CONDOMINIUM DECLARATION

FOR

MARSHALL PLACE TOWNHOUSES 991677

SECTION FIVE

KNOW ALL MEN BY THESE PRESENTS:

THAT WHEREAS, Nichols Company, a partnership, hereinafter called "Declarant" is the owner of real property situated in the County of Jefferson, State of Texas, being described as follows:

ITEM ONE

Lot Seven (7) in Block Four (4) of the MARSHALL PLACE, UNIT II, ADDITION to the City of Beaumont, Jefferson County, Texas, as per map or plat thereof of record in the office of the County Clerk of Jefferson County, Texas, reference to which is hereby made for all purposes.

ITEM TWO

A perpetual easement on, over and across the East 14 feet (E. 14') of Lot Six (6) in Block Four (4) of the MARSHALL PLACE, UNIT II, ADDITION to the City of Beaumont, Jefferson County, Texas, as per map or plat thereof of record in the office of the County Clerk of Jefferson County, Texas, reference to which is hereby made for all purposes.

This Item Two is for the purpose of providing drainage for and access to said Item One and shall carry with it the right to build and maintain drainage facilities and a paved private street on, over and across same. This Item Two is an exclusive easement, with the exception that the owner of said Lot Six (6) in Block Four (4) of the MARSHALL PLACE, UNIT II, ADDITION, whether such owner be the present owner thereof, or any future owner or owners thereof, shall have the right to use such easement for the same purposes in connection with and for said Lot Six (6) in Block Four (4) of the MARSHALL PLACE, UNIT II, ADDITION. This Item Two is hereby severed from the fee to the land covered by such easement and made an appurtenance to said Item One.

Note: Item One is subject to a perpetual easement on, over and across the portion thereof described as follows:

The West 14 feet (W. 14') of Lot Seven (7)in Block Four (4) of the MARSHALL PLACE, UNIT II ADDITION to the City of Beaumont, Jefferson County, Texas, as per map or palt thereof of record in the office of the County Clerk of Jefferson County, Texas, reference to which is hereby made for all purposes.

This easement is for the purpose of providing access to Lot Six (6) in Block Four (4) of the MARSHALL PLACE UNIT II, ADDITION to the City of Beaumont, Jefferson County, Texas, as per map or plat thereof of record in the office of the County Clerk of Jefferson County, Texas, reference to which is hereby made for all purposes, and for and to the owner or owners thereof, whether present or future, and shall carry with it the right to build and maintain drainage facilities and a paved private street on, over and across same;

which property is described and depicted on the Map or Plat thereof prepared by Schaumburg & Polk, Inc., dated July 27, 1978 marked MARSHALL PLACE TOWNHOUSES, SECION FIVE, EXHIBIT "A" which by this reference is made a part hereof; and

WHEREAS, Declarant, as Developer, desires to establish a condominium regime under the Condominiun Act of the State of Texas; and

WHEREAS, Declarant has executed plans for the construction of Two (2) two-story buildings and One (1) One-story building and other improvements appurtenant thereto on the property described in said Exhibit "A", which when completed shall consist of Nineteen (19) separately designated condominium units; and

WHEREAS, Declarant does hereby establish a plan for the individual ownership in fee simple of estates consisting of the area or space contained in each of the apartment units in the Three (3) building improvements and the ownership by the individual and separate owners thereof, as tenants in common of all of the remaining property which is hereinafter defined and referred to as the general common elements.

1. DEFINITIONS, unless the context shall expressly provide otherwise.

(a) "Apartment" or "Apartment Unit" means an individual air space unit which is contained within the perimeter walls, floors and ceilings of a building as shown on said map.

(b) "Condominium Unit" means one individual air space unit, together with the interest in the general common elements appurtenant to such unit.

(c) "Owner" means a person, firm, corporation, partnership, association or other legal entity, or any combination thereof, who owns one or more condominium units.

(d) "Majority of Unit Owners" means the apartment owners with 51% or more of the votes weighed so as to coincide with percentages assigned in this declaration.

(e) "General Common Elements" means and includes:
(1) The land on which the buildings are located;
(2) The foundation, columns, girders, beams, supports, main walls and roofs;
(3) The common green areas, yards, gardens, parking area, fences, storage spaces, private streets, private service drives, walks and service easements;
(4) The installations consisting of the equipment and materials making up central services such as power, light, gas and the like;
(5) All other parts of the property necessary or convenient to its existence, maintenance and safety, or normally in common use.

(f) "Limited Common Elements" means a part of the general common elements reserved for the exclusive use of the owner of a condominium unit; the heating and air conditioning systems serving one condominium unit only and garage parking areas and patio areas indicated on map as appurtenant limited elements to a specific unit only shall be deemed limited common elements.

(g) "Entire premises" or "property" means and includes the land, the building, all improvements and structures thereon, and all rights, easements and appurtenances belonging thereto.

(h) "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) Expenses declared common expenses by provisions of this Declaration and by the By-Laws;
(5) Special assessements for capitol improvements to, and extraordinary maintenance and repair of, all private streets within the entire premises;
(6) A monthly assessment for each owner's pro-rata share of the monthly utilities which may be metered or sold to the condominium regime as a unit;
(7) Special assessments for ordinary maintenance and repair, as well as special assessments for extraordinary maintenance and repair, as well as capital improvements for, all sewage, collection systems and water lines shared in common by, and servicing in common, all owners within the condominium regime which are not dedicated to, and accepted by, the City of Beaumont and which are in easements so dedicated and accepted.

(i) "Association of Unit Owners" or "Association" means a Texas Non-profit association, the By-Laws of which shall govern the administration of this condominium property, and which shall have the obligation to reasonably maintain and repair private streets and sewage collection systems and water lines shared in common by all of the owenrs of the condominium units, the members of which shall be all of the owners of the condominium units.

(j) "Map", "Survey Map", or "Plans" means and includes the engineering survey of the land locating thereon all of the improvements, the floor and elevation plans and any other drawings or diagrammatic plan depicting a part of or all of the improvements, same being herewith filed, consisting of one (1) sheet labeled Exhibit "A", and incorporated herein.

2. The map shall be filed for record simultaneously with the recording of this Declaration as a part hereof, and prior to the first conveyance of any condominium unit. Such map shall consist of and set forth (1) the legal description of the surface of the land; (2) the linear measurements and locations, with reference to the exterior boundaries of the land, of the buildings and all other improvements built or to be built on said land by Declarant; and (3) floor plans and elevation plans of the buildings built or to be built thereon showing the location, the building designation, the apartment designation and the linear dimensions of each apartment unit, and the limited common elements.

3. The real property is hereby divided in the following separate fee simple estates:

(A) Nineteen (19) fee simple estates consisting of Nineteen (19) separately designated apartment units, each such unit identified by number and by building symbol or disignation on the map, the apartments in each building being described as follows:

BUILDING A - Containing Five apartments, numbered Units 1, 2, 3, 4, and 5, the size, dimensions, location and boundaries of each being detailed on the survey plat herewith filed marked Exhibit "A".

BUILDING B - Containing Seven apartments, numbered Units 6, 7, 8, 9, 10, 11, and 12, the size, dimensions, location and boundaries of each bieng detailed on the survey plat herewith filed marked Exhibit "A".

BUILDING C - Containing Seven apartments numbered Units 13, 14, 15, 16, 17, 18 and 19, the size, dimensions, location and boundaries of each being detailed on the survey plat herewith filed marked Exhibit "A".

(B) The remaining portion of the entire premises, referred to as the general common elements, which shall be held in common by the owners, the interest of each therein being hereinafter set forth and each undivided interest being appurtenant to one of the Nineteen (19) apartment units.

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

Unit Number	Building Designation	Percentage of Ownership
1	A	5.40
2	A	5.08
3	A	4.56
4	A	5.08
5	A	5.40
6	B	5.60
7	B	5.08
8	B	5.40
9	B	5.08
10	B	5.40
11	B	5.08
12	B	5.60
13	C	5.60
14	C	5.08
15	C	5.40
16	C	5.08
17	C	5.40
18	C	5.08
19	C	5.60
		100.00%

4. A portion of the general common elements is 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, storage spaces and patio spaces, which are shown on the map. Such spaces are allocated and assigned by the Declarant to the respective condominium units as indicated on said Exhibit "A", the patios assigned to each apartment unit being designated by the apartment unit number preceded by the letter "P" and in a like manner the garage assigned to each apartment unit being designated by the apartment unit number preceded by the letter "G". In like manner, heating and air conditioning systems seving only one condominium unit shall be limited common elements. Such limited common elements shall be used in connection with the particular apartment unit, 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.

6. Every deed, lease, mortgage, trust deed or other instrument may legally describe a condominium unit by its identifying apartment number and building symbol or designation as shown on the map, followed by the words, "MARSHALL PLACE TOWNHOUSES, SECTION FIVE 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.

7. Declarant shall give written notice to the tax assessors of the creation of condominium ownership of this property, as is provided by law, so that each apartment unit and its percentage of undivided interest in the general common elements shall be deemed a separate parcel and subject to separate assessment and taxation.

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

9. The general common elements shall be owned in common by all of the owners of the apartment units and shall remain undivided and no owner shall bring any action for partition or division of the general common elements. Nothing contained herein shall be construed as a limitation of the right of partition of a condominium unit between the owners thereof, but such partition shall not affect any other condominium unit.

10. Each owner shall be entitled to exclusive ownership and possession of his apartment. Each owner may use the general common elements in accordance with the purpose for which they are intended, without hindering or encroaching upon the lawful rights of the other owners.

11. Each apartment shall be occupied and used by the owner only as and for a single family residential dwelling for the owner, his family, his social guests or his tenants.

12. If any portion of the general common elements encroaches upon an apartment unit or units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion of an adjoining apartment unit or units encroaches upon any portion of the general common elements, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. For title or other purposes, such encroachment(s) and easement(s) shall not be considered or determined to be encumbrances either on the general common elements or the apartment units.

13. Subsequent to the completion of the improvements described on the map, no labor performed or materials furnished and incorporated in an apartment unit with the consent or at the request of the owner thereof, or his agent or his contractor, or subcontractor, shall be the basis for filing of a lien against the general common elements owned by such 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 unit 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 unit at such owner's request.

14. The administration of this condominium property shall be governed by By-Laws of the non-profit association, hereinafter named and hereinafter referred to as the "Association." A copy of such "By-Laws" is hereto attached in Exhibit B hereof, which Exhibit B is incorporated herein by reference; and shall be deemed adopted by Declarant as sole owner of the property herein described, and all owners shall be bound thereby. Declarant may, at its election, cuase to be formed a Texas non-profit corporation bearing said name, in which event such non-profit corporation shall be composed of owners of condominium units as herein set out, and such non-profit corporation shall thereafter act and do things to be done by "Association," and the said non-profit corporation, if formed, shall be bound by, adopt and observe as its By-Laws, the said By-Laws hereto attached. "Association" as here 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 which shall provide that three 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 be a member of the "Association" and shall remain a member for the period of his ownership. The Managing Agent shall be Declarant or whatever person or entity to whom Declarant for purposes of resale may convey all its apartment units in this regime which at the time of such conveyance it has not sold to owner occupants, and the Managing Agent shall perform all of the duties of the Board of Managers until one year after the execution hereof, unless all of the units in this regime are leased or sold prior to the end of such year at which

earlier time Declarant shall have the option to cease being such Managing Agent.

15. The owners shall have the irrevocable right, to be exercised by the Managing Agent, or Board of Managers of the Association, to have access to each apartment unit 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 unit or units.

16. An owner shall maintain and keep in repair the interior of his own apartment, including the fixtures thereon. An owner shall also maintain all electric lines, wires, conduits or systems and the heating and air conditioning system serving his apartment unit, whether within or without same. An owner shall also maintain all the plumbing serving his apartment unit, and maintenance of sewer lines serving more than one apartment unit and running from the end of an apartment unit's single sewer line to the point where such sewer line becomes the property of the City of Beaumont shall be "common expenses".

17. An owner shall do no 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, save with written consent of the Board of Managers first obtained.

18. An owner shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, ground floor and roof surrounding his apartment unit, nor shall such owner be deemed to own the utilities running through his apartment unit which are utilized for or serve more than one apartment unit, except as a tenant in common. An 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, wall paper and other such finishing materials.

19. Each owner shall comply strictly with the provisions of this Declaration, the By-Laws 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 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.

20. This Declaration shall not be revoked, nor shall any of the provisions herein be amended unless all of the owners of Condominium Units, and all of theholders of any recorded mortgages or Deeds of Trust covering or affecting any or all condominium units unanimously consent and agree to such revocation or amendments by instrument(s) duly recorded.

21. The assessments made shall be based upon the cash requirements deemed to be such aggregate sum as the Managing Agent or Board of Managers of the Association shall from time to time determine is to be paid by all of the owners, including Declarant, to provide for the payment of all estimated "common"expenses" as that phrase is defined above growing out of or connected with the maintenance and the operation of thegeneral common elements, which sum may include, among other things, cost of management, taxes, assessments, insurance contracts purchased pursuant to the terms hereof insuring the buildings and the owners thereof and their mortgagees against such risks as may be insured against under the terms hereof, landscaping and care of grounds, common lighting, repairs, and renovations, garbage collections 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, the payment of any deficit remaining from a previous period, the creation of a reasonable contingency or other reserve or surplus funds as well as other costs and expenses relating to the general common elements. The omission or failure 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.

The Managing Agent or Board of Managers shall obtain and maintain insurance of the type and kind required by a majority of the unit owners, issued by a responsible insurance company authorized to od 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 Trustees for each apartment owner and each apartment 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 insureds if required by the insuring 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 cannot be cancelled by either the insured or the insurance company until after ten days prior written notice to each first mortgagee. Said Managing Agent or Board of Managers shall, upon request of any first mortgagee, furnish a certified copy of such policy and the 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 of 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 a 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 such act or omission, shall not be invalidated or suspended and shall remain in full force and effect. Determination of maximum replacement 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 owner shall be notified of such appraisal(s).

22. All owners shall be obligated to pay the estimated assessments imposed by the Board of Mangers or Managing Agent of the Association to meet the common expenses and by acceptance of a deed for a unit whether expressly stated in such deed or not, shall be deemed to convenant and agree to pay to the Association of Unit Owners the assessments provided for herein. Except for insurance premiums, the assessments shall be made basically pro rata according to each owner's percentage interest in and to the general common elements, but not necessarily in such exact proportion if the Board of Mangers deem such improper or unfair. Assessments for insurance premiums shall be based upon the proportion of the total premium(s) that the insurance carried on a condomium unit bears to total coverage. Assessments for the estimated common expenses, including insurance, shall be due monthly in advance on or before the fifth day of each month. Failure to pay by the fifteenth day of each month shall require the imposition and assessment of a late charge of $5.00. 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.

Declarant shall not be liable for assessments prior to the sale or lease of all units.

Contribution for monthly assessments shall be prorated if the ownership of a condominium unit commences on a day other than on the first day of the month.

23. No owner may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the general or common elements or by abandonment of his apartment.

24. All sums assessed but unpaid for the share of common expenses chargeable to any condominium unit, including interest thereon at ten percent per annum, shall constitute a lien on such unit superior (prior) to all other liens and encumbrances, except only for:

(a) Tax and Special assessment liens in favor of any assessing unit, and

(b) All sums unpaid on a first mortgage or first deed of trust of record, including all unpaid obligatory sums as may be provided by such encumbrances, and including additional advances made thereon prior to the arising of such a lien.

To evidence such lien the Board of Managers or 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 condominium unit and a description of the condominium unit. Such a notice shall be signed by one of the Board of Managers or by the Managing Agent and may be recorded in the office of the Clerk and Recorder 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 may be enforced by foreclosure of the defulting 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. In any such foreclosure, the owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien and all reasonable attorney's fees. The owner shall also be required to pay to the Association a reasonable rental for the condominium unit during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association shall have the power to bid in the condominum unit at foreclosure sale and to acquire and hold, lease, mortgage and convey same.

To secure and enforce the payment of said assessments, and for the auxiliary and cumulative enforcement of said lien hereinabove created, Declarant has granted, sold and conveyed and by these presents does grant, sell and convey unto Morris Beck, Trustee, of Jefferson County, Texas, and his substitute or successors, each of the hereinbefore described condominium units. To have and to hold the said premises, together with the rights, privileges and appurtenances unto the said Trustee, and to his substitutes or successors forever. And Declarant does hereby bind itself, its successors and assigns, to warrant and forever defend the said premises unto the said Trustee, his substitutes, successors and assigns forever, against the claim or claims of all persons claiming or to claim the same, or any part thereof, for and upon the following trusts, terms, covenants and agreements, to-wit:

Declarant, its successors and assigns may hereafter become justly indebted to the Association for the hereinbefore mentioned assessments and should Declarant, its successors and assigns do and perform all of the covenants and agreementsherein contained and make prompt payment of the assessments hereby secured as the same shall become due and payable, then this conveyance shall become null and void and of no further force and effect; but in the event of default in the payment of any assessment hereby secured, in accordance with the terms hereof it shall thereupon, or any time thereafter, be the duty of the Trustee, or his successor or substitute, at the request of the Association (which request is hereby conclusively presumed) to enforce this trust and make sale of the condominium unit against which the assessment is made, as provided in Article 3810, Revised Civil Statutes of Texas 1925, after notice as provided in said Article (but without any other notice than is required by said Article 3810), and make due conveyance to the purchaser or purchasers, with general warranty binding the Declarant, its successors and assigns; and out of the money arising from such sale, the Trustee acting shall first pay all expenses of advertising said sale and making the conveyance, and then to the Association the full amount of assessments owing, interest thereon, and reasonable attorney's fees, rendering the balance of the sales price, if any, to the owner of such unit prior to such sale, his heirs or assigns; and the recitals in the conveyance to said purchaser or purchasers shall be full and conclusive evidence of the truth of the matters therein stated, and all prerequisites to said sale shall be presumed to have been performed and such sale and conveyance shall be conclusive against the owner of such unit prior to such sale, his heirs and assigns.

In case of the absence, resignation, death, inability, failure or refusal of the Trustee herein named or of any substitue Trustee appointed hereunder to act, or in the event the Association shall deem it desirable to remove without cause the Trustee or any substitute Trustee and appoint another to execute this trust, then in any of such events the Association shall have the right and is hereby authorized and empowered to appoint a successor and substitute without any formality other than an appointment and designation in writing; and this appointment shall vest in him, as Trustee, the estate and title in and to all said units and he shall thereupon hold,possess and execute all the rights, title, powers and duties herein conferred upon the Trustee named herein; and the right to appoint a successor or substitute Trustee shall exist as often and whenever from any of said cuases any Trustee, original or substitute, cannot or will not act, or has been removed without cause. The exercise or attempted exercise of the power of sale herein contained shall not exhaust said power of sale and shall not prevent any subsequent exercise thereof.

It is especially agreed that, in the event of a foreclosure under the powers granted herein, the person in possession of the unit sold shall thereupon become the tenant-at-will of the purchaser at such foreclosure sale, and should such tenant refuse to surrender possession of said unit upon demand, the purchaser shall thereupon at his or her option, be entitled to institute and maintain the statutory action for forcible detainer and procure a writ of possession thereunder. This possession shall in no wise preclude the purchaser from bringing any other legal action for the possession of said unit and the bringing of one character of action shall not preclude the other and same may be exercised separately or simultaneously.

The amount of the common expenses assessed against each condominium unit shall also be a debt of the owner thereof at the time the assessement is made. Suit to recover a money judgment for unpaid common expenses shall be maintainable without foreclosing or waiving the lien securing same.

Any encumbrancer holding a lien on a condominium unit may pay any unpaid common expense payable with respect to such unit, and upon such payment such encumbrancer shall have a lien on such unit for the amounts paid of the same rank as the lien of his encumbrance.

25. Upon the written request of any owner or any encumbrancer or prospective encumbrancer of a condominium unit, the Association, by its Managing Agent or Board of Managers, shall issue a written statement setting forth the unpaid common expenses, if any, with respect to the subject unit, the amount of the current monthly assessment and the date that such assessment becomes due, credit for advanced payments or for prepaid 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 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.

The Grantee of a unit shall be jointly and severally liable with the Grantor for all unpaid assessments against the latter for his proportionate 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; provided, however, that 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 amount of the current monthly assessment and the date that such assessment becomes due, credit for advance payments or for prepaid 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 days of such request, then such Grantee shall not be liable for, nor shall the unit conveyed be subject to a lien for, any unpaid assessments against the subject unit.

Upon the sale or conveyance of an apartment, all assessments against a co-owner for his prorata share in the expenses as herein described and levied shall first be paid out of the sales price, or by the purchaser, in preference over any other assessments or charges of whatever nature except the following:

(a) Assessments, liens and charges in favor of the State and any political subdivision thereof for taxes past due and unpaid on the apartment; and

(b) Amounts due under first mortgage instruments duly recorded.

26. 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 of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for common expenses, and other payments created by this Declaration and by the By-Laws; (2) That the mortgagee under any 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 said premises, which insurance policies were effected and placed upon the mortgaged premises by the Association. Such release shall be furnished forthwith by a second mortgagee upon written request to the Association.

27. In the event any owner of a condominium unit shall wish to sell, lease or rent the same, and shall have received a bonafide offer

therefor from a prospective purchaser or tenant, the remaining owners shall be given written notice thereof, together with an executed copy of such offer and the terms thereof. Such notice and copy shall be given to the Board of Managers for all of the owners. The remaining owners through the Board of Managers, or a person named by them, shall have the right to purchase or lease or rent the subject apartment upon the same terms and conditions as set forth in the offer therefor, provided written notice of such election to purchase or lease is given to the selling or leasing owner, and a matching down payment or deposit is provided to the selling or leasing owner during the ten-day period immediately following the delivery of the notice of the bonafide offer and copy thereof to purchase or lease.

In the event any owner shall attempt to sell, rent, or lease his condominium unit without affording to the other owners the right of first refusal herein provided, such sale or lease shall be wholly null and void and shall confer no title or interest whatsoever upon the intended purchaser or lessee. 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, for this purpose, to constitute a leasing or renting of the condominium unit, whether or not any consideration has been paid therefor; and in such event, the Board of Managers may require the removal of such occupant(s), it being hereby agreed that the Board of Managers, in such event, shall be entitled to the possession of the condominium unit upon demand therefor of and from such occupant, with or without notice to the record owner(s) thereof; and in the event of failure to surrender such possession, the Board of Managers may institute and maintain Forcible Entry and Detainer proceedings for the possession of such unit, and have and retain such possession until the record owner thereof, or his purchaser (in event of sale, all prerequisites of this declaration having been complied with) retakes physical possession of such premises. During any time when the Board of Managers shall have possession of such 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 said interest shall be subject to the same limitations as are applicable to the leasing or renting thereof. The liability of the owner under these covenants shall continue, notwithstanding the fact that he may have leased or rented said interest as provided herein.

In no case shall the right of first refusal reserved herein affect the right of an owner to subject his interest in the project parcel to a trust deed, mortgage, or other security intrument.

The failure of or refusal by the Board of Managers to exercise the right to so purchase or lease shall not constitute or be deemed to be a waiver of such right to purchase or lease when an owner receives any subsequent bonafide offer from a prospective purchaser or tenant.

The provisions of this Article 27 shall not apply to any sale lease or rental if made by Declarant at any time hereafter whether same be a "first sale or letting" or "resale or reletting" of an apartment unit. Declarant shall have the further right to use any apartment unit as office and sales area and display advertising signs at the premises at any time hereafter until all units have been sold by Declarant.

The right of first refusal, as provided herein, shall extend and run from the date of execution ofthis Declaration for the period of

the lives of the now living descendants of H. G. Nichols, whichever of said descendants shall live the longer, plus eighteen (18) years.

Except as is otherwise provided in paragraph 28, 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 paragraph.

28. In the event of any default on the part of any 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 of paragraph 27, and the purchaser (or grantee under such deed in lieu of foreclosure) of such condominium unit shall be thereupon and thereafter subject to the provisions of this Declaration and By-Laws. If the purchaser following such foreclosure sale (or 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 and convey the condominium unit free and clear of the provisions of paragraph 27, but its grantee shall thereupon and thereafter be subject to all of the provisions thereof.

The transfer of a deceased joint tenant's interest to the surviving joint tenant or the transfer of a deceased's interest to a devisee by will or his heirs at law under intestacy laws shall not be subject to the provisions of paragraph 27.

If an owner of condominium unit can establish to the satisfaction of the Managing Agent or Board of Managers that a proposed transfer is not a sale or lease, then such transfer shall not be subject to the provisions of paragraph 27.

29. Upon written request of any prospective transferor, purchser, tenant or an existing or prospective mortgagee of any condominium unit, the Managing Agent or Board of Managers of the Association shall forthwith, or where time is specified, at the end of the time, issue a written and acknowledged certificate in recordable form, evidencing that:

(a) With respect to a proposed lease or sale under paragraph 27, that proper notice was given by theselling or leasing owner and that the remaining owners did not elect to exercise their option to purchase or lease;

(b) With respect to a deed to a first mortgagee or its nominee in lieu of foreclosure, and a deed from such first mortgagee or its nominee, pursuant to paragraph 28, that the deeds were in fact given in lieu of foreclosure and were not subject to the provisons of pargraph 27;

(c) With respect to any contemplated transfer which is not in fact a sale or lease, that the transfer is not or will not be subject to the provisons of paragraph 27;

Such certificate shall be conclusive evidence of the facts contained therein.

30. 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 Declarant or from any owner shall constitute appointment of the attorney-in-fact herein provided. All of the owners irrevocably constitute and appoint 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 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 improvement(s) as used in the succeeding subparagraphs means restoring the improvement(s) to substantially the same conditions in which it 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 Association for the purpose of repair, restoration or replacements unless the owners and all first mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

(a) In the event of damage or destruction due to fire or other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s) shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvement(s) shall be promtly repair ed and reconstructed.

(b) If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), and if such damage is not more than fifty (50%) percent of all of the general common elements, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as 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 days after written notice thereof. The Association 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 is provided in paragraph 24. In addition thereto, the Association, as 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 Associaiton shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the Association. The proceeds derived from the sale of such condominium unit shall be used and disbursed by the Association, as 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;

(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%) percent of all of the general common elements, not including land, are destroyed or damaged, and if the owners representing an aggregate ownership interest of one-half of said condominium units, or more, do not voluntarily, within one hundred days thereafter, make provision for reconstruction, which plan must have the unanimous approval or consent of every first mortgagee the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire remaining premises shall be sold by the Association, as 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 Association, and such proceeds shall be divided by the Association 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 account as there are units covered by this declaration, each such accounts representing one of the condominium units. Each such account shall be in the name of the Association, and shall be further identified by the number of the apartment unit and the name of the owner. From each separate account, the Association, as 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 Association, as attorney-in-fact, for the same purposes and in the same order as is provided in sub-paragraph (b)(1) through (5) of this paragraph.

If 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 days after written notice thereof.

The Association 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 [illegible]r and a lien on his condominium unit and may be enforced [illegible]llected as is provided in paragraph 24.

In addition thereto, the Association, as 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 Association shall cause to be recorded a notice that the condominium unit of the delinquent owner shall be sold by the Association. The proceeds derived from sale of such condominium unit shall be used and disbursed by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in sub-paragraph(b)(1) through (5) of this paragraph.

(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 Association that such unit shall be purchased by the Association for the fair market value thereof. If such owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within thirty days thereafter. If the parties are unable to agree, the date when either party notified the other that he or it is unable to agree with the other shall be the "Commencing date" from which all periods of time mentioned herein shall be measured. Within ten days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party), the appraiser who shall be a member of the Beaumont Real Estate Board. If either party fails to make such a nomination, the appraiser nominated shall within five days after default by the other party appoint and associate with him another appraiser (to be selected from the Beaumont Real Estate Board). If the two appraisers designated by the parties, or selected pursuant hereto in the event of the default of one party, are unable to agree, they shall appoint another appraiser (to be selected from the Beaumont Real Estate Board) 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 persons (each of whom shall be a member of the Beaumont Real Estate Board), and from the names of the four persons so nominated 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 days of the failure of the two appraisers to agree, which in any event shall not be later than twenty days following the appointment of 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 Association and the owners. The sale shall be consummated within fifteen days thereafter, and the Association, as attorney-in-fact, shall disburse such proceeds as is provided in sub-paragraph (b)(1) through (5) of this paragraph.

(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 the same should be sold. In such instance, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire premises shall be sold by the Association, as 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 Association, and shall be further identified by the number of the Apartment and the name of the owner. From each separate account, the Association as 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 subparagraph (b)(1) through (5) of this paragraph.

31. Prior to the first conveyance of any condominium unit, Declarant shall execute and deliver a bill of sale to the Association, transferring all items of personal property located on the entire premises and furnished by Declarant, which property is intended for the common use and enjoyment of the condominium unit owners and occupants. The Association shall hold title to such property for the use and enjoyment of the condominium unit owners and occupants. No

owner shall have any other interest and right thereto, and all such right and interest shall absolutely terminate upon the owner's termination of possession of his condominium unit.

32. All notices, demands, or other notices intended to be served upon an owner shall be sent by ordinary or certified mail, postage prepaid, 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 of the Association, or the Association shall be sent by ordinary or certified mail, postage prepaid, 3679 Calder, Beaumont, Texas, until such address is changed by a notice of address change duly recorded.

33. If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase, or word, 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 provisions, paragraph, sentence, clause, phrase or word in any other circumstances shall not be affected thereby.

34. 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.

35. 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.

EXECUTED this 27th day of June, 1978.

NICHOLS COMPANY, A PARTNERSHIP

By: H. G. Nichols Sr.
H. G. Nichols, Sr., a Partner

THE STATE OF TEXAS §

COUNTY OF JEFFERSON §

BEFORE ME, the undersigned authority, on this day personally appeared H. G. Nichols, Sr., known to me to be the person and partner whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same as the act of NICHOLS COMPANY, a partnership of which he is a partner, for the purposes and consideration expressed and in the capacity therein stated, and that he was authorized to do so.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 27th day of June, 1978.

Karen Bowen
NOTARY PUBLIC IN AND FOR
JEFFERSON COUNTY, TEXAS

Karen Bowen
Commission Expires
12-5-79

EXHIBIT "B"
BY-LAWS
OF

MARSHALL PLACE TOWNHOUSES
SECTION FIVE

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", 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 foregoing declaration, during the period of such ownership and membership in this Association, or impair the rights or remedies which the 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 Board of Managers may, if it so elects, issue one membership card to the owner(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. Cumulative voting is prohibited.

3. Majority of Unit Owners. As used in these By-Laws, the term "majority of unit owners" shall mean the apartment owners with 51% or more of the votes weighted so as to coincide with the percentages assigned in the Declaration.

4. Quorum. Except as otherwise provided in these ByLaws, 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 may 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 Board of Managers.

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

3. Annual Meetings. The first annual meeting of the Association shall be held on or before one year after the date hereof. Thereafter, the annual meetings of the Association shall be held on the fourth Monday of whatever month the first annual meeting is held in, as that month comes around each succeeding year. At such meetings there shall be elected by ballot of the owners of 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 a majority of the 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 four-fifths of the owners present, either in person or by proxy.

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 5 but not more than 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 hours from the time the original meeting was called.

7. Order of Business. The order of business at all 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 Qualification. The affairs of this Association shall be governed by a Board of Managers composed of three persons. The following persons shall act in such capacity and shall manage the affairs of the Association until one year after the date hereof, unless all of the units of this regime are leased or sold prior to the end of such year at which earlier time they will have the option to cease being members of the Board of Managers or unless their successors are elected prior to the end of such year, to-wit: H. G. Nichols, H. G. Nichols, Jr., and Reed Nichols.

2. Powers and Duties. 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 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 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 the 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 and limited common elements and all items of personal property used in the enjoyment of the entire premises.

(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 or more written appraisals. The type and kind of such insurance contracts shall be determined by what a majority of the unit owners direct. Further, to obtain and maintain an owners, landlord and tenant comprehensive liability insurance policy 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 and also such other types and kinds of insurance covering such other risks as a majority of the unit owners shall direct. 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 [illegible], determine, levy and collect the monthly prorated assessments. To levy and collect special assessments whenever in the opinion of the Board it is necessary to so do in order to meet increased operating ormaintenance expenses or costs, or additional capital expense, or because of emergencies. All monthly or other 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 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, to execute all such instruments evidencing such indebtedness which shall be the serveral 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 Board of Managers.

(k) To keep and maintain full and accurate books and records showing all of 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 Declarant in the foregoing Declaration or whatever person or entity to whom suchDeclarant for purposes of resale may convey all its apartment units in this regime which at the time of such conveyance it has not sold to owner occupants and such Managing Agent shall have all of the powers and shall perform the duties of the Board of Managers until one year after the date hereof, unless all units in this regime are leased or sold prior to the end of such year at which earlier time Declarant shall have the option to cease being such Managing Agent. Declarant will receive no compensation for serving as Managing Agent. Subsequent to one year after the date hereof, or subsequent to the lease or sale of all units in this regime, whichever comes first in time, the Board of Managers 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, but such subsequently employed Managing Agent may not be Declarant unless Declarant is to serve without compensation.

5. Election and Term of Office. At the first annual meeting of the Association the term of office of one Manager shall be fixed for three years. The term of office of one Manager shall be fixed at two years, and the term of office of one Manager shall be fixed at one 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 years. The three 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 or special meeting duly called, any one or more of the Managers may be removed with or without cause by a majority of the 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 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 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 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 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 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, any business which might have been 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 and from 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 from 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 and the garage or parking space and storage space assigned for use in connection with such apartment unit. 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 prorata 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 each 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 expense of each unit's owner. External installations of each unit such as electric lines, wires, conduits or systems and heating and air conditioning systems shall be maintained by the owner of the unit exclusively served by same. An owner shall also maintain all the plumbing serving exclusively his apartment unit, and maintenance of sewer lines serving more than one apartment unit and running from the end of an apartment unit's single sewer line to the point where such sewer line becomes the property of the City of Beaumont, shall be "common expenses".

(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 replaing any general or limited common element damaged by his negligence or by the negligence of his 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 agaist 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 days thereafter such owner shall be required to deposit with the Association cash or negotiable securities equal to the amount of such claim, plus interest for one year, together with the sum of One Hundred Dollars. Such sum or securities shall be held by the Association pending final adjudication or settlement of the litigation. Disbursements of such funds or proceeds shall be made to insure payment of or on account of such final judgment or settlement. Any dificiency shall be paid forthwith by the subject owner, and his failure to so 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 in paragraph 24 of the Declaration.

4. General.

(a) Each owner shall comply strictly with the provisions of the foregoing Condominium Declaration.

(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 persons per bedroom and the occupancy by more than such number continuing for a period of ten 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 of the Board of Managers. The Association shall have the obligation to answer within five days after such notice, and failure to do so within the stipulated time shall mean there in 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 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 were 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, alterations 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 covering said premises to be cancelled or suspended by the issuing Company.

(c) Owners and occupants of units 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.

(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; those portions thereof adapted therefor, for recreational use by the owners and occupants of units; and all thereof 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 area 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 after the completion of the construction of the units by developer, nor anything done theron in any manner which shall increase the rate for hazard and liability insurance covering said area and improvements situated thereon. Not more than two small dogs, cats, or other usual small household pets may be kept in any unit, provided always that such household pets shall 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 Association.

(f) Garages may not be converted into living areas such as den or play rooms and they shall be used only for normal garage purposes. Garages and storage areas shall at all times be kept free of an unreasonable accumulation of debris or rubbish of any kind. Garage doors shall be opened only when passing through the garage entrances and they shall be closed when such passing through has been completed. Nothing will be put in the garage which will impede the closing of garage doors.

(g) Parking of automobiles or other vehicles shall be only in the spaces designated as parking space for each unit. Owners shall not park a vehicle in front of an apartment other than their own for

an unreasonable length of time. No unattended automobiles or other vehicles shall at any time be left in the alleyways or driveways or streets in such manner as to impede the passage of traffic or to impair proper access to parking areas. No boats, trailers, camping trailers, mobile homes, motor homes, or similar vehicles shall be parked, placed or stored in or on the yards or streets or drivewaysin front of or on the sides of the units on a "Permanent Basis", which shall be taken to mean for any period or periods in excess of forty-eight (48) consecutive hours.

(h) 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.

(i) 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 unit upon its destruction or obsolescence as is provided in paragraph 30 of the foregoing Condominium Declaration.

ARTICLE VIII
AMENDMENTS TO PLAN OF APARTMENT OWNERSHIP

19. 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 70% of the aggregage 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 of 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 Default. The Association shall give to the holder of each first mortgage of a unit written notification of any default by the mortgagor of such unit in the performance of such mortgagor's obligations under these By-Laws and said condominium Declaration which is not cured within 60 days and the holder of each such mortgage shall be entitled to receive such written notification. The Association shall allow all first mortgagees of a unit to examine its books and records or the condominium project. The Association shall give Federal Home Loan Mortgage Corporation notice (care of the Servicer at the Servicer's address) in writing of any loss to, or taking of, the common elements of the Condominium project if such loss or taking exceeds $10,000.00, and of any damage to a condominium unit covered by a mortgage purchased in whole or in part by Federal Home Loan Mortgage Corporation which exceeds $1,000.00.

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

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 distributed to, or inure to the benefit of any member of the Board of Managers; provided, however, always (1) that reasonable compenstion may be paid to any member other than Declarant, H. G. Nichols, Sr., H. G. Nichols, Jr., or Reed Nichols 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.

ARTICLE XII.

The Registered office and the principal office for the transaction of business of this Association shall be 3679 Calder Ave., Beaumont, Texas, and the Resgistered Agent shall be H. G. Nichols at the same address.

ARTICLE XIII

The persons who shall be authorized to execute any and all instruments of conveyance or encumbrances, including promissory notes, shall be the President and the Secretary of the Association.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals, at Beaumont, Texas, this 29th day of June, 1977.

BOARD OF MANAGERS

H. B. Nichols Sr.
H. G. Nichols, Sr.

H. G. Nichols Jr.
H. G. Nichols, Jr.

Reed E Nichols
Reed Nichols

NICHOLS COMPANY, A PARTNERSHIP

By: H. B. Nichols Sr.
H. G. NICHOLS, SR., a Partner