Unit due at the time of conveyance unless expressly assumed by them. No Owner may waive or otherwise escape liability for or withhold payment of assessments for any reason whatsoever, including, but not limited to, nonuse of the Common Elements, abandonment of his Unit, the Association's failure to perform its obligations, or inconvenience or discomfort arising from the making of repairs or improvements, or from any action taken to comply with any law, ordinance, or with any order or directive of any municipal or other governmental authority or for any other action taken or failed to be taken by the Association.

Notwithstanding any other provision contained in this Declaration or the Bylaws to the contrary, during the period in which a Unit is owned by the Association, the assessment which otherwise would be due and payable by the Owner of such Unit shall be a Common Expense.

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4.02 Purpose of Assessments. The assessments levied for Common Expenses pursuant to this Declaration and the Bylaws are for the general purposes of promoting the recreation, welfare, common benefit and enjoyment of the Owners and Residents of Units in the Condominium and are intended to be used for the purposes of defraying expenses related to the ownership, operation, maintenance, repair, replacement, furnishing, improvement and insurance of the Area of Common Responsibility (including all personal property of the Association used in connection with the Common Elements) and such other costs as are incurred by the Association in exercising its rights and powers and performing its responsibilities under the Condominium Instruments.

4.03 Types of Assessments.

(a) Annual Assessments.

(i) Not later than sixty (60) days prior to the beginning of the Association's fiscal year, the Board shall prepare a budget covering the estimated costs of operating the Condominium during the coming fiscal year. The budget shall include as line items a reasonable provision for contingencies and a contribution to a reserve fund for the repair and/or replacement of capital improvements. Upon the Board's approval of the budget, the estimated cash requirement shall be allocated among all Units according to the Percentage Interests in the Common Elements assigned to each.

(ii) The Board shall send notice of the amount of the Annual Assessment to each Owner at least thirty (30) days prior to the effective date of such assessment. The failure to send the notice shall not relieve any Owner of his obligation to pay his Annual Assessment.

(iii) In the event that the Board fails for any reason to determine the budget or assessment for any year, then the assessment shall be the prior year's assessment.

(b) Special Assessments.

(i) If the Annual Assessment proves inadequate for any year, or if the Association expects to incur expenses which were not anticipated at the time the budget was adopted, the Board may levy, assess and collect a Special Assessment; provided, however, that, except as otherwise provided in Section 6.04 of this Declaration, any Special Assessment shall have the affirmative vote or written consent, or any combination thereof, of Owners representing at least fifty-one percent (51%) of the Percentage Interests in the Common Elements, and the consent of the Declarant so long as the Declarant owns a Unit in the Project.

(ii) Any Special Assessment shall be allocated among all Units according to the Percentage Interests in the Common Elements assigned to each.

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(iii) All amounts collected by the Association as a Special Assessment shall be deposited by the Board in a separate bank account to be held in trust by the Association for the purpose for which it was levied.

(c) Individual Assessments. The Board of Directors shall have the power to levy an Individual Assessment against any Owner and such Owner's Unit if:

(i) the conduct of such Owner or any Resident of his Unit was in violation of any provision of the Condominium Instruments and resulted in a monetary fine being imposed against the Unit of such Owner, in which case the fine shall constitute an Individual Assessment; or

(ii) the conduct of such Owner or any Resident of his Unit resulted in damage to any portion of the Condominium which is the maintenance responsibility of the Association, in which case the costs incurred in repairing such damage and any applicable insurance deductible may be assessed as an Individual Assessment against such Owner and his Unit;

(iii) the Owner failed to perform any obligation under the Condominium Instruments and, after notice to the Owner, the Association exercised its power to perform such obligation on behalf of the Owner or incurred costs to obtain compliance, including attorney's fees, whether or not suit was filed, in which case the costs incurred by the Association may be assessed against such Owner and his Unit as an Individual Assessment;

(iv) the Owner, at the Owner's request, receives benefits, items or services not provided to all Owners, in which case the amount of the benefit received may be assessed against such Owner and his Unit as an Individual Assessment.

(v) the Condominium Instruments or the Condominium Act otherwise provide for the levying of any other amount due the Association against a particular Owner(s) or his Unit.

Failure of the Board of Directors to exercise its authority under this subsection (c) shall not be grounds for any action against the Association or the Board and shall not constitute a waiver of the Board's right to exercise its authority under this subsection in the future.

4.04 Date of Commencement of Assessments. The Annual Assessments shall commence as to all Units no later than sixty (60) days after the date of the first conveyance by Declarant of a Unit to an Owner. The first Annual Assessment shall be prorated according to the number of months remaining in the calendar year. Prior to commencement of the Annual Assessment, the Declarant shall pay all of the expenses of the Condominium as the expenses accrue. The Association's reserves and the Owners' working capital contributions may not be used to pay operational expenses of the Association until after the Declarant Control Period ends. From the date of the initial assessment hereunder until the Declarant Control Period ends, or three (3) years from the Declarant's first

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conveyance of a Unit, whichever is earlier, the Declarant shall periodically pay to the Association, at the Declarant's option, either (a) an amount equal to all operational expenses of the Association (i.e. expenses other than reserves and capital contributions), less the operational expense portion of the assessments paid by Owners other than the Declarant, or (b) the Common Expense liability allocated to each Unit owned by the Declarant. Unless the Declarant otherwise notifies the Board in writing at least sixty (60) days before the beginning of each fiscal year, Declarant shall be deemed to have elected to continue paying on the same basis as during the immediately preceding fiscal year. Regardless of such election, the Association shall have a lien against all Units owned by the Declarant to secure the Declarant's obligations under this Section, which lien shall have the same attributes and shall be enforceable in the same manner as the Association's lien against other Units under this Article IV. The Declarant's obligations hereunder may be satisfied in the form of cash or by "in kind" contribution of services and materials, or by a combination of these.

Any amount paid by Declarant in excess of the Declarant's Common Expense liability allocated to each Unit owned by the Declarant may be treated as a capital contribution, an advance against future assessments due from the Declarant, or a loan, in the Declarant's discretion. Any such payment and the nature thereof shall be conspicuously disclosed as a line item in the Common Expense budget. The payment of such amount and the Declarant's treatment thereof in any year shall under no circumstances obligate the Declarant to continue payment in a like manner in future years, unless otherwise provided in a written agreement between the Association and the Declarant. After termination of the Class B Control Period, Declarant shall pay assessments on its unsold Units in the same manner as any other Owner.

4.05 Payment of Assessments.

(a) Due Dates. Annual Assessments, Special Assessments and Individual Assessments (collectively, the "Assessments") shall be paid in such manner and on such dates as may be fixed by the Board. Unless otherwise provided by the Board, the Annual Assessments shall be paid in equal monthly installments due on the first (1st) day of each calendar month. Special Assessments and Individual Assessments shall be due and payable on or before the thirtieth (30th) day following the date of the invoice for such Assessment. All Assessments and related charges not paid on or before the fifteenth (15th) day following the due date shall be delinquent, and the Owner shall be in default.

(b) Enforcement of Assessment Obligation. If any Assessment, or any allowed installment thereof, is delinquent, the Association shall be authorized to invoke the following rights and remedies, in addition to any other rights and remedies of the Association under the Condominium Act, the Condominium Instruments or Texas law:

(i) Interest. Any Assessment or installment thereof which is delinquent shall accrue interest from the due date thereof on the principal amount due at the rate of ten percent (10%) per annum, unless the rate of interest is restricted by law to a lesser amount, in which case the rate shall be the maximum amount allowed by law at the time such Assessment became due. Such interest, as and when it accrues, shall be added to and become a part of the Assessment and may be collected in the same manner as any Assessment.

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(ii) Late Charges. The Board may levy reasonable late charges against an Owner in default on payment of any Assessment or part thereof. Such late charges, as and when levied, shall be added to and become part of the Assessment upon which they have been levied and may be collected in the same manner as any Assessment.

(iii) Returned Check Fee. The Board may levy reasonable fees for each check that is dishonored for any reason by the drawee of such check. Such fees, as and when levied, shall be added to and become part of the Assessment for which the dishonored check was tendered in payment and may be collected in the same manner as any Assessment.

(iv) Form of Payment. The Board may prescribe the form and method of payment by which delinquencies must be cured, such as by cashier's or certified check. Such instructions may be issued by the Board on a case-by-case basis, as circumstances warrant.

(v) Collection Expenses. An Owner in default in payment of any Assessment or part thereof is also liable to the Association for collection expenses, including, but not limited to, reasonable attorney's fees and additional management fees or costs, incurred by the Association to collect such Assessment, interest and late charges. Such collection expenses, as and when incurred by the Association or its managing agent, if any, shall become part of the Assessment, the collection of which generated such expenses and may be collected in the same manner as any Assessment.

(vi) Suspension of Voting Privileges. The vote attributable to any Unit as to which Assessments are in default may be suspended by the Board so long as the default exists upon notice to the Owner of the default and failure of the Owner to cure the default within thirty (30) days from the date of the notice.

(vii) Termination of Utilities. The Board may terminate water or other utility services to a Unit, the Owner of which is delinquent in the payment of an Assessment that is used, in whole or in part, to pay the cost of that utility.

(vi) Acceleration. If an Owner is in default in payment of any Assessment or any part thereof, the Board may accelerate any remaining installments of any Assessment (Annual or Special) upon ten (10) days' written notice to such Owner (which notice need only be sent to one Owner, in the case of co-Owners of a Unit). In such event, the entire unpaid balance of such Assessment shall be due upon the date stated in such notice. Upon acceleration, the Owner shall lose the privilege of paying the Annual Assessment or any other Assessment in monthly installments for that fiscal year.

(vii) Assignment of Rents. Each Owner absolutely and unconditionally assigns, transfer and conveys to the Association all rents from the lease of his Unit to secure the payment of all Assessments due on his Unit, in accordance with the following provisions:

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(A) Each Owner reserves the right, unless and until the Owner becomes delinquent in the payment of Assessments, to collect such rents as a trustee for the benefit of the Association; and

(B) If an Owner is delinquent in the payment of any Assessment or part thereof for sixty (60) days or more, upon ten (10) days' written notice to the Owner and lessee, the Association may demand and receive from a lessee of the Owner's Unit the rent due the Owner from the lessee. The lessee shall continue making rent payments directly to the Association until such time as all past due Assessments, late charges, interest, attorney's fees and collection expenses are paid in full, or until notified by the Association to discontinue such payments, whichever occurs earlier. The delinquent Owner and lessee hereby consent, upon notice from the Association as herein provided, to the lessee's payment of all rents directly to the Association upon default in the payment of Assessments and the lessee's attornment to all other obligations thereunder directly to the Association; and

(C) All rents collected by the Association shall be held and applied as the Board shall direct, and the Board shall promptly return to the Owner any rents collected in excess of the then outstanding Assessments; and

(D) Nothing in this subsection, nor the exercise of any right, power or authority granted by this subsection to the Association, shall be construed to be (1) an assumption by the Association of liability under any tenancy, lease or option, (2) consent to or approval of the lease, (3) a release or discharge of any other obligations of the Owner who is delinquent in the payment of amounts due the Association, or (4) a waiver of any of the Association's rights or duties.

(c) Cumulative Remedies. The preceding remedies are in addition to and not in substitution for all other rights and remedies which the Association may have under the Condominium Instruments and applicable law, including, without limitation, judicial or non-judicial foreclosure of the Association's assessment lien or pursuit of a personal judgment against the delinquent Owner, as provided in Section 4.06 of this Declaration.

4.06 Lien to Secure Payment of Assessments; Subordination to Certain Mortgages.

(a) Creation of Lien. In order to secure payment of the Assessments levied under this Declaration, the Association shall have a lien, which to the extent possible shall be a vendor's lien, on each Unit and on rents and insurance proceeds received by the Owner and relating to the Owner's Unit. This lien does hereby secure payment of Assessments, fees, charges, fines, reasonable attorney's fees, interest, late charges, collection expenses and any other amount due to the Association by the Owner or levied against the Unit by the Association as authorized by this Declaration and/or the

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Condominium Act. Such lien shall be prior and superior to all other liens, except (i) a lien for real property taxes and other governmental assessments or charges against the Unit, unless otherwise provided by Section 32.05, Texas Tax Code [Tex. Tax Code Ann. §32.05 (Vernon 1992), as amended from time to time]; (ii) a Mortgage recorded before the Declaration is recorded; (iii) a First Mortgage recorded before the date on which the assessment sought to be enforced becomes delinquent under the Declaration; and (iv) a lien for construction of improvements to a Unit or an assignment of the right to insurance proceeds on the Unit if the lien or assignment is recorded or duly perfected before the date on which the assessment sought to be enforced becomes delinquent under the Declaration. The lien shall be self operative and shall continue in inchoate form without being reserved or referenced in any deed or other document and without any other action required.

To evidence the assessment lien, the Board may prepare, but is not required to prepare, a written notice setting forth (i) the amount of any unpaid indebtedness, including Assessments, interest, late charges, costs and reasonable attorney's fees; (ii) the name of the Owner of the Unit; and (iii) a sufficient legal description of the Unit. Such notice shall be signed and acknowledged by an officer or duly authorized agent or attorney of the Association and shall be recorded with the Clerk of the Real Property Records of Collin County, Texas. The assessment lien will become enforceable from the date such Assessments became due and will continue so until all sums owing have been fully paid or otherwise satisfied. Upon timely curing of the default for which a Notice of Lien was filed by the Association, the Board shall cause to be recorded an appropriate Notice of Payment of such amounts. The cost of preparing and recording such Notice of Payment is the defaulting Owner's expense, which, as and when incurred, will become an Assessment owing and, as such, will be subject to recovery in the manner provided herein for Assessments.

(b) Enforcement of Lien. Upon default in the payment of any Assessment, such lien may be enforced by judicial or non-judicial foreclosure in the same manner as a mortgage on real property under Texas law including, without limitation, the manner set forth in Tex. Prop. Code Ann. §51.002 (Vernon 1984) (the "Foreclosure Statute") and Section 82.113 of the Condominium Act, except that the Association may not foreclose its lien consisting solely of unpaid fines. In connection therewith, each Owner grants the Association a power of sale to be exercised in accordance with the Declaration, the Condominium Act and the Foreclosure Statute. By written resolution, the Board may appoint, from time to time, an officer, agent, trustee or attorney of the Association to exercise the power of sale on behalf of the Association.

(c) Effect of Transfer on Lien. The sale or transfer of any Unit shall not affect the assessment lien or relieve such Unit from the lien for any subsequent Assessments. However, the sale or transfer of any Unit pursuant to foreclosure of any lien having priority over the Association's lien pursuant to subsection (a) above shall extinguish the lien as to any installments of such Assessments due prior to such sale or transfer. Any Mortgagee or other purchaser of a Unit who obtains title pursuant to foreclosure of its prior lien shall not be personally liable for any installments of an assessment on such Unit due prior to such acquisition of title unless expressly assumed by them.

4.07 Statement of Account. Any Owner, Mortgagee or Person having executed a contract for the purchase of a Unit, and any lender considering a loan to be secured by a Unit, shall be entitled, upon written request, to a statement from the Association with respect to such Unit setting forth any amounts due and unpaid to the Association, including any Assessments, late charges, interest, fines

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or other charges, the amount of any credit for advance payments and prepaid items, and the amount of the current Annual Assessment and the due dates of each installment. The Association shall respond in writing within ten (10) days of receipt of the request for a statement. Such statement shall be binding on the Association as to the amount due on the Unit as of the date specified in such statement. The Association and/or its Managing Agent, if any, may require the advance payment of a fee for issuing such a statement.

4.08 Capitalization of the Association. Upon the initial conveyance of record title to a Unit from Declarant, a contribution shall be made by or on behalf of the purchaser at closing to the working capital and reserves of the Association for each Unit so purchased in an amount equal to two (2) months' installments of the Annual Assessment at the rate in effect at the time of the sale. The Association shall maintain the working capital funds in segregated accounts to meet unforeseen expenditures or to acquire additional equipment or services for the benefit of the Members. Such payments to this fund shall not be considered advance payments of Annual Assessments and shall not be refundable. Declarant may not use any working capital funds to defray any of its expenses, reserve contributions or construction costs or to make up any budget deficits.

4.09 Exempt Property. The following portions of the Property shall be exempt from the Assessments, charges and liens created under this Declaration:

- (a) All properties to the extent of any easement or other interest therein dedicated and accepted by the City of Plano and County of Collin and devoted to public use;
- (b) All utility lines and easements; and
- (c) The Common Elements.

ARTICLE V

INSURANCE

5.01 General Requirements. The Association shall obtain and maintain at all times, as a Common Expense, insurance as required by this Article and the Condominium Act. All such insurance coverage shall be written in the name of the Association as trustee for itself, each of the Owners and the Mortgagees, if any. Such insurance shall run to the benefit of the Association, the Board, officers, all agents and employees of the Association, the Owners and their respective Mortgagees and all other Persons entitled to occupy any Unit, as their interests may appear.

All policies of insurance shall be written with a company licensed to do business in the State of Texas with a Best's rating of A or better, or the most nearly equivalent rating which is reasonably available. The company shall provide insurance certificates to each Owner and each Mortgagee upon request.

In no event shall the insurance coverage obtained and maintained by the Association be brought into contribution with insurance purchased by Owners individually or by their Mortgagees, and the insurance carried by the Association shall be primary. Each Owner shall notify the Board of

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all structural improvements made by the Owner to his or her Unit. Any Owner who obtains an individual insurance policy covering any portion of the Condominium, other than improvements and betterments made by such Owner at his or her expense and personal property belonging to such Owner, shall file a copy of such individual policy or policies with the Board within thirty (30) days after the purchase of such insurance. Such Owner shall also promptly notify the Board in writing in the event such policy is canceled.

Property insurance carried by the Association as a Common Expense shall not be required to include any part of a Unit which is not depicted on the Unit Plans or included in the Mortgage, nor shall the Association's public liability insurance provide coverage for individual Owners for liability arising within the Unit.

5.02 Association's Insurance.

(a) The Association shall obtain as a Common Expense:

(i) a property insurance policy providing "all risk" coverage, if reasonably available, in an amount equal to full replacement cost, before application of deductibles, of all improvements located on the Condominium. If "all risk" coverage is not available at a reasonable cost, the Board shall obtain, at a minimum, fire and extended coverage, including coverage for vandalism and malicious mischief, in like amounts. The policy shall contain an agreed value endorsement and an inflation guard endorsement. Unless the Association otherwise provides notice in writing to the Owners, the insurance maintained under this Section 5.02(a)(i) shall include the Units, but not any improvements and betterments made by the individual Unit Owners. However, each Owner shall have the right to obtain additional coverage for such improvements, betterments or personal property at his or her own expense. The policy may contain a reasonable deductible, and the amount thereof shall not be subtracted from the face amount of the policy in determining whether the insurance equals at least the replacement cost of the insured property;

(ii) comprehensive public liability insurance, property damage insurance and officers' and directors' liability insurance in such amounts as the Board may determine appropriate. The public liability insurance shall contain a cross liability endorsement;

(iii) worker's compensation insurance, if and to the extent necessary to meet the requirements of law;

(iv) fidelity bonds, if reasonably available, covering officers, directors, employees and other Persons who handle or are responsible for handling Association funds. Such bonds, if reasonably available, shall be in an amount of no less than three (3) month's assessments plus reserve funds in the custody of the Association at any time during the term of the bond; provided such fidelity coverage may be reduced if one or more of the following financial controls is implemented: (A) the Association or management company, if any, maintains a separate bank account for the working

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account and the reserve account, each with appropriate access controls and the bank in which funds are deposited sends copies of the monthly bank statements directly to the Association; (B) the management company, if any, maintains separate records and bank accounts for each association that uses its services and the management company does not have the authority to draw checks on, or to transfer funds from, the Association's reserve account; or (C) two members of the Board must sign any checks written on the reserve account; and

(v) such other insurance as the Board may determine to be advisable.

5.03 Specific Policy Requirements. All insurance policies required to be maintained by the Association pursuant to Sections 5.02(a)(i) and 5.02(a)(ii) of this Declaration shall provide that:

(i) each Owner is an insured Person under the policy with respect to liability arising out of the Person's ownership of an undivided interest in the Common Elements or membership in the Association;

(ii) the insurer waives its right to subrogation under the policy against an Owner;

(iii) no action or omission of an Owner, unless within the scope of the Owner's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; and

(iv) if, at the time of a loss under the policy, there is no other insurance in the name of an Owner covering the same property covered by the policy, the Association's policy provides primary insurance.

5.04 Claims Handling. A claim for any loss covered by the policy under Section 5.02(a)(i) must be submitted by and adjusted with the Association. The insurance proceeds for that loss shall be payable to an insurance trustee designated by the Association for that purpose, if the designation of an insurance trustee is considered by the Board to be necessary or desirable, or otherwise to the Association, and not to any Owner or Mortgagee.

The insurance trustee or the Association shall hold insurance proceeds in trust for Owners and Mortgagees as their interests may appear. The proceeds paid under a policy must be disbursed first for the repair or restoration of the damaged Common Elements and Units and Owners and Mortgagees are not entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the Property has been completely repaired or restored or the Condominium is terminated.

5.05 Insurance Deductible. Unless otherwise required by the Condominium Act, in the event of an insured loss, the applicable insurance deductible, if any, shall be considered a maintenance expense to be paid by the Person or Persons who would be responsible for such loss in the absence of insurance. If the loss affects more than one Unit or a Unit and the Common Elements, the cost

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of the deductible may be apportioned equitably by the Board among the parties suffering loss in proportion to each affected Owner's portion of the total cost of repair. Notwithstanding this, if the insurance policy provides that the deductible will apply to each Unit separately or to each occurrence, each Owner shall be responsible for paying the deductible pertaining to his or her Unit, if any. If any Owner fails to pay the deductible when required under this subsection (e), then the Association may pay the deductible and assess the cost to the Owner as an Individual Assessment pursuant to Section 4.03(c).

5.06 Owner's Insurance. Every Owner shall be obligated to obtain and maintain at all times a standard Texas insurance policy for betterments and improvements covering the structural portions of his or her Unit to the extent not insured by policies maintained by the Association and shall furnish a copy of such insurance policy or policies to the Association. In the event that any such Owner fails to obtain insurance as required by this Section 5.06, the Association may purchase such insurance on behalf of the Owner and assess the cost to the Owner as an Individual Assessment pursuant to Section 4.03(c).

ARTICLE VI

DAMAGE AND DESTRUCTION

6.01 The Role of the Board of Directors. Except as provided in Section 6.06, in the event of damage to or destruction of all or any part of a Unit, the Common Elements or other property covered by insurance written in the name of the Association under Article V, the Board shall arrange for and supervise the prompt repair and restoration of the damaged areas of the Condominium which are covered by insurance obtained by the Association. Notwithstanding the foregoing, each Owner shall have the right to supervise the redecorating of his Unit.

6.02 Estimate of Damage or Destruction. As soon as practicable after an event causing damage to or destruction of any part of the Condominium, unless such damage or destruction shall be minor, the Board shall obtain an estimate or estimates that it deems reliable and complete of the costs of repair and reconstruction of that part of the Condominium so damaged or destroyed. "Repair and reconstruction" as used in this Article shall mean restoring the damaged or destroyed part of the Condominium to substantially the same condition in which it existed immediately prior to the damage or destruction, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before.

6.03 Repair and Reconstruction. Subject to the provisions of Section 6.06 below, as soon as practical after the damage occurs and any required estimates have been obtained, the Association shall diligently pursue to completion the repair and reconstruction of that part of the Condominium so damaged or destroyed. As attorney-in-fact for the Owners, the Association may take any and all necessary or appropriate action to effect repair and reconstruction, and no consent or other action by any Owner shall be necessary. Assessments of the Association shall not be abated during the period of insurance adjustments and repair and reconstruction.

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6.04. Funds for Repair and Reconstruction. Subject to the provisions of Section 6.06 below, the proceeds received by the Association from any hazard insurance carried by the Association shall be used for the purpose of repair and reconstruction. If the proceeds of the Association's insurance are insufficient to pay the estimated or actual cost of such repair and reconstruction, the Association may, without the necessity of Owner approval, levy, assess and collect in advance from the Owners a Special Assessment sufficient to provide funds to pay such estimated or actual costs of repair and reconstruction in excess of insurance proceeds. The cost of repair and reconstruction in excess of insurance proceeds, reserves and any Special Assessment payments shall be a Common Expense.

6.05 Disbursement of Funds for Repair and Reconstruction. The insurance proceeds held by the Association and the amounts received from the Special Assessments provided for above constitute a fund for the payment of the costs of repair and reconstruction after casualty. Such fund shall be applied by the Association, as attorney-in-fact for such reconstruction, and, subject to the provisions of Section 6.06 below, the improvements shall be promptly repaired and reconstructed. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair and restoration of the improvements. It shall be deemed that the first money disbursed in payment for the costs of repair and reconstruction shall be made from insurance proceeds and the balance from the Special Assessment, if any. If there is a balance remaining after payment of all costs of such repair and reconstruction, such balance shall be distributed to the Owners in proportion to the contributions each Owner made as a Special Assessment, or if no Special Assessments were made, then in proportion to their Percentage Interest in the Common Elements, first to the Mortgagees and then to the Owners, as their interests appear.

6.06 Decision Not to Rebuild. Any portion of the Condominium for which insurance is required pursuant to the provisions of this Declaration or the Condominium Act which is damaged or destroyed must be repaired or replaced promptly by the Association unless:

(i) the Condominium is terminated pursuant to Article VII below and the Condominium Act;

(ii) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety;

(iii) Owners representing at least eighty percent (80%) of the Percentage Interests in the Common Elements (including the vote of every Owner of a Unit or assigned Limited Common Elements that will not be rebuilt); and at least fifty-one percent (51%) of the total First Mortgages held by Eligible Mortgage Holders (based on one vote for each Mortgage owned), vote not to repair and reconstruct the Condominium.

A vote not to rebuild does not increase an insurer's liability to loss payment obligation under a policy, and the vote shall not be deemed to be a presumption of a total loss. If the entire Condominium is not repaired or replaced, the insurance proceeds attributable to the damaged Common Elements must be used to restore the damaged area to a condition compatible with the remainder of the Condominium. Insurance proceeds attributable to Units and Limited Common

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Elements that are not rebuilt must be distributed to the Owners of those Units and the Owners of the Units to which those Limited Common Elements were allocated, or to Mortgagees, as their interest may appear, and the remainder of the proceeds must be distributed to all the Owners or Mortgagees, as their interests may appear, in proportion to their Percentage Interest in the Common Elements. Notwithstanding the foregoing, in the event the Condominium is terminated in accordance with Article VII of this Declaration, any insurance proceeds shall be distributed in accordance with the provisions of Article VII and the Condominium Act.

If a decision is made not to rebuild any Unit, that Unit's Percentage Interest shall be automatically reallocated on the vote as if the Unit had been condemned, and the Association shall prepare, execute, and record an amendment to this Declaration reflecting the reallocation.

6.07 Repair. All repairs and reconstruction contemplated by this Article VI shall be performed substantially in accordance with this Declaration and the Unit Plans, unless other action is approved by the Association in accordance with the requirements of this Declaration and the other Condominium Instruments.

6.08 Notice of Damage or Destruction to First Mortgagees. In the event that any portion of the Condominium encompassing more than one Unit is substantially damaged or destroyed by fire or other casualty, then written notice of the damage or destruction shall be given by the Association to each Owner and First Mortgagee of the affected Units within a reasonable time following the event of casualty damage.

ARTICLE VII

TERMINATION OF CONDOMINIUM

7.01 Adoption of Termination Agreement. Except in the case of a taking of all of the Units by condemnation or eminent domain, the Condominium may be terminated by the agreement of Owners representing at least eighty percent (80%) of the Percentage Interests in the Common Elements, which termination proposal must have the approval of at least sixty-seven percent (67%) of the First Mortgagees (based on one vote for each Mortgage owned) of record at the time of the adoption of such plan. The approval of a First Mortgagee will be assumed when a Mortgagee fails to submit a written response to the proposed termination within thirty (30) days after it receives proper notice of the proposal, provided the notice was delivered by certified or registered mail, with a "return receipt" requested. The agreement of Owners to terminate must be evidenced by their execution of a termination agreement or ratification thereof in the same manner as a deed, by the requisite number of Owners. The termination agreement must specify a date after which the agreement will be void unless it is recorded before that date. The termination agreement and all ratifications thereof must be recorded in Collin County, Texas, and is effective only upon recordation.

7.02 Sale of the Property. The termination agreement may provide that all of the Common Elements and Units of the Condominium must be sold following termination. If, pursuant to the agreement, any real estate in the Condominium is to be sold following termination, the termination agreement must set forth the minimum terms of sale, including the purchase price. Subject to the

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provisions of the termination agreement, the Association, on behalf of the Owners, may contract for the sale of real estate in the Condominium following termination, but the contract is not binding on the Owners until approved pursuant to Section 7.01 above. If any real estate is to be sold following termination, title to that real estate, upon termination, vests in the Association as trustee for the holders of all interests in the Units. The Association has all the powers necessary and appropriate to effect the sale, including the power to convey the interests of nonconsenting Owners. Until the sale has been concluded and the proceeds thereof distributed, the Association continues in existence with all the powers it had before termination. Proceeds of the sale must be distributed to Owners and Mortgagees as their interests may appear in accordance with Section 7.04 below, taking into account the value of property owned or distributed that is not sold so as to preserve the proportionate interests of each Owner with respect to all property cumulatively. Following termination of the Condominium, the proceeds of any sale of the Property, together with the assets of the Association, are held by the Association as trustee for the Owners and holders of liens on the Units as their interests may appear. Unless otherwise specified in the termination agreement, as long as the Association holds title to the Property, each Owner and the Owner's successors in interest have an exclusive right to occupancy of the portion of the Property that formerly constituted the Unit. During the period of that occupancy, each Owner and the Owner's successors in interest remain liable for all Assessments and other obligations imposed on Owners by the Declaration.

7.03 Status of Property Not Sold. Title to the Units not to be sold following termination vests in the Owners upon termination as tenants in common in fractional interests that maintain, after taking into account the fair market value of property owned and the proceeds of property sold, their respective interests as provided in Section 7.04 below with respect to all property appraised under Section 7.04 below, and liens on the Units shift accordingly. While the tenancy in common exists, each Owner and the Owner's successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted such Unit.

7.04 Interests of the Owners. The respective interest of the Owners are as follows:

(a) Except as provided in Section 7.04(b) below, the respective interests of Owners are the combined fair market values of their Units, allocated interest and Limited Common Elements immediately before the termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Owners and becomes final unless disapproved within thirty (30) days after distribution by Owners of Units to which twenty-five percent (25%) of the votes in the Association are allocated. The proportion of any Owner's interest to that of all Owners is determined by dividing the fair market value of that Owner's Unit and its allocated interests by the total fair market values of all the Units and their allocated interests.

(b) If any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the interests of all Unit Owners are their respective Common Element interests immediately before the termination.

7.05 Rescission of Termination Agreement. By agreement of Owners representing at least eighty percent (80%) of the Percentage Interests in the Common Elements, the Owners may rescind a termination agreement and reinstate the Declaration. To be effective, the rescission agreement must

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be in writing, executed by the requisite percentage of Owners who desire to rescind, and recorded in Collin County, Texas.

ARTICLE VIII

CONDEMNATION

8.01 Consequences of Condemnation. If, at any time or times during the continuance of the Condominium pursuant to this Declaration, all or any part of the Condominium shall be taken or condemned by any public authority or sold or otherwise disposed of in lieu or in avoidance of condemnation, then all compensation, damages or other proceeds of condemnation, the sum of which is referred to as the "condemnation award" below, shall be payable to the Association, and the provisions of this Article VIII shall apply.

8.02 Complete Taking. In the event that the entire Condominium is taken or condemned or sold or otherwise disposed of in lieu or in avoidance of condemnation, the condominium ownership pursuant to this Declaration shall terminate. The condemnation award shall be paid to the Association for the use and benefit of the Owners and the Mortgagees as their interest may appear. Such award shall be apportioned among the Owners and the Mortgagees on the basis of the undivided interest in the Common Elements appurtenant to the Unit in which such Owners and Mortgagees have an interest; provided, however, that if a standard different from the value of the Condominium as a whole is employed to measure the condemnation award in the negotiation, judicial decree or otherwise, then in determining such apportionment the same standard shall be employed. The Association shall, as soon as practical, determine the share of the condemnation award to which each Owner and Mortgagee is entitled in accordance with each Owner's Percentage Interest in the Common Elements, and such shares shall be paid first to the Mortgagees and then to the Owners, as their interests appear.

8.03 Partial Taking. Except as the Owners may otherwise agree pursuant to Article VII above, in the event that less than the entire Condominium is taken or condemned or sold or otherwise disposed of in lieu or in avoidance of condemnation, the condominium ownership under this Declaration shall not terminate. Each Owner (and Mortgagee holding an interest in such Owner's Unit) shall be entitled to a share of the condemnation award to be determined under the following provisions. The condemnation award shall be paid to the Association for the use and benefit of Owners and the Mortgagees as their interests may appear. As soon as practical, the Association shall reasonably and in good faith allocate the condemnation award between compensation, damages or other proceeds and shall apportion the amounts so allocated among the Owners as follows:

(a) Subject to Section (c) below, the total amount allocated to a taking of or injury to the Common Elements shall be apportioned among owners and their Mortgagees on the basis of each Owner's Percentage Interest in the Common Elements, and any portion of the award attributable to the acquisition of a Limited Common Element must be equally divided among the Owners of the Units to which the Limited Common Element was allocated at the time of acquisition;

(b) The total amount allocated to severance damages shall be apportioned to the Owners and Mortgagees of those Units which were not taken or condemned;

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(c) The respective amounts allocated to the taking of or injury to a particular Unit or to improvements an Owner has made within the Owner's own Unit (including compensation to the Owner for the Unit and its allocated interest in the Common Elements, whether or not the Common Elements are acquired) shall be apportioned to the Owner and Mortgagees of that particular Unit involved; and

(d) The total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable under the circumstances.

If an allocation of the condemnation award is already established in negotiation, judicial decree or otherwise, then in allocating the condemnation award the Association shall employ such allocation. Distribution of apportioned proceeds shall be made by checks payable jointly to the respective Owners and their respective Mortgagees.

8.04 Reorganization. In the event a partial taking results in the taking of a Unit, the Owners thereof shall automatically cease to be members of the Association, and their ownership interests in the Common Elements shall terminate and vest in the Owners of the remaining Units. Thereafter, subject to the provisions of the Condominium Act, the Association shall reallocate the ownership, voting rights and Assessment ratios determined in accordance with this Declaration and the Condominium Act, according to the same principles employed in this Declaration at its inception and as required under the Condominium Act and the Board shall amend this Declaration accordingly.

8.05 Repair and Reconstruction. Any repair and reconstruction necessitated by condemnation shall be governed by the procedures contained in Article VI above.

8.06 Notice of Condemnation. In the event that any portion of the Condominium shall be made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, then timely written notice of such condemnation shall be given by the Association to each Owner and First Mortgagee.

ARTICLE IX

ASSOCIATION AS ATTORNEY-IN-FACT

9.01 Appointment. Each Owner hereby irrevocably appoints the Association as the Owner's true and lawful attorney-in-fact in such Owner's name, place and stead for the purposes of dealing with the Project upon its damage or destruction as provided in Article VI, or a complete or partial taking as provided in Article VIII. In addition, the Association, or any insurance trustee or substitute insurance trustee designated by the Association, is hereby appointed as attorney-in-fact under this Declaration for the purpose of purchasing and maintaining insurance under Article V and to represent the Owners in any condemnation proceeding under Article VIII including: the collection and appropriate disposition of the proceeds of such insurance or any condemnation award; the negotiation of losses and the execution of releases of liability; the execution of all documents; and the performance of all other acts necessary to accomplish such purpose. The Association, or any insurance trustee, shall hold or otherwise properly dispose of any insurance proceeds in trust for the

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Owners and their Mortgagees, as their interests may appear. Acceptance by a grantee of a deed or other instrument of conveyance shall constitute appointment of the Association as the grantee's attorney-in-fact, and the Association shall have full authority to make, execute, and deliver any contract, assignment, deed, waiver or other instrument with respect to the interest of any Owner which may be necessary to exercise the powers granted to the Association as attorney-in-fact.

ARTICLE X

USE RESTRICTIONS AND RULES

10.01 Activities Within Units. No rule shall interfere with the activities carried on within the confines of Units, except that the Association may prohibit activities that create monetary costs for the Association or other Owners, that create a danger to the health or safety of Residents of other Units, that create excessive noise or traffic, that create unhealthy conditions, or that create an unreasonable source of annoyance.

10.02 Rules. The Board may, from time to time, adopt reasonable rules for the use, occupancy, leasing or sale, maintenance, repair, modification, and appearance of the Condominium, including the Units, the Limited Common Elements and the General Common Elements, said rules to be furnished in writing to the Owners. The rules may include provisions allowing the Board to levy reasonable fines against Owners for conduct or activities within the Property maintained or carried on by such Owner, his agents, employees, servants, independent contractors, guests or invitees that damage the reputation or property of the Condominium. Copies of said rules shall be furnished by the Association to each Owner.

10.03 Use Restrictions. The use and occupancy of Units and the use of Common Elements is subject to the following restrictions and such additional regulations as may be adopted by the Board in accordance with the terms of this Declaration and the Bylaws.

(a) Use of Units. Each Unit designated on the Unit Plans as a "Unit" shall be used for residential purposes only, and no trade or business of any kind may be conducted in or from such Unit or any part of the Condominium, including business uses ancillary to a primary residential use, except that the Owner or Resident residing in such Unit may conduct such ancillary business activities within the Unit so long as (i) the existence or operation of the business activity is not apparent or detectable by sight, sound or smell from the exterior of the Unit; (ii) the business activity does not involve unreasonable visitation of the Unit by employees, clients, customers, suppliers or other business invitees; (iii) the business activity conforms to all zoning requirements for the Condominium; (iv) the business activity does not unreasonably increase traffic in the Condominium; (v) the business activity does not increase the insurance premium paid by the Association or otherwise negatively affect the ability of the Association to obtain insurance coverage; and (vi) the business activity does not constitute a nuisance or a hazardous or offensive use, or threaten the security or safety of other residents of the Condominium, as may be determined in the sole discretion of the Board of Directors.

The terms "business" and "trade", as used in this provision, shall be construed to have their ordinary, generally accepted meanings, and shall include, without limitation, any occupation, work or activity undertaken on or ongoing basis which involves the provision of goods or services to

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Persons other than the provider's family and for which the provider receives a fee, compensation, or other form of consideration, regardless of whether (i) such activity is engaged in full or part time; (ii) such activity is intended to or does generate a profit; or (iii) a license is required therefor.

This provision shall not restrict leasing of any Unit, provided such leasing is conducted in accordance with all other provisions of the Condominium Instruments. This Section shall not apply to any activity conducted by the Declarant with respect to its sale of Units in the Property or its use of any Unit which it owns within the Property.

(b) Storage. There shall be no obstruction of the Common Elements. Nothing may be stored in the Common Elements without the prior written consent of the Board.

(c) Temperature Within Units. During cool or cold weather and regardless of the status of use or occupancy of any Unit, each Owner shall keep the heat maintained in his Unit at such reasonably high temperature as will be necessary to prevent freezing of water in the plumbing system and damage of any property. Any Owner failing to maintain such level of heat shall be liable for all damages sustained therefrom by other Owners and the Association.

(d) Interference with Use of Common Elements. No Owner shall interfere unreasonably with the use of the Common Elements by the remaining Owners and their guests.

(e) Common Elements. All Residents and their guests shall have a non-exclusive right to use the Common Elements, other than Limited Common Elements, for the purposes for which they are intended subject, however, to provisions elsewhere contained herein and the following provisions: (a) no such use shall encroach upon the lawful rights of other Persons; (b) the right of the Association to limit the number of guests that may use the Common Elements; (c) the right of the Association to limit the time within which guests may use the Common Elements; (d) the right of the Association to charge reasonable admission and other fees for the use of any common facilities comprising a portion of the Common Elements; (e) the right of the Association to provide for the exclusive use of such common facilities by one or more Persons during such times and on such terms and conditions as the Association may determine; (f) the right of the Association to suspend the right to use such common facilities by a Owner, Residents of his Unit and their guests for any period during which any assessment or other charge against his Unit remains unpaid; and (g) the right of the Association to restrict the use and govern the operation of the Common Elements by promulgating reasonable rules and regulations with respect thereto. Other Persons shall have the right to use such common facilities only to the extent and upon such conditions as the Association may from time to time determine.

(f) Subdivision of Units and Relocation of Unit Boundaries. Except as authorized pursuant to Article XII hereof, no Unit may be subdivided into two (2) or more Units nor may the boundaries between adjoining Units be altered except with the prior written approval of the Board and in accordance with the requirements of the Condominium Act. The Owners of the Units to be subdivided or altered shall be responsible for all costs, including legal and engineering fees, incurred by the Association to effect such subdivision or alteration of boundaries.

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(g) Prohibition of Damage, Nuisance and Noise. Nothing shall be done or kept on the Condominium which would increase the rate of insurance on the Condominium or any Unit or which would be in violation of any statute, rule, ordinance, regulation, permit or other validly imposed requirements of any governmental body. Noxious, destructive or offensive activity shall not be carried on upon the Condominium.

No damage to or waste of the Common Elements shall be permitted by any Owner or Resident. Each Owner shall indemnify and hold the Association and the other Owners harmless against all loss to the Association or other Owners resulting from any such damage or waste caused by such Owner or Resident of his or her Unit.

(h) Firearms and Fireworks. The display or discharge of firearms or fireworks on the Common Elements is prohibited; provided, however, that the display of lawful firearms on the Common Elements is permitted for the limited purpose of transporting the firearms across the Common Elements to or from the Owner's Unit. The term "firearms" includes "B-B" guns, pellet guns and other firearms of all types, regardless of size.

(i) Pets. No Owner or Resident may keep any animals, livestock or poultry other than generally recognized household pets on any portion of the Condominium. The keeping of pets shall be subject to rules adopted by the Board, which may include a reasonable limitation on number and size. No Owner or Resident may keep, breed or maintain any pet for any commercial purpose.

No breed of dog determined in the sole discretion of the Board to be dangerous may be brought onto or kept on the Condominium at any time by any Owner, Resident or guest of an Owner or Resident. The Board may cause the removal of any such dog from the Condominium should an Owner or Resident refuse to do so after notice from the Board.

(j) Signs. No sign of any kind shall be displayed to the public view from any Unit or on the Common Elements without approval of the Board, except that, an Owner may display on the Common Elements no more than one (1) sign (for each Unit so owned) of not more than five (5) square feet advertising his or her Unit(s) for sale or lease. If permission is granted to any Owner to erect a sign within the Property, the Board reserves the right to restrict the size, color, lettering and placement of such sign. The Association shall have the right to remove any sign, billboard or other advertising structure that does not comply with the above, and in so doing shall not be subject to any liability for trespass or any other liability in connection with such removal. The Board shall have the right to erect reasonable and appropriate signs on behalf of the Association.

(k) Rubbish, Trash and Garbage. All rubbish, trash and garbage shall be regularly removed from the Unit and shall not be allowed to accumulate therein. No garbage or trash shall be placed on the Common Elements or Limited Common Elements outside the Unit, temporarily or otherwise, except as provided herein. Rubbish, trash and garbage shall be disposed of in sealed plastic bags and placed in proper receptacles designated by the Board for collection or shall be removed from the Condominium.

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(l) Impairment of Units and Easements. An Owner shall do no act nor any work that will impair the structural soundness or integrity of another Unit or impair any easement or other interest in real property, nor do any act nor allow any condition to exist which will adversely affect the other Units or their Owners or Residents without the consent of the affected Owners.

(m) Unsanitary or Unkempt Conditions. The pursuit of hobbies or other activities, including, but not limited to the assembly and disassembly of motor vehicles and other mechanical devices, which might tend to cause disorderly, unsightly or unkempt conditions, shall not be pursued or undertaken on any part of the Condominium. Clothing, bedding, rugs, mops, appliances, indoor furniture and other household items shall not be placed or stored outside the Unit.

(n) Window Treatments. All window treatments visible from outside the Unit must be approved in writing by the Board of Directors unless they are white or off-white in color.

(o) Leasing Restrictions. Leasing of Units shall be governed by the following provisions:

(i) Definition. "Leasing", as used in this Section, is defined as regular, exclusive occupancy of a Unit by any Person other than the Owner for which the Owner, or any designee of the Owner, receives any consideration or benefit, including, but not limited to, a fee, service, gratuity or emolument. For purposes of this Section, if a Unit is owned by a trust and the beneficiary of the trust is living in the Unit, that Unit shall be considered Owner-occupied rather than leased.

(ii) General. Units may be leased only in their entirety. All leases shall be in writing and must be in the form approved by the Board. No transient tenants may be accommodated in a Unit. All leases must be for an initial term of not less than thirty (30) days. Within seven (7) days after executing a lease agreement for the lease of a Unit, the Owner shall give written notice to the Board, with a copy of the lease and the name of the lessee. The Owner must make available to the lessee copies of the Condominium Instruments.

(iii) Contents of Lease. Each Owner acknowledges and agrees that any lease of a Unit shall be deemed to contain the following language and that if such language is not expressly contained in the lease, then such language shall be incorporated into the lease by existence of this covenant. Any lessee, by occupancy of a Unit, agrees to the applicability of this covenant and incorporation of the following language into the lease:

The lessee shall comply with all provisions of the Declaration, Bylaws and rules of the Association and shall control the conduct of all other Residents and guests of the leased Unit in order to ensure their compliance.

Any violation of the Declaration, Bylaws or rules and regulations by the lessee, any Resident or any Person living with the lessee, is deemed to be a default under the terms of the lease and authorizes the

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Owner to terminate the lease without liability and to evict the lessee or any Resident in accordance with Texas law. The Owner hereby delegates and assigns to the Association, acting through the Board, the power and authority of enforcement against the lessee or any Resident for breaches resulting from the violation of the Declaration, Bylaws and the rules and regulations of the Association, including the power and authority to evict the lessee or any Resident as attorney-in-fact on behalf and for the benefit of the Owner. Such power may be exercised by the Association following the Owner's failure to cure the tenant's default within ten (10) days of the Association's delivery of written notice to the Owner of such default.

The Owner of a Unit transfers and assigns to the lessee, for the term of the lease, any and all rights and privileges that the Owner has to use the Common Elements of the Condominium including, but not limited to, and any and all common facilities and other amenities. The Owner of a Commercial Unit transfers and assigns to the lessee for the term of the lease those rights and privileges specified in this lease.

Upon request by the Board of Directors, the lessee shall pay to the Association all unpaid Annual and Special Assessments, as lawfully determined and made payable during the term of the lease and any other period of occupancy by the lessee; provided, however, the lessee need not make such payments to the Association in excess of or prior to the due dates for rental payments unpaid at the time of the Board's request. All such payments made by the lessee shall reduce, by the same amount, the lessee's obligation to make rental payments to the Owner.

(iv) Compliance with Condominium Instruments. Each Owner shall cause all Residents of his or her Unit to comply with the Condominium Instruments and shall be responsible for all violations and all losses or damages resulting from violations by such Residents, notwithstanding the fact that such Residents of the Unit are fully liable and may be personally sanctioned for any violation.

(v) Costs of Eviction. In the event the Association proceeds to evict an Resident, any costs, including attorney's fees and court costs, associated with the eviction shall be assessed as an Individual Assessment against the Unit and the Owner.

(p) Replacing Carpet with Tile or Hardwood Floors. No Owner, Resident or any other Person may replace carpeting with a tile or hardwood floor on the interior of a Unit without first obtaining the written approval of the Board. To obtain the approval of the Board, the Owner or Resident must demonstrate that such replacement will not cause noise to the Unit below the Unit to which the change is to be made in excess of the average noise level in Units below Units with carpeted floors.

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(q) **Parking: Prohibited vehicles.** Commercial vehicles, vehicles with commercial writing on their exteriors, vehicles primarily used or designed for commercial purposes, golf carts, stored vehicles, inoperable vehicles, tractors, mobile homes, recreational vehicles, trailers (either with or without wheels), campers, camper trailers, boats and other watercraft, and watercraft trailers shall be parked only in enclosed garages. Disabled and stored vehicles are prohibited from being parked on the Common Elements of the Condominium. For purposes of this subsection, a vehicle shall be considered "disabled" if it does not have a current license tag or is obviously inoperable. A vehicle shall be considered "stored" if it remains on the Common Elements of the Condominium for fourteen (14) consecutive days or longer without the prior written permission of the Board. Vehicles shall be parked only in designated parking spaces and shall not be allowed to extend out into the driving lane. Notwithstanding the above, service and delivery vehicles may be parked in the Property for such period of time as is reasonably necessary to provide service or to make a delivery to a Unit or the Common Elements.

If any vehicle is parked on any portion of the Condominium in violation of this subsection (q) or in violation of the Association's rules and regulations, the Board may tow the vehicle in accordance with Texas law. If a vehicle is towed in accordance with this subsection, neither the Association nor any officer or agent of the Association shall be liable to any Person or any claim of damage as a result of the towing activity. Notwithstanding anything to the contrary herein, the Board may elect to impose fines or use other available sanctions, in addition to or in lieu of its authority to tow.

(r) **Antennas.** No exterior antennas, serials, satellite dishes or other apparatus for the transmission of television, radio, satellite or other signals of any kind shall be placed, allowed or maintained upon any portion of the Condominium, except that (i) antennas or satellite dishes designed to receive video programming services via multi-point distribution services which are one meter or less in diameter or diagonal measurement; (ii) antennas or satellite dishes designed to receive direct broadcast satellite service which are one meter or less in diameter; or (iii) antennas or satellite dishes designed to receive television broadcast signals [(i), (ii) and (iii) are collectively referred to as "Permitted Devices"] shall be permitted to be installed in the Units or on the Limited Common Elements, provided that any such Permitted Device is placed in the least conspicuous location on the Limited Common Elements at which an acceptable quality signal can be received and is screened from the view from the General Common Elements and other Units.

(s) **Timeshares.** No Owner shall offer or sell any interest in a Unit under a "timesharing" or "interval ownership" plan, or any similar plan.

10.04 **Single Family Occupancy.** No Unit shall be occupied by more than a single family. For purposes of this restriction, a single family shall be defined as any number of individuals related by blood, adoption or marriage living with not more than two individuals who are not so related as a single household unit, or no more than three individuals who are not so related living together as a single household unit, and the household employees of either such household unit; provided, however, that nothing herein shall be interpreted to restrict the ability of one or more adults meeting the definition of a single-family from residing with any number of individuals under the age of eighteen (18) over whom such individuals have legal authority, unless higher occupancy is mandated by public agencies that enforce compliance with the family status protection of the Fair Housing Act.