CONDOMINIUM DECLARATION

OF

KINGSTOWNE WEST TOWNHOUSES I

967732

352 Lovey Rd 77707

STATE OF TEXAS I

COUNTY OF JEFFERSON I KNOW ALL MEN BY THESE PRESENTS, THAT:

This declaration is made this 17th day of October, 1977, by Gerald M. Brassard and wife, May C. Brassard, Charles F. Adkins and wife Billy F. Adkins, and Elmore P. Kalbaugh and wife, Fay P. Kalbaugh, all of Jefferson County, Texas hereinafter referred to as Developers, and is made pursuant to and in accordance with the provisions of the Condominium Act of the State of Texas, hereinafter referred to as Act, and further made for the purposes of establishing a Condominium Regime in respect to the hereinafter described real property and improvements thereon,

WITNESSETH:

Whereas, Developers are the sole owners in fee simple of the tracts of land hereinafter described, and herein referred to as "the project tract of land", and Developers have improved and developed said land by constructing thereon four (4) two-story apartment buildings, each containing four apartments, together with certain other improvements, structures and facilities as part thereof and as appurtenances thereto, all of which is hereby declared to be a condominium project and is designated and shall be known as KINGSTOWNE WEST TOWNEHOUSES I and which project tract of land is out of and a part of Block No. 9, of the William Weiss (Weiss Park) subdivision to the City of Beaumont, Jefferson County, Texas and which project tract of land consists of four (4) separate tracts being more particularly described by metes and bounds in Exhibit "A" attached hereto and made a part hereof and with Gerald M. Brassard and wife being the present owners of Tract No. 1,

Charles F. Adkins and wife being the present owners of Tract No. 2 and Tract No. 3, and Elmore P. Kalbaugh and wife being the present owners of Tract No. 4;

WHEREAS, the Developers intend by this Declaration to submit said project tract of land and all improvements thereon to the provisions of said Condominium Act of the State of Texas so as to hereby establish a Condominium Regime under said Act in respect to the project property as herein defined and described;

WHEREAS, Developers also own a parted undivided interest in and to that certain tract or parcel of land described in Exhibit "C" attached hereto and made a part hereof, and Developers intend by this Declaration to submit and do submit, an undivided eight-twentieths (8/20th) interest in said tract described in Exhibit "A" as Tract 5 and in all improvements located thereon to the provisions of the said Condominium Act of the State of Texas and to be included in the Condominium Regime hereafter defined. Said undivided interest to be included in presently owned by the Developers as follows: Gerald M. Brassard and wife an undivided 2/20th interest; Charles F. Adkins and wife an undivided 4/20th interest and Elmore P. Kalbaugh and wife an undivided 2/20th interest.

NOW, THEREFORE, Developers hereby make the following Declarations as to the definitions, divisions, descriptions, restrictions, covenants, limitations, conditions, rights, privileges, obligations, and liabilities which shall apply to, govern, control and regulate the sale, re-sale or other disposition, encumbrance, acquisition, ownership, use, occupancy and enjoyment of the project property and all parts thereof and the freehold estates hereby established, hereby specifying and agreeing that the provisions

and contents of this Declaration shall be, and do constitute, covenants to run with the land and shall be binding on Developers their Successors, Assigns and Grantees and binding on all subsequent owners of all or any part of said project property and their Grantees, Successors, Heirs, Devisees, Executors, Administrators or Assigns, to-wit:

1.

DEFINITIONS, as used herein, unless the context otherwise requires,

(a) "Act" means the "Condominium Act" of the State of Texas.

(b) "Declaration" means this instrument and all Exhibits attached hereto by which the project property is submitted to the provisions of the Act, as hereinafter provided, and such declaration as from time to time lawfully amended.

(c) "Project Tract of Land" means the land itself described as tracts 1 thru 4 in Exhibit "A" attached hereto, excluding the improvements thereon.

(d) "Project Property" means the land described as tracts 1 thru 4 in Exhibit "A" attached hereto and all improvements, buildings, structures, facilities, fixtures and equipment erected, constructed, placed or contained thereon or therein and means 8/20th undivided interest in the land described as tract 5 in Exhibit "A" attached hereto and like undivided interest in all the improvements, buildings, structures, facilities, fixtures and equipment erected, constructed, placed or contained thereon or therein.

(e) "Apartment Building" means the entire apartment building. Each of the apartment buildings being a two-story building consisting of four (4) apartments which are hereinafter described and which are to be individually and separately owned, and each of the apartment buildings being designated by letter and being shown on Exhibit "B" attached hereto and being located on the Project Tract of land described in Exhibit "A" attached hereto.

(f) "Apartment" means the individual air space unit which is contained within the perimeter walls, floors and ceilings of an apartment building and being on of the four separate and individual apartment spaces into which each apartment building is divided for individual and separate use and ownership.

(g) "Condominium Unit" means one apartment together with the undivided interest in the common elements allocated to or conveyed with such apartment.

(h) "Owner" means a Person, Firm, Corporation, Partnership, Association or other legal entity, or any combination thereof, whether one or more, who owns one or more condominium units.

(i) "General Common Elements" means and includes:

(1) the land on which the buildings are located and more particularly described as tracts 1 thru 4 in Exhibit "A" attached hereto;

(2) the foundation, columns, girders, beams, supports, main walls and roofs and any portion of an apartment building not included in an apartment;

(3) the yards, gardens, parking area, fences, storage spaces, streets, service drives, walks and service easements;

(4) the installations consisting of the equipment and materials making up central service such as power, light, gas and the like;

(5) any undivided interests in other tracts of lands or facilities such as the 8/20ths undivided interest in and to that certain tract or parcel of land and improvements thereon which tract is described as Tract 5 in Exhibit "A" attached hereto;

(6) all other parts of the project property necessary or convenient to its existence, maintenance and safety, or normally in common use.

(j) "Limited Common Elements" means a part of the general common elements reserved for the exclusive use of the owner of a condominium unit including the heating and air conditioning system serving one condominium unit only and car ports, parking areas and patio areas, assigned to one condominium unit.

(k) "Common Expenses" means and includes:

(1) All sums lawfully assessed against the general common elements by the managing agent or board of managers;

(2) expenses of administration and management, maintenance, repair or replacement of the general common elements;

(3) expenses agreed upon as common expenses by the owners;

(4) and expenses declared common expenses by provisions of this declaration and by the By-laws.

(l) "Association of Unit Owners" or "Association" means a Texas non-profit association, the By-Laws of which will govern the administration of this project property the members of which shall be all of the owners of the condominium units.

2.

Prior to the first conveyance of any condominium unit, this declaration shall be filed for record simultaneously with the records of the map or plat which is attached hereto as Exhibit "B" and made a part hereof and which map or plat sets forth the legal description of the surfaces of the land, the linear measurements and locations with reference to the exterior boundaries of the project tract of land, of the apartment buildings and other improvements built or to be built upon said project tract of land by developers, and designations by letter of each apartment building, designations by number of each apartment, designations by apartment number of each car port assigned to each of said apartments, and designations by apartment number of each uncovered parking space assigned to each of said apartments and designations of apartment number of each patio serving each of said apartments.

3.

The project property is hereby divided into the following separate fee simple estates:

(A) Sixteen (16) fee simple estates consisting of separately designated apartments, each such apartment identified by number and by building symbol as shown on the map or plat attached hereto as Exhibit "B," and the apartments in each building being described as follows:

(1) Building A-being located on Tract One (1) as Tract One (1) is described by metes and bounds in Exhibit "A" attached hereto which building contains four (4) apartments, numbered 1, 2, 3, and 4, the size, dimensions, location and boundaries of each being detailed on the map attached hereto as Exhibit "B."

(2) Building-B-located on Tract Two (2) as Tract Two (2) is described by metes and bounds in Exhibit "A" attached hereto which building contains four (4) apartments, numbered 5, 6, 7 and 8, the size, dimensions, location and boundaries of each being detailed on the map attached hereto as Exhibit "B."

(3) Building C-being located on Tract Three (3) as Tract Three (3) is described by metes and bounds in Exhibit "A" attached hereto which building contains four (4) apartments, numbered 9, 10, 11 and 12, the size, dimensions, location and boundaries of each being detailed on the map attached hereto as Exhibit "B."

(4) Building D-being located on Tract Four (4) as Tract Four (4) is described by metes and bounds in Exhibit "A" attached hereto which building contains four (4) apartments, numbered 13, 14, 15 and 16, the size, dimensions, locations

(B) The remaining portion of the entire project property which portion is referred to as the general common elements, shall be held in common by the owners, the interest of each owner therein being hereinafter set forth and each undivided interest being appurtenant to one of the Sixteen (16) apartments above described.

(C) The percentage of ownership in the common elements allocated to each apartment is as follows:

Building Designation	Apartment No.	Percentages of Ownership
A	1	6.64
A	2	5.86
A	3	5.86
A	4	6.64
B	5	6.64
B	6	5.86
B	7	5.86
B	8	6.64
C	9	6.64
C	10	5.86
C	11	5.86
C	12	6.64
D	13	6.64
D	14	5.86
D	15	5.86
D	16	6.64
		100.00 Percent

4.

A portion of the general common elements is hereby set aside and reserved for the exclusive use of individual owners, such areas being the limited common elements. The limited common elements reserved for the exclusive use of the individual owners are the automobile parking spaces, the car ports and the patio spaces all of which are shown on the map attached hereto as Exhibit "B". Said limited common elements are allocated and assigned by the Developers to the respective Condominium units as indicated on said Map, attached hereto as Exhibit "B", the car port space assigned to each apartment being designated by the apartment number preceded by the prefix "C", the uncovered parking spaces assigned to each apartment being designated by the apartment number preceded by the prefix "UC", and the patios assigned to each apartment being designated by the apartment number preceded by the prefix "P". In like manner, both the heating and air conditioning system serving only one condominium unit

shall be a limited common element, and reserved and assigned to the condominium unit being so served. Such limited common elements shall be used in connection with each particular apartment to the exclusion of the use thereof by the other owners except by invitation.

5.

Each apartment and its undivided interest in and to the general common elements appurtenant thereto shall be inseparable and may be conveyed, leased, or encumbered only as a Condominium Unit. The common elements, both general and limited, shall remain undivided and shall not be the object of an action for petition or division of the co-ownership so long as suitable for a Condominium Regime, and, in any event, all mortgages must be paid prior to the bringing of an action for petition or the consent of all mortgagees must be obtained. Any covenant to the contrary shall be void. The percentage of the common elements allocated to each apartment shall not be separated therefrom or separately sold, conveyed, encumbered, or otherwise separately disposed of, and each interest in the common elements shall follow the respective apartment to which it is allocated, and shall be deemed to be conveyed or encumbered with its respective apartment to which it is allocated even though the description in the instrument of conveyance or encumbrance shall refer to apartment.

6.

Each condominium owner shall have the right to use and enjoy common elements, in common with all other condominium unit owners, for the purposes for which they are intended and

as may be required for the purposes of access and ingress and egress to, and use and occupancy and enjoyment of, the respective apartment owned by such condominium unit owner, without hindering or encroaching upon the lawful rights of other co-owners and subject to the limitations above referred to concerning limited common elements. Such rights to use the common elements shall

extend to each condominium unit owner, members of the immediate family of each condominium unit owner, lawful occupants of each apartment, and the guests and visitors of each condominium unit owner and/or authorized occupants of each apartment. Such rights to use the common elements shall be subject to and governed by the provisions of the Act, by this Declaration, and by the By-Laws hereinafter referred to.

7.

Every deed, lease, mortgage, trust deed, or other instrument may legally describe a condominium unit by its identifying apartment number and building symbol followed by the words "KINGSTOWNE WEST TOWNHOUSES I" and by reference to this recorded Declaration and Map. Every such description shall be deemed good and sufficient for all purposes to convey, transfer, encumber or otherwise affect the general common elements.

8.

Developers shall give written notice to the Tax-Assessor of the creation of the Condominium ownership of this property, as it is provided by law, so that each apartment unit and its percentage of undivided interest and the general common elements shall be deemed a separate parcel and subject to separate assessment and taxation.

9.

A condominium unit may be held or owned by more than one person as joint tenants, as tenants in common or in any real property tenant relationship recognized under the laws of the State of Texas.

10.

Each owner shall be entitled to exclusive ownership and possession of his apartment. Each apartment shall be occupied and used by the owner as, and for, a single family residential dwelling for the owner, his family, his social guests or his tenants.

11.

No labor performed or materials furnished and incorporated in an apartment with the consent, or at the request of the owner thereof, or his agent or his contractor, or sub-contractor, shall be the basis for a lien against the general common elements owned by the other owners. Each owner shall indemnify and hold harmless each of the other owners from and against all liability arising from the claim of any lien against the apartment of any other owner, or against the general common elements for construction performed, or for labor, materials, services or other products incorporated in the owner's apartment at such owner's request.

12.

The administration of this project property shall be governed by the By-Laws of the Association of Unit Owners of KINGSTOWNE WEST TOWNHOUSES I, herein referred to as "the Association". A copy of such By-Laws is attached hereto as Exhibit C

and is incorporated herein by reference, and same shall be deemed adopted by Developers as the sole owners of the project property and all subsequent owners shall be bound thereby. Developers, at their election, may cause to be formed a Texas-non-profit corporation bearing said name, in which event such non-profit corporation shall be composed of the owners of the condominium units as herein set out and such non-profit corporation shall thereafter act and do things to be done by the Association, and the said non-profit corporation, if formed, shall be bound by, adopt, and observe as its By-Laws, the said By-Laws attached hereto as Exhibit "C". "The Association" as herein used shall refer to the member owners as a group, both before and after incorporation. In the event of incorporation, a certified copy of the Certificate of Incorporation of such Association shall be recorded and shall provide that three (3) persons shall act as a Board of Managers and shall serve as the managers until

their successors have been elected and qualified. An owner of a condominium unit, upon becoming an owner shall become a member of the Association and shall remain a member for the period of his ownership. The Managing Agent shall be whatever person or entity is so designated by a majority of the Developers; and said Agent shall perform all the duties of the Board of Managers, and shall act until a successor has been appointed by the majority of the Developers or until all apartments of this condominium project shall be sold to persons or entities other than Developers, at which time said Managing Agent will give written notice of such fact, and the

owners will appoint their Board of Managers as hereinafter provided in the By-Laws attached hereto as Exhibit "C".

13.

The owners shall have irrevocable rights, to be exercised by the Managing Agent, or by the Board of Managers of the Association, to have access to each apartment from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of any of the general common elements therein, or accessible therefrom, or for making emergency repairs therein necessary to prevent damage to the general or limited common elements or to another apartment or apartments.

14.

Each condominium unit owner shall furnish, and be responsible for, at his own expense, all the maintenance, repairs and replacements for the interior of his own apartment, including the fixtures and the appliances thereto and therein. Each owner shall also maintain all the plumbing, all the electrical lines, wires, conduits or systems, and all the heating and air conditioning systems serving his apartment whether within or without same and all glass and/or plate glass which may be any part of any window or wall of the apartment even though such glass may constitute the outside wall of such apartment, and all other elements and contents of the apartment which are individually and

15.

A condominium unit owner shall not do any act nor any work that will impair the structural soundness or integrity

of the building or impair any easement or hereditament. No owner shall in any way alter, modify, add to or otherwise perform any work whatever upon any of the common elements without first obtaining the written consent of the Managing Agent or of the Board of Managers.

16.

A condominium unit owner shall not be deemed to own the un-decorated and/or unfinished surfaces of the perimeter walls, ground floor and roof surrounding his apartment, nor shall such owner be deemed to own the utilities running through his apartment which are utilized for, or serve, more than one apartment, except as a tenant in common. A condominium unit owner, however, shall be deemed to own and shall maintain the inner decorated and/or finished surfaces of the perimeter and interior walls, floors, ceilings, doors, windows and such other elements consisting of paint, wallpaper, floor covering, carpeting and other such finishing materials.

17.

Each condominium unit owner shall comply strictly with the provisions of this Declaration, of the By-Laws and of 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 for damages or injunctive relief or both, maintainable by the Managing Agent or Board of Managers on behalf of the owners, or, in a proper case, by an aggrieved owner.

18.

This Declaration shall not be revoked nor shall any of the provisions herein be amended, unless all the owners of the condominium units and all of the holders of any recorded mortgages or Deeds of Trust covering or affecting any or all of the condominium units unanimously consent and agree to such revocation or amendments by instruments duly recorded.

19.

Each condominium unit owner shall be bound and obligated and agrees to pay, as assessments therefor are made, his pro rata share and part of all estimated expenses growing out of or connected with the administration, operation and maintenance of the general common elements which sum may include, among other things, cost of management, taxes, assessments, insurance, contracts of purchase pursuant to the terms hereof, and insuring the buildings and the owners thereof and their mortgagees against such risk as may be insured against, under the terms hereof, landscaping, and care of grounds, lighting, repairs and renovation, garbage collection, wages, water charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Managing Agent or Board of Managers under or by reason of this Declaration, or under or by reason of or at the direction of the Association and of its By-Laws, the payment of any deficit remaining from any previous period, the creation of a reasonable contingency or other reserve or surplus funds as well as other cost and expenses related to the general common elements. The omission or failure of the Managing Agent or of the Board to fix the assessment

for any month shall not be deemed a waiver, modification or a release of the owners from the obligation to pay. No owner of any apartment shall be exempt from paying or contributing his pro rata share by waiver of the use or enjoyment of the common elements or by abandonment of the apartment or his interest therein.

20.

The Managing Agent or Board of Managers shall obtain

and maintain at all times, insurance of the type and kind required by the majority of the unit owners, issued by a responsible insurance company authorized to do business in the State of Texas or by more than one responsible insurance company authorized to do business in the State of Texas should the same not be available for purchase from one such company and such insurance may be written in the name of the Managing Agent or in the name of the Board of Managers as Trustee or as Trustees for each condominium unit owner and each condominium unit owner's mortgagee, if any, or it may be written in such other names as a majority of the unit owners may direct. Such insurance shall not prejudice the rights of each owner to insure his apartment on his own account and for his own benefit. The Association may also be named in such insurance policy or policies as an insured if required by the insurance company or companies. Such insurance shall provide for a standard, non-contributory mortgagee clause in favor of each first mortgagee. It shall also provide that it can not be cancelled by either the insured or the insurance company until ten (10) days after prior written notice to each first mortgagee has been given. Said Managing Agent or

Board of Managers shall upon request of any first mortgagee, furnish a certified copy of such policy and furnish a separate certificate identifying the interest of the mortgagor. All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular owner guilty of a breach of warranty, act, omission, negligence or non-compliance with any provision of such policy, including payment of the insurance premium applicable to that owner's interest, or who permits or fails to prevent the happening of any event whether occurring before or after loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under such policy, as to the interests of all other insured owners not guilty of any act or omission, shall not be invalidated or suspended and shall remain in full force and in effect. The determination of maximum replace-

ment value of all condominium units, for insurance purposes, shall be made annually by one or more written appraisals, copies of which shall be furnished forthwith to each mortgagee of a condominium unit. In addition, each condominium unit owner shall be notified of such appraisals. Any insurance obtained by condominium unit owners at their own expense must contain waivers of subrogation and further provide that the liability of the carriers issuing insurance procured by the Managing Agent or the Board of Managers shall not be affected or diminished by reason of any condominium unit owner's insurance.

21.

The estimated assessments imposed by the Managing Agent or Board of Managers on each condominium unit owner shall be made, except for insurance premiums, basically pro

rata according to each owners percentage interest in and to the general common elements, but not necessarily in such exact proportion if the Board of Managers deem such improper or unfair. Assessments for insurance premiums shall be based upon the proportion of the total premium that the insurance carried on a condominium unit bears to the total coverage. Assessments for the estimated expenses, including insurance, shall be due monthly in advance on or before the fifth (5th) day of each month. Failure to pay by the fifteenth (15th) day of each month shall require the imposition and assessment of a late charge of the greater of $5.00 or 5% of the amount due. The Managing Agent or Board of Managers shall prepare and deliver or mail, regularly, at least every three months, to each owner an itemized statement showing the various estimated or actual expenses for which the assessments are made. Contributions for monthly assessments shall be pro rata if the ownership of a condominium unit commences on a day other than the first day of the month.

22.

The assessments for common expenses shall be made

against the owner of each condominium unit and the condominium unit itself, and in the event any unit owner shall fail or refuse to pay the pro rata share of the common expenses assessed against him, or any part thereof, when the same shall become due and payable as specified in the assessment, then the whole amount of such assessment remaining unpaid including interest thereon at 8% per annum shall constitute a lien on such condominium unit for the benefit of all other condominium unit

owners. All liens securing assessments for common expenses shall be prior and superior to all other liens and encumbrances except all such assessment liens shall be subordinate, secondary and inferior to, and the same are hereby expressly made subordinate, secondary and inferior to: (1) All liens for taxes or special assessments in favor of any assessing unit, and (2) all liens securing the amount due, or to become due, under a first mortgage or deed of trust of record including all unpaid obligatory sums as my be provided by such encumbrances and including additional advances made thereon prior to the arising of such assessment lien.

To evidence such lien, the Managing Agent or Board of Managers 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 condominium unit and a description of the condominium unit. Such notice shall be signed by the Managing Agent or one of the Board of Managers and may be recorded in the office of the County Clerk of Jefferson County, Texas. Such lien for the common expenses shall attach from the date of the failure of payment of the assessment.

Such lien for common expense assessments may be enforced by foreclosure on the defaulting owner's condominium unit by the Association in like manner as a mortgage on real property upon the recording of a Notice or claim thereof and after providing the First mortgagee, if any, with thirty (30) days written notice prior to foreclosure. In any such foreclosure, the owner shall be required to pay the cost and expense of such proceedings, the cost and expense of filing the notice or claim of land and all reasonable attorney fees.

have a lien on such unit for the amounts paid of the same rank as the lien of his encumbrance.

23.

Upon the written request of any owner or encumbrancer or prospective encumbrancer of a condominium unit, the Association, by its Managing Agnet or Board of Managers, shall issue a written statement setting forth the unpaid common expense, if any, with respect to the subject unit, the amount of the current monthly assessment and the date such assessment becomes due, any credit for advanced payments or for pre-paid items including but not limited to insurance premiums, which shall be conclusive upon the Association in favor of all persons who rely thereon in good faith. Unless such request for a statement of indebtedness shall be complied with within ten (10) days, all unpaid common expenses which become due prior to the date of making of such request shall be subordinate to the lien of the person requesting such statement.

24.

The Grantee of a condominium unit shall be jointly and severally liable with the Grantor for all unpaid assessments against said unit, or against Grantor, 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; provided, however, upon written request, any such prospective Grantee shall be entitled to a statement from

the Managing Agent or Board of Managers, setting forth the amount of the unpaid assessments, if any, with respect to the subject unit, the ampunt of the current monthly assessment and the date such assessment becomes due, any credit for advanced payment or for pre-paid items including but not limited to insurance premiums which shall be conclusive upon the Association. Unless such request for a statement of indebtedness shall be complied with within ten (10) days of such request, such Grantee shall not be liable for, nor shall the unit con-

veyed be subject to a lien for any unpaid assessments against the subject unit.

Upon the sale and conveyance of a condominium unit, all assessments against Grantor for his pro rata share of expenses as herein described and levied shall first be paid out of the sale price, or by the purchaser, in preferance over any other assessments or charges of whatever nature except the following: (1) Assessments, liens and charges in favor of the State and any political subdivision thereof for taxes past due and unpaid on the condominium unit; and (2) amounts due under first mortgage instruments duly recorded.

25.

Any owner shall have the right from time to time to mortgage or encumber his interest by Deed of Trust, Mortgage or other security instrument. A first mortgage shall be one which has first and paramount priority under applicable law. The owner of a condominium unit may create a second mortgage on the following conditions: (1) That any such second mortgage shall always be subordinate to all the terms, conditions, covenants, restrictions, uses, limitations, obligations,

lien for common expense, and other payments created by this Declaration and by the By-Laws; and (2) That the mortgagee under any said second mortgage shall release, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title, and interest in and to the proceeds under all insurance policies upon such premises which insurance policies were effected and placed upon the mortgaged premises by the Association. Such release shall be furnished forthwith by second mortgagee upon written request of the Association.

26.

If the owner of any condominium unit, other than any of the developers, shall desire at any time to sell, rent, or lease his condominium unit to any person other than the developers, and receives a bona fide offer therefor from

a prospective purchaser or tenant for the purchase, rental, or lease of said condominium unit which he would be willing to accept, such owner shall not sell, rent or lease his condominium unit without first furnishing the Managing Agent or Board of Managers written notice thereof, together with an executed copy of such offer and the terms thereof, which notice shall be sent by U. S. Certified or Registered Mail, with return receipt requested at least thirty (30) days prior to the proposed date of sale, rent or lease. The Managing Agent or Board of Managers within fifteen (15) days following the receipt of such notice, shall have the right for the benefit of the remaining owners to purchase or rent or lease said condominium unit upon the same terms and conditions as set forth in said offer by giving the selling, renting, or leasing

owner written notice and a matching down payment or deposit and by sending same to said owner by U. S. Certified or Registered Mail, with return receipt requested, properly addressed to said owner at the condominium unit. Said Managing Agent or Board of Managers may exercise this option either in any of their own names or through any other person or persons designated by them.

Either of said written notices above provided may be personally delivered to the intended recipient rather than sent through the mail if the intended recipient signs a receipt therefor. The Managing Agent or Board of Managers shall have the authority, on behalf of, and in the name of, the remaining owners to elect not to exercise such right of first refusal and to give written notice of such election, which notice shall be binding upon the Managing Agent, the Board of Managers and the remaining owners.

In the event any owner shall attempt to sell, rent, or lease his condominium unit without forwarding to the Managing Agent or Board of Managers the right of first refusal herein provided, said sale or lease or rental shall be wholly null and void and shall confer no title or interest whatsoever

upon the intended purchasers, lessee or rentee. Possession of, or residence in, a condominium unit by any other person than the record owners, their lineal descendants or relatives of their lineal descendants, continuing for a period of ten (10) days, shall be deemed, and for this purpose, constitutes a leasing or renting of the condominium unit, whether or not any consideration has been paid therefor, and in such event, the Managing Agent or Board of Managers may require the removal

of such occupants; it being hereby agreed that the Managing Agent, or Board of Managers, in such an event shall be entitled to the possession of the condominium unit upon demand thereof from such occupant, with or without notice to the record owner thereof; and in the event of failure to surrender such possession, the Managing Agent or the Board of Managers may institute and maintain forcible entry and detainer proceedings for the possession of such unit, and may have and retain such possession until the record owner thereof, or his purchaser in the event of a sale where all prerequisites of this Declaration have been complied with, retakes physical possession of such premises. During anytime the Managing Agent or Board of Managers shall have possession of such condominium unit hereunder the record owner and all of his guests, licensees and invitees shall be deemed to waive any claim for damages to person or property in or on the units.

The sub-leasing or sub-renting of any interest in a condominium unit, shall be subject to the same limitations as are applicable to the leasing or renting or selling by an owner. The liability of the owner under these covenants shall continue not withstanding the fact that he might have previously leased or rented said interest as provided herein.

In no case shall the right of first refusal reserved herein affect the right of the owner to subject his interest in the condominium unit to a trust deed, mortgage or other security instrument.

The failure of or refusal by the Managing Agent or the

Board of Managers to exercise the right to so purchase or lease or rent shall not constitute or be deemed to be a waiver of such right to purchase or lease or rent when an owner receives any subsequent bona fide offer from a prospective purchaser or tenant.

The provisions hereof for right of first refusal shall not apply to any sale, lease, or rental if made by developers at any time hereafter whether same be a first sale or letting or be a re-sale or re-letting of a condominium unit. Developers shall have the further right to use any condominium unit as an office and sales area and display advertising signs at the premises at any time hereafter until all units have been sold by Developers.

The right of first refusal, as provided herein, shall extend and run from the date of execution of this Declaration for the period of the lives of the now living descendants of each of the Developers, whichever of said descendants shall live the longer, plus twenty-one (21) years.

Except as otherwise provided hereafter and except upon a transfer of title to a public trustee or to a first mortgagee, each Grantor of a condominium unit, upon transferring or conveying his interest, shall incorporate in such instrument of conveyance an agreement that the Grantee carry out the provisions of the right of first refusal as provided in this section.

27.

In the event of any default on the part of a condominium unit owner under any first mortgage which entitled the holder thereof to foreclose same, any sale under such foreclosure, including delivery of a deed to the first mortgagee in lieu of such foreclosure shall be made free and clear of the provisions regarding the right of first refusal, and the purchaser, or Grantee under such Deed and in lieu of foreclosure, of such condominium unit shall be thereupon and thereafter

subject to the provisions of this Declaration and of the By-Laws.

If the purchaser following such foreclosure sale, or if the Grantee under Deed given in lieu of such foreclosure, shall be the then holder of the first mortgage, or its nominee, the said holder or nominee may thereafter sell or convey the condominium unit free and clear of the provisions of the referred to right of first refusal, but its Grantee shall thereupon and thereafter be subject to all the provisions hereof.

The transfer of a deceased joint tenant's interest to the surviving joint tenant or the transfer of the deceased interest to a devisee by Will or to his heirs at law under intestacy laws shall not be subject to the provisions of the previous section on the right of first refusal, but said surviving joint tenant or said deivsee or said heir must abide by these provisions on any subsequent transfer.

29.

This Declaration hereby makes mandatory the irrevocable appointment of an attorney-in-fact to deal with the property upon its destruction or obsolescence.

Title to any condominium unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any Grantee of a deed from the Developers or from any owner shall constitute appointment of the attorney-in-fact herein provided. All of the owners irrevocably constitute and appoint the Managing Agent or the non-profit association hereinafter named, or its successor non-profit corporation, if same be hereafter organized, their true and lawful attorney in their name, place and stead, for the purpose of dealing with the property upon its destruction or obsolescence as is hereafter provided. As attorney-in-fact, the Managing Agent or the Association, by its President and Secretary, 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 a condominium unit owner which are necessary and appropriate to exercise the powers herein granted. Repair and reconstruction of the improvements as used in the succeeding subparagraphs means restoring the improvements to substantially the same conditions in which same existed prior to the damage, with each unit and the general and limited common elements having the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be made available to the attorney-in-fact for the purpose of repair, restoration or replacements, unless the owners and all first mortgagees agree not to rebuild in accordance with the provisions hereinafter set forth:

(a) In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvements, shall be applied by the attorney-in-fact, to such reconstruction, and the improvements shall be promptly repaired and reconstructed.

(b) If the insurance proceeds are insufficient to repair and reconstruct the improvements, and if such damage is not to more than fifty (50%) per cent of all the general common elements, not including land, such damage or destruction shall be promptly repaired and reconstructed by the attorney-in-fact, using the proceeds of insurance and the proceeds of an assessment to be made against all of the owners and their condominium units. Such deficiency assessment shall be a common expense made pro rata according to each owner's percentage interest in and to the general common elements and shall be due and payable within thirty (30) days after written notice thereof. The attorney-in-fact shall have the authority

to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an owner to pay the assessment. The assessment provided for herein shall be a debt of each owner and a lien on his condominium unit and may be enforced and collected as previously provided for assessment liens. In addition thereto, the attorney-in-fact shall have the absolute right and power to sell the condominium unit of any owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid, the attorney-in-fact shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the attorney-in-fact. The proceeds derived from the sale of such condominium unit shall be used and disbursed by the attorney-in-fact in the following order:

(1) For payment of the balance of the lien of any first mortgage.

(2) For payment of taxes and special assessment liens in favor of any assessing entity;

(3) For payment of unpaid common expenses, including the assessment for reconstruction as above provided;

(4) For payment of junior liens and encumbrances in the order of and to the extent of their priority; and

(5) The balance remaining, if any, shall be paid to the condominium unit owner.

(c) If more than fifty (50%) per cent of all of the general common elements, not including land, are destroyed or damaged, and if the owners representing an aggregate ownership interest of three-fourths (3/4th) of said condominium units, or more,

do not voluntarily, within one hundred twenty (120) days thereafter, make provisions for reconstruction, which plan must have the unanimous approval or consent of every first mortgagee, the attorney-in-fact shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the attorney-in-fact, the entire remaining premises shall be sold by the attorney-in-fact for all of the owners, free and clear of the provisions contained in this Declaration, the Map and the By-Laws. The insurance settlement proceeds shall be collected by the attorney-in-fact and such proceeds shall be divided by the attorney-in-fact according to each unit owner's interest (as such interests appear on the policy or policies) and such divided proceeds shall be paid into as many separate accounts as there are units covered by this Declaration, each such account representing one of the condominium units. Each such account shall be in the name of the attorney-in-fact and shall be further identified by the number of the apartment and the name of the owner. From each separate account, the attorney-in-fact shall use and disburse the total amount (of each) of such accounts, without contribution from any account to another, toward the full payment of the lien of any first mortgage against the condominium unit represented by such separate account. There shall be added to each such account, the apportioned amount of the proceeds derived from the sale of the entire property. Such apportionment shall be based upon each condominium unit owner's percentage interest in the general common elements. The total funds of each account shall be used and disbursed, without contribution from one account to another, by the attorney-in-fact, for the same purposes and in the same order as is provided in sub-paragraph (b) (1) through (5) of this section numbered 29. If,

however, more than fifty (50%) per cent of all of the general common elements, not including land, are destroyed or damaged, and if, within one hundred twenty (120) days thereafter, the owners representing an aggregate ownership interest of three-fourths (3/4ths) of the condominium units, or more, adopt a plan for reconstruction, which plan has the unanimous approval of all first mortgagees, then all of the owners shall be bound by the terms and other provisions of such plan. Any assessment made in connection with such plan shall be a common expense and made pro rata according to each owner's percentage interest in the general common elements and shall be due and payable as provided by the terms of such plan but not sooner than thirty (30) days after written notice hereof.

The attorney-in-fact shall have the authority to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an owner to pay the assessment. The assessment provided for herein shall be a debt of each owner and a lien on his condominium unit, and may be enforced and collected as provided in this Declaration for assessment liens.

In addition thereto, the attorney-in-fact, shall have the absolute right and power to sell the condominium unit of any owner refusing or failing to pay such assessment within the time provided, and if not so paid, the attorney-in fact shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the attorney-in-fact. The proceeds derived from the sale of such condominium unit shall be used and disbursed by the attorney-in-fact for the same purposes and in the same order as is provided in sub-paragraph (b) (1) through (5) of this section numbered 29.

(d) The owners representing an aggregate ownership

interest of three-fourths (3/4ths) of the condominium units covered by this Declaration, or more, may agree that the general common elements of the property are obsolete and that the same should be renewed or reconstructed. In such instance, then the expense thereof shall be payable by all of the owners as common expenses; provided, however, that any owner not agreeing to such renewal or reconstruction may give written notice to the attorney-in-fact that such unit shall be purchased by the attorney-in-fact for the fair market value thereof. If such owner and the attorney-in-fact can agree on the fair market value thereof, then such sale shall be consummated within thirty (30) days thereafter. If the parties are unable to agree, the date when either party notifies the other that he or it is unable to agree shall be the "Commencing Date" from which all periods of time mentioned herein shall be measured. Within ten (10) days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party), one (1) appraiser, who shall be a member of the Beaumont Board of Realtors. If either party fails to make such a nomination, the appraiser nominated shall, within five (5) days after default by the other party, appoint and associate with him another appraiser (to be selected from the Beaumont Board of Realtors). If the two appraisers designated by the parties, or selected pursuant hereto in the event of the default of one (1) party, are unable to agree, they shall appoint another appraiser (to be selected from the Beaumont Board of Realtors) to be umpire between them, if they can agree on such person. If they are unable to agree upon such umpire, then each appraiser previously appointed shall nominate two (2) persons (each of whom shall be a member of the Beaumont Board of Realtors) and, from

the names of the four (4) persons so nominated one (1) name shall be drawn by lot by any judge of any Court of record in Texas, and the name so drawn shall be the umpire. The nominations from whom the umpire is to be drawn by lot shall be submitted within ten (10) days of the failure of the two (2) appraisers to agree, which in any event shall not be later than twenty (20) days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value or in the case of their disagreement, the decision of the umpire, shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the attorney-in-fact and the owner. The sale shall be consummated within fifteen (15) days thereafter, and the attorney-in-fact, shall disburse such proceeds as is provided in sub-paragraph (b) (1) through (5) of this section numbered 29.

The attorney-in-fact shall make an assessment against each of the other owners to cover rent expenses, fees and purchase price. Said assessment will be pro rata to each other owner according to the percentage that each such other owner's percentage ownership in the general common elements bears to the total percentage ownership in the general common elements of of all of said other owners. Said assessment shall be a debt of each of the other owners and a lien against each of their condominium units, and may be enforced and collected as provided in this Declaration for assessment liens.

(e) The owners representing an aggregate ownership interest of three-fourths (3/4ths) of the condominium units covered by this Declaration, or more, may agree that the general common elements of the property are obsolete and that

same should be sold. In such instance, the attorney-in-fact shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice, the entire premises shall be sold by the attorney-in-fact for all of the owners, free and clear of the provisions contained in this Declaration, the Map and the By-Laws. The sales proceeds

shall be apportioned between the owners on the basis of each owner's percentage interest in the general common elements, and such apportioned proceeds shall be paid into as many separate accounts as there are units covered by this Declaration, each such account representing one condominium unit. Each such account shall be in the name of the attorney-in-fact and shall be further identified by the number of the apartment and the name of the owner. From each separate account, the attorney-in-fact shall use and disburse the total amount (of each) of such funds, without contribution from one fund to another, for the same purposes and in the same order as is provided in sub-paragraph (b) (1) through (5) of this section numbered 29.

30.

All notices, demands, or other notices intended to be served upon an owner shall be sent to such owner either personally delivered to such owner with the owner signing a receipt for the receipt of same or sent to the owner by mail, postage pre-paid, addressed in the name of such owner in care of the apartment number and building address of such owner. All notices, demands, or other notices intended to be served upon the Managing Agent, or the Board of Managers, or the Association shall be sent by ordinary or certified mail, postage pre-paid to John Felton, 2490 Interstate 10 E, Beaumont, Texas, until such address is changed by notice of address change duly recorded.

31.

If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase, word or section or the application thereof in any circumstances be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provision, paragraph, sentence, clause, phrase, word, or section in any other circumstances shall also not be affected thereby.

THENCE North 66° 54' 30" West, 163.05 feet to a point for corner;

THENCE North 40.00 feet to a point for corner;

THENCE East 149.99 feet to the PLACE OF BEGINNING and containing 10,795.16 square feet of land.

TRACT 5 (an undivided 8/20ths interest)

BEGINNING at the Northeast corner of said Block 9, being also the point of intersection of the South line of Calder Road and the West line of Long Street;

THENCE South with the said West line of Long Street, 133.39 feet to a Point for Corner;

THENCE South 57° 48' West 177.19 feet to a Point for Corner, said point being the Northeast and beginning corner of the tract herein described;

THENCE South 58.74 feet to a Point for Corner;

THENCE West 74.69 feet to a Point for Corner;

THENCE North 0° 02' 29" West 11.70 feet to a Point for Corner;

THENCE North 57° 48' East 88.27 feet to POINT OF BEGINNING and containing 2630.58 square feet of land, more or less.

EXHIBIT "C"
BY-LAWS
KINGSTOWNE WEST TOWNHOUSES I

ARTICLE I.
OBJECT
(Plan of Apartment Ownership)

1. The purpose for which this non-profit Association is formed is to govern the condominium property situated in the County of Jefferson, State of Texas, which property is described and depicted in Exhibit "A" attached to the Condominium Declaration of Kingstowne West Townhouses I, which by this reference is made a part hereof, and which property has been submitted to the provisions of the Condominium Ownership Act of the State of Texas.

2. All present or future owners, tenants, future tenants, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the condominium units (hereinafter referred to as "units") of the project or the mere act of occupancy of any of said units will signify that these By-Laws are accepted, ratified, and will be complied with.

ARTICLE II.
MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM PROXIES

1. Membership. Any person on becoming an owner of a condominium unit shall automatically become a member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a condominium unit, but such termination shall not relieve or release any such former owner from any liability or obligation incurred under, or in any way connected with the condominium regime established by the aforementioned declaration, during the period of such ownership and membership in this Association, or impair the rights or remedies which the Managing Agent or Board of Managers or the Association or others may have against such former owner and member arising out of or in any way connected with such ownership and membership, and the covenants and obligations incident thereto. No Certificates of stock shall be issued by the Association, but the Managing Agent or the Board of Managers may, if it so elects, issue one (1) membership card to the owners(s) of a condominium unit. Such membership card shall be surrendered to the Secretary whenever ownership of the condominium unit designated thereon shall terminate.

2. Voting. Voting shall be based upon the percentage of the undivided interest of each unit owner in the general common elements. An owner of an undivided fractional interest in and to a condominium unit shall be entitled to a vote equal to his fractional ownership interest in such unit times the total vote allocated for his unit if said unit has only one owner. Cumulative voting is prohibited.

3. Majority of Unit Owners. As used in these By-Law, the term "majority of unit owners" shall mean those owners of more than fifty percent (50%) of the aggregate interest of the undivided ownership of the general common elements.

4. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of unit owners" as defined in paragraph 3 of this Article shall constitute a quorum.

5. Proxies. Votes may be cast in person or by proxy. Proxies must be filed with the Secretary before the appointed time of each meeting.

ARTICLE III.
ADMINISTRATION

1. Association Responsibilities. The owners of the Units will constitute the Association of Unit Owners, hereinafter referred to as "Association, " who will have the responsibility of administering the project through a Managing Agent appointed by the Developers until all Codominium units have been conveyed to persons other than Developers and then through a Board of Managers.

2. Place of Meetings. Meetings of the Association shall be held at such place as the Managing Agent or Board of Managers determine.

3. Annual Meetings. The first annual meeting of the Association shall be held at the time duly made by the Managing Agent which shall be within thirty (30) days after all Condominium units have been conveyed to persons other than the Developers. Thereafter, the annual meetings of the Association will be held on the 4th Monday of January in each succeeding year. At such meeting there shall be elected by ballot of the owners a Board of Managers in accordance with the requirements of Paragraph 5 of Article IV of these By-Laws. The owners may also transact other business of the Association as may properly come before them.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Managers, or upon a petition signed by the majority of the unit owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of three-fourths (3/4) of the unit owners.

5. Notice of Meetings. It shall be the duty of the Secretary to mail a notice of each annual or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each owner of record, at least five (5), but not more than ten (10) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

6. Adjourned Meeting. If any meeting of owners cannot be organized because a quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting to a time not less than forty-eight (48) hours from the time the original meeting was called.

7. Order of Business. The order of business at all annual meetings of the owners of units shall be as follows:

(a) Roll Call
(b) Proof of Notice of Meeting or Waiver of Notice
(c) Reading of Minutes of Preceding Meeting
(d) Reports of Officers
(e) Reports of Committees
(f) Election of Managers
(g) Unfinished Business
(h) New Business

ARTICLE IV
BOARD OF MANAGERS

1. Number and Qualifications. After all of the Condominium units have been conveyed to persons other than the Developers, the affairs of this Association shall be governed by the Board of Managers composed of three (3) persons. Until such time, the Managing Agent appointed by the majority of the Developers will govern the affairs of this Association.

2. Powers and Duties. The Managing Agent and the Board of Managers shall have the powers and duties necessary for the administration of the affairs of the Association and for the operation and maintenance of a first class residential condominium project. The Managing Agent and the Board of Managers may do all such acts and things as are not by these By-Laws or by the foregoing Condominium Declaration directed to be exercised and done by the owners.

3. Other Powers and Duties. The Managing Agent and the Board of Managers shall be empowered and shall have the duties as follows:

(a) To administer and enforce the covenants, conditions, restrictions, uses, limitations, obligations, and all other provisions set forth in the Condominium Declaration submitting this property to the provisions of the Condominium Ownership Act of the State of Texas.

(b) To establish, make and enforce compliance with such reasonable house rules as may be necessary for the operation, use and occupancy of this condominium project with the right to amend same from time to time. A copy of such rules and regulations shall be delivered or mailed to each member promptly upon the adoption thereof.

(c) To keep in good order, condition and repair all of the general common elements, and all items of personal property used in the enjoyment of the entire premises, and all limited common elements except the heating and air conditioning equipment serving each unit.

(d) To insure and keep insured all of the insurable general common elements of the property in an amount equal to their maximum replacement value as provided in the Declaration. Maximum replacement value shall be determined annually by one (1) or more written appraisals. Further, to obtain and maintain an owners, landlord and tenant comprehensive liability insurance covering the entire premises in amounts not less than $100,000.00 per person and $300,000.00 per accident and $50,000.00 property damages, or to obtain and maintain or see that each owner of each condominium unit obtains and maintains a homeowners hazard insurance policy with comprehensive personal liability coverage in an amount of not less than $100,000.00 per condominium unit. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and the owners of the condominium units and their first mortgagees.

(e) To fix, determine, levy and collect the monthly prorated assessments. To levy and collect special assessments whenever deemed necessary to meet increased operating or maintenance expenses or costs all assessments shall be in itemized statement form and shall set forth the detail of the various expenses for which the assessments are being made.

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is provided in the Declaration and in these By-Laws.

(g) To protect and defend the entire premises from loss and damage by suit or otherwise.

(h) To borrow funds in order to pay for any expenditure or outlay required and to execute all such instruments evidencing such indebtedness which shall be the several obligation of all of the owners in the same proportion as their interest in the general common elements.

(i) To enter into contracts within the scope of their duties and powers.

(j) To establish a bank account for the common treasury and for all separate funds which are required, or may be deemed advisable by the Managing Agent or the Board of Managers.

(k) To keep and maintain full and accurate books and records showing all the receipts, expenses or disbursements and to permit examination thereof at any reasonable time by each of the owners, and to cause a complete audit of the books and accounts by a competent certified public accountant, once each year.

(l) To prepare and deliver annually to each owner a statement showing all receipts, expenses, or disbursements since the last such statement.

(m) To meet at least once each quarter.

(n) To designate the personnel necessary for the maintenance and operation of the general and limited common elements.

(o) In general, to carry on the administration of this Association and to do all of those things, necessary and reasonable in order to carry out the communal aspect of condominium ownership.

4. Managing Agent. The Managing Agent shall be whoever is designated by the majority of developers and shall serve until all of the condominium units are conveyed to persons other than the developers or until a successor is appointed by a majority of the developers. The Managing Agent shall have all of the powers and shall perform the duties of the Board of Managers until the Board of Managers are selected as herein stated. After the Board of Managers have been selected, they may employ for the Association a Managing Agent at a compensation to be established by the Board to perform such duties and services as the Board shall authorize, including, but not limited to, the duties listed in Paragraph 3 of this Article.

5. Election and Term of Office. At the first annual meeting of the Association the term of office of one (1) Manager shall be fixed for three (3) years. The term of office of one (1) Manager shall be fixed at two (2) years, and the term of office of one (1) Manager shall be fixed at one (1) year. At the expiration of the initial term of office of each respective Manager, his successor shall be elected to serve a term of three (3) years. The three (3) persons acting as Managers shall hold office until their successors have been elected and hold their first meeting.

6. Vacancies. Vacancies on the Board of Managers caused by any reason other than the removal of a Manager by a vote of the Association shall be filled by vote of the majority of the remaining Managers even though they may constitute less than a quorum, and each person so elected shall be a Manager until a successor is elected at the next annual meeting of the Association.

7. Removal of Managers. At any regular of special meeting duly called, any one (1) or more of the Managers may be removed with or without cause by a majority of the unit owners, and a successor may then and there be elected to fill the vacancy thus created. Any Manager whose removal has been proposed by the owners shall be given an opportunity to be heard at the meeting.

8. Organization Meeting. The first meeting of a newly elected Board of Managers shall be held within ten (10) days of election at such place as shall be fixed by the Managers at the meeting at which such Managers were elected, and no notice shall be necessary to the newly elected Managers in order legally to constitute such meeting, providing a majority of the whole Board shall be present.

9. Regular Meetings. Regular meetings of the Board of Managers may be held at such time and place as shall be determined from time to time, by a majority of the Managers, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of the Board of Managers shall be given to each Manager, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

10. Special Meeting. Special meetings of the Board of Managers may be called by the President on three (3) days' notice to each Manager, given personally, or by mail, telephone or telegraph, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Managers.

11. Waiver of Notice. Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.

12. Board of Managers' Quorum. At all meetings of the Board of Managers, a majority of the managers shall constitute a quorum for the transaction of business, and the acts of the majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board of Managers. If, at any meeting of the Board of Managers, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, if a quorum is present, any business which might have transacted at the meeting as originally called may be transacted without further notice.

13. Fidelity Bonds. The Board of Managers may require that all officers and employees of the Association handling or responsible for Association funds shall furnish adequate fidelity bonds. The premiums on such bonds shall be paid by the Association.

ARTICLE V.
OFFICERS

1. Designation. The officers of the Association shall be a President, a Secretary, and a Treasurer, all of whom shall be elected by the Board of Managers.

2. Election of Officers. The officers of the Association shall be elected annually by the Board of Managers at the organization meeting of each new Board and shall hold office at the pleasure of the Board.

3. Removal of Officers. Upon an affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Managers, or at any special meeting of the Board called for such purpose.

4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and of the Board of Managers. He shall have all of the general powers and duties which are usually vested in the office of President of an association, including, but not limited to, the power to appoint committees among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association.

5. Secretary. The Secretary shall keep all the minutes of all meetings of the Board of Managers and the minutes of all meetings of the Association; he shall have charge of such books and papers as the Board of Managers may direct; and he shall, in general, perform all the duties incident to the office of Secretary.

The Secretary shall compile and keep up to date at the principal office of the Association a complete list of members and their last known addresses as shown on the records of the Association. Such list shall also show opposite each member's name the number or other appropriate designation of the apartment unit owned by such members.. Such list shall be open to inspection by members and other persons lawfully entitled to inspect the same at reasonable time during regular business hours.

6. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all monies and other valuable effects in the name, and to the credit, of the Association in such depositaries as may from time to time be designated by the Board of Managers.

ARTICLE VI.
INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every Manager or officer, his heirs, executors and administrators, against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a Manager or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence or willful misconduct in the performance of his duty as such Manager or officer in relation to the matter involved. The foregoing rights shall not be exclusive of other rights to which such Manager or officer may be entitled. All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as Common expenses; provided, however, that nothing in this Article VI contained shall be deemed to obligate the Association to indemnify any member or owner of a condominium unit, who is or has been a Manager or officer of the Association, with respect to any duties or obligations assumed or liabilities incurred by him under and by virtue of the foregoing Declaration as a member or owner of a condominium unit covered thereby.

ARTICLE VII.
OBLIGATIONS OF THE OWNERS

1. Assessments. All owners, upon completion of the purchase thereof, or occupancy by such owner or tenant, whichever occurs first, shall be obligated to pay the monthly assessments imposed by the Association to meet the common expenses. The assessments shall be made pro rata according to percentage interest in and to the general common elements and shall be due monthly in advance. A member shall be deemed to be in good standing and entitled to vote at any annual or a special meeting of members, within the meaning of these By-Laws, if and only if he shall have fully paid all assessments made or levied against him and the condominium unit owned by him.

2. Maintenance and Repair.

(a) Every owner must perform promptly at his own expense all maintenance and repair work within his own apartment unit, which if omitted would affect the project in its entirety, or in a part belonging to other owners.

(b) All the repairs of internal installations of the unit such as water, light, gas power, sewage, telephone, air conditioners, sanitary installations, electrical fixtures and all other accessories, equipment and fixtures belonging to the unit area shall be at the owner's expense.

(c) Damage to exterior doors and windows shall be repaired by and at the expense of the owner, provided, however, if such damage or loss is covered by insurance, such owner shall be entitled to reimbursement to the extent of the insurance payment. Replacement or repair of exterior doors or windows required because of ordinary wear and tear and deterioration shall be paid for out of the assessments levied and collected by the Board of Managers.

(d) An owner shall be obligated to reimburse the Association promptly upon receipt of its statement for any expenditures incurred by it in repairing or replacing any general or limited common element damaged by his negligence or by the negligence of members of his family or his guests, tenants, or agents.

3. Mechanic's Lien. Each owner agrees to indemnify and to hold each of the other owners harmless from any and all claims of Mechanic's Lien filed against other apartment units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's apartment unit. In the event suit for foreclosure is commenced, then within ninety (90) days thereafter such owner shall be required to deposit with the Association cash or negotiable securities equal to the amount of such claim, plus ten percent (10%) interest thereon for one (1) year together with the sum of One Hundred Dollars ($100.00). Such sum or securities shall be held by the Association pending final adjustment or settlement of the litigation. Disbursements of such funds or proceeds shall be made to insure payment of or on account of such final judgement or settlement.

Any deficiency shall be paid forthwith by the subject owner, and his failure to pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the owner and a lien against his condominium unit, which may be foreclosed as is provided for assessments in the Declaration.

4. General.

(a) Each owner shall comply strictly with the provisions of the Condominium Declaration of Kingstowne West Townhouses I.

(b) Each owner shall always endeavor to observe and promote the cooperative purposes for the accomplishment of which the project covered by the foregoing Declaration was built.

5. Use of Units-Internal Changes.

(a) All units shall be utilized for single family residential purposes only, and no unit shall be occupied other than on a temporary basis by more than two (2) persons per bedroom and the occupancy by more than such number continuing for a period of ten (10) days shall be deemed for this purpose to constitute permanent occupancy.

(b) An owner shall not make structural modifications or alterations to his unit or installations located therein, without previously notifying the Association in writing through the Managing Agent, or if no Managing Agent is employed, then through the President, The Association shall have the obligation to answer within five (5) days after such notice, and failure to do so within the stipulated time shall mean there is no objection to the proposed modification or alteration.

(c) An owner, however, with the approval of design thereof by the Board of Managers may install exterior awnings or covers over the Patio area assigned to his unit, with the cost of installation and the maintenance thereof to be borne by such owner.

6. Use of General Common Elements and Limited Common Elements. Each owner may use the general common elements and the limited common elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other owners.

7. Right of Entry.

(a) An owner shall grant the right of entry to the Managing Agent, or to any other person authorized by the Board of Managers, in case of any emergency originating in or threatening his unit, whether the owner is present at the time or not.

(b) An owner shall permit other owners, or their representatives, when so required, to enter his unit for the purpose of performing installations, alteration or repairs to the mechanical or electrical services, provided that requests for entry are made in advance and that such entry is at a time convenient to the owner. In case of an emergency, such right of entry shall be immediate.

8. Rules and Regulations.

(a) All owners shall promptly and completely comply with each of the rules and regulations herein contained or hereafter properly adopted for the utilization of any recreational facilities that may be afforded. All owners and their guests shall achieve maximum utilization of such facilities consonant with the rights of each of the other owners thereto.

(b) Nothing shall be done in any residential unit, nor shall same be occupied or used for any purpose, nor shall any commodity, product or personal property be kept therein or thereon, which shall cause such improvements to be uninsurable against loss by fire, or the perils included in an extended coverage endorsement under the rules of the State of Texas Insurance Commission, or which might cause or warrant any policy or policies governing said premises to be cancelled or suspended by the issuing Company.

(c) Owners and occupants shall at all times exercise extreme care to avoid making or permitting to be made loud or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers, and any other instruments or devices in such

manner as may disturb or tend to disturb owners, tenants, or other occupants of condominium units in the condominium regime established by the foregoing Declaration. No unit shall be used or occupied in such manner as to obstruct or interfere with the enjoyment of occupants or other residents of adjoining units, nor shall any nuisance or immoral or illegal activity be committed or permitted to occur in or on any unit or upon any part of the common elements of the condominium regime established by the foregoing Declaration. 309

(d) The common area is intended for use for the purpose of affording vehicular and pedestrian movement within the condominium, and of providing access to the units; and for the purpose of recreational use of and by the owners and occupants of units; and for the beautification of the condominium and for providing privacy for the residents thereof through landscaping and such other means as shall be deemed appropriate. No part of the common areas shall be obstructed so as to interfere with its use for the purposes hereinabove recited, nor shall any part of the common area (common elements) be used for general storage purposes nor anything done thereon in any manner which shall increase the rate for hazard and liability insurance covering said area and the improvements situated thereon. No owner shall park or store, or permit to be parked or stored, upon the common elements of the condominium, any boat, trailer, camping or travel trailer, mobile home, motorcycle, or any similar vehicle, except wholly within the carport and uncovered parking area assigned to such unit of such owner or wholly within the privacy fence assigned to such unit. Not more than two (2) dogs, cats or other usual household pets may be kept in any unit, and provided always that such household pets may be allowed on the common areas only as may be specified under reasonable rules therefor promulgated by the Board of Managers. Except as hereinabove stated, no animal, livestock, birds or poultry shall be brought within the condominium or kept in or around any unit thereof.

(e) No resident of the condominium shall post any advertisements, signs or posters of any kind in or on the project except as authorized by the Managing Agent or the Board of Managers.

(f) Parking of automobiles and other vehicles shall be only in the spaces designated for parking for each unit; no unattended vehicle shall at any time be left in the alleyways or in the driveways of the condominium in such a manner as to impede the passage of traffic or to impair proper access to parking areas. Storage areas shall at all times be kept free of unreasonable accumulation of debris or rubbish of any kind.

(g) It is prohibited to hang garments, rugs and/or any other materials from the windows or from any of the facades of the project.

(h) It is prohibited to dust rugs or other materials from the windows, or to clean rugs by beating on the exterior part of the condominium units, or to throw any dust, trash, or garbage out of any of the windows of any of the units.

(i) It is prohibited to throw garbage or trash outside the disposal installations or areas established for such purpose.

(j) No owner, resident, or lessee shall install wiring for electrical or telephone installation, television antennae, machines or air conditioning units or any other devices whatsoever on the exterior of the project or that protrude through the walls or out of the windows, or on the roof of the project save as are expressly in writing previously approved by the Association.

(k) No owner or other occupant of any condominium unit shall make any alteration or improvement to the common elements of the condominium or remove any planting, structure, furnishings or other equipment or object therefrom except with the written consent of the Association.

9. Destruction or Obsolescence. Each owner shall, upon becoming an owner of a condominium unit, execute a power of attorney in favor of the Association, irrevocably appointing the Association his attorney-in-fact to deal with the owner's condominium units upon its destruction or obsolescence as is provided in the Condominium Declaration of Kinstowne West Townhouses I.

ARTICLE VIII.
AMENDMENTS TO PLAN OF APARTMENT OWNERSHIP

1. By-Laws. These By-Laws may be amended by the Association at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by owners representing at least seventy per cnet (70%) of the aggregate interest of the undivided ownership of the general common elements.

ARTICLE IX.
MORTGAGES

1. Notice of Association. An owner who mortgages his unit shall notify the Association through the Managing Agent, if any, or the President or the Board of Managers, giving the name and address of his mortgagee. The Association shall maintain such information in a book entitled "Mortgagees of Units".

2. Notice of Unpaid Assessments. The Association shall at the request of a mortgagee of a unit report any unpaid assessments due from the owner of such unit.

ARTICLE X.
COMPLIANCE

These By-Laws are set forth to comply with the requirements of the State of Texas Condominium Ownership Act. If any of these By-Laws conflict with the provisions of said statute, it is hereby agreed and accepted that the provisions of the Statute will apply.

ARTICLE XI.
NON PROFIT ASSOCIATION

This Association is not organized for profit. No member, member of the Board of Managers or person from whom the Association may receive any property or funds shall receive or shall be lawfully entitled to receive any pecuniary profit from the operation thereof, and in no event shall any part of the funds or assets of the Association be paid as salary or compensation to, or to be distributed to, or inure to the benefit of any member of the Board of Managers; provided, however, always (1) that reasonable compensation may be paid to any member while acting as an agent or employee of the Association for services rendered in effecting one or more of the purposes of the Association, and (2) that any member of the Board of Managers may, from time to time, be reimbursed for his actual and reasonable expenses incurred in connection with the administration of the affairs of the Association.