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CONDOMINIUM DECLARATION
FOR
NORTHCAT HOMES

REAL PROPERTY RECORDS
Travis County, Texas

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CONDOMINIUM DECLARATION
FOR
NORTHCAT HOMES

THE STATE OF TEXAS
COUNTY OF TRAVIS

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS CEDAR INVESTMENT CO., AUSTIN, a Texas limited partnership, hereinafter called "Declarant", is the owner of certain real property situated in the County of Travis, State of Texas, being more fully described on Exhibit "A", which, by this reference is made a part hereof; and

WHEREAS, Duplexes and other improvements have been constructed on the real property described in the attached Exhibit "A", said duplexes being divided into separate, designated condominium units; and

WHEREAS, Declarant desires to establish a condominium project under the Condominium Act of the State of Texas, Article 1301a, Revised Civil Statutes of Texas, herein called the "Act", and submit the real property described in the attached Exhibit "A", together with the improvement thereon, to a condominium regime established by said condominium Act; and

WHEREAS, Declarant desires to establish a plan for (a) the separate and individual ownership in fee simple of the area or space contained in each of said condominium units existing in said duplexes, and (b) the co-ownership by said unit owners of the real property described in the attached Exhibit "A" and the portion of the improvements not contained within said units, said co-owned property being hereinafter referred to as General Common Elements and Limited Common Elements and defined in Article I hereof, and which are hereinafter collectively referred to as the "Common Elements" or "Common Areas".

NOW, THEREFORE, Declarant does hereby submit the real property described in the attached Exhibit "A", and all improvements thereon, to a condominium regime under the Condominium Act of the State of Texas and does hereby publish and declare that the following terms, covenants, conditions, easements, restrictions, uses, 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 said real property and improvements, their grantees, successors, heirs, executors, administrators, devisees and assigns.

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ARTICLE I

DEFINITIONS

- 1.1 Definition of Terms: As used in this agreement, the following terms shall have the following meanings unless the context shall expressly provide otherwise:
- a. "Association" shall mean and refer to the NORTHCAT HOMES ASSOCIATION, INC., an incorporated association (created or to be created), its successors and assigns, the By-Laws of which shall govern the administration of this condominium regime, the members of which shall be all of the owners of the Condominium Units. Said corporation shall be a non-profit corporation organized pursuant to the Texas Non-Profit Corporation Act. The term "Association" shall have the same meaning as the term "Council of Co-Owners" in the Texas Condominium Act.
 - b. "Board" shall mean and refer to the governing body of the Association.
 - c. "By-Laws" shall mean and refer to the By-Laws of the Association as amended from time to time.
 - d. "Common or Monthly Assessment" shall mean the assessment made and levied against each Owner and his Unit by the Board or the Managing Agent for his share of the Common Expenses described herein.
 - e. "Common Elements" shall mean and refer to both the General Common Elements and Limited Common Elements described herein.
 - f. "Common Expenses" means and includes:
 - (1) All sums lawfully assessed against the Common Elements by the Managing Agent or Board;
 - (2) All expenses of administration and management, maintenance, repair or replacement of and addition to the Common Elements, as provided herein, including a reasonable reserve for such purposes;
 - (3) Expenses agreed upon as Common Expenses by the owners; and
 - (4) Expenses designated as Common Expenses by this declaration or by the By-Laws.
 - g. "Condominium Unit" shall mean the fee simple interest and title in and to a Unit together with the undivided interest in the Common Elements appurtenant thereto.
 - h. "Declarant" shall mean and refer to CEDAR INVESTMENT CO., AUSTIN, its successors-in-interest and assigns, provided such successors or assigns are designated in writing by Declarant as a successor or assign of the rights of Declarant hereunder.
 - i. "Declaration" shall mean and refer to this enabling Declaration.
 - j. "Duplex" shall mean a structure presently erected on the property containing two Units.
 - k. "General Common Elements" means and includes all of the real property described on Exhibit "A" except the

- "Units" and the "Limited Common Element" defined herein.
- l. "Limited Common Elements" shall mean and include those Common Elements which are limited to or reserved for the exclusive use of an individual Owner of a Unit or are limited to and reserved for the common use of more than one but fewer than all Unit Owners, including by way of example, but not limited to, the portion of the real property described on Exhibit "A" bounded by the back of the Units and the back of the property line and the driveways, walkways and steps of each Duplex serving exclusively two adjoining Units, indicated on the Map as Limited Common Elements.
 - m. "Managing Agent" means a Person, firm or entity which may be selected by the Board in accordance with the provisions hereof for the purposes of performing any duties, powers or functions of the Board.
 - n. "Map" shall mean and refer to the engineering survey of the Property which is legally described in Exhibit "A", locating thereon all of the improvements, the floor plans and any other drawing or diagrammatic plan depicting a part of or all of the improvements and Property, said Map being filed herewith as Exhibit "B" and by this reference made a part hereof. It is expressly agreed and each and every purchaser of a Unit, his heirs, executors, administrators, assigns and grantees hereby agree that the square footage, size and dimensions of each Unit as set out or shown in this Declaration or in the Map hereto are approximate and are shown for descriptive purposes only. The Declarant does not warrant, guarantee or represent that any Unit actually contains the area, square footage or dimensions shown in this Declaration or in the Map. Each Owner of a Unit or interest therein agrees that the Unit has been or will be purchased as actually or physically existing at the time such purchase is closed. Each Owner of a Unit expressly waives any claim or demand which he may have against the Declarant or any person whatsoever on account of any difference, shortage or discrepancy between the Unit as actually and physically existing and as it is shown on the Map hereto. It is specifically agreed that in interpreting deeds, mortgages, deeds of trust and other instruments for any purpose whatsoever or in connection with any matter, the existing physical boundaries of the Unit shall be conclusively presumed to be the boundaries regardless of settling, rising or lateral movements of the Duplex, and regardless of variances between boundaries as shown on the Map and those of the Duplex.
 - o. "Mortgage" or "Deed of Trust" shall mean a lien interest in a Unit given to a creditor as security for repayment of a loan made to the Unit owner, said interest to be evidenced by an instrument duly and properly recorded in the Deed of Trust Records of Travis County, Texas.

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- p. "Mortgagee" shall mean the beneficiary or a holder of any First lien Deed of Trust or Mortgage.
- q. "Owner" or "Owners" shall mean and refer to the record holder or holders of fee simple title of one or more Units, but shall exclude Persons having any interest in one or more Units merely as security for performance of any obligation.
- r. "Party Wall" or "Common Wall" shall mean and refer to that portion of an exterior wall that is in common to the two Units of a Duplex.
- s. "Person" means a natural person, a corporation, a partnership, a trustee, an association or other legal entity, or any combination thereof.
- t. "Property" or "Project" shall mean and refer to the real property described in Exhibit "A" and all the improvements thereon.
- u. "Special Assessment" shall mean and refer to any expenses over and above the Common Expenses deemed by the Board to be necessary for the preservation, management and administration of the Project.
- v. "Unit" shall mean the elements of an individual Condominium Unit, which is not owned in common with the Owners of other Condominium Units in the Project. The boundaries of each such Unit shall be and are the interior surfaces of the perimeter or exterior walls, floors, roofs, window frames, doors, door frames, including, without limitation, any finishing materials applied or affixed to the interior surfaces of the Common Walls or interior walls, floors or roofs, and the exterior surfaces of the decks. Interior trim around windows and doors shall be a part of each Unit and shall not be a part of the Common Elements.

In interpreting deeds, mortgages, deeds of trust and other instruments, the existing physical boundaries of the Unit shall be conclusively presumed to be its boundaries, regardless of settling, rising or lateral movement of the Duplex and regardless of variances between boundaries shown on the Map and those of the Duplex.

ARTICLE II

DIVISION OF PROJECT AND CREATION OF PROPERTY RIGHTS

- 2.1 Project Map. Attached hereto and incorporated herein for all purposes as Exhibit "B" is the Map. The Map sets forth, among other things, the following:
- a. The legal description of the Property.
 - b. The location, with reference to the exterior boundaries of the Property, of the Duplexes and all other improvements constructed on said Property by Declarant.

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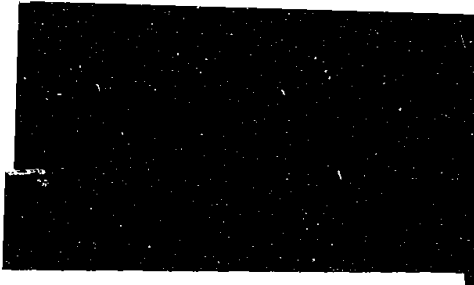


- c. The exterior boundaries and designations of each Unit expressing its square footage; and
- d. The location of the Limited Common Elements.
- 2.2 Division of Property into Condominium Units. The Property is hereby divided into six (6) fee simple, separately designated, Units contained within three (3) Duplexes, with each Unit identified by the Unit designation on the Map. The remaining portion of the Property, referred to as Common Elements shall be equally owned in common by the Owners.
- 2.3 Inseparability of a Condominium Unit. Each Condominium Unit shall be inseparable and may not be conveyed, leased or encumbered separately, and shall at all times remain indivisible.
- 2.4 Description of Condominium Unit. Every contract for the sale of a Condominium Unit prior to the recording of this Declaration may legally describe a Condominium Unit by its identifying Unit designation, preceded by the words NorthCat Homes, with further reference to this Declaration to be filed for record. Subsequent to the recording of the Declaration, every deed, lease, mortgage, deed of trust, will or other instrument may legally describe a Condominium Unit by its identifying Unit designation, preceded by the words NorthCat Homes, with further reference to the volume and page wherein this Declaration is filed of record in the Condominium Records of Travis County, Texas. Every such description shall be good and sufficient to sell, convey, transfer, encumber or otherwise affect not only the Unit but also the Common elements appurtenant thereto. Each such description shall be construed to include a nonexclusive easement for ingress and egress to an Owner's Unit and use of all the General Common Elements, together with the right to the exclusive use of the Limited Common Elements.
- 2.5 Encroachments. If any portion of the Common Elements encroaches upon a Unit, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion or portions of a Unit encroach upon the Common Elements, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. A valid easement also exists to that portion of the Common Elements occupied by any part of an Owner's Unit not contained within the physical boundaries of such Unit, including, but not limited to, utility lines which serve only one (1) unit. For title or other purposes, such encroachments and easements shall not be considered or determined to be encumbrances either on the Common Elements or the individual Units.
- 2.6 Governmental Assessment. Declarant shall give written notice to the Assessor of the County of Travis, State of Texas, of the creation of Condominium Ownership of this Property, as is provided by law, so that each Condominium Unit shall be deemed a separate parcel and subject to separate assessment and taxation. All taxes, assessments and charges which may become liens prior to the first

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- mortgage under local law shall relate only to the individual Condominium Units and not to the Project as a whole.
- 2.7 Use and Occupancy Restrictions. The Property shall be subject to the protective covenants, conditions, restrictions liens and charges as set forth in the Declaration of Covenants, Conditions and Restrictions recorded in Volume 8055 on pages 281 through 296 in the Deed Records, Travis County, Texas, attached in Exhibit "C", which, by this reference is made a part hereof. In addition to all of the covenants contained in Exhibit "C", the use of the Property is subject to the following:
- a. Use of Units. No Unit shall be occupied and used except for residential purposes by the Owners, their tenants, and social guests, and no trade or business shall be conducted therein. The foregoing restrictions as to residence shall not, however, be construed in such manner as to prohibit a Unit Owner from:
 - (1) Maintaining his professional library;
 - (2) Keeping his personal business or professional records or accounts; or
 - (3) Handling his personal business or professional telephone calls or correspondence, which uses are expressly declared customarily incidental to the principal residential use and not in violation of said restrictions.
 - b. Use of General Common Elements. The General Common Elements shall be used only by the Unit Owners and their agents, servants, tenants, family members, customers, invitees and licensees for access, ingress to and egress from the respective Units and for other purposes incidental to use of the Units. The use, maintenance and operations of the General Common Elements shall not be obstructed, damaged or unreasonably interfered with by any Unit Owner.
 - c. Nuisances. No noxious, illegal, or offensive activities shall be carried on in any Unit or in any part of the Project, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to, or which may in any way interfere with, the quiet enjoyment of each of the Owners of his respective Unit, or which shall in any way increase the rate of insurance for the Project, or cause any insurance policy to be canceled or cause a refusal to renew the same, or which will impair the structural integrity of any of the Duplexes.
 - d. Right to Lease. With the exception of a lender in possession of a Unit following a default in a first mortgage or any deed or other arrangement in lieu of foreclosure, no Unit owner shall be permitted to lease his Unit for transient or hotel purposes. Any lease agreement shall be for a term of not less than three (3) months and shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration and the By-Laws and that

- any failure by the lessee to comply with the terms of such documents shall be a default under the lease.
- e. Common Elements Alteration and Construction. Nothing shall be altered or constructed in or removed from the Common Elements.
 - f. Garbage. No rubbish, trash or garbage or other waste material shall be kept or permitted upon the Project and no odor shall be permitted to arise therefrom so as to render the Property or any portion thereof unsanitary, unsightly, offensive or detrimental to any other property in the vicinity thereof or to its occupants. There shall be no exterior fires whatsoever except barbecue fires contained within receptacles designed in such a manner that no fire hazard is created.
 - g. Mortgaging a Unit-Priority. Any Owner shall have the right from time to time to mortgage or encumber his Condominium Unit by deed of trust, mortgage or other security instrument, but the lien created thereby shall be subject to the terms and provisions of this Declaration, and any mortgagee or lienholder who acquires a Unit through judicial foreclosure, public sale, or other means shall be subject to the terms and provisions of this Declaration. A first mortgage shall be one which has first and paramount priority under applicable law.
 - h. Liability of Owners for Damage to Common Elements. The Owner of each Unit shall be liable to the Association for all damages to the Common Elements or improvements thereon caused by the neglect, misuse or negligence of such Owner or any tenant or other occupant of his Unit, guest or invitee.
 - i. Declarant Rights. In order that Declarant may establish the Property as a fully occupied Condominium, no Unit Owner nor the Association shall do anything to interfere with, and nothing in the Declaration shall be understood or construed to:
 - (1) Prevent Declarant, its successors or assigns, or its or their contractors or subcontractors, from doing in any Unit owned by them whatever they determine to be necessary or advisable in connection with any work thereon;
 - (2) Prevent Declarant, its successors or assigns, or its or their contractors or subcontractors, from maintaining such sign or signs for marketing of Units in the Property.
 - j. Compliance with Provisions of Declaration and the By-Laws of the Association. Each Owner, tenant and occupant of a Unit shall comply with the provisions of this Declaration and the By-Laws of the Association, and the decisions and resolutions of the Association adopted pursuant thereto as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due,

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- for damages or injunctive relief or both, and for reimbursement of all attorney's fees incurred in connection therewith, which action shall be maintainable by the Managing Agent or the Association on behalf of the Owners or, in a proper case, by an aggrieved Owner.
- k. No Warranty of Enforceability. While Declarant has no reason to believe that any of the restrictive covenants or other terms and provisions contained in this Article II or elsewhere in this Declaration are or may be invalid or unenforceable for any reason or to any extent, Declarant makes no warranty or representation as to the present or future validity or enforceability of any such restrictive covenants, terms or provisions. Any Owner acquiring a Unit in the Project in reliance on one or more of such restrictive covenants, terms or provisions shall assume all risks of the validity and enforceability thereof and, by acquiring the Unit agrees to hold Declarant harmless therefrom.

ARTICLE III

PROPERTY MANAGEMENT AND ADMINISTRATION

- 3.1 Association to Manage Property. The management of the Property shall be vested in the Association in accordance with the terms of this Declaration and the By-Laws. A copy of the By-Laws which have been duly adopted by the Board of the Association is attached hereto as Exhibit "D" and incorporated herein by reference for all purposes; and all Owners of the Units and all holders of liens thereon shall be bound thereby. The Association shall be managed by the Board or by a Managing Agent, duly appointed or elected by the Board, pursuant to the terms and conditions of the By-Laws. In addition, the Board may enter into a management agreement upon the terms and conditions established in the By-Laws, and said management agreement shall be consistent with this Declaration.
- 3.2 Membership. Any Person, upon becoming the Owner of a Unit shall automatically be a Member of the Association, and shall remain a Member thereof in accordance with the Declaration and the By-Laws until such time as his ownership of said Unit ceases for any reason, at which time his membership in the Association shall automatically cease.
- 3.3 Transferred Membership. Membership in the Association shall not be transferred, pledged, or alienated in any way, except upon the transfer of ownership of the Unit to which it is appurtenant, and then only to the new Owner. Any attempt to make a prohibited transfer is void. In the event the Owner of any Unit should fail or refuse to transfer the membership registered in his name to the purchaser of his Unit, the Association shall have the right to record the transfer upon its books.

- 3.4 Voting Rights. The Owner or Owners of each Unit shall be entitled to cast one (1) vote in the affairs of the Association, the value of which shall be the same for all Units. The number of votes that can be cast by the Unit Owners is six (6), equalling the total number of Units in the Project.
- 3.5 Quorum. Four Unit Owners shall constitute a quorum.
- 3.6 Declarant Control. Section 3.1 Article III notwithstanding, and for the benefit and protection of the Unit Owners and any First Mortgagees of record for the sole purpose of insuring a complete and orderly buildout as well as a timely sellout of the Project, the Declarant will retain control of and over the Association for a maximum period not to exceed December 31, 1986 or upon the sale of five (5) of the Units or when in the sole opinion of the Declarant, the Project becomes viable, self-supporting and operational, whichever occurs first (1st). It is expressly understood, the Declarant will not use said control for any advantage over the Unit Owners by way of retention of any residual rights or interests in the Association or through the creation of any management agreement with a term longer than one (1) year without majority Association approval upon relinquishment of Declarant control. At the end of Declarant control period, the Declarant shall call the first (1st) annual meeting of the Association.
- 3.7 Temporary Managing Agent. During the period of administration of this Project by Declarant, the Declarant may employ or designate a temporary Managing Agent, who shall have and possess all of rights, powers, authority, functions and duties as may be specified in the contract of employment or as may be delegated by Declarant to him. The Declarant may pay such temporary Managing Agent such compensation as it may deem reasonable for the services to be rendered, which compensation shall constitute a part of the Common Expenses of this Project and shall be paid out of the Association budget.
- 3.8 Specific Power to Restrict Use and Enjoyment. Every Owner and the Declarant shall have a beneficial interest of use and enjoyment in the Common Elements subject to the following limitations, restrictions and provisions:
- a. The right and duty of the Association to suspend the voting rights of an Owner for any period during which any assessment against the Owner's Condominium Unit remains unpaid.
 - b. The right of the Association to control the visual attractiveness of the Property, including, without limitation, the right to require Owners to eliminate objects which are visible from the Common Elements and which, in the Association's judgment, detract from the visual attractiveness of the Property.

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ARTICLE IV

MAINTENANCE AND ASSESSMENTS

- 4.1 Personal Obligations of Assessments. Declarant, for each Unit owned within the Project, hereby covenants, and each Owner of any Unit by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed, as a part of the purchase money consideration for such deed and conveyance, to covenant and agree to pay to the Association: (1) regular Monthly Assessments or charges, and (2) Special Assessments for capital improvements and unexpected expenses, such Assessments to be established and collected as provided herein, in the By-Laws of the Association. No Owner of a Unit may exempt himself from liability for his contribution toward the Common Expenses by waiver of the use or enjoyment of any of the Common Elements or by the abandonment of his Unit.
- 4.2 Purposes of Assessment. The assessments levied by the Association shall be used exclusively to promote the recreation, health, safety and welfare of all the residents in the Property, and in particular for the improvement, maintenance and preservation of the Common Elements on the Property. The Association may use such assessments for said purposes, including, without limitation, providing for the enforcement of the provisions of this Declaration and the By-Laws of the Association.
- 4.3 Determination of Assessments. The assessments shall be determined based upon the cash requirements necessary to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the Common Elements. This determination may include, among other items, taxes, governmental assessments, landscaping and ground care, wages, water and wastewater charges, legal and accounting fees, management costs and fees, expenses and liabilities incurred by the Association under or by reason of this Declaration, payment of any deficit remaining from a previous period, Property insurance, exterior maintenance, exterior painting and the creation of a reserve contingency fund for replacement and repair of landscaping and roofs. The omission or failure to fix the assessments for any month shall not be deemed a waiver, modification or a release of the Owners from the obligation to pay.
- 4.4 Initial and Monthly Assessments.
- a. The Monthly Assessment shall be levied equally against each Owner.
 - b. The initial assessment shall be determined by the Declarant, so long as Declarant has control of and over the Association as set forth in section 3.6 Article III, and described in Exhibit "E" which, by this reference, is made a part hereof.
 - c. If, at any time after the Declarant no longer has control of and over the Association, the Board

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determines that an increase in the Monthly Assessment is required or that a decrease in the Monthly Assessment is sufficient to adequately perform the duties and responsibilities of the Association and pay all expenses thereof, then the Board may call a meeting of the Owners and the Monthly Assessment may then be set at whichever level by the assent of four (4) Owners.

- 4.5 Special Assessments. In addition to the Monthly Assessments authorized above, the Board may levy, in any year, one or more Special Assessments applicable to that year only for the purpose of defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of any capital improvements upon the Common Elements, including fixtures and personal property related thereto, or to defray any unanticipated or underestimated expense or other action or undertaking normally covered by the Monthly Assessments (and, where necessary, for taxes assessed against the Common Elements or the Project as a whole), provided that any such assessments shall be approved by five (5) of the Owners voting in person or by proxy at a meeting duly called for this purpose. Said Special Assessments shall be assessed against each Owner in equal proportion. Special Assessments may also be levied against an individual Unit and its Owner to reimburse the Association for costs incurred in bringing that Owner and his Unit into compliance with the provisions of this Declaration and the By-Laws including actual attorney's fees and costs. Said Special Assessments may be subject to such limitations as are provided in the By-Laws.
- 4.6 Commencement of Assessment; Due Dates. The Monthly Assessments provided for herein shall be due on the first (1st) day of the month. The assessments shall be prorated if the ownership of a Unit commences on a day other than the first (1st) day of the month. The Board shall have the right to adjust the Monthly Assessments as permitted hereunder with thirty (30) days' written notice given to each Owner. The due date of any Special Assessment shall be the due date specified by the Association in the notice of such Special Assessment delivered by the Association to each Owner; provided, however, such due date shall in no event be less than thirty (30) days subsequent to the date of such notice.
- 4.7 Assessment Lien. All sums assessed but unpaid for the share of assessments chargeable to any Unit, including interest thereon at the maximum rate permitted by law per annum from the date such assessments are due until such assessments are paid, shall constitute a lien on such Unit superior to all other liens and encumbrances, except only for: (1) All taxes and Special Assessments levied by governmental and taxing authorities, and (2) All liens securing sums due or to become due under any duly recorded mortgage, vendor's lien or deed of trust. The Managing Agent may (but shall not be required to) prepare a written notice setting forth the amount of such unpaid indebtedness, the name of the

Owner of the Unit and a description of the Unit. Such notice shall be signed by the Managing Agent or by one of the members of the Board and may be recorded in the office of the County Clerk of Travis County, Texas. Such lien may be enforced by the foreclosure of the defaulting Owner's Unit by the Association in like manner as a mortgage on real property subsequent to the recording of a notice provided for above. In any such proceeding, the Owner shall be required to pay the costs, expenses and attorney's fees incurred in connection with filing the lien, and in the event of any foreclosure proceeding, all additional costs, expenses and attorney's fees incurred in connection with any such foreclosure proceeding. The Owner of the Unit being foreclosed shall be required to pay the Association the Monthly Assessment for the Unit during the period of foreclosure, and the Association shall be entitled to the appointment of a receiver to collect the same. The Association shall have the power to bid on the Unit at foreclosure or other legal sale and to acquire and hold, lease, mortgage, vote the votes appurtenant to, convey or otherwise deal with the same. Any Mortgagee holding a lien on a Unit may pay, but shall not be required to pay, any unpaid assessments owing with respect to such Unit, but such payment shall not be deemed a waiver of the Owner's default by either the Association or such Mortgagee.

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

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

- 4.8 Transfer of Unit by Sale or Foreclosure. Sale or transfer of any Unit shall not affect the assessment lien. However, the sale or transfer of any Unit pursuant to foreclosure of a Mortgage, or by deed or other transfer in lieu thereof, shall extinguish the lien of such assessments as to payments which become due prior to such sale or transfer (except for assessments which became due prior to the recordation of such Mortgage). No such sale or transfer shall relieve such Unit from liability for any assessments thereafter becoming due or from the lien thereof. When any Mortgagee of a

Mortgage obtains title to a Unit as a result of foreclosure of such Mortgage, or by deed or other conveyance in lieu thereof, such Mortgagee shall not be liable for the unpaid dues or charges of the Association chargeable to such Unit which accrued subsequent to the recordation of such Mortgage and prior to the acquisition of title to such Unit by such Mortgagee. Such unpaid dues or charges shall be deemed to be Common Expenses collectible from all of the Units including the Unit acquired by such Mortgagee. In a voluntary conveyance of a Unit (other than a deed or conveyance to a Mortgagee in lieu of foreclosure), the grantee of the same shall be jointly and severally liable with the grantor for all unpaid assessments by the Association against the latter for his share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor. However, any such grantee, upon payment to the Association of a reasonable fee not to exceed Twenty-Five and no/100 Dollars (\$25.00) and upon written request, shall be entitled to a statement from the Association, setting forth the amount of any unpaid assessments then due and owing to the Association with respect to the Unit being purchased, and such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments made by the Association against the grantor in excess of the amount set forth in the statement and applicable to a period of time prior to the date of such statement; provided, however, the grantee shall be liable for any such assessments becoming due after the date of any such statement.

- 4.9 Obligation of Declarant for Maintenance and Assessments. During the Declarant control period, as provided in Section 3.6 Article III hereof, the Declarant shall be responsible for the difference between the cost of maintenance and operation of the Common Elements and the monies received from the unit owners as assessments for such purposes, said maintenance and operation to be at the level established in accordance with Section 4.3 Article IV hereof. After the Declarant control period is terminated, as provided in Section 3.6 Article III hereof, Declarant shall pay the regular Monthly Assessment for each Unit or Units it owns. In no event shall Declarant's liability for assessments be less than required by the Act.

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ARTICLE V

INSURANCE; DAMAGE OR DESTRUCTION

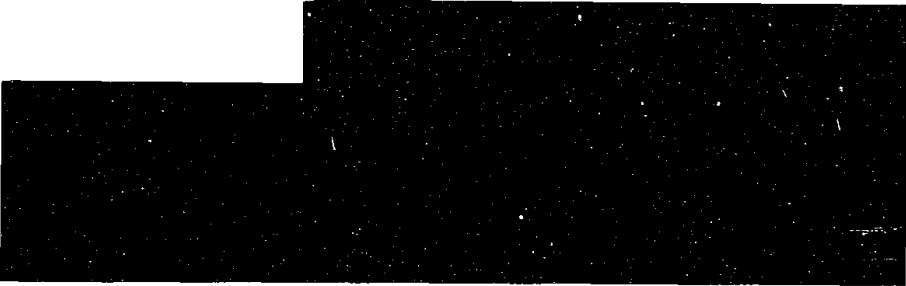
- 5.1 Insurance Carriers and Premiums. The insurance policies required hereinafter shall be acquired from carriers licensed to do business in the State of Texas. Insurance premiums shall be a Common Expense to be included in the assessments levied by the Association. The acquisition of insurance by the Association shall be without prejudice to the right of any owner to obtain additional individual insurance.
- 5.2 Liability Insurance. The Association shall obtain and continue in effect comprehensive public liability insurance insuring the Association, the Declarant and the agents and employees of each and the Owners and the respective family members, guests and invitees of the Owners against any liability incident to the ownership or use of the Common Elements and including, if obtainable, a cross-liability endorsement insuring each insured against liability to each other insured, and a "severability of interest" endorsement precluding the insurer from denying coverage to one Owner because of the negligence of other Owners or the Association or the Managing Agent. The scope of the coverage must include all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location, and use. Coverage shall be in an amount not less than One Million Dollars (\$1,000,000.00) per occurrence, for personal injury and/or property damage.
- 5.3 Master Hazard Insurance. Additionally, the Association shall obtain and continue in effect a master blanket policy of multi-peril insurance on the Project, providing fire and extended coverage and all other coverage in the kinds and amounts commonly required by private institutional mortgage investors for projects similar in construction, location and use on a replacement cost basis in an amount not less than one hundred percent (100%) of the insurable value (based upon replacement cost) of all improvements on the Project. The master policy of multi-peril insurance shall contain extended coverage and replacement costs endorsements and vandalism and malicious mischief coverage, special form endorsement, stipulated amount clause and a determinable cash adjustment clause, or a similar clause to permit cash settlement covering full value of the improvements on the Project in the event of destruction and a decision not to rebuild pursuant to this Declaration. Such policies shall be in form and amount as may be determined by the Board, shall name as insured the Association, the Owners and Declarant (so long as Declarant is an Owner of any Units), and all Mortgagees as their respective interests may appear, and shall provide that any proceeds be paid to the Association for the use and benefit of the Owners and

Mortgagees as their interests may appear. Such policy shall not be required to insure the personal property or customized items within any individual Units, which shall be and remain the responsibility and risk of the Owners.

- 5.4 Additional Insurance. The Association shall purchase such other insurance as it may deem necessary, including without limitation plate-glass insurance, workman's compensation, directors liability, and errors and omissions insurance, and the Association shall purchase fidelity coverage against dishonest acts by any directors, managers, trustees, employees or volunteers of the Association who are responsible for handling funds belonging to or administered by the Association. The fidelity bond insurance shall name the Association as the insured and shall provide coverage in an amount not less than one and one-half (1-1/2) times the Association's estimated annual operating expenses and reserves. In connection with such coverage, an appropriate endorsement to the policy to cover any persons who serve without compensation shall be added if the policy would not otherwise cover volunteers.
- 5.5 Association as Attorney-In-Fact. This Declaration does hereby make mandatory the irrevocable appointment of an attorney-in-fact to deal with the Project, in whole or in part, upon its destruction or repair.

Title to any Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a deed or other instrument of conveyance from the Declarant or from any Owner or grantor shall constitute appointment of the attorney-in-fact herein provided. All Owners irrevocably constitute and appoint the Association as their true and lawful attorney in their name, place and stead for the purpose of dealing with said Project upon its destruction as is hereinafter provided. As attorney-in-fact, the Association, by and through its Board or Managing Agent, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of an Owner which is necessary and appropriate to exercise the powers herein granted. Any repair, reconstruction or replacement made of the improvement(s) shall be to substantially the same condition existing prior to the damage, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be available to the Association for the purposes of repair, restoration or replacement unless the Owners and all of the First Mortgagees agree not to rebuild in accordance with the provisions hereinafter set forth. The Association shall have full authority, right and power, as attorney-in-fact, to cause any repair and restoration of the improvement(s) permitted or required hereunder.

Without limitation on the generality of the foregoing, the Association as said attorney-in-fact shall have the full



power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to settle and compromise any and all claims under said insurance policies, to collect proceeds and to distribute the same to the Association, the Owners and their respective Mortgagees (subject to the provisions hereof) as their interests may appear, to execute releases of liability and to execute all documents and to do all things on behalf of such Owners, the Association and the Project as shall be necessary or convenient to the accomplishment of the foregoing; and any insurer may deal exclusively with the Association in regard to such matters. The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit or for the liability of any Owner for occurrences therein not caused by or in connection with the Association's operation, maintenance or use of the Project.

5.6 Reconstruction or Repair of Project. In the event of fire, casualty or other disaster involving substantial damage to the Project, within ten (10) days of receipt of determination of the amount of insurance proceeds available to the Association, the Association shall cause notice to be given of a special meeting of Members to be held not less than twenty (20) nor more than thirty (30) days from the giving of such notice. Such notice shall specify the amount of insurance proceeds available, the estimated cost of restoration and any other data deemed pertinent to the determination called for by this Section 5.6. In this section 5.6, the percentage of the Project destroyed or substantially damaged shall be agreed upon by the written approval of four (4) Owners.

5.6.1 Sufficient Proceeds. In case of fire, casualty or any other disaster, the insurance proceeds, if sufficient to reconstruct the Project, shall, subject to the provisions of Sections 5.6.3 and 5.6.4 below, be applied to such reconstruction. Reconstruction of the Project, as used in this Section 5.6 means restoring the Project to substantially the same condition in which it existed immediately prior to the fire, casualty or other disaster, with each Unit and the Common Elements having substantially the same vertical and horizontal boundaries as before. Such reconstruction shall be caused to be accomplished by the Association or its duly authorized agents.

5.6.2 Insufficient Proceeds. If the insurance proceeds are insufficient to reconstruct the Project, damage to or destruction thereof shall, subject to the provisions of Sections 5.6.3 and 5.6.4 below, be promptly caused to be repaired and restored by the Association or its duly authorized agents, using proceeds of insurance, if any, on the Project for that purpose, and the

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Owners shall be liable for the Special Assessment or assessments for any deficiency as hereinafter provided.

- 5.6.3 Less than Two-thirds Destruction. If less than two-thirds (2/3) of the Project is destroyed or substantially damaged by fire or any other disaster, then the Project shall be rebuilt or repaired, unless the Owners by unanimous vote or written consent elect not to repair such damage.
- 5.6.4 Two-thirds or More Destruction. If two-thirds (2/3) or more of the Project is destroyed or substantially damaged by fire or any other disaster, and if the Owners, by unanimous vote or written consent, do not voluntarily, within one hundred eighty (180) days after determination of the amount of the Association's insurance proceeds resulting from such destruction or damage, make provision for reconstruction (unless within such period the buy-out contemplated in this Section 5.6.4 is effected), the condominium regime shall be deemed to have been waived, and the Association shall take all action required under the Act to regroup and merge the filial estate with the principal property, whereupon:
- a. the Project shall be deemed to be owned in common by the Owners;
 - b. the undivided interest in the Project owned in common which shall appertain to each Owner shall be the same percentage of undivided interest previously equally owned by all Owners in the Common Elements;
 - c. any liens on each Unit and that certain portion of the Common Elements appurtenant thereto shall be deemed to be transferred in accordance with their existing priorities to the undivided interest of the Owner of the affected Unit; and
 - d. the Project shall be subject to an action for partition at the suit of any Owner, in which event the net proceeds of sale, together with the net proceeds of the insurance on the Project, if any, shall be considered as one fund and shall be divided among all the Owners based upon the replacement cost of each of the six (6) units.

Notwithstanding the foregoing provisions hereof, in the event of destruction or substantial damage to two-thirds (2/3) or more of the Project, four (4) of the Owners may, at a meeting duly called for such purpose, elect to sell or otherwise dispose of the Project. Such action shall be binding upon all Owners, and it shall thereupon become the duty of every Owner to execute and deliver such instruments

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and to perform all acts as in manner and form may be necessary to effect the sale.

Notwithstanding the foregoing provisions hereof, in the event that two-thirds (2/3) or more of the Project has been damaged and unanimous vote has not been obtained for reconstruction at the meeting held in accordance with the provisions of the first paragraph of this Section 5.6.4, the Association may, by affirmative vote of five (5) Owners at a meeting duly called for such purpose, elect to purchase the ownership interests in the Project of that Owner not voting to rebuild. Such action will be binding upon the Association and all Owners, and it shall thereupon become the duty of the Association and every Owner to execute and deliver such instruments and to perform all acts in such manner and form as may be necessary to effect the sale and purchase. The purchase price for the ownership interest of the Owner so being purchased shall be payable to the Owner and the Owner's mortgagees as their interests shall appear and shall be an amount equal to the Owner's percentage interest in the Association's insurance proceeds plus an amount equal to the Owner's interest in an amount equal to the then market value of the Project, considered as a whole, excluding such insurance proceeds and less the amount of any liens against the Project, considered as a whole, excluding such insurance proceeds and less the amount of any liens against the Project or any part thereof. In the event the parties are unable to agree upon the purchase price, the price shall be determined by appraisal as follows: The Association shall select one MAI designated appraiser to act for it; within thirty (30) days of the Association's appointment of an appraiser, the selling Owner shall appoint an MAI designated appraiser to act for him; forthwith the two appraisers acting together shall select a third independent MAI designated appraiser by mutual agreement; and the three appraisers by a vote of the majority of the group shall determine the purchase and sale price with respect to the Owner selling hereunder. Such purchase and sale shall be closed within sixty (60) days subsequent to the determination of the purchase and sale price as aforesaid, with the Association financing the same in accordance with Section 7.9. Within fifteen (15) days of the closing, the Association shall cause to be held a special meeting for the purpose of securing approval of reconstruction.

- 5.7 Repair of Interior of Unit. Each Owner shall be responsible for the reconstruction, repair or replacement of that portion of the interior of his Unit which the Owner has installed, furnished or provided, including but not limited to, any floor coverings, wall coverings, window shades, draperies, furniture, furnishings, decorative light fixtures, or other improvements, betterments and additions to his Unit, and all appliances located therein irrespective of whether or not such appliances are "built-in" to the

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Unit, except the original built-in appliances. Each Owner shall also be responsible for the costs not otherwise covered by insurance carried by the Association of any reconstruction, repair or replacement of any portion of the Project necessitated by his negligence or misuse or the negligence or misuse by his family, guests, agents, servants, employees or contractors. In the event damage to all or any part of the interior of an Owner's Unit is covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of such damage upon receipt of the insurance proceeds or any portion thereof from the Association, subject to the rights of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof. In the event damage to all or any part of the interior of an Owner's Unit is not covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of his Unit within sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

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

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

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

- a. All Owners shall be assessed equally for the payment of the estimated Common Element Costs not otherwise paid for by insurance held by the Association.
- b. Each Owner of a damaged Unit shall be assessed an amount equal to the difference

between the actual portion of estimated Unit Costs attributable to his Unit less a sum calculated by multiplying the amount, if any, of the remaining insurance proceeds held by the Association with respect to the Casualty by a fraction, the numerator of which is the actual portion of the estimated Unit Costs attributable to his Unit and the denominator of which is the total of all of the estimated Unit Costs.

- 5.9 Condemnation. In the event of any taking of any Unit in the Project by eminent domain or sale or other transfer in lieu thereof, the Owner of such Unit shall be entitled to receive the award for such taking and after acceptance thereof, he and his Mortgagee shall be divested of all interest in the Project if such Owner shall vacate and abandon his Unit by virtue of such taking. If any repair or rebuilding of the remaining portions of the Project is required as a result of such taking, the remaining Owners shall determine by the affirmative vote or written consent of the majority of the remaining Owners, either to rebuild or repair the Project or to take such other action as such remaining Owners may deem appropriate. If no repair or rebuilding shall be required, or shall be undertaken, the remaining portion of the Project shall be re-surveyed and the Declaration and Master Deed shall be amended to reflect such taking and to proportionately readjust the percentages of ownership of the remaining Owners based upon a continuing total ownership of the Project of one hundred percent (100%). No condemnation or sale in lieu thereof shall affect the lien priority of a Mortgagee on the Unit on which it holds a Mortgage or on proceeds of condemnation of that Unit.
- 5.10 Personal Liability Insurance. In addition to the master policies which the Association shall carry, the Association shall have the power to require each Owner, at his sole cost and expense, to carry personal liability insurance covering damage to property or injury to the person of others within the Project resulting from negligence of the Owner or his agents, tenants, guests or invitees, in an amount up to, and including, One Hundred Thousand Dollars (\$100,000.00) for each occurrence.
- 5.11 Waiver of Subrogation; Notice of Cancellation. All property and liability insurance carried by the Association or the Owners shall contain provisions whereby the insurer waives rights of subrogation as to the Association, officers, and any Members, their guests, agents and employees. All policies of hazard insurance must contain or have attached the standard mortgage clause commonly accepted by private institutional mortgage investors in the area in which the Units are located. All insurance carried by the Association shall contain a provision requiring the insurer to notify all insured, including the Mortgagees named, at least ten (10) days in advance of the effective date of any

reduction in or cancellation of the policy.

ARTICLE VI

PROTECTION OF MORTGAGEE

- 6.1 Rights of Mortgagees. No breach of any of the covenants, conditions and restrictions contained in this Declaration, nor the enforcement of any lien provisions herein, shall render invalid the lien of any first lien Mortgage (meaning a Mortgage with first priority over any other mortgage) on any Unit made in good faith and for value, but all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure or trustee's sale, or otherwise, unless otherwise provided herein.
- 6.2 Notice to Mortgagees. All Mortgagees that have filed with the Association an appropriate written request, shall be entitled to receive the following notices in writing from the Association:
- 6.2.1 Notice of any proposed change in the Declaration and the By-Laws which notice shall be given thirty (30) days prior to the effective date of such change;
 - 6.2.2 Notice of default by the Owner or grantor of any Mortgage on a Unit (the beneficial interest in which is held by said Institutional Lender) in the performance of such Owner's or grantor's obligations under the Declaration and the By-Laws, which default is not cured within sixty (60) days.
 - 6.2.3 Notice of any damage or destruction to any individual Unit subject to a Mortgage (the beneficial interest in which is held by said Mortgagee), which damage exceeds One Thousand Dollars (\$1,000.00), which notice shall be given immediately upon the Association's obtaining knowledge of such damage or destruction; and
 - 6.2.4 Notice of any loss to or taking of any portion of the Common Elements or facilities or improvements thereon, which loss or taking exceeds Ten Thousand Dollars (\$10,000.00), which notice shall be given immediately upon the Association's obtaining knowledge of such loss or taking.
- 6.3 Mortgage Priority. Notwithstanding any language contained in this Declaration or the By-Laws to the contrary, no Owner or other party shall have priority over any rights of the Mortgagee of any Unit pursuant to its Mortgage in the case of a distribution to the Owner of such Unit of insurance proceeds or condemnation awards for losses to or taking of all or a portion of such Unit and/or Common Elements.

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- 6.4 Taxes, Assessments, and Charges Which May Become Liens. All taxes, assessments, and charges which may become liens prior to any first lien Mortgage under local law shall relate only to the individual Units and not to the Project as a whole.
- 6.5 Reserve Fund. The Association shall establish adequate reserve funds for replacement of Common Element components and fund the same by regular monthly payments rather than by extraordinary Special Assessments. In addition, there shall be established a working capital fund for the initial operation of the Project equal to at least two (2) months' estimated Common Assessments charge for each Unit, said deposit to be collected at closing of Unit sale.
- 6.6 Management Agreements. Any management agreement and/or service contract entered into by the Association will be terminable by the Association without cause and without payment of a termination fee upon ninety (90) days' or less written notice, and the term of such management agreement will not exceed the period of three (3) years, renewable by agreement of the parties to such agreement for successive one (1)-year periods. In the event of the termination of the management agreement, as provided herein, the Association shall enter into a new management agreement with a new management agent prior to the effective date of the termination of old management agreement. Any decision to establish self-management by the Owners shall require the votes or the written consent of four (4) of the Owners at a meeting duly called for such purpose.

ARTICLE VII

GENERAL PROVISIONS

- 7.1 Enforcement. The Association, any Owner, and any governmental or quasi-governmental agency or municipality having jurisdiction over the Project shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, easements, liens, and charges now or hereafter imposed by this Declaration, and in such action shall be entitled to recover costs and reasonable attorney's fees as are ordered by the Court; provided, however, that an individual Owner shall have no right to enforce the collection of any assessment levied against any other Owner under Article IV above. Failure by any such Person to enforce any such provision shall in no event be deemed a waiver of the right to do so thereafter.
- 7.2 Invalidity of Any Provision. Should any provision of this Declaration be declared invalid or in conflict with any law of the jurisdiction where the Project is situated, the validity of all other provisions shall remain unaffected and in full force and effect.
- 7.3 Termination of Mechanic's Lien Rights and Indemnification.


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No labor performed or materials furnished and incorporated in a Unit with the consent or at the request of an Owner or his agent, contractor or subcontractor shall be the basis for the filing of a lien against either the Common Elements or the Unit of any other Owner not expressly consenting to or requesting the same, except that express consent shall be deemed to be given by the Owner of any unit to the Board or Managing Agent in the case of emergency repairs. Each Owner shall indemnify and hold harmless each of the other Owners from and against any and all liability arising from any such claims or liens against the Units of any other Owners or against the Common Elements for construction performed or for labor, materials, services or other products incorporated in the indemnifying Owner's Unit at such indemnifying Owner's request. Labor performed or materials furnished for the General Common Elements, if duly authorized by the Managing Agent or the Board in accordance with the Declaration or By-Laws, shall be deemed to be performed or furnished with the express consent of each Owner and shall be the basis for the filing of a lien pursuant to law against each Unit in the Project.

- 7.4 Revocation or Amendment to Declaration. This Declaration shall not be revoked unless all of the Owners and all of the holders of any recorded first lien Mortgage covering or affecting any or all of the Units unanimously consent and agree to such revocation by instrument(s) duly recorded. This Declaration shall not be amended unless four (4) Unit Owners and all of the holders of any recorded first lien Mortgage covering or affecting all four (4) Units consent and agree to such amendment by instrument(s) duly recorded; provided, however that the equal percentage of the undivided interest in the Common Elements appurtenant to each Unit, as expressed in this Declaration, shall have a permanent character and shall not be altered without the consent of all of the Unit Owners expressed in an amended Declaration duly recorded and provided, further that revocation of this Declaration shall always require the consent of all of the Owners. Notwithstanding the foregoing, as long as Declarant has control of and over the Project, as provided in Section 3.6 Article III, Declarant may, without the consent of any Owner, amend this Declaration, Map, By-Laws and any other Exhibits attached hereto. Notwithstanding all the foregoing, Section 2.7 Article II, as it pertains to the Declaration of Covenants, Conditions and Restrictions attached in Exhibit "C" hereof, shall not be amended by any Person.
- 7.5 Omissions. In the event of the omission from this Declaration of any word, sentence, clause, provision or stipulation which shall be necessary for the accomplishment of the intent and purposes hereof, or any part hereof, then such omitted matter shall be supplied by inference and/or by reference to the Act.
- 7.6 Texas Condominium Act. The provisions of this Declaration

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

- 7.7 Gender. That whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural, the plural the singular, and the use of any gender shall include all genders.
- 7.8 Owner's Right and Obligation to Maintain and Repair. Except for those portions of the Project which the Association is required to maintain and repair as provided herein and in the By-Laws, each Unit Owner shall, at his sole cost and expense, maintain and repair his Unit, keeping the same in good condition. Each Owner shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the inner surfaces of the walls, ceilings, floors, windows and doors bounding his Unit. In the event an Owner fails to maintain his Unit as provided herein in a manner which the Board deems necessary to preserve the appearance and value of the Project, the Board may notify such Owner of the work required and request that it be done within sixty (60) days from the giving of such notice. In the event such Owner fails to complete such maintenance within said period, the Board may cause such work to be done and may specially assess the cost thereof to such Owner and, if necessary, create a lien against his Unit for the amount thereof.
- 7.9 Financing of Purchase of Unit by Association. In the event the Association should acquire a Unit at foreclosure or pursuant to Section 5.6.4, such acquisition by the Association may be made from the working capital of the Association and common charges in the hands of the Association, or if such funds are insufficient, the Association may levy a Special Assessment against each Owner equally, as a Common Expense, or the Association, upon the written approval of five (5) Owners, may borrow money for the acquisition of such Unit; provided however, that no financing may be secured by an encumbrance or hypothecation of any property other than the Unit, together with the interest in the Common Elements appurtenant thereto, so to be acquired by the Association.
- 7.10 Limitation of Restrictions on Declarant. Declarant is performing certain work in connection with the conversion of the Property to a condominium regime. The completion of that work and the sale, rental, and other disposition of said Units is essential to the establishment and welfare of the Project as a condominium regime. In order that said work may be completed and said Project be established as a fully occupied community as rapidly as possible, nothing in this Declaration shall be understood or construed to:
- 7.10.1 Prevent Declarant, its contractors, or subcontractors from doing on or to the Project or any Unit, whatever is reasonably necessary or advisable in connection with the completion

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- of the work; or
- 7.10.2 Prevent Declarant or its representatives from erecting, constructing and maintaining on any part or parts of the Project, such structures as may be reasonable and necessary for the conduct of its business of completing said work and establishing said Project as a condominium regime and disposing of the same by sale, lease or otherwise; or
- 7.10.3 Prevent Declarant from conducting on any part of the Project its business of completing the work and of establishing a plan of Unit ownership and of disposing of said Project in Units by sale, lease or otherwise; or
- 7.10.4 Prevent Declarant from maintaining such sign or signs on any part of the Project as may be necessary for the sale, lease or disposition thereof.

So long as Declarant owns one or more of the Units established and described in this Declaration (and except as otherwise specifically provided herein), Declarant, its successors and assigns, shall be subject to the provisions of this Declaration.

- 7.11 Termination of Any Responsibility of Declarant. Declarant may at any time, or from time to time, sell, assign or transfer all of any part of its rights hereunder and/or its rights, title and interest in the Project to any Person or Persons who shall thereafter have such rights and powers of Declarant as are contained in this Declaration and so transferred or assigned. In the event Declarant shall convey all of its right, title and interest in and to the Project to any Person or Persons, then and in such event, Declarant shall be relieved of the performance of any further duty or obligation hereunder, and such Person or Persons shall be obligated to perform all such duties and obligations of the Declarant.
- 7.12 Owner's Compliance. Each Owner, tenant or occupant of a Unit and their guests and invitees shall comply with the provisions of this Declaration and the By-Laws and all lawful decisions and resolutions of the Association or its duly authorized representative, and failure to comply with any such provisions, decisions, or resolutions, shall be grounds for an action by the Association to recover sums due for damages (including costs and reasonable attorneys' fees) and/or for injunctive relief. All agreements and determinations lawfully made by the Association in accordance with the number of votes established in this Declaration or in the By-Laws, shall be deemed to be binding on all Owners, their successors and assigns.
- 7.13 Legal Intent. It is the intent of Declarant, the Association and the Owners that this Declaration and the By-Laws be in strict compliance with applicable usury laws of the State of Texas. In furtherance thereof, said parties

stipulate and agree that none of the terms and provisions contained in this Declaration and the By-Laws shall ever be construed to create a contract to pay for the use, forbearance or detention of money, interest at a rate in excess of the maximum interest rate permitted to be charged by applicable laws of the State of Texas. The Owners or other parties now or hereafter becoming liable for payment of sums owing under the terms of this Declaration and the By-Laws shall never be liable for unearned interest on any of said sums and shall never be required to pay interest at a rate in excess of the maximum interest that may be lawfully charged under applicable laws of the State of Texas, and the provisions of this Section shall control over all other provisions of this Declaration and By-Laws in conflict herewith. In the event that the Declarant, the Association or any of its designated agents shall collect monies which are deemed to constitute interest at a rate in excess of that permitted to be charged by applicable laws of the State of Texas, all such sums deemed to constitute interest in excess of the legal rate shall be immediately returned to the Owner or other party so paying said monies upon such determination.

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

The undersigned, being the Declarant herein, has executed this Declaration this 31st day of DECEMBER, 1985.

CEDAR INVESTMENT CO., AUSTIN, a
Texas Limited Partnership
By: Cedar Contracting, Inc., a
Texas Corporation,
General Partner

By: 
FARID S. REBEIZ, President

THE STATE OF TEXAS
COUNTY OF TRAVIS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared FARID S. REBEIZ, President of Cedar Contracting, Inc., a Texas Corporation, General Partner of Cedar Investment Company, Austin, a Limited Partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of such partnership for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 31ST
day of December, 1985.



Sherry Castleberry
Notary Public in and for The
State of Texas

My Commission Expires:

11-1-89

NOTARY SEAL




EXHIBIT A

Lots Sixteen (16), Seventeen (17) and Eighteen (18), Block H, of
NORTHCAT MOUNTAIN, SECTION 11, an Addition in Travis County,
Texas, according to the map or plat thereof recorded in Volume
80, Page 333, Plat Records of Travis County, Texas.

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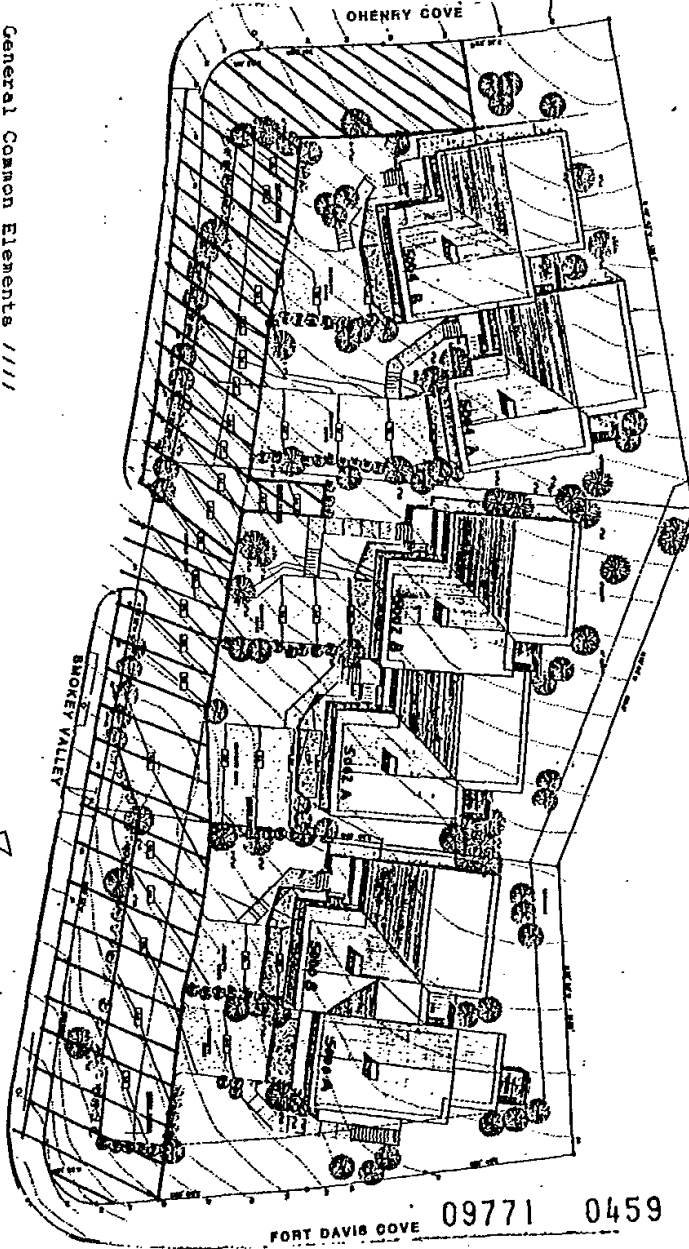


EXHIBIT B

NORTHCAT HOMES
Lots Sixteen (16), Seventeen (17) and Eighteen (18), Block H,
of NORTHCAT MOUNTAIN, SECTION II, Travis County, Texas.

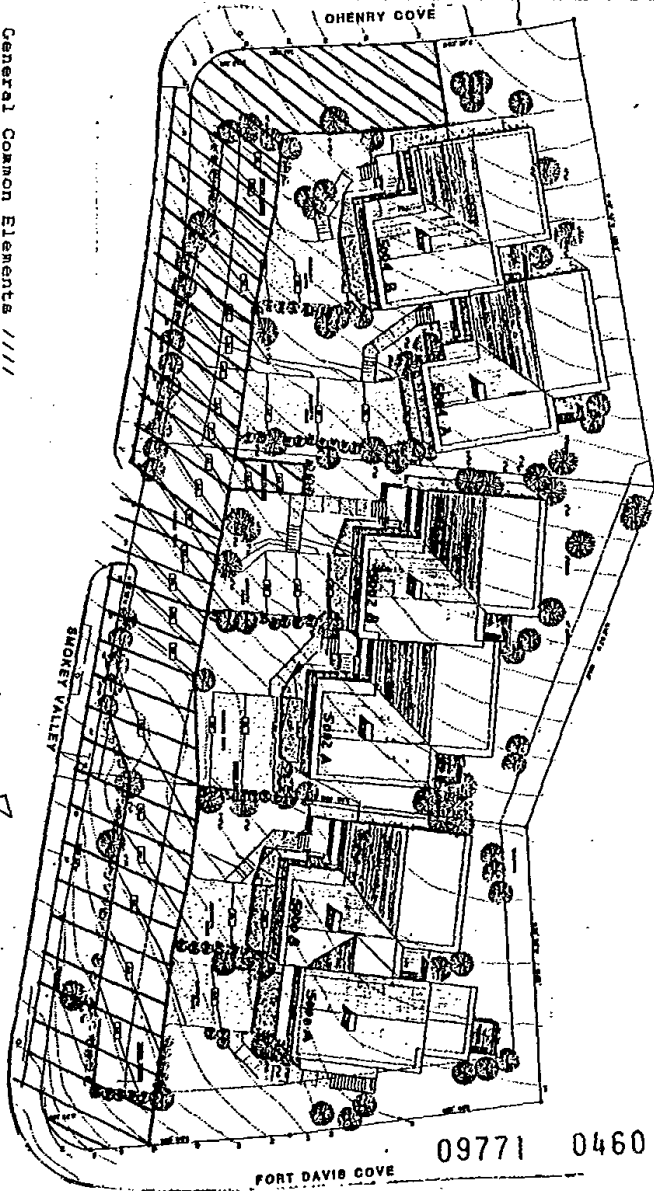


General Common Elements ///

The Limited Common Elements
are that portion of the Property
not including the General Common
Elements and the Units

EXHIBIT B

NORTHCAT HOMES
Lots Sixteen (16), Seventeen (17) and Eighteen (18), Block H,
of NORTHCAT MOUNTAIN, SECTION II, Travis County, Texas.

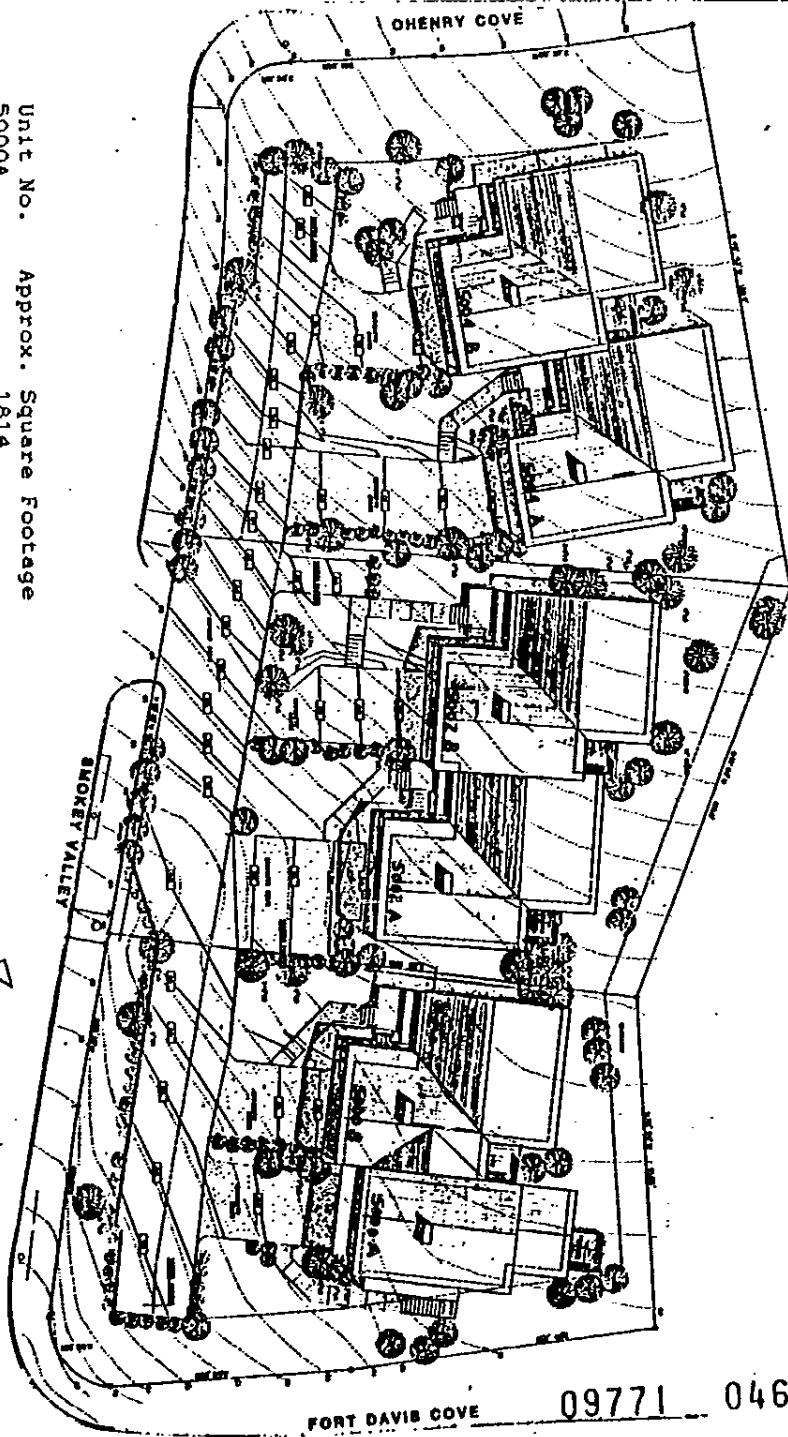


General Common Elements ////
The Limited Common Elements
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Elements and the Units

EXHIBIT B

NORTHCAT HOMES

Lots Sixteen (16), Seventeen (17) and Eighteen (18), Block H,
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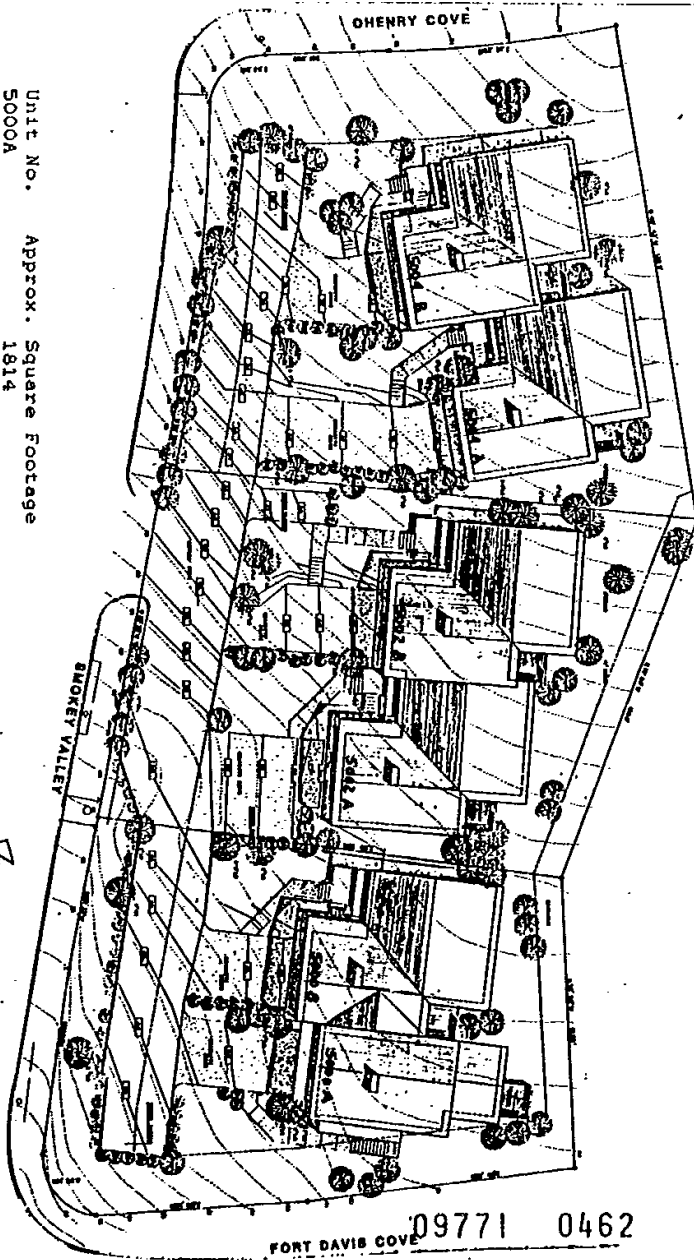
Unit No.	Approx. Square Footage
5000A	1814
5000B	1620
5002A	1620
5002B	1620
5004A	1620
5004B	1620

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EXHIBIT B

NORTHCAT HOMES
 Lots Sixteen (16), Seventeen (17) and Eighteen (18), Block H,
 of NORTHCAT MOUNTAIN, SECTION II, Travis County, Texas.



Unit No.	Approx. Square Footage
5000A	1814
5000B	1620
5002A	1620
5002B	1620
5004A	1620
5004B	1620

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EXHIBIT B

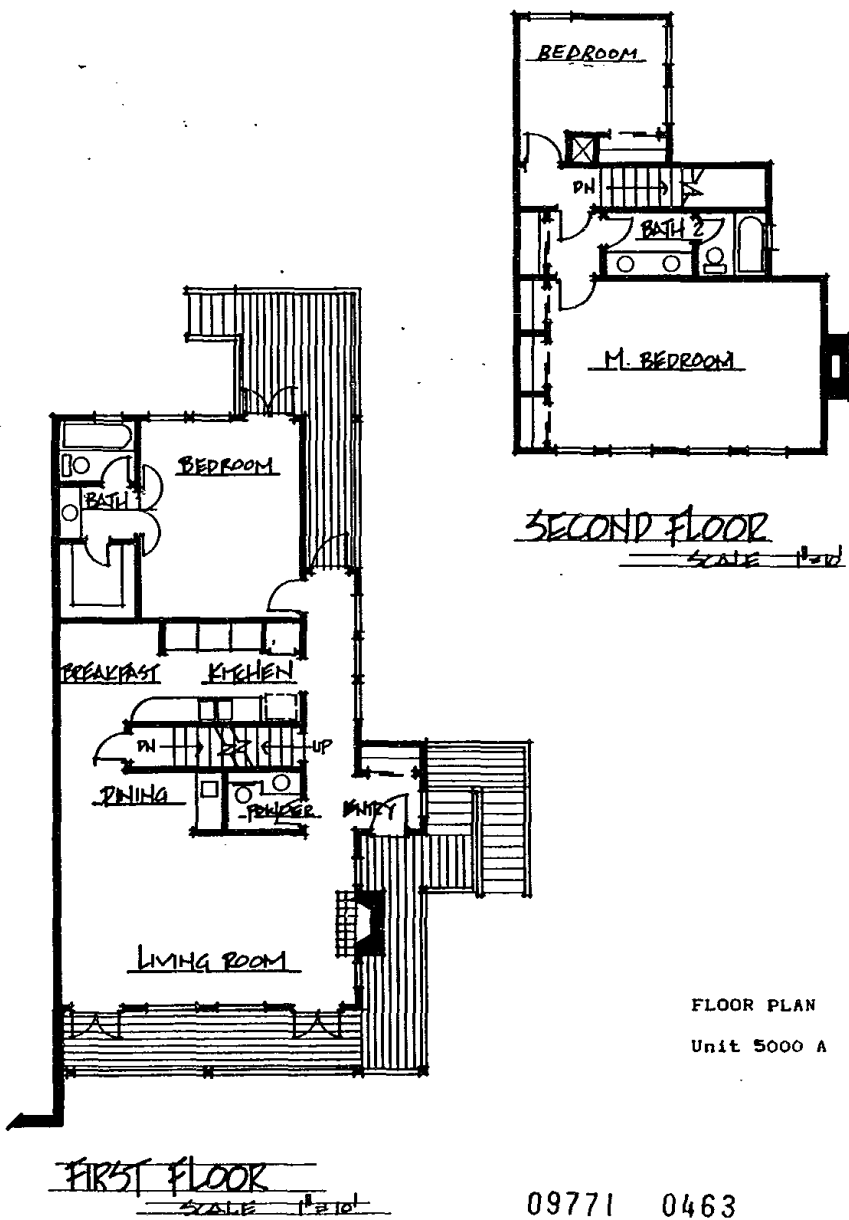


EXHIBIT B

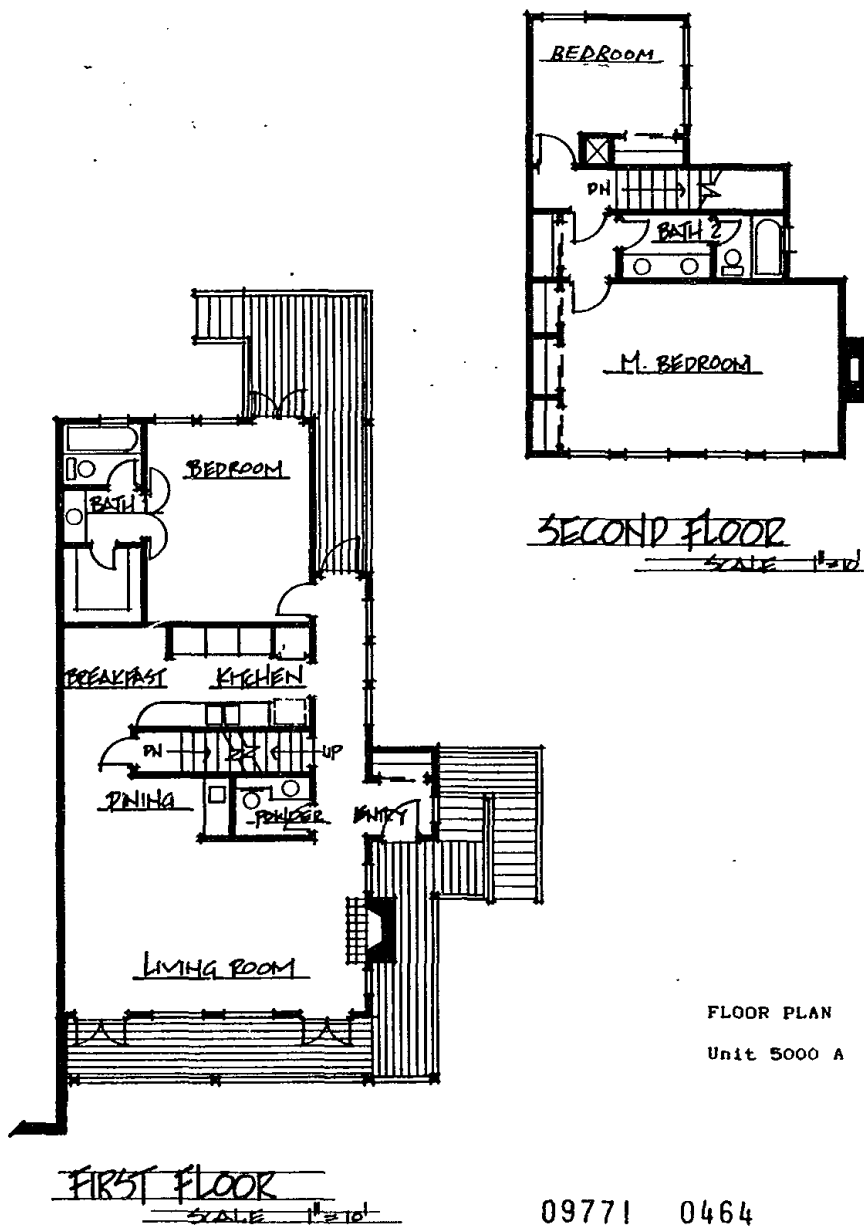
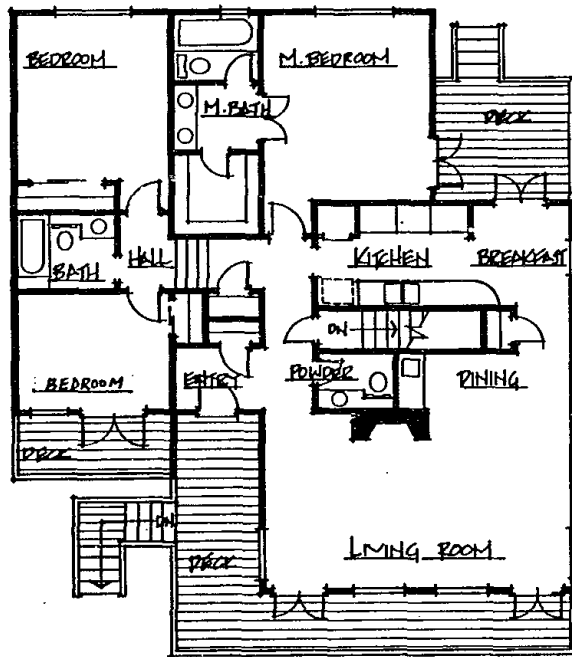


EXHIBIT B

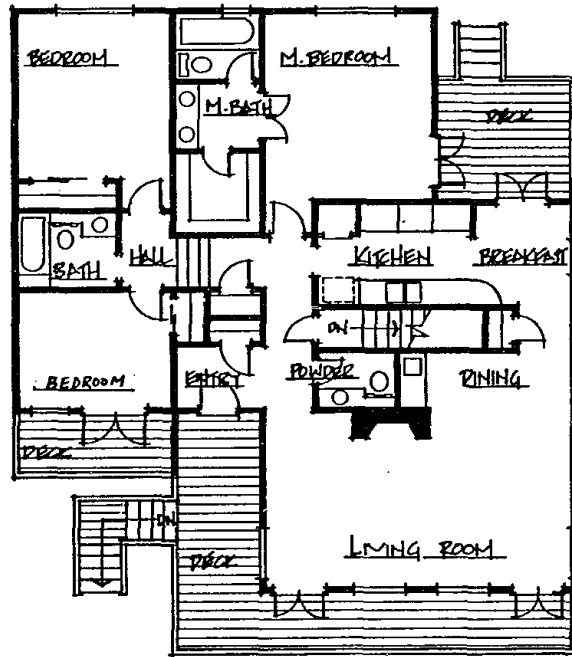


FLOOR PLAN
SCALE 1"=10'

Units 5000 B
5002 A & B
5004 A & B

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EXHIBIT B



FLOOR PLAN
SCALE 1"=10'

Units 5000 B
5002 A & B
5004 A & B

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EXHIBIT C

5-16-338

24

DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS

THE STATE OF TEXAS §
COUNTY OF TRAVIS § KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, Blankenship Developments, Inc., a Texas corporation, hereinafter called the Declarant, the owner of all that certain real property located in Travis County, Texas, described as follows:

Lots 14 through 22, Block F, and Lots 6 through 25, Block H, North Cat Mountain, Section II, Travis County, Texas, according to the map or plat thereof, recorded in Book 80, Pages 333-334, of the Plat Records of Travis County, Texas; and

WHEREAS, the Declarant will convey the above described properties, subject to certain protective covenants, conditions, restrictions, liens, and charges as hereinafter set forth;

NOW, THEREFORE, it is hereby declared that all of the property described above shall be held, sold, and conveyed subject to the following easements, restrictions, covenants, and conditions, which are for the purpose of protecting the value and desirability of, and which shall run with, the real property and shall be binding on all parties having any right, title, or interest in or to the above described property or any part thereof, and their heirs, successors and assigns, and which easements, restrictions, covenants, and conditions shall inure to the benefit of each owner thereof.

ARTICLE ONE
DEFINITIONS

1. Owner

"Owner" shall mean and refer to the record owner, whether one or more persons or entities, or the fee simple title to any lot or portion of a lot on which there is or will be built a detached single or duplex family dwelling, including contract sellers, but excluding those having such interest merely as security for the performance of an obligation.

2. Properties

"Properties" shall mean and refer to that certain real property hereinbefore described.

3. Lot

The term "Lot" shall mean and refer to any lot described above.

~~DEED RECORDS~~
~~Book 80 - Page 333~~

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~~2-76-5394~~
ARTICLE TWO

ARCHITECTURAL CONTROL

1. Approval of Plans and Specifications

No building, fence, wall or other structure shall be commenced, erected, or maintained upon the Properties, nor shall any exterior addition to, or change or alteration therein, be made, nor shall any landscaping or any Lot or Lots be undertaken, until the plans and specifications showing the nature, kind, shape, height, materials, and location of the same shall have been submitted to, and approved in writing by, the Declarant or assigns as to harmony of external design and location in relation to existing trees and topography of each lot.

2. Failure to Act

In the event that any plans and specifications are submitted to the Declarant as provided herein, and the Declarant shall fail either to approve or reject such plans and specifications for a period of thirty (30) days following such submission, approval by the Declarant shall not be required, and full compliance with this Article shall be deemed to have been had.

ARTICLE THREE

EXTERIOR MAINTENANCE

Each Owner of any Lot shall maintain the premises and the improvements situated thereon in a neat and orderly manner and otherwise keep his Lot and all improvements thereon in conformity to its condition when new.

ARTICLE FOUR

USE RESTRICTIONS

1. Type of Buildings Permitted

All Lots shall be used for residential purposes only, and no building shall be erected, altered, or permitted to remain on any Lot other than one detached single or duplex family dwelling and a private enclosed garage for not less than two (2) automobiles. Construction is to be of new materials only, unless adjusted or waived by the written consent of the Declarant prior to construction.

2. Minimum Floor Area and Exterior Walls

Any single or duplex family dwelling constructed on said Lots must have a heated living area of not less than 2,000 square feet, exclusive of open or screened porches, terraces, patios, driveways, and garages, unless adjusted or waived by the written consent of the Declarant. The exterior wall facing the front of the lot on the ground floor of any residence and garage shall

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consist of not less than 75% masonry construction and non-masonry siding materials must be approved by Architectural Control Committee. No roofs of the dwellings in the subdivision shall be constructed of built-up gravel material or composition shingles of less than "Timberline" quality, unless adjusted or waived by the written consent of the Declarant prior to construction.

3. Setbacks

No building shall be located on any Lot nearer to the front Lot line than 25 feet or nearer to the side street line than 15 feet and no side yards at the front building setback line shall be less than ten (10) feet on one side and five (5) feet on the other side unless adjusted or waived by the written consent of the Declarant. For the purpose of this covenant, eaves, steps, and open porches shall not be considered as part of the building; provided, however, that this shall not be construed to permit any portion of the building on any Lot to encroach upon another Lot.

4. Easements

Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat. No utility company, political subdivision, or other authorized entity using the easements herein referred to shall be liable for any damage done by them or their assigns, agents, employees, or servants, to shrubbery, trees, or flowers, or to other property of the owner situated within any such easement.

5. Noxious or Offensive Activities Prohibited

No noxious or offensive activity shall be carried on upon any Lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. Nor shall Lots be used for any purpose which will create or emit any objectionable, offensive or noxious odors, dust, gas, fumes or other such material.

6. Prohibited Residential Uses

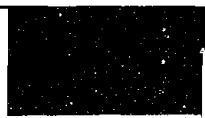
No structure of a temporary character, trailer, mobile home, basement, tent, shack, garage, or other outbuilding shall be used on any Lot at any time as a residence, either temporarily or permanently.

7. Signs and Antennas

No signs of any character shall be allowed on any Lot except one sign of not more than five square feet advertising the property for sale or rent; provided, however, that Declarants and any other person or entity engaged in the construction and sale of residences within the subdivision shall have the right, during the construction and sales period, to construct and maintain such facilities as may be reasonably necessary or convenient for such construction and sale, including, but not limited to, signs, offices, storage areas, and model units. Each residence shall be limited to one television antenna not to exceed 30 feet

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in height. No radio signals, television signals, or any other form of electromagnetic radiation shall originate from any lot which may unreasonably interfere with the reception of television or radio signals on any other lot.

8. Gas Water Heater

Any single or duplex family dwelling constructed on said Lots must have at least one (1) water heater heated by natural gas.

9. Rubbish, Trash and Garbage

No Lot shall be used or maintained as a dumping ground for rubbish or trash, and no garbage or other waste shall be kept except in sanitary containers. All incinerators or other equipment for the storage and disposal of such materials shall be kept in a clean and sanitary condition.

10. Animals

No animals, livestock, or poultry of any kind shall be raised, bred, or kept on any Lot except that two dogs, two cats, or other household pets may be kept, provided that they are not kept, bred, or maintained for any commercial purpose.

11. Fences, Walls, Hedges, and Utility Meters

No fence, wall, hedge, or utility meter shall be placed, or permitted to remain, on any Lot nearer to the street or streets adjoining such Lot than is permitted for the main residence or duplex on such Lot, except for decorative subdivision entry fences. Barbed wire, or "chain link" fences are prohibited along any Lot line within the subdivision.

12. Shrubs and Trees

No shrub or tree planting which obstructs sight lines at elevation between two and six feet above the roadway shall be planted on any corner Lot within the triangular area formed by the curblines of such intersecting streets and a line connecting such curblines at points twenty-five feet from their intersection, or, in the case of a rounded corner, from the intersection of the curblines as extended. The same sight line limitations shall apply on any Lot within ten feet of the intersection of a street curblines and the edge of a driveway. No trees shall be permitted to remain within such distances of such intersections unless the foliage line is maintained at a height of more than six feet above ground level.

13. Trucks, Buses, Boats, and Trailers

No truck, bus, boat, or trailer shall be left parked in the street in front of any Lot except for construction and repair equipment while a residence or residences are being built or repaired in the immediate vicinity, and no truck, bus, trailer

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or recreational vehicle shall be parked on the driveway or any portion of the Lot in such manner as to be visible from the street. No abandoned automobile or automobile without a current inspection sticker or license plates shall be permitted to remain on any Lot or in front of any Lot.

14. Prohibited Activities

No professional, business or commercial activity to which the general public is invited shall be conducted on any Lot, except for the construction and maintenance of any model homes or sales offices in connection with the initial construction and sale of houses in the subdivision.

15. Oil Development Prohibited

No oil well drilling, oil development operations, oil refining, quarrying, or mining operations of any kind shall be permitted on a Lot, nor shall oil wells, tanks, tunnels, mineral excavations, or shafts be permitted on any Lot. No derrick or other structure designed for use in boring for oil, natural gas, or other minerals shall be erected, maintained, or permitted on any Lot.

16. Adjustment or Waiver

Any adjustment or waiver of these covenants, conditions and restrictions by the Declarant is for the purpose of alleviating any hardships and assisting in the orderly development of the subdivision.

ARTICLE FIVE

EASEMENTS

Reservation of Easements

Easements for the installation and maintenance of utilities and drainage facilities are reserved as shown on the plat recorded in Book 80, Pages 333-334 of the Plat Records of Travis County, Texas. Right of use for ingress and egress shall be had at all times over any dedicated easement, and for the installation, operation, maintenance, repair, or removal of any utility, together with the right to remove any obstruction that may be placed in such easement which would constitute interference with the use, maintenance, operation, or installation of such utility.

ARTICLE SIX

GENERAL PROVISIONS

1. Enforcement

The Declarants, or any Owner, shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, and reservations now or hereafter imposed by the provisions

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of this Declaration. Failure to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter.

2. Severability

Invalidation of any one of these covenants or restrictions by judgment or court order shall in no way affect any other provision, and all other provisions shall remain in full force and effect.

3. Duration and Amendment

The covenants, conditions, and restrictions of this Declaration shall run with and bind the land, and shall inure to the benefit of, and be enforceable by, the Declarants or the Owner of any Lot subject to this Declaration, and their respective legal representatives, heirs, successors, and assigns, and, unless amended as provided herein, shall be effective for a term of twenty (20) years from the date this Declaration is recorded, after which time said covenants, conditions, and restrictions shall be automatically extended for successive periods of ten (10) years. The covenants, conditions, and restrictions of this Declaration may be amended during the first twenty (20) years period by an instrument signed by not less than 90 percent of the Lot owners; during any succeeding ten (10) year period, the covenants, conditions, and restrictions of this Declaration may be amended during the last year of any such ten (10) year period by an instrument signed by not less than 75 percent of the Lot Owners. No amendment shall be effective until recorded in the Deed Records of Travis County, Texas, nor until the approval of any governmental regulatory body which is required shall have been obtained.

EXECUTED by the said Declarant, this 13th day of April, 1983

ATTEST:

NO SEAL

Steve Blankenship, V. President

Terry Blankenship, V. President

THE STATE OF TEXAS §
COUNTY OF §

BEFORE ME, the undersigned authority, on this day personally appeared Steve Blankenship and Terry Blankenship, known to me to be the persons whose names are subscribed to the foregoing instrument, and acknowledged to me that they executed the same for the purpose and consideration therein expressed as the act and deed of Blankenship Developments, Inc.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 13 day of April, 1983.

NOTARY SEAL

Marie Schellberger
Notary Public, Travis County, Texas

STATE OF TEXAS
I hereby certify that this instrument was FILED on the state and at the time stamped herein by me, and was duly RECORDED, in the Public and Federal Land Records of Travis County, Texas, in stamp herein by me, on

APR 14 1983



Marie Schellberger
COUNTY CLERK
TRAVIS COUNTY TEXAS

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FILED
APR 14 10 07 AM '83
Marie Schellberger
COUNTY CLERK
TRAVIS COUNTY TEXAS
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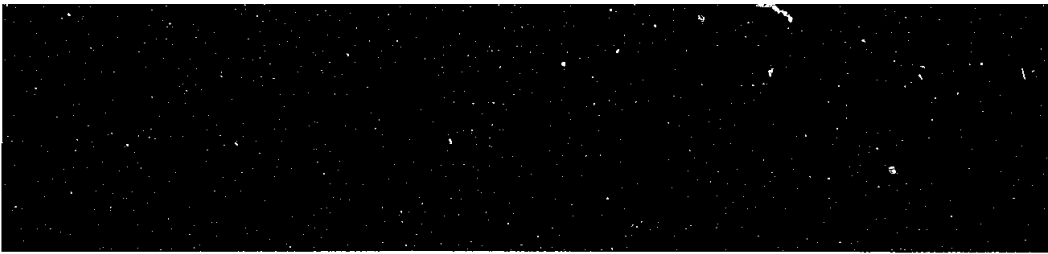


EXHIBIT "D" BY-LAWS OF NORTHCAT HOMES ASSOCIATION

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BY-LAWS
OF
NORTHCAT HOMES ASSOCIATION, INC.

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BY-LAWS
OF
NORTHCAT HOMES ASSOCIATION, INC.

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BY-LAWS

OF

NORTHCAT HOMES ASSOCIATION, INC.

NORTHCAT HOMES ASSOCIATION, INC., a Texas non-profit corporation, is the corporation referred to in the Declaration of Condominium of Northcat Homes, a condominium regime in Travis County, Texas, created pursuant to the Texas Condominium Act. The terms used in these By-Laws shall have the same meanings given to them in the Declaration, unless otherwise specifically provided. In the event of any conflict between the terms and provisions of these By-Laws and the Declaration or the Texas Condominium Act, or both, the Declaration shall control over these By-Laws and the Act shall control over both the Declaration and these By-Laws.

All present or future Owners, tenants, future tenants, mortgagees, or future mortgagees, or the employees of either of them, or any Persons that might use the facilities of Northcat Homes in any manner, are subject to these By-Laws and to the Declaration. Any Person acquiring, leasing, occupying, or renting any of the Units at Northcat Homes accepts and ratifies these By-Laws and the Declaration, and agrees that the terms and provisions of both will be complied with.

ARTICLE I

VOTING BY OWNERS

1.1 Voting. Each Owner shall be entitled to one vote for each Unit owned by such Owner. There shall be a total of six (6) votes in the Association.

1.2 Multiple Interests. No Owner, other than the Declarant, shall be entitled to vote at any meeting of the Association until such Owner has presented evidence of Ownership of a Unit in the Project to the Association. In the event that ownership interests in a Unit are owned by more than one person, the persons who own fractional interests in such Unit aggregating more than fifty percent (50%) of the whole ownership thereof shall appoint one person who shall be entitled to vote the vote of that Unit at any meeting of the Association. Such designation shall be made in writing to the Association and shall be revocable at any time by actual written notice to the Association; the Association shall be entitled to rely upon any such designation until written notice revoking such designation is received by the Association. In the event that a Unit is owned by more than one person and no single person is designated in writing to vote on behalf of the persons having an ownership interest in such Unit, then none of the persons shall be allowed to vote.

ARTICLE II
ASSOCIATION MEETINGS

2.1 Regular Meetings. The first meeting of the members of the Association shall be held when called by the initial Board upon ten (10) days written notice to the members. Such written notice may be given at any time but must be given not later than (60) days after at least five (5) of the Units have been sold by Declarant, a deed therefor recorded and the purchase price paid. Thereafter, a regular meeting shall be held on a date determined by the Board, with written notice thereof delivered to the members and not less than ten (10) days nor more than sixty (60) days prior to such meeting date.

2.2 Notice. Any notice permitted to or required to be given to an Owner may be delivered personally, by mail or by placing such notice in the mailbox of each Owner.

2.3 Special Meetings. Special meetings may be called by any member of the Board or maybe called upon petition to the President by two (2) Owners. Written or printed notice stating the place, day and hour of such special meeting and the purpose or purposes for which the meeting is called shall be delivered to each member not less than three (3) nor more than twenty-one (21) days prior to the date of such meeting.

2.4 Quorum. The presence of four (4) Owners in person or by proxy shall constitute a quorum for holding any meeting of the Association. If, however, such quorum shall not be present or represented at any meeting of the Association, the Owners present in person or represented by proxy shall have the power to adjourn and reconvene the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such reconvened meeting, at which a quorum shall be present or represented by proxy, any business may be transacted as was set out in the notification of the original meeting.

2.5 Proxies. At any meeting of the Association, votes may be cast in person or by proxy. Proxies must be filed with the Secretary of the Association at or before the appointed time of each meeting of the Association.

2.6 Majority Vote. When a quorum is present at any meeting of the Association, the vote of the majority of the Owners present in person or by proxy at such meeting shall decide any question brought before such meeting unless the question is one upon which, by express provisions of the Act, the Declaration or the By-Laws, a different percentage is required, in which case such express provision shall govern and control a vote on such question.

2.7 Cumulative Voting Prohibited. At all meetings of the Association, cumulative voting shall not be permitted.

ARTICLE III

BOARD OF THE ASSOCIATION

3.1 Number and Qualification. The Board of the Association shall consist of two (2) persons who are Owners in the Project, spouses of Owners, or in the event that a Unit is owned by a corporation or other business entity, an officer or director of such entity or other designated representative who resides in the Unit owned by such entity; with the exception of the members of the first Board who shall be appointed by the Declarant prior to the first meeting of the Association. The first position on the Board shall be for President who also shall be acting as Secretary and the second position on the Board shall be for Vice-President who also shall be acting as Treasurer, as described in Article IV.

3.2 Election. The Board shall be elected by the members of the Association at the first meeting and at each annual meeting thereafter. All votes shall be cast by secret written ballot. The candidate receiving the highest number of votes out of the total votes cast for each position, up to six (6) votes, shall be deemed elected. In the event that candidates receive an equal number of votes for a position on the Board, and an agreement cannot be reached, the duties of the Board shall then be delegated to a Managing Agent, as provided in Article V. The term of each position on the Board shall be for one year.

3.3 Removal and Vacancies. Any member of the Board may be removed from the Board with or without cause, by the written request of four (4) Owners.

3.4 Compensation and Expenses. No member of the Board shall receive any compensation from the Association for acting as such but shall be reimbursed for reasonable expenses incurred while serving in such capacity.

3.5 Meetings. Regular and special meetings of the Board shall be scheduled as agreed upon by the President and the Vice-President of the Association, the only members of such Board.

3.6 Quorum. A quorum at Board meetings shall necessitate the presence of both members. The acts approved by both members of the Board shall constitute the acts of the Board, except where approval of a greater number of Owners is required by the Declaration or by the By-Laws.

3.7 Powers and Duties. All of the powers and duties of the Association existing under the Act, the Declaration and the By-Laws shall be exercised exclusively by the Board, its agents,

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contractors or employees, subject only to approval by Owners when such is specifically required. Such powers and duties shall include, but shall not be limited to, the following, subject, however, to the provisions of the Act, the Declaration and the By-Laws;

(1) To make and collect assessments against the Owners for the purposes outlined in the Declaration of the Condominium and all of its property;

(2) To use the proceeds of assessments in the exercise of its powers and duties;

(3) To maintain, repair, replace and operate the Project;

(4) To purchase insurance upon the Project and for the protection of the Owners as required by and pursuant to the Declaration;

(5) To reconstruct improvements after casualty and further improve the Project;

(6) To arrange for and purchase water, sewer, garbage, and other necessary utility services for the Common Elements and (to the extent not separately metered and charged) for the Units;

(7) To contract for management of the Project and to delegate to the Managing Agent all powers and duties of the Board except such as are specifically required by the Act, the Declaration and the By-Laws to have approval of the Owners;

(8) To employ (and dismiss) personnel to perform the services required for proper operation of the Project;

(9) To cause to be kept a complete record of all its acts and affairs and to present a statement thereof to the Owners at the annual meeting of the Association or at any special meeting when such statement is requested in writing by two (2) or more of the Owners requesting such special meeting; and

(10) To engage in rental contracts with the individual Owners as the sole rental agent, this being a contract with each Owner at his option. Nothing herein shall require the Owner to rent his Unit and further nothing herein shall require the Owner to use the Managing Agent, or any employee of the Managing Agent, it being understood that the Owner may, and if he does desire to rent his Unit, it is understood that he may use any rental agent he so desires.

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ARTICLE IV

OFFICERS

4.1 President. The President shall be the chief executive officer of the Association and shall have all of the powers and duties which are usually vested in the office of President of an organized association including, but not limited to, the power to appoint committees from among the Owners from time to time that, in the exercise of discretion, are determined appropriate to assist in the conduct of the affairs of the Association.

4.2 Vice President. The Vice President shall, in the absence or disability of the President, exercise the powers and perform the duties of the President and shall also generally assist the President and exercise such other powers and perform such other duties as shall be prescribed by the Board.

4.3 Secretary. The Secretary shall keep the minutes of all proceedings of the Board and Association and shall attend to the giving and serving of all notices to the Owners and other notices required by law; shall keep the records of the Association, except those of the Treasurer, and shall perform all other duties incident to the office of Secretary of an organized association and as may be required by the Board.

4.4 Treasurer. The Treasurer shall have the responsibility for the funds and securities belonging to the Association; shall have the responsibility for keeping full and accurate accounts of all reports and disbursements of the Association; shall be responsible for the deposit of all monies and valuable effects in the name of and to the credit of the Association in such depositories as may from time to time be designated by Association; and shall perform all other duties incident to the office of Treasurer.

4.5 Compensation. The compensation of all the officers of the Association shall be determined by the Board and subject to the written consent of five (5) Owners. The foregoing shall not apply if the Board employs a Managing Agent for the management and administration of the Project.

ARTICLE V

DELEGATION OF BOARD DUTIES

5.1 Delegation of Board Duties. Notwithstanding anything contained herein otherwise to the contrary, but subject to the provisions of the Texas Condominium Act and the Declaration, the Board may delegate any or all of its duties, powers or functions to a Managing Agent, provided that any such delegation shall be revocable upon notice by the Board. The members of the Board shall not be liable for any omission or improper exercise by the

Managing Agent of any such duty, power or function so delegated by written instrument executed by both members of the Board.

ARTICLE VI

RECORDS

6.1 Records. The Board or the Managing Agent shall keep or cause to be kept a set of books with a detailed account of the receipts and expenditures affecting the Project and its administration and specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Project. Both the books and vouchers accrediting the entries made thereon shall be available for examination by all the Owners and Mortgagees (or their designees) at convenient hours on working days. All books and records shall be kept in accordance with generally accepted accounting procedures.

ARTICLE VII

AMENDMENT

7.1 Amendment. These By-Laws may be amended from time to time by the affirmative vote of four (4) of the Owners at a meeting of the Association as provided herein.

ARTICLE VIII

SEVERABILITY

8.1 Severability. The invalidity of any provision or provisions of these By-Laws shall not be deemed to impair or affect in any manner the validity, enforceability or effect of the remainder of these By-Laws, and, in such event, all of the other provisions of these By-Laws shall continue in full force and effect as if such invalid provision had never been included herein.

ARTICLE IX

INDEMNITY

9.1 Indemnity. The Association shall indemnify the Board and its Officers (each of them) against expenses and liabilities (including the cost and expense of defending against any such alleged liability) reasonably incurred by such person or persons by reason of his being or having been an Officer of the Association, except in cases where such Officer is adjudged guilty by a court of competent jurisdiction of willful misfeasance of malfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

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9.2 Rights of Indemnification. The rights of indemnification herein provided may be insured against by policies maintained by the Association; shall be severable, shall not affect any other rights to which any Officer may now or hereafter be entitled, shall continue as to a person who has ceased to be such Officer and shall inure to the benefit of the heirs, executors and administrators of such a person. Nothing contained herein shall affect any rights to indemnification to which Association personnel other than Officers may be entitled by contract or otherwise under law.

9.3 Expenses to Defense of Claims. Expenses in connection with the preparation and presentation of a defense to any claim, action, suit or proceeding of the character described in Section 9.1 hereof may be advanced by the Association prior to final disposition thereof upon receipt of an undertaking by or on behalf of an Officer, secured by a surety bond or other suitable insurance issued by a company authorized to conduct such business in the State of Texas, to repay such amount if it is ultimately determined that he is not entitled to indemnification under this Article.

ARTICLE X

CONTRACTS, LOANS, CHECKS, DEPOSITS AND TRANSACTIONS

10.1 Contracts. Subject to the limitations set forth in the Declaration, the Board may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to the specific instances.

10.2 Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by the Treasurer.

10.3 Deposits. All funds of the Association not otherwise employed shall be deposited, from time to time, to the credit of the Association in such banks, trust companies or other depositories as the Treasurer may select.

ARTICLE XI

RULES AND ENFORCEMENT

11.1 Non-Waiver. The failure of the Board or the Managing Agent or any Owner to enforce any covenant, restriction or other provision of the Condominium Act, the Declaration or these By-Laws shall not constitute a waiver of the right to do so thereafter.

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11.2 Injunction. In addition to any other rights or remedies available to any Owner, any violation or threatened violation of any of the By-Laws of the Association may be enjoined or prevented by suit for injunction by the Owner or the Board or the Managing Agent of the Condominium Regime.

ARTICLE XII

MORTGAGES

12.1 Mortgages. An Owner who mortgages his Unit shall notify the Board or Managing Agent of such mortgage, giving the name and address of his Mortgagee; and the Board or Managing Agent shall maintain such information in a book kept for that specific purpose.

12.2 Reports. The Association shall at the request of a Mortgagee of a Unit report any unpaid assessments owed from the Owner of such Unit.

The undersigned, being the Declarant herein, has executed this Declaration this 31st day of DECEMBER, 1985.

CEDAR INVESTMENT CO., AUSTIN, a
Texas Limited Partnership
By: Cedar Contracting, Inc., a
Texas Corporation,
General Partner

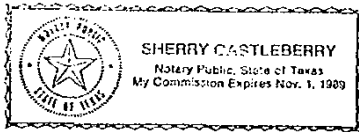
By: 
FARID S. REBEIZ, President

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THE STATE OF TEXAS
COUNTY OF TRAVIS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared FARID S. REBEIZ, President of Cedar Contracting, Inc., a Texas Corporation, General Partner of Cedar Investment Company, Austin, a Limited Partnership, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of such partnership for the purpose and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 31st day of December, 1985.



Sherry Castleberry
Notary Public in and for The
State of Texas

My Commission Expires:

11-1-89

NOTARY SEAL

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EXHIBIT E
ANNUAL ESTIMATED BUDGET
FOR
NORTHCAT HOMES

WATER & WASTEWATER SERVICES	\$2,000
LANDSCAPE MAINTENANCE	\$3,000
ROUTINE MAINTENANCE AND RESERVES	\$ 400
TEXAS MULTI-PERIL INSURANCE	\$1,300
MANAGEMENT, LEGAL & ACCOUNTING	\$ 300
	=====
TOTAL:	\$7,000

MONTHLY UNIT COST WILL BE \$97.00

RECORDER'S MEMORANDUM:
At the time of recordation, this instrument was found to be inadequate for the best photographic reproduction because of illegibility, carbon or photo copy, discolored paper, etc. All blockouts, additions and changes were present at the time the instrument was filed and recorded.

FILED

1986 JUL -7 PM 1:36

Laris Angeline
COUNTY CLERK
TRAVIS COUNTY, TEXAS

STATE OF TEXAS COUNTY OF TRAVIS
I hereby certify that this instrument was FILED on the date and at the time stamped hereon by me; and was duly RECORDED, in the Volume and Page of the named RECORDS of Travis County, Texas on

JUL 7 1986

 *Laris Angeline*
COUNTY CLERK
TRAVIS COUNTY, TEXAS

Ret *Jammy Nassour*
9215 Independence Loop.
Austin TX 78745

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