

8.5. **Suspension of Vote.** Subject to the below-described limitations, if an Owner's account has been delinquent for at least 30 days, the Association may suspend the right to vote appurtenant to the Unit during the period of delinquency. Suspension does not constitute a waiver or discharge of the Owner's obligation to pay Assessments. When the Association suspends an Owner's right to vote, the suspended Owner may nevertheless participate as a Member of the Association for the following activities: (i) be counted towards a quorum; (ii) attend meetings of the Association; (iii) participate in discussion at Association meetings; (iv) be counted as a petitioner for a special meeting of the Association; and (v) vote to remove a Director and for the replacement of the removed Director. If the number of suspended Members exceeds 20 percent of the total Members (Co-Owners of a Unit constituting one member), all Members are eligible to vote. These limitations are imposed to prevent a Board from disenfranchising a large segment of the membership and to preserve the membership's right to remove and replace Directors.

8.6. **Assignment Of Rents.** Every Owner hereby grants to the Association a continuing assignment of rents to secure the payment of assessments to the Association. If a Unit's account become delinquent during a period in which the Unit is leased, the Association may direct the tenant to deliver rent to the Association for application to the delinquent account, provided the Association gives the Owner notice of the delinquency, a reasonable opportunity to cure the debt, and notice of the Owner's right to a hearing before the Board. The Association must account for all monies received from a tenant and must remit to the Owner any rents received in excess of the past-due amount. A tenant's delivery of rent to the Association under the authority hereby granted is not a breach of the tenant's lease with the Owner and does not subject the tenant to penalties from the Owner.

8.7. **Money Judgment.** The Association may file suit seeking a money judgment against an Owner delinquent in the payment of Assessments, without foreclosing or waiving the Association lien for Assessments.

8.8. **Notice to Mortgagee.** The Association may notify and communicate with any holder of a lien against a Unit regarding the Owner's default in payment of Assessments.

8.9. **Application of Payments.** The Association may adopt and amend policies regarding the application of payments. After the Association notifies the Owner of a delinquency, any payment received by the Association may be applied in the following order: Individual Assessments, Deficiency Assessments, Special Assessments, Utility Assessments, Building LCE Assessments and (lastly) Regular Assessments. The Association may refuse to accept partial payment, i.e., less than the full amount due and payable. The Association may also refuse to accept payments to which the payer attaches conditions or directions contrary to the Association's policy for applying payments. The Association's policy may provide that endorsement and deposit of a payment does not constitute acceptance by the Association, and that acceptance occurs when the Association posts the payment to the Unit Owner's account.

ARTICLE 9
MAINTENANCE AND REPAIR OBLIGATIONS

9.1. **Association Maintains.** The Association's maintenance obligations will be discharged when and how the Board deems appropriate. Unless otherwise provided in this Declaration, the Association maintains, repairs and replaces, as a common expense, all General and Limited Common Elements, including the Building LCE. The Association also maintains, as a common expense, any component of a Unit delegated to the Association by this Declaration.

9.2. **Annual Inspection Of Common Area.** From the period commencing at the expiration of the Development Period until ten (10) years thereafter, at least annually, the Association must examine the condition of the Common Elements to evaluate the quality, frequency, and adequacy of maintenance performed during the preceding year, and to recommend maintenance for the upcoming year. The examination and report may be performed by one or more experts hired by the Association for this purpose, such as a professional property manager, an engineer, or professional contractors such as landscapers and brick masons. Within 15 days after performing the inspection, the expert should submit to the Board a written report with findings and recommendations. The Board should evaluate the Association's operating budget and reserve accounts for maintenance, repair, and replacement in light of the expert's findings and recommendations. Any decision by the Board to reduce or defer recommended maintenance should be made with an evaluation of the potential consequences for future costs and deterioration. An expert's report is a record of the Association that is available to Owners for inspection and copying. To assist the Board in its examination of the condition of Common Elements, a Guide to Association's Examination of Common Elements is attached to this Declaration as Exhibit "C".

9.3. **Owner Responsibility.** Every Owner has the following responsibilities and obligations for the maintenance, repair, and replacement of the Property:

- (i) To maintain, repair, and replace such Owner's Unit, except for components expressly assigned to the Association by this Declaration.
- (ii) The routine cleaning of any balcony, porch, or deck area of such Owner's Unit, if any, and the maintenance of any yard space assigned as a Limited Common Element to the Owner's Unit as shown on the Plats and Plans, if any, keeping same in a neat, clean, odorless, orderly, and attractive condition.
- (iii) To maintain, repair, and replace all portions of the Property for which the Owner is responsible under this Declaration or by agreement with the Association.

- (iv) To not do any work or to fail to do any work which, in the reasonable opinion of the Board, would materially jeopardize the soundness and safety of the Property, reduce the value thereof, or impair any easement or real property right thereto.
- (v) To be responsible for the Owner's own willful or negligent acts and those of the Owner's or the Resident's family, guests, agents, employees, or contractors when those acts necessitate maintenance, repair, or replacement of Common Elements, the property of another Owner, or any component of the Property for which the Association has maintenance or insurance responsibility.

9.4. **Disputes.** If a dispute arises regarding the allocation of maintenance responsibilities by this Declaration, the dispute will be resolved by delegating responsibility to the individual Owners. Unit maintenance responsibilities that are allocated to the Association are intended to be interpreted narrowly to limit and confine the scope of Association responsibility. It is the intent of this Article that all components and areas not expressly delegated to the Association are the responsibility of the individual Owners.

9.5. **Mold.** In the era in which this Declaration is written, the public and the insurance industry have a heightened awareness of and sensitivity to anything pertaining to mold. This Section addresses that environment. For more information about mold and mold prevention, an Owner should consult a reliable source, such as the U.S. Environmental Protection Agency.

9.5.1. **Owner's Duties.** To reduce the risks associated with concentrations of mold, Owners should be proactive in preventing circumstances conducive to mold, identifying mold, and eliminating mold. Towards that end, each Owner is responsible for:

- (i) regularly inspecting his entire Unit for evidence of water leaks or penetrations or other conditions which may lead to mold growth;
- (ii) repairing promptly any water leaks, breaks, or malfunctions of any kind in his Unit that may cause damage to another Unit or Common Element;
- (iii) regularly inspecting all Improvements constructed within his Unit for visible surface mold and promptly removing same using appropriate procedures; and
- (iv) reporting promptly to the Association any water leak, penetration, break, or malfunction in any Improvement constructed within his Unit or any

adjacent Common Elements for which the Association may have maintenance responsibility.

9.5.2. Insurance. Many insurance policies do not cover damages related to mold. The Association will not maintain insurance coverage applicable to mold damage with respect to any Unit. Accordingly, an Owner who wants insurance coverage with respect to mold and mold-related damages is advised to purchase such insurance coverage as part of his homeowners insurance policy.

9.6. Warranty Claims. If the Owner is the beneficiary of a warranty against defects of the Common Elements, the Owner irrevocably appoints the Association, acting through the Board, as his attorney-in-fact to file, negotiate, receive, administer, and distribute the proceeds of any claim against the warranty that pertains to Common Elements.

9.7. Owner's Default In Maintenance. If the Board determines that an Owner has failed to properly discharge his obligation to maintain, repair, and replace items for which the Owner is responsible, the Board may give the Owner written notice of the Association's intent to provide the necessary maintenance at Owner's expense. The notice must state, with reasonable particularity, the maintenance deemed necessary and a reasonable period of time in which to complete the work. If the Owner fails or refuses to timely perform the maintenance, the Association may do so at Owner's expense, which is an Individual Assessment against the Owner and his Unit. In case of an emergency, however, the Board's responsibility to give the Owner written notice may be waived and the Board may take any action it deems necessary to protect persons or property, the cost of the action being the Owner's expense.

ARTICLE 10

ARCHITECTURAL COVENANTS AND CONTROL

PURSUANT TO THE MASTER PLAN DOCUMENTS, EACH OWNER OF A UNIT IS REQUIRED TO SUBMIT PLANS AND SPECIFICATIONS TO THE ARCHITECTURAL CONTROL COMMITTEE FOR APPROVAL. NO IMPROVEMENTS SHALL BE CONSTRUCTED ON ANY UNIT UNTIL SUCH APPROVAL IS OBTAINED PURSUANT TO THE MASTER PLAN DOCUMENTS. NOTWITHSTANDING ANY PROVISION HEREOF TO THE CONTRARY, THE APPROVAL OF THE MASTER ARCHITECTURAL CONTROL COMMITTEE IS IN ADDITION TO THE APPROVAL REQUIRED PURSUANT TO THIS ARTICLE 10.

10.1. Purpose. Because the Units are part of a single, unified community, the Association has the right to regulate every aspect of the exterior of the Property, including the exterior design, use and appearance of Units and Common Elements, in order to preserve and enhance the Property's value and architectural harmony. One purpose of this Article is to promote and ensure the level of taste, design, quality, and harmony by which the Property is developed and maintained. Another purpose is to allow the Association to respond to changes

in technology, style, and taste. The Association has the right to regulate every aspect of proposed or existing Improvements on the Property, including replacements or modifications of original construction or installation. During the Development Period, a primary purpose of this Article is to reserve and preserve Declarant's right of architectural control.

10.2. **Declarant Rights.** During the Development Period, neither the Association, the Board, nor a committee appointed by the Association or Board (no matter how the committee is named) may involve itself with architectural control over the Property. Until expiration of the Development Period, architectural control over the Property is discharged by the Declarant or its designee. In reviewing and acting on an application for approval, Declarant may act solely in its self-interest and owes no duty to any other person or any organization.

10.2.1. **Owner Agrees.** Each Owner, by accepting an interest in or title to a Unit, covenants and agrees that Declarant has a substantial interest in ensuring that the Improvements within the Property enhance Declarant's reputation as a community developer and do not impair Declarant's ability to market Units in the Property or in Declarant's other developments. Accordingly, during the Development Period architectural approval may be granted or withheld at Declarant's sole discretion.

10.2.2. **Delegation by Declarant.** During the Development Period, Declarant may from time to time, but is not obligated to, delegate all or a portion of its reserved rights under this Article to: (i) an architectural control committee appointed by the Board; or (ii) a committee comprised of architects, engineers, or other persons who may or may not be Members of the Association. Any such delegation must be in writing and must specify the scope of delegated responsibilities. Any such delegation is at all times subject to the unilateral rights of Declarant: (1) to revoke such delegation at any time and reassume jurisdiction over the matters previously delegated; and (2) to veto any decision which Declarant in its sole discretion determines to be inappropriate or inadvisable for any reason.

10.3. **Architectural Reviewer.** Until expiration or termination of the Development Period, the Declarant is the Architectural Reviewer and shall exercise all architectural control of the Property. After the Development Period, the Board or a committee appointed by the Board is the Architectural Reviewer and shall exercise all architectural control over the Property .

10.4. **Limits on Liability.** Until expiration or termination of the Development Period, the Declarant has sole discretion with respect to taste, design, and all standards specified by this Article. After expiration or termination of the Development Period, or after a delegation of duties as provided by *Section 10.2.2*, the Board has sole discretion with respect to taste, design, and all standards specified by this Article. Neither the Declarant, nor the Board, or their directors, officers, committee members, employees or agents will have any liability for decisions made in good faith, and which are not arbitrary or capricious. Neither the Declarant, nor the

Board, or their directors, officers, committee members, employees or agents are responsible for: (i) errors in or omissions from the plans and specifications submitted to the Board; (ii) supervising construction for the Owner's compliance with approved plans and specifications; or (iii) the compliance of the Owner's plans and specifications with governmental codes and ordinances, state and federal laws. Approval of a modification or Improvement may not be deemed to constitute a waiver of the right to withhold approval of similar proposals, plans or specifications that are subsequently submitted.

10.5. **Prohibition of Construction, Alteration and Improvement**. Without the Architectural Reviewer's prior written approval, a person may not commence or continue any construction, alteration, addition, Improvement, installation, modification, redecoration, or reconstruction of or to the Property, or do anything that affects the appearance, use, or structural integrity of the Property.

**YOU CANNOT CHANGE THE EXTERIOR OF YOUR UNIT
UNLESS YOU HAVE THE SIGNED CONSENT OF
THE ARCHITECTURAL REVIEWER.**

10.6. **No Deemed or Verbal Approval**. Approval by the Architectural Reviewer may not be deemed, construed, or implied from an action, a lack of action, or a verbal statement by an Association or Declarant director or officer, a member or chair of the Board-appointed architectural control committee, the Association's manager, or any other representative of the Association or Declarant. To be valid, approval of the Architectural Reviewer must be: (i) in writing; (ii) on a form or letterhead issued by the Architectural Reviewer; (iii) signed and dated by the Architectural Reviewer or another officer designated by the Architectural Reviewer for that purpose; (iv) specific to a Unit; and (v) accompanied by detailed plans and specifications showing the proposed change. If the Architectural Reviewer fails to respond in writing – negatively, affirmatively, or requesting information – within sixty (60) days after the Board's actual receipt of the Owner's application, **the application is deemed denied. Under no circumstance may approval of the Architectural Reviewer be deemed, implied or presumed.** If the Architectural Reviewer approves a change, the Owner or the Architectural Reviewer may require that the architectural approval be recorded. Architectural Reviewer approval of an architectural change automatically terminates if work on the approved Improvement has not started by the commencement date stated in the Architectural Reviewer's approval or, if no commencement date is stated, within ninety (90) days after the date of approval by the Architectural Reviewer.

10.7. **Application to Board**. To request approval by the Architectural Reviewer, an Owner must make written application and submit two (2) identical sets of plans and specifications showing the nature, kind, shape, color, size, materials, and locations of the work to be performed. The application must clearly identify any requirement of this Declaration for which a variance is sought. The Architectural Reviewer may return one set of plans and

specifications to the applicant marked with the Architectural Reviewer's response, such as "Approved," "Denied," or "Submit Additional Information." The Architectural Reviewer will retain the other set of plans and specifications, together with the application, for the Association's files. The Architectural Reviewer has the right, but not the duty, to evaluate every aspect of construction and property use that may alter or adversely affect the general value of appearance of the Property.

10.8. **Owner's Duties.** If the Architectural Reviewer approves an Owner's application, the Owner may proceed with the Improvement, provided:

- (i) The Owner complies with *Section 3.3*.
- (ii) The Owner must adhere strictly to the plans and specifications that accompanied the application.
- (iii) The Owner must initiate and complete the Improvement in a timely manner.
- (iv) If the approved application is for work that requires a building permit from the City of Austin, the Owner must obtain the appropriate permit. The Architectural Reviewer's approval of plans and specifications does not mean that they comply with the City's requirements. Alternatively, approval by the City does not ensure approval by the Architectural Reviewer.

10.9. **Prohibited Acts.** The types of acts affecting the exterior of the Property that may not be commenced without the Architectural Reviewer's written approval include, but are not limited to the following:

- (i) Installation of ornamental iron or burglar bars, storm window or door, awnings, shutters, exterior lighting, balcony or deck cover, chimney, or skylight.
- (ii) Installation of equipment that may create a noise annoyance, such as noise-producing security devices, exterior pumps, and speakers.
- (iii) Installation of walls, screens, fences, gates, or carports.
- (iv) Enclosure of balconies or the Parking Facilities areas.
- (v) Installation of impermeable decking or other Improvement that may interfere with established drainage patterns.

ARTICLE 11
USE RESTRICTIONS

11.1. **Variance.** The use of the Property is subject to the restrictions contained in this Article, and subject to Rules adopted pursuant to this Article. The Board or the Declarant, as the case may be, may grant a variance or waiver of a restriction or Rule on a case-by-case basis when unique circumstances dictate, and may limit or condition its grant. To be effective, a variance must be in writing. The grant of a variance does not effect a waiver or estoppel of the Association's right to deny a variance in other circumstances. Each variance to the terms and provisions of this Article 11 must be approved in advance and in accordance with the Master Plan Documents.

11.2. **Association's Right to Promulgate Rules and Adopt Community Manual.** The Association, acting through the Board, is granted the right to adopt, amend, repeal, and enforce reasonable Rules, and penalties for infractions thereof, regarding the occupancy, use, disposition, maintenance, appearance, and enjoyment of the Property. The Association, acting through the Board, is further granted the right to adopt, amend, repeal, and enforce the Community Manual, setting forth therein such policies governing the Association as the Board determines to be in the best interests of the Association, in its sole and absolute discretion.

**EVERY RESIDENT MUST COMPLY WITH THESE RULES AND WITH
RULES ADOPTED BY THE BOARD OF DIRECTORS**

11.3. **Rules and Regulations.** In addition to the restrictions contained in this Article, each Unit is owned and occupied subject to the right of the Board to establish Rules, and penalties for infractions thereof, governing:

- (i) Use of Common Elements.
- (ii) Hazardous, illegal, or annoying materials or activities on the Property.
- (iii) The use of Property-wide services provided through the Association.
- (iv) The consumption of utilities billed to the Association.
- (v) The use, maintenance, and appearance of anything visible from the street, Common Elements, or other Units.
- (vi) The occupancy and leasing of Units.
- (vii) Animals.

- (viii) Vehicles.
- (ix) Disposition of trash and control of vermin, termites, and pests.
- (x) Anything that interferes with maintenance of the Property, operation of the Association, administration of the Documents, or the quality of life for Residents.

11.4. **Ages Of Residents.** No person under the age of 18 years may occupy a Unit unless such person lives with a Resident who is his spouse, parent, legal guardian, or a designee of his parent or legal guardian. Upon request by the Association, an Owner must provide satisfactory proof of the ages and relationships of the occupants of his Unit.

11.5. **Animals - Household Pets.** Except for fish, there shall be allowed no more than three household pets in a Unit; and *provided, further*, that said pets may consist only of domesticated dogs, cats, fish and/or birds and may not be kept, bred, or maintained for any commercial purpose and not become a nuisance or annoyance to neighbors. All pets must be registered and approved in writing by the Board, which approval may be given or withheld in the sole discretion of the Board. Owners must immediately pick up all solid waste of their pets and dispose of such waste appropriately. All individual pets, including cats, must be leashed at all times when outside a Unit. No reptiles or other forms of wildlife shall be kept in or on the Regime (including Units). Without limiting the generality of this Section 11.5, violations of the provisions of this Section 11.5 will entitle the Association to all of its rights and remedies, including, but not limited to, the right to fine Owners and/or to require, through order of the Board, any pet to be permanently removed from the Regime. No one other than an Owner or an Owner's tenant is permitted to keep any pet.

11.6. **Annoyance.** No Unit or Limited Common Element may be used in any way that: (i) may reasonably be considered annoying to neighbors; (ii) may be calculated to reduce the desirability of the Property as a residential neighborhood; (iii) may endanger the health or safety of Residents of other Units; (iv) may result in the cancellation of insurance on any portion of the Property; (v) violates any law; or (vi) creates noise or odor pollution. The Board has the sole authority to determine what constitutes an annoyance.

11.7. **Appearance.** Both the exterior and the interior of the Unit must be maintained in a manner so as not be unsightly when viewed from the street, Common Elements, or neighboring Units. The Board will be the arbitrator of acceptable appearance standards.

11.8. **Declarant Privileges.** In connection with the development and marketing of the Property, Declarant has reserved a number of rights and privileges to use the Property in ways that are not available to other Owners and Residents, as provided in Appendix "A" of this Declaration. Declarant's exercise of a Development Period right that appears to violate a Rule

or a Use Restriction of this Article does not constitute waiver or abandonment of the restriction by the Association.

11.9. **Drainage.** No person may interfere with the established drainage pattern over any part of the Property unless an adequate alternative provision for proper drainage has been approved by the Board.

11.10. **Driveways.** Sidewalks, driveways, and other passageways may not be used for any purpose that interferes with their ongoing use as routes of vehicular or pedestrian access.

11.11. **Garages.** Garages may not be enclosed or used for any purpose that would prohibit the parking of operable vehicles therein, without the Board's written authorization. The automatic garage door opener is to be maintained by the Owner. Garage doors are to be kept closed at all times except when a vehicle is entering or leaving.

11.12. **Landscaping.** No person may perform landscaping, planting, or gardening anywhere within the General Common Elements without the Board's prior written authorization.

11.13. **Noise And Odor.** A Resident must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb or annoy Residents of neighboring Units. The Rules may limit, discourage, or prohibit noise-producing activities and items in the Units and on the Common Element.

NOT SOUNDPROOFED

The Units are not soundproofed. Noise transmission between adjoining Units will occur

11.14. **Occupancy.** The Board may adopt Rules regarding the occupancy of Units. If the Rules fail to establish occupancy standards, no more than 2 persons per bedroom may occupy a Unit, subject to the exception for familial status. The Association's occupancy standard for Residents who qualify for familial status protection under the fair housing laws may not be more restrictive than the minimum (*i.e., the fewest people per Unit*) permitted by the U.S. Department of Housing and Urban Development. A person may not occupy a Unit of the person constitutes a direct threat to the health or safety of other persons, or if the person's occupancy would result in substantial physical damage to the property of others.

11.15. **Residential Use.** The use of a Unit is limited exclusively to residential purposes or any other use permitted by this Declaration. This residential restriction does not, however, prohibit a Resident from using the Unit for personal business or professional pursuits provided that: (i) the uses are incidental to the use of the Unit as a dwelling; (ii) the uses conform to applicable governmental ordinances; (iii) there is no external evidence of the uses; (iv) the uses

do not entail visits to the Unit by employees or the public; and (v) the uses do not interfere with Residents' use and enjoyment of neighboring Units. Other than the air conditioned part of a Unit, no thing or structure on the Property may be occupied as residence at any time by any person. This provision applies, without limitation, to the garage.

11.16. **Signs.** Other than signs erected and maintained by the Declarant in conjunction with the marketing and sale of Units, no sign of any kind, including signs advertising Units for sale, for rent or for lease, may be erected, placed, or permitted to remain on the Property or to be visible from windows in the Units unless written approval has been obtained in advance from the Board. The Board may adopt sign guidelines associated with the erection and display of certain signs which guidelines may govern the location, nature, dimensions, number, and time period a sign may remain on the Property or a Unit. As used in this Section, "sign" includes, without limitation, lettering, images, symbols, pictures, shapes, lights, banners, and any other representation or medium that conveys a message. The Association may effect the immediate removal of any sign or object which has not been approved in advance by the Board or otherwise violates the Documents or any sign guidelines promulgated by the Board, or which the Board deems inconsistent with Property standards without liability for trespass or any other liability connected with the removal. Notwithstanding anything to the contrary stated herein, during the Development Period, the Declarant, and not the Board, must approve all signs.

11.17. **Specific Uses.** Except for ingress and egress, the streets, sidewalks, and driveways on the Property may not be used for any purpose that has not been authorized in writing by the Board.

11.18. **Structural Integrity.** No person may directly or indirectly impair the structural soundness or integrity of a building or other Unit, nor do any work or modification that will impair an easement or real property right.

11.19. **Antenna.** Except as expressly provided below, no exterior radio, television or communications antenna or aerial or satellite dish or disc, nor any solar energy system (collectively, an "Antenna/Dish"), shall be erected, maintained, or placed on a Unit without the prior written approval of the Board.

11.19.1. **Dishes Over One Meter Prohibited.** Unless otherwise approved by the Board, an Antenna/Dish which is over one meter in diameter is prohibited within the Regime.

11.19.2. **Notification.** An Owner or Resident who wishes to install an Antenna/Dish one meter or less in diameter (a "Permitted Antenna") must submit a written notice to the Board or its designee, which notice must include the Owner or Resident's installation plans for the satellite dish.

11.19.3. One Dish Limitation. Unless otherwise approved by the Board, only one Permitted Antenna per Unit is permitted. In the event an acceptable quality signal for video programming or wireless communications cannot be received from one satellite dish, the Owner must provide written notification to the Board or its designee. Upon notification, the Owner will be permitted to install an additional Permitted Antenna if a single Permitted Antenna is not sufficient for the reception of an acceptable quality signal and the use of an additional Permitted Antenna results in the reception of an acceptable quality signal.

11.19.4. Permitted Installation Locations – Generally. An Owner or Resident may erect a Permitted Antenna (after written notification has been provided to the Board or its designee) if the Owner or Resident has an exclusive use area in which to install the antenna. An “exclusive use area” is an area in which only the Owner or Resident may enter and use to the exclusion of all other Owners and Residents. Unless otherwise approved by the Board or its designee, the Permitted Antenna must be entirely within the exclusive use area of the Owner’s Unit.

A Permitted Antenna or the use of a Permitted Antenna may not interfere with satellite or broadcast reception to other Units or the Common Elements, or otherwise be a nuisance to Residents of other Units or to the Association. A Permitted Antenna exists at the sole risk of the Owner and/or occupant of the Unit. The Association does not insure the Permitted Antenna and is not liable to the Owner or any other person for any loss or damage to the Permitted Antenna from any cause. The Owner will defend and indemnify the Association, its directors, officers, and Members, individually and collectively, against losses due to any and all claims for damages or lawsuits, by anyone, arising from his Permitted Antenna. The Board of Directors may determine what constitutes a nuisance to the Association. The Board may, from time to time, modify, amend, or supplement the rules regarding installation and placement of a Permitted Antenna.

11.19.5. Preferred Installation Locations. A Permitted Antenna may be installed in a location within the Unit from which an acceptable quality signal can be obtained and where least visible from the street and the Regime, other than the Unit. In order of preference, the locations of a Permitted Antenna which will be considered least visible by the Board are as follows:

(i) attached to the back of the Building with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Units and the street; then

(ii) Attached to the side of the Building with no part of the Permitted Antenna any higher than the lowest point of the roofline and screened from view of adjacent Units and the street.

11.19.6. Association Controls. To the extent permitted by public law, the Association may adopt and amend reasonable standards for the color, appearance, location, method of installation, maintenance, camouflaging, screening, and use of an Antenna/Dish.

11.20. Parking and Vehicular Restrictions. With the exception of the Declarant and Persons authorized by the Declarant (or the Board after the expiration of the Development Period), no Owner shall park, store or keep within the Regime any: (i) large commercial-type vehicle (including, but not limited to, vehicles with commercial writing, any dump truck, cement mixer truck, oil or gas truck or delivery truck); (ii) recreational vehicle (including, but not limited to, any camper unit, house/car or motor home); bus, trailer, trailer coach, camp trailer, boat or other type of watercraft of any kind, aircraft or mobile home; or (iii) inoperable or unlicensed vehicle or any other similar vehicle. The above excludes camper trucks and similar vehicles up to and including three-quarter (3/4) ton when used for daily transportation and subject to approval by the Board. In addition, no Owner shall park, store, or keep anywhere within the Regime any vehicle or vehicular equipment, mobile or otherwise, deemed to be a nuisance by the Board. In addition, there shall be no operating of any unlicensed vehicles including, but not limited to, mopeds, scooters or similar motorized products within the Regime. All vehicles kept within the parking areas shall be in good condition and shall be kept clean and reasonably free of dust. The Board may establish additional regulations as it deems appropriate in its sole discretion with regard to any of the parking areas of the Regime, including, without limitation, designating "parking," "private parking," "guest parking" and "no parking" areas thereon; and shall have the power to enforce all parking and vehicle use restrictions applicable to the Regime, including the power to remove violating vehicles from any of the parking areas of the Regime to the extent permitted by applicable law. In those parking areas of the Regime left unassigned, the Board may allow, on an individually approved basis, for temporary short term parking for an Owner's guest in such areas. Any vehicle or other item(s) which is parked or stored so as to block an Owner's access to such Owner's designated parking space(s) or which is parked or stored in any drive or fire lane shall be subject to immediate towing without notification to the owner of such vehicle or item and such towing shall be at the sole cost of the owner of such vehicle or other item. The Declarant during the Development Period, and the Board after expiration or termination of the Development Period, may, in its sole discretion, designate and re-designate handicap, guest and Unit designated parking spaces. THERE SHALL BE NO PARKING FOR RECREATIONAL VEHICLES AVAILABLE ANYWHERE WITHIN THE REGIME.

11.21. On Street Parking. No Owner or Resident may park a vehicle on any road or street within the Regime unless in the event of an emergency or as otherwise approved in writing by the Board. Guests and/or visitors may not park a vehicle on any road or street within the Regime for more than twelve (12) consecutive hours unless in the event of an emergency or as otherwise approved in writing by the Board. "Emergency" for purpose of this

Section 11.21 means an event which jeopardizes life or property. "Parked" as used herein shall be defined as a vehicle left unattended for more than thirty (30) consecutive minutes.

11.22. Window Treatments. The Regime is designed to have a uniform window appearance for all the Units. Therefore, the color and condition of all window panes, window screens, and window treatments must conform to the building standard. All window treatments within the Unit, that are visible from the street or another Unit, must be maintained in good condition and must not detract from the appearance of the Property. The Board may require an Owner to change or remove a window treatment, window film, window screen, or window decoration that the Board determines to be inappropriate, unattractive, or inconsistent with the Property's uniform window standard. The Board may prohibit the use of certain colors or materials for window treatments.

11.23. Wireless Internet Systems. A wireless Internet communication network ("WiFi System") may be installed or otherwise used in a Unit provided precautions are taken to insure against interfering with, disturbing, or intercepting computer, communications, or other permitted electronic signals, networks, or systems installed in other portions of the Regime. The Association may establish reasonable requirements relating to the installation of WiFi Systems that must be complied with, including, without limitation, requiring assurance from the installation of the system that proper precautions are being taken. Notwithstanding the foregoing, compliance with requirements relating to the installation of WiFi Systems is not a guarantee that any WiFi System installed or otherwise used in a Unit will not interfere with, disturb, or intercept other signals, networks, or systems within the Regime. The Association may require that any WiFi System found to cause such problems be terminated. The Association, Declarant, and their respective current and former partners, members, directors, officers agents employees, affiliates, and committee members, shall not in any way be considered insurers or guarantors of the proper operation or use of any WiFi Systems in the Regime, nor shall any of such Persons be held liable for any loss or damage relating to the use or operation of WiFi Systems in the Regime.

ARTICLE 12 UNIT LEASING

12.1. Lease Conditions. The leasing of Units is subject to the following conditions: (i) no Unit may be rented for transient or hotel purposes or for a period less than one hundred eighty (180) days; (ii) no Unit may be subdivided for rent purposes, and not less than an entire Unit may be leased; (iii) all leases must be in writing and must be made subject to the Documents; (iv) an Owner is responsible for providing his tenant with copies of the Documents and notifying him of changes thereto; and (v) each tenant is subject to and must comply with all provisions of the Documents, federal and State laws, and local ordinances. Notwithstanding the foregoing, Declarant may permit a Unit to be leased for a term of less than one hundred eighty (180) days, may permit renting or leasing of a Unit for transient or hotel purposes, and may adopt rules and regulations related to such leases.

12.2. Eviction Of Tenants. Every lease agreement on a Unit, whether written or oral, express or implied, is subject to and is deemed to include the following provisions:

12.2.1. Violation Constitutes Default. Failure by the tenant or his invitees to comply with the Documents, federal or State law, or local ordinance is deemed to be a default under the lease. When the Association notifies an Owner of his tenant's violation, the Owner will promptly obtain his tenant's compliance or exercise his rights as a landlord for tenant's breach of lease. If the tenant's violation continues or is repeated, and if the Owner is unable, unwilling, or unavailable to obtain his tenant's compliance, then the Association has the power and right to pursue the remedies of a landlord under the lease or State law for the default, including eviction of the tenant, subject to the terms of this Section.

12.2.2. Association as Attorney-in-Fact. Notwithstanding the absence of an express provision in the lease agreement for enforcement of the Documents by the Association, each Owner appoints the Association as his attorney-in-fact, with full authority to act in his place in all respects, solely for the purpose of enforcing the Documents against his tenants, including but not limited to the authority to institute forcible detainer proceedings against his tenant on his behalf, provided the Association gives the Owner at least 10 days' notice, by certified mail, of its intent to so enforce the Documents.

12.2.3. Association Not Liable for Damages. The Owner of a leased Unit is liable to the Association for any expenses incurred by the Association in connection with enforcement of the Documents against his tenant. The Association is not liable to the Owner for any damages, including lost rents, suffered by the Owner in relation to the Association's enforcement of the Documents against the Owner's tenant.

12.3. **Exemption.** A Mortgagee that acquires title to the Unit by foreclosure of its deed of trust lien or by deed in lieu of foreclosure of its lien is exempt from the effect of this Article. During the Development Period, Declarant is exempt from the effect of this Article.

ARTICLE 13 **ASSOCIATION OPERATIONS**

13.1. **Board.** Unless the Documents expressly reserve a right, action, or decision to the Owners, Declarant, or another party, the Board acts in all instances on behalf of the Association. Unless the context indicates otherwise, references in the Documents to the "Association" may be construed to mean "the Association acting through its Board of Directors."

13.2. **The Association.** The duties and powers of the Association are those set forth in the Documents, together with the general and implied powers of a condominium association and a nonprofit corporation organized under the laws of the State of Texas. Generally, the Association may do any and all things that are lawful and necessary, proper, or desirable in operating for the peace, health, comfort, and general benefit of its Members, subject only to the limitations on the exercise of such powers as stated in the Documents. The Association comes into existence on issuance of its corporate charter. The Association will continue to exist at least as long as the Declaration is effective against the Property, regardless of whether its corporate charter lapses from time to time.

13.3. **Name.** A name is not the defining feature of the Association. Although the initial name of the Association is The Villas at Rough Hollow Condominium Community, Inc., the Association may operate under any name that is approved by the Board and (1) filed with the Travis County Clerk as an assumed name, or (2) filed with the Secretary of State of Texas as the name of the filing entity. The Association may also change its name by amending the Documents. Another legal entity with the same name as the Association, or with a name based on the name of the Property, is not the Association, which derives its authority from this Declaration.

13.4. **Duration.** The Association comes into existence on the earlier to occur of the following two events: (1) the date on which the Certificate is filed with the Secretary of State of Texas, or (2) the date on which a Unit deed is Recorded evidencing diversity of ownership in the Property (that the Property is not owned entirely by Declarant or its affiliates). The Association will continue to exist at least as long as this Declaration, as it may be amended, is effective against all or part of the Property.

13.5. **Governance.** The Association will be governed by a board of directors elected by the Members. Unless the Bylaws or Certificate provide otherwise, the Board will consist of at least three (3) persons elected at the annual meeting of the Association, or at a special meeting called for that purpose. The Association will be administered in accordance with the Bylaws. Unless the Documents provide otherwise, any action requiring approval of the Members may

be approved in writing by Owners representing at least a majority of the ownership interests, or at a meeting by Owners' representing at least a majority of the ownership interests that are represented at the meeting.

13.6. **Membership.** Each Owner is a Member of the Association, ownership of a Unit being the sole qualification for membership. Membership is appurtenant to and may not be separated from ownership of the Unit. The Board may require satisfactory evidence of transfer of ownership before a purported Owner is entitled to vote at meetings of the Association. If a Unit is owned by more than one person or entity, each co-owner is a Member of the Association and may exercise the membership rights appurtenant to the Unit.

13.7. **Manager.** The Board may delegate the performance of certain functions to one or more managers or managing agents of the Association. To assist the Board in determining whether to delegate a function, a Guide to Association's Major Management & Governance Functions is attached to this Declaration as Exhibit "D". The Guide lists several of the major management and governance functions of a typical residential development with a mandatory owners association. The Guide, however, may not be construed to create legal duties for the Association and its officers, directors, members, employees, and agents that are not justified by the needs of the Association. Rather, the Guide is intended as a tool or an initial checklist for the Board to use periodically when considering a delegation of its functions. As a list of functions that owners associations commonly delegate to a manager, the Guide should not be considered as a complete list of the Board's duties, responsibilities, or functions. Notwithstanding any delegation of its functions, the Board is ultimately responsible to the Members for governance of the Association.

13.8. **Books and Records.** The Association will maintain copies of the Documents and the Association's books, records, and financial statements. Books and records of the Association will be made available for inspection and copying pursuant to the requirements of the Texas Nonprofit Corporation Act.

13.9. **Merger.** Merger or consolidation of the Association with another association must be evidenced by an amendment to this Declaration. The amendment must be approved by Owners of at least two-thirds of the Units. On merger or consolidation of the Association with another association, the property, rights, and obligations of another association may, by operation of law, be added to the properties, rights, and obligations of the Association as a surviving corporation pursuant to the merger. The surviving or consolidated association may administer the provisions of the Documents within the Property, together with the covenants and restrictions established on any other property under its jurisdiction. No merger or consolidation, however, will effect a revocation, change, or addition to the covenants established by this Declaration within the Property.

13.10. **Indemnification.** The Association indemnifies every officer, director, and committee member (for purposes of this Section, "Leaders") against expenses, including attorney's fees, reasonably incurred by or imposed on the Leader in connection with any threatened or pending action, suit, or proceeding to which the Leader is a party or respondent by reason of being or having been a Leader. A Leader is not liable for a mistake of judgment. A Leader is liable for his willful misfeasance, malfeasance, misconduct, or bad faith. This right to indemnification does not exclude any other rights to which present or former Leaders may be entitled. As a common expense, the Association may maintain general liability and directors and officers' liability insurance to fund this obligation.

13.11. **Obligations of Owners.** Without limiting the obligations of Owners under the Documents, each Owner has the following obligations:

13.11.1. **Information.** Within thirty (30) days after acquiring an interest in a Unit, within thirty (30) days after the Owner has notice of a change in any information required by this Subsection, and on request by the Association from time to time, an Owner will provide the Association with the following information: (i) a copy of the recorded deed by which Owner has acquired title to the Unit; (ii) the Owner's address, phone number, and driver's license number, if any; (iii) any Mortgagee's name, address and loan number; (iv) the name and phone number of any Resident other than the Owner; and (v) the name, address, and phone number of Owner's managing agent, if any.

13.11.2. **Pay Assessments.** Each Owner will pay Assessments properly levied by the Association against the Owner or such Owner's Unit and will pay Regular Assessments and Building LCE Assessments without demand by the Association.

13.11.3. **Compliance with Documents.** Each Owner will comply with the Documents as amended from time to time.

13.11.4. **Reimburse for Damages.** Each Owner will pay for damage to the Property caused by the negligence or willful misconduct of the Owner, a Resident of the Owner's Unit, or the Owner or Resident's family, guests, employees, contractors, agents, or invitees.

13.11.5. **Liability for Violations.** Each Owner is liable to the Association for violations of the Documents by the Owner, a Resident of the Owner's Unit, or the Owner or Resident's family, guests, employees, agents, or invitees, and for costs incurred by the Association to obtain compliance, including attorney's fees whether or not suit is filed.

13.12. **Unit Resales.** This Section applies to every sale or conveyance of a Unit or an interest in a Unit by an Owner other than Declarant:

13.12.1. Resale Certificate. An Owner intending to sell his Unit will notify the Association and will request a condominium resale certificate from the Association.

13.12.2. No Right of First Refusal. The Association does not have a right of first refusal and may not compel a selling Owner to convey the Owner's Unit to the Association.

13.12.3. Other Transfer-Related Fees. A number of independent fees may be charged in relation to the transfer of title to a Unit, including but not limited to, fees for resale certificates, estoppel certificates, copies of Documents, compliance inspections, ownership record changes, and priority processing, provided the fees are customary in amount, kind and number for the local marketplace. Transfer-related fees are not refundable and may not be regarded as a prepayment of or credit against regular or special assessments. Transfer-related fees may be charged by the Association or by the Association's managing agent, provided there is no duplication of fees. Transfer-related fees charged by or paid to a managing agent must have the prior written approval of the Association, are not subject to the Association's assessment lien, and are not payable by the Association. This Section does not obligate the Board or the manager to levy transfer-related fees. This exclusion may be waived by a party to a conveyance who requests transfer-related services or documentation for which fees are charged.

13.12.4. Information. Within 30 days after acquiring an interest in a Unit, an Owner will provide the Association with the following information: a copy of the settlement statement, or deed by which Owner has title to the Unit; the Owner's email address (if any); U.S. Post address, and phone number; any mortgagee's name, address, and loan number; the name and phone number of any resident other than the Owner; the name, address, and phone number of Owner's managing agent, if any.

13.12.5. Exclusions. The requirements of this Section do not apply to the following transfers: (i) foreclosure of a mortgagee's deed of trust lien, a tax lien, or the Association's assessment lien; (ii) conveyance by a mortgagee who acquires title by foreclosure or deed in lieu of foreclosure; (iii) transfer to, from, or by the Association; or (iv) voluntary transfer by an Owner to one or more Co-Owners, or to the Owner's spouse, child, or parent; a transfer by a fiduciary in the course of administering a decedent's estate, guardianship, conservatorship, or trust; a conveyance pursuant to a court's order, including a transfer by a bankruptcy trustee; or (v) a disposition by a government or governmental agency.

ARTICLE 14
ENFORCING THE DOCUMENTS

14.1. **Remedies.** The remedies provided in this Article for breach of the Documents are cumulative and not exclusive. In addition to other rights and remedies provided by the Documents and by law, the Association has the following rights to enforce the Documents:

14.1.1. **Nuisance.** The result of every act or omission that violates any provision of the Documents is a nuisance, and any remedy allowed by law against a nuisance, either public or private, is applicable against the violation.

14.1.2. **Fine.** The Association may levy reasonable charges, as an Individual Assessment, against an Owner and the Owner's Unit if the Owner or Resident, or the Owner or Resident's family, guests, employees, agents, or contractors violate a provision of the Documents. Fines may be levied for each act of violation or for each day a violation continues, and does not constitute a waiver or discharge of the Owner's obligations under the Documents.

14.1.3. **Suspension.** The Association may suspend the right of Owners and Residents to use Common Elements (except rights of ingress and egress) for any period during which the Owner or Resident, or the Owner or Resident's family, guests, employees, agents, or contractors violate the Documents. A suspension does not constitute a waiver or discharge of the Owner's obligations under the Documents.

14.1.4. **Self-Help.** The Association has the right to enter a Common Element or Unit to abate or remove, using force as may reasonably be necessary, any erection, thing, animal, person, vehicle, or condition that violates the Documents. In exercising this right, the Board is not trespassing and is not liable for damages related to the abatement. The Board may levy its costs of abatement against the Unit and Owner as an Individual Assessment. Unless an emergency situation exists in the good faith opinion of the Board, the Board will give the violating Owner fifteen (15) days' notice of its intent to exercise self-help. Notwithstanding the foregoing, the Association may not alter or demolish an item of construction on a Unit without judicial proceedings.

14.1.5. **Suit.** Failure to comply with the Documents will be grounds for an action to recover damages or for injunctive relief to cause any such violation to be remedied, or both. Prior to commencing any legal proceeding, the Association will give the defaulting party reasonable notice and an opportunity to cure the violation.

14.2. **Board Discretion.** The Board may use its sole discretion in determining whether to pursue a violation of the Documents, provided the Board does not act in an arbitrary or capricious manner. In evaluating a particular violation, the Board may determine that under the particular circumstances: (i) the Association's position is not sufficiently strong to justify

taking any or further action; (ii) the provision being enforced is or may be construed as inconsistent with applicable law; (iii) although a technical violation may exist, it is not of such a material nature as to be objectionable to a reasonable person or to justify expending the Association's resources; or (iv) that enforcement is not in the Association's best interests, based on hardship, expense, or other reasonable criteria.

14.3. **No Waiver.** The Association and every Owner has the right to enforce all restrictions, conditions, covenants, liens, and charges now or hereafter imposed by the Documents. Failure by the Association or by any Owner to enforce a provision of the Documents is not a waiver of the right to do so thereafter.

14.4. **Recovery of Costs.** The costs of curing or abating a violation are the expense of the Owner or other person responsible for the violation. If legal assistance is obtained to enforce any provision of the Documents, or in any legal proceeding (whether or not suit is brought) for damages or for the enforcement of the Documents or the restraint of violations of the Documents, the prevailing party is entitled to recover from the non-prevailing party all reasonable and necessary costs incurred by it in such action, including reasonable attorneys' fees.

14.5. **Notice And Hearing.** Before levying a fine for violation of the Documents (other than nonpayment of Assessments), or before levying an Individual Assessment for property damage, the Association will give the Owner written notice of the levy and an opportunity to be heard, to the extent required by applicable law. The Association's written notice must contain a description of the violation or property damage; the amount of the proposed fine or damage charge; a statement that not later than the 30th day after the date of the notice, the Owner may request a hearing before the Board to contest the fine or charge; and a stated date by which the Owner may cure the violation to avoid the fine – unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months. The Association may also give a copy of the notice to the Resident. Pending the hearing, the Association may continue to exercise its other rights and remedies for the violation, as if the declared violation were valid. The Owner's request for a hearing suspends only the levy of a fine or damage charge. The Owner may attend the hearing in person, or may be represented by another person or written communication. The Board may adopt additional or alternative procedures and requirements for notices and hearing, provided they are consistent with the requirements of applicable law.

ARTICLE 15

INSURANCE

15.1. **General Provisions.** The broad purpose of this Article is to require that the Property be insured with the types and amounts of coverage that are customary for similar types of properties and that are acceptable to mortgage lenders, guarantors, or insurers that

finance the purchase or Improvement of Units. Because the insurance requirements of mortgage underwriters are subject to change, as are State-promulgated insurance regulations and policies, this Articles tries to balance the need for certain minimum insurance requirements with the desire to adapt to a periodically changing insurance environment. The Board will make every reasonable effort to comply with the requirements of this Article.

15.1.1. Unavailability. The Association, and its directors, officers, and managers, will not be liable for failure to obtain any coverage required by this Article or for any loss or damage resulting from such failure if the failure is due to the unavailability of a particular coverage from reputable insurance companies, or if the coverage is available only at demonstrably unreasonable cost.

15.1.2. No Coverage. Even if the Association and the Owner have adequate amounts of recommended and required coverages, the Property may experience a loss that is not covered by insurance. In that event, the Association is responsible for restoring the Common Elements as a common expense, and the Owner is responsible for restoring his Unit at his sole expense. This provision does not apply to the deductible portion of a policy.

15.1.3. Requirements. The cost of insurance coverages and bonds maintained by the Association is a common expense. Insurance policies and bonds obtained and maintained by the Association must be issued by responsible insurance companies authorized to do business in the State of Texas. The Association must be the named insured on all policies obtained by the Association. The Association's policies should contain the standard mortgage clause naming either the Mortgagee or its servicer followed by "its successors and assigns." The loss payee clause should show the Association as trustee for each Owner and Mortgagee. Policies of property and general liability insurance maintained by the Association must provide that the insurer waives its rights to subrogation under the policy against an Owner. The Association's insurance policies will not be prejudiced by the act or omission of any Owner or Resident who is not under the Association's control.

15.1.4. Association as Trustee. Each Owner irrevocably appoints the Association, acting through its Board, as his trustee to negotiate, receive, administer, and distribute the proceeds of any claim against an insurance policy maintained by the Association.

15.1.5. Notice of Cancellation or Modification. Each insurance policy maintained by the Association should contain a provision requiring the insurer to give prior written notice, as provided by the Act, to the Board before the policy may be canceled, terminated, materially modified, or allowed to expire, by either the insurer or the insured. The Board will give to Eligible Mortgagees, and the insurer will give go

Mortgagees, prior notices of cancellation, termination, expiration, or material modification.

15.1.6. Deductibles. An insurance policy obtained by the Association may contain a reasonable deductible, and the amount thereof may not be subtracted from the face amount of the policy in determining whether the policy limits satisfy the coverage limits required by this Declaration or an Underwriting lender. In the event of an insured loss, the deductible is treated as a common expense of the Association in the same manner as the insurance premium. However, if the Board reasonably determines that the loss is the result of the negligence or willful misconduct of an Owner or Resident or their invitee, then the Board may levy an Individual Assessment against the Owner and his Unit for the amount of the deductible that is attributable to the act or omission, provided the Owner is given notice and an opportunity to be heard in accordance with the Notice and hearing Section of this Declaration.

15.2. Property Insurance. The Association will obtain blanket all-risk insurance, if reasonably available, for all Common Element Improvements insurable by the Association. If blanket all-risk insurance is not reasonably available, then at a minimum, the Association will obtain an insurance policy providing fire and extended coverage. This insurance must be in an amount sufficient to cover 100 percent of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. The Federal National Mortgage Association recommends use of a guaranteed replacement cost endorsement, or a replacement cost endorsement, together with an agreed amount endorsement in case of coinsurance.

15.2.1. Common Property Insured. The Association will insure: (i) General Common Elements; (ii) Limited Common Elements; (iii) Building LCE; and (iv) property owned by the Association including, if any, records, furniture, fixtures, equipment, and supplies.

15.2.2. Attached Units Insured by Association. In addition to insuring the Common Elements against casualty loss, the Association will maintain property insurance on the Attached Units as originally constructed. The Association may insure betterments and Improvements installed within Attached Units by current or previous Owners, but will have no obligation to insure such items. In insuring Attached Units, the Association may be guided by types of policies customarily available for similar types of properties.

15.2.3. Stand-Alone Units Not Insured by Association. In no event will the Association maintain property insurance on any Stand-Alone Units. Accordingly, each Owner of a Stand-Alone Unit will be obligated to maintain property insurance on such Owner's Stand-Alone Unit, including any betterments and Improvements installed within such Stand-Alone Unit by the current or previous Owner, in an amount sufficient

to cover 100 percent of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard.

15.2.4. Endorsements. To the extent reasonably available, the Association will obtain endorsements to its property insurance policy if required by an Underwriting Lender, such as Inflation Guard Endorsement, Building Ordinance or Law Endorsement, and a Special Condominium Endorsement.

15.3. Liability Insurance. The Association will maintain a commercial general liability insurance policy over the Common Elements – expressly excluding the liability of each Owner and Resident within his Unit – for bodily injury and property damage resulting from the operation, maintenance, or use of the Common Elements. Each Owner will obtain and maintain general liability insurance on his Unit. The amount of coverage should be at least that required by an Underwriting Lender, to the extent reasonably available. The purpose of this requirement is, in part, to assure mortgage companies that the Association maintains at least minimum levels of insurance coverage. For example, the Federal National Mortgage Association requires a minimum of \$1 million for bodily injury and property damage per single occurrence. If the policy does not contain a severability of interest provision, it should contain an endorsement to preclude the insurer's denial of an Owner's claim because of negligent acts of the Association or other Owners.

15.4. Worker's Compensation. The Association may maintain worker's compensation insurance if and to the extent necessary to meet the requirements of State law or if the Board so chooses.

15.5. Fidelity Coverage. The Association may maintain blanket fidelity coverage for any person who handles or is responsible for funds held or administered by the Association, whether or not the person is paid for his services. The policy should be for an amount that exceeds the greater of: (i) the estimated maximum funds, including reserve funds, that will be in the Association's custody at any time the policy is in force; or (ii) an amount equal to 3 months of Regular Assessments on all Units. A management agent that handles Association funds should be covered for its own fidelity insurance policy with the same coverages. If the Property has more than 20 Units, the Association must maintain fidelity coverage to the extent reasonably available.

15.6. Directors And Officers Liability. The Association may maintain directors and officer's liability insurance, errors and omissions insurance, indemnity bonds, or other insurance the Board deems advisable to insure the Association's directors, officers, committee members, and managers against liability for an act or omission in carrying out their duties in those capacities.

15.7. Mortgagee Required Policies. Unless coverage is not available or has been waived in writing, the Association will maintain any insurance and bond required by an

Underwriting Lender for condominium developments as long as an Underwriting Lender is a Mortgagee or an Owner.

15.8. **Other Policies.** The Association may maintain any insurance policies and bonds deemed by the Board to be necessary or desirable for the benefit of the Association.

15.9. **Owner's Responsibility For Insurance.**

15.9.1. **Insurance by Owners.** Notwithstanding the foregoing, the Board may establish minimum insurance requirements, including types and minimum amounts of coverage, to be individually obtained and maintained by Owners if the insurance is deemed necessary or desirable by the Board to reduce potential risks to the Association or other Owners. If an Owner fails to maintain required insurance, the Board may obtain it on behalf of the Owner who will be obligated for the cost as an Individual Assessment.

15.9.2. **Owners' Responsibilities.** On request, an Owner will give the Board written notification of any and all structural changes, additions, betterments, or Improvements to his Unit, and any other information the Board may require to maintain adequate levels of insurance coverage. Each Owner will comply with reasonable requests by the Board for periodic inspection of the Unit for purposes of insurance appraisal. Each Owner, at his expense, will maintain any insurance coverage required by the Association pursuant to this Article. Each Owner at his expense, may obtain additional insurance coverage of his real property, Improvements, and betterments thereto, or personal property.

15.9.3. **Association Does Not Insure.** The Association does not insure an Owner or Resident's personal property. Each Owner and Resident is solely responsible for insuring his personal property in his Unit and on the Property, including furnishings, vehicles, and stored items. The Association strongly recommends that each Owner and Resident purchase and maintain insurance on his personal belongings.

ARTICLE 16
RECONSTRUCTION OR REPAIR AFTER LOSS

16.1. **Subject To Act.** The Association's response to damage or destruction of the Property will be governed by Section 82.111(i) of the Act. The following provisions apply to the extent the Act is silent.

16.2. **Restoration Funds.** For purposes of this Article, "Restoration Funds" include insurance proceeds, condemnation awards, Deficiency Assessments, Individual Assessments, and other funds received on account of or arising out of injury or damage to the Property. All funds paid to the Association for purposes of repair or restoration will be deposited in a

financial institution in which accounts are insured by a federal agency. Withdrawal of Restoration Funds requires the signatures of at least two (2) Association directors or that of an agent duly authorized by the Board.

16.2.1. Sufficient Proceeds. If Restoration Funds obtained from insurance proceeds or condemnation awards are sufficient to repair or restore the damaged or destroyed Property, the Association, as trustee for the Owners, will promptly apply the funds to the repair or restoration.

16.2.2. Insufficient Proceeds. If Restoration Funds are not sufficient to pay the estimated or actual costs of restoration as determined by the Board, the Board may levy a Deficiency Assessment against the Owners to fund the difference.

16.2.3. Surplus Funds. If the Association has a surplus of Restoration Funds after payment of all costs of repair and restoration, the surplus will be applied as follows: If Deficiency Assessments were a source of Restoration Funds, the surplus will be paid to Owners in proportion to their contributions resulting from the Deficiency Assessment levied against them; provided that no Owner may receive a sum greater than that actually contributed by him, and further provided that any Delinquent Assessments owed by the Owner to the Association will first be deducted from the surplus. Any surplus remaining after the disbursement described in the foregoing paragraph will be common funds of the Association to be used as directed by the Board.

16.3. Common Element Repairs. Promptly after the loss to any Common Elements, the Board will obtain reliable and detailed estimates of the cost of restoration. Costs may include premiums for bonds and fees for the services of professionals, as the Board deems necessary, to assist in estimating and supervising the repair. Common Elements will be repaired and restored substantially as they existed immediately prior to the damage or destruction. Alternate plans and specifications for repair and restoration of either Common Elements must be approved by Owners of at least two-thirds of the Units and by certain Mortgagees if so required by the Mortgagee Protection article of this Declaration.

16.4. Owner's Duty to Repair. Within sixty (60) days after the date of damage, the Owner will begin repair or reconstruction of his Unit, subject to the right of the Association to supervise, approve, or disapprove repair or restoration during the course thereof. Unless otherwise approved by the Architectural Reviewer, a Unit must be repaired and restored substantially in accordance with original construction plans and specifications. If an Owner fails to repair or restore damage as required by this Section, the Association may effect the necessary repairs and levy an Individual Assessment against the Owner and Unit for the cost thereof, after giving an Owner of the Unit reasonable notice of the Association's intent to do so.

16.5. Owner's Liability For Insurance Deductible. If repair or restoration of Common Elements is required as a result of an insured loss, the Board may levy an Individual

Assessment, in the amount of the insurance deductible, against the Owner or Owners who would be responsible for the cost of the repair or reconstruction in the absence of insurance.

ARTICLE 17

TERMINATION AND CONDEMNATION

17.1. **Association As Trustee.** Each Owner hereby irrevocably appoints the Association, acting through the Board, as trustee to deal with the Property in the event of damage, destruction, obsolescence, condemnation, or termination of all or any part of the Property. As trustee, the Association will have full and complete authority, right, and power to do all things reasonable and necessary to effect the provisions of this Declaration and the Act, including, without limitation, the right to receive, administer, and distribute funds, awards, and insurance proceeds; to effect the sale of the Property as permitted by this Declaration or by the Act; and to make, execute, and deliver any contract, deed, or other instrument with respect to the interest of an Owner.

17.2. **Termination.** Termination of the terms of this Declaration and the condominium status of the Property will be governed by Section 82.068 of the Act, subject to the following provisions. In the event of substantially total damage, destruction, or public condemnation of the Property, an amendment to terminate must be approved by Owners of at least 67 percent of the Units and by certain Mortgagees pursuant to the Mortgagee protection article of this Declaration. In the event of condemnation of the entire Property, an amendment to terminate may be executed by the Board without a vote of Owners or Mortgagees. In all other circumstances, an amendment to terminate must be approved by Owners of at least 80 percent of the Units and by certain Mortgagees pursuant to the Mortgagee Protection article of this Declaration.

17.3. **Condemnation.** The Association's response to condemnation of any part of the Property will be governed by Section 82.007 of the Act. On behalf of Owners, but without their consent, the Board may execute an amendment of this Declaration to reallocate allocated interests (including the Building LCE Allocation) following condemnation and to describe the altered parameters of the Property. If the Association replaces or restores Common Elements taken by condemnation by obtaining other land or constructing additional Improvements, the Board may, to the extent permitted by law, execute an amendment without the prior consent of Owners to describe the altered parameters of the Property and any corresponding change of facilities or Improvements.

ARTICLE 18

MORTGAGEE PROTECTION

18.1. **Introduction.** This Article is supplemental to, not a substitution for, any other provision of the Documents. In case of conflict, this Article controls. Some sections of this

Article apply to "Mortgagees," as defined in *Article 1*. Other sections apply to "Eligible Mortgagees," as defined below.

18.1.1. Known Mortgagees. An Owner who mortgages his Unit will notify the Association, giving the complete name and address of his mortgagee and the loan number. The Association's obligations to mortgagees under the Documents extend only to those mortgagees known to the Association. All actions and approvals required by mortgagees will be conclusively satisfied by the mortgagees known to the Association, without regard to other holders of mortgages on Units. The Association may rely on the information provided by Owners and mortgagees.

18.1.2. Eligible Mortgagees. "Eligible Mortgagee" means the holder, insurer, or guarantor of a first purchase money mortgage secured by a recorded deed of trust lien against a Unit who has submitted to the Association a written notice containing its name and address, the loan number, and the identifying number and street address of the mortgaged Unit. A single notice per Unit will be valid so long as the Eligible Mortgagee holds a mortgage on the Unit. The Board will maintain this information. The Association will treat the notice as the Eligible Mortgagee's request to be notified of any proposed action requiring the consent of Eligible Mortgagees. A provision of the Documents requiring the approval of a specified percentage of Eligible Mortgagees will be based on the number of Units subject to mortgages held by Eligible Mortgagees. For example, "fifty-one percent (51%) of Eligible Mortgagees" means Eligible Mortgagees of fifty-one percent (51%) of the Units that are subject to mortgages held by Eligible Mortgagees.

18.2. Amendment. This Article establishes certain standards for the benefit of Underwriting Lenders, and is written to comply with their requirements and guidelines in effect at the time of drafting. If an Underwriting Lender subsequently changes its requirements, the Board, without approval of Owners or mortgagees, may amend this Article and other provisions of the Documents, as necessary, to meet the requirements of the Underwriting Lender.

18.3. Termination. An action to terminate the legal status of the Property after substantial destruction or condemnation must be approved by Owners of at least 67 percent of the Units, and by at least 51 percent of Eligible Mortgagees. An action to terminate the legal status for reasons other than substantial destruction or condemnation must be approved by at least 67 percent of Eligible Mortgagees.

18.4. Implied Approval. The approval of an Eligible Mortgagee is implied when the Eligible Mortgagee fails to respond within sixty (60) days after receiving the Association's written request for approval of a proposed amendment, provided the Association's request was delivered by certified or registered mail, return receipt requested.

18.5. Other Mortgagee Rights.

18.5.1. Inspection of Books. The Association will maintain current copies of the Documents and the Association's books, records, and financial statements. Mortgagees may inspect the Documents and records, by appointment, during normal business hours.

18.5.2. Financial Statements. A Mortgagee may have an audited statement prepared at its own expense.

18.5.3. Attendance at Meetings. A representative of an Eligible Mortgagee may attend and address any meeting which an Owner may attend.

18.5.4. Right of First Refusal. Any right of first refusal imposed by the Association with respect to a lease, sale, or transfer of a Unit does not apply to a lease, sale, or transfer by a Mortgagee, including transfer by deed in lieu of foreclosure or foreclosure of a deed of trust lien.

18.5.5. Management Contract. If professional management of the Association is required by this Article, the contract for professional management may not require more than ninety (90) days' notice to terminate the contract, nor payment of a termination penalty.

18.6. Insurance Policies. If an Underwriting Lender that holds a mortgage on a Unit or desires to finance a Unit has requirements for insurance of condominiums, the Association must try to obtain and maintain the required coverages, to the extent they are reasonably available, and must try to comply with any notifications or processes required by the Underwriting Lender. Because underwriting requirements are subject to change, they are not recited here.

18.7. Notice of Actions. The Association will use its best efforts to send timely written notice to Eligible Mortgagees of the following actions:

- (i) Any condemnation or casualty loss that affects a material portion of the Property or the mortgaged Unit.
- (ii) Any sixty (60) day delinquency in the payment of assessments or charges owed by the Owner of the mortgaged Unit.
- (iii) A lapse, cancellation, or material modification of any insurance policy maintained by the Association.
- (iv) Any proposed action that requires the consent of a specified percentage of Eligible Mortgagees.

(v) Any proposed amendment of a material nature, as provided in this Article.

(vi) Any proposed termination of the condominium status of the Property.

18.8. **Amendments of a Material Nature.** A Document amendment of a material nature must be approved by owners representing at least 67 percent of the votes in the Association, and by at least 51 percent of Eligible Mortgagees. **THIS APPROVAL REQUIREMENT DOES NOT APPLY TO AMENDMENTS EFFECTED BY THE EXERCISE OF A DEVELOPMENT RIGHT PROVIDED IN APPENDIX "A" ATTACHED HERETO.** A change to any of the provisions governing the following would be considered material:

- (i) Voting rights.
- (ii) Assessment liens or the priority of assessment liens.
- (iii) Reductions in reserves for maintenance, repair, and replacement of Common Elements.
- (iv) Responsibility for maintenance and repairs.
- (v) Reallocation of interests in the General Common Elements or Limited Common Elements, or rights to their use; except that when Limited Common Elements are reallocated by Declarant pursuant to any rights reserved by Declarant pursuant to Appendix "A", by agreement between Owners (only those Owners and only the Eligible Mortgagees holding mortgages against those Units need approve the action).
- (vi) Redefinitions of boundaries of Units, except that when boundaries of only adjoining Units are involved, then only those owners and the Eligible Mortgagees holding mortgages against the Unit or Units need approve the action.
- (vii) Convertibility of Units into Common Elements or Common Elements into Units.
- (viii) Expansion or contraction of the Property, or the addition, annexation, or withdrawal of property to or from the Property.
- (ix) Property or fidelity insurance requirements.
- (x) Imposition of any restrictions on the leasing of Units.

- (xi) Imposition of any restrictions on Owners' right to sell or transfer their Units.
- (xii) Restoration or repair of the Property, in a manner other than that specified in the Documents, after hazard damage or partial condemnation.
- (xiii) Any provision that expressly benefits mortgage holders, insurers, or guarantors.

ARTICLE 19

AMENDMENTS

19.1. **Consents Required.** As permitted by the Act or by this Declaration, certain amendments of this Declaration may be executed by Declarant acting alone, or by certain owners acting alone, or by the Board acting alone. Otherwise, amendments to this Declaration must be approved by Owners representing at least 67 percent of the votes in the Association. Notwithstanding any provisions in this Declaration to the contrary, no amendment to this Declaration shall modify, alter, abridge or delete any: (i) provision of this Declaration that benefits Declarant; (ii) rights, privileges, easements, protections, or defenses of Declarant; or (iii) rights of the Owners or the Association in relationship to Declarant, without the written consent of Declarant attached to and recorded with such amendment.

19.2. **Method of Amendment.** This Declaration may be amended by any method selected by the Board from time to time, pursuant to the Bylaws, provided the method gives the Owner of each Unit the substance if not exact wording of the proposed amendment, a description in layman's terms of the effect of the proposed amendment, and an opportunity to vote for or against the proposed amendment. For amendments requiring the consent of Eligible Mortgagees, the Association will send each Eligible Mortgagee a detailed description, if not the exact wording, of any proposed amendment.

19.3. **Effective.** To be effective, an amendment must be in the form of a written instrument: (i) referencing the name of the Property, the name of the Association, and the recording data of this Declaration and any amendments hereto; (ii) signed and acknowledged by an officer of the Association, certifying the requisite approval of Owners and, if required, Eligible Mortgagees; provided, however, this subsection (ii) will not apply for amendments prosecuted by Declarant pursuant to any rights reserved by Declarant under this Declaration or Appendix A; and (iii) Recorded.

19.4. **Declarant Provisions.** Declarant has an exclusive right to unilaterally amend this Declaration for the purposes stated in Appendix A. An amendment that may be executed by Declarant alone is not required to name the Association or to be signed by an officer of the Association. No amendment may affect Declarant's rights under this Declaration or the Act

without Declarant's written and acknowledged consent, which must be part of the recorded amendment instrument. Because Appendix A of this Declaration is destined to become obsolete, beginning 25 years after the date this Declaration is first recorded, the Board may restate, rerecord, or publish this Declaration without Appendix A. The automatic expiration and subsequent deletion of Appendix A does not constitute an amendment of this Declaration. This Section may not be amended without Declarant's written and acknowledged consent.

ARTICLE 20 DISPUTE RESOLUTION

Declarant may assign its rights and obligations pursuant to this *Article 20*, unilaterally and in whole or in part, to an assignee, including a Builder. In the event of a partial assignment of the rights and obligations of this *Article 20* to an assignee, such assignment shall only govern defects in General Common Elements, Limited Common Elements, Units, and/or Improvements constructed or caused to be constructed by the assignee.

20.1. Introduction And Definitions. The Association, the Owners, Declarant, all persons subject to this Declaration, and any person not otherwise subject to this Declaration who agrees to submit to this Article (collectively, the "**Parties**") agree to encourage the amicable resolution of disputes involving the Property and to avoid the emotional and financial costs of litigation and arbitration if at all possible. Accordingly, each Party hereby covenants and agrees that this Article applies to all Claims as hereafter defined. As used in this Article only, the following words, when capitalized, have the following specified meanings:

20.1.1. "**Claim**" means any claim, grievance, or dispute between Parties involving the Property, except Exempt Claims as defined below, and including without limitation:

- (i) Claims arising out of or relating to the interpretation, application, or enforcement of the Documents.
- (ii) Claims relating to the rights and/or duties of Declarant as Declarant under the Documents.
- (iii) Claims relating to the design, construction, or maintenance of the Property.

20.1.2. "**Claimant**" means any Party having a Claim against any other Party.

20.1.3. "**Exempt Claims**" means the following claims or actions, which are exempt from this Article:

- (i) The Association's claim for Assessments, and any action by the Association to collect Assessments.
- (ii) An action by a Party to obtain a temporary restraining order or equivalent emergency equitable relief, and such other ancillary relief as the court deems necessary to maintain the status quo and preserve the Party's ability to enforce the provisions of this Declaration.
- (iii) Enforcement of the easements, architectural control, maintenance, and use restrictions of this Declaration.
- (iv) A suit to which an applicable statute of limitations would expire within the notice period of this Article, unless a Party against whom the Claim is made agrees to toll the statute of limitations as to the Claim for the period reasonably necessary to comply with this Article.
- (v) A dispute that is subject to alternate dispute resolution – such as mediation or arbitration – by the terms of a public law or another instrument, such as a contract or warranty agreement, in which case the dispute is exempt from this Article, unless the Parties agree to have the dispute governed by this Article.

20.1.4. "Respondent" means any Party against which a Claim has been asserted by a Claimant.

20.2. **Mandatory Procedures.** Claimant may not initiate any proceeding before any administrative tribunal seeking redress of resolution of its Claim until Claimant has complied with the procedures of this Article. As provided in *Section 20.7* below, a Claim asserted against the Declarant will be resolved by binding arbitration unless Declarant specifically waives arbitration in writing, otherwise the terms and provisions to this Article apply to Claims asserted against Declarant.

20.3. **Notice.** Claimant must notify Respondent in writing of the Claim (the "Notice"), stating plainly and concisely: (i) the nature of the Claim, including date, time, location, persons involved, and Respondent's role in the Claim; (ii) the basis of the Claim (i.e., the provision of the Documents or other authority out of which the Claim arises); (iii) what Claimant wants Respondent to do or not do to resolve the Claim; and (iv) that the Notice is given pursuant to this Section.

20.4. **Negotiation.** Claimant and Respondent will make every reasonable effort to meet in person to resolve the Claim by good faith negotiation. Within 60 days after Respondent's receipt of the Notice, Respondent and Claimant will meet at a mutually-acceptable place and time to discuss the Claim. At such meeting or at some other mutually-

agreeable time, Respondent and Respondent's representatives will have full access to the property that is subject to the Claim for the purposes of inspecting the property. If Respondent elects to take corrective action, Claimant will provide Respondent and Respondent's representatives and agents with full access to the property to take and complete corrective action.

20.5. **Mediation.** If the parties negotiate but do not resolve the Claim through negotiation within 120 days from the date of the Notice (or within such other period as may be agreed on by the parties), Claimant will have 30 additional days within which to submit the Claim to mediation under the auspices of a mediation center or individual mediator on which the parties mutually agree. The mediator must have at least 5 years of experience serving as a mediator and must have technical knowledge or expertise appropriate to the subject matter of the Claim. If Claimant does not submit the Claim to mediation within the 30-day period, Claimant is deemed to have waived the Claim, and Respondent is released and discharged from any and all liability to Claimant on account of the Claim.

20.6. **Termination Of Mediation.** If the Parties do not settle the Claim within 30 days after submission to mediation, or within a time deemed reasonable by the mediator, the mediator will issue a notice of termination of the mediation proceedings indicating that the Parties are at an impasse and the date that mediation was terminated. Thereafter, Claimant may file suit, initiate arbitration, or commence administrative proceedings on the Claim, as appropriate and permitted by this Article.

20.7. **Binding Arbitration-Declarant Claims.** All Claims in which Declarant is the Respondent must be settled by binding arbitration unless binding arbitration is specifically waived in writing by the Declarant. Declarant may, by summary proceedings (e.g., a plea in abatement or motion to stay further proceedings), bring an action in court to compel arbitration of any Claim not referred to arbitration as required by this *Section 20.7*. This Section may not be amended without the prior written approval of Declarant.

20.7.1. **Governing Rules.** If a Claim asserted against the Declarant has not been resolved after Mediation as required by *Section 20.5*, the Claim will be resolved by binding arbitration in accordance with the terms of this *Section 20.7* and the rules and procedures of the American Arbitration Association ("AAA") or, if the AAA is unable or unwilling to act as the arbitrator, then the arbitration shall be conducted another neutral reputable arbitration service selected by Declarant in Travis County, Texas. Regardless of what entity or person is acting as the arbitrator, the arbitration shall be conducted in accordance with the AAA's "Construction Industry Dispute Resolution Procedures" and, if they apply to the disagreement, the rules contained in the Supplementary Procedures for Consumer-Related Disputes. If such Rules have changed or been renamed by the time a disagreement arises, then the successor rules will apply. Also, despite the choice of rules to govern the arbitration of any Claim as provided above, if

the AAA has, by the time of Claim, identified different rules that would specifically apply to the Claim, then those rules will apply instead of the rules identified above. In the event of any inconsistency between any such applicable rules and this *Section 20.7*, this *Section 20.7* will control. Judgment upon the award rendered by the arbitrator shall be binding and not subject to appeal, but may be reduced to judgment in any court having jurisdiction. Notwithstanding any provision to the contrary any applicable rules for arbitration, any arbitration with respect to Claims arising hereunder shall be conducted by a panel of three (3) arbitrators, to be chosen as follows:

(1) one arbitrator shall be selected by Declarant, in its sole and absolute discretion;

(2) one arbitrator shall be selected by the Claimant, in its sole and absolute discretion; and

(3) one arbitrator shall be selected by mutual agreement of the arbitrators having been selected by Declarant and the Claimant, in their sole and absolute discretion.

20.7.2. Exceptions to Arbitration; Preservation of Remedies. No provision of, nor the exercise of any rights under, this *Section 20.7* will limit the right of Claimant or Declarant, and Claimant and the Declarant will have the right during any Claim, to seek, use, and employ ancillary or preliminary remedies, judicial or otherwise, for the purposes of realizing upon, preserving, or protecting upon any property, real or personal, that is involved in a Claim, including, without limitation, rights and remedies relating to: (i) exercising self-help remedies (including set-off rights); or (ii) obtaining provisions or ancillary remedies such as injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief or pursuit of provisional or ancillary remedies or exercise of self-help remedies shall not constitute a waiver of the right of any party, including the Claimant, to submit the Claim to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

20.7.3. Statute of Limitations. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding under this *Section 20.7*.

20.7.4. Arbitrator. Unless the parties to the arbitration agree in writing to the contrary, all arbitration proceedings shall be arbitrated by at least one arbitrator, which shall be appointed in accordance with the AAA Rules.

20.7.5. Scope of Award; Modification or Vacation of Award. The arbitrator shall resolve all Claims in accordance with the applicable substantive law. The arbitrator may

grant any remedy or relief that the arbitrator deem just and equitable and within the scope of this Section 20.7; provided, however, that in no event shall the arbitrator's award damages which exceed the damages for construction defects a Claimant would be entitled to under Chapter 27 of the Texas Property Code. The arbitrator may also grant such ancillary relief as is necessary to make effective the award. In all arbitration proceedings in which the amount in controversy exceeds \$50,000.00, in the aggregate, the arbitrator shall make specific, written findings of fact and conclusions of law. In all arbitration proceedings in which the amount in controversy exceeds \$50,000.00, in the aggregate, the parties shall have the right to seek vacation or modification of any award that is based in whole, or in part, on an incorrect or erroneous ruling of law by appeal to an appropriate court having jurisdiction; provided, however, that any such application for vacation or modification of an award based on an incorrect ruling of law must be filed in a court having jurisdiction over the Claim within fifteen (15) days from the date the award is rendered. The arbitrator's findings of fact shall be binding on all parties and shall not be subject to further review except as otherwise allowed by applicable law.

20.7.6. Other Matters. To the maximum extent practicable, an arbitration proceeding hereunder shall be concluded within 180 days of the filing of the Claim for arbitration by notice from either party to the other. Arbitration proceedings hereunder shall be conducted in Travis County, Texas. The arbitrator shall be empowered to impose sanctions and to take such other actions as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure and applicable law. The arbitrator shall have the power to award recovery of all costs and fees (including attorney's fees, administrative fees, and arbitrator's fees) to the prevailing party. Each party agrees to keep all Claims and arbitration proceedings strictly confidential, except for disclosures of information required in the ordinary course of business of the parties or by applicable law or regulation. In no event shall any party discuss with the news media or grant any interviews with the news media regarding a Claim or issue any press release regarding any Claim without the written consent of the other parties to the Claim.

20.8. Allocation Of Costs. Except as otherwise provided in this Article, each Party bears all of its own costs incurred prior to and during the proceedings described in the Notice, Negotiation, Mediation, and Arbitration sections above, including its attorneys fees. Respondent and Claimant will equally divide all expenses and fees charged by the mediator and arbitrator.

20.9. General Provisions. A release or discharge of Respondent from liability to Claimant on account of the Claim does not release Respondent from liability to persons who are not party to Claimant's Claim. A Party have an Exempt Claim may submit it to the procedures of this Article.

20.10. Period of Limitation.

20.10.1. For Actions by an Owner or Occupant of a Unit. The exclusive period of limitation for any of the Parties to bring any Claim of any nature against Declarant or its contractors, including, but not limited to, a Claim of construction defect or defective design of a Unit, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years from the date that the Owner or Occupant discovered or reasonably should have discovered evidence of the Claim, provided, however, that in no event shall the limitation period exceed four (4) years from the date Declarant conveyed the Unit to the original Owner unless the basis of the Claim was intentionally concealed or willfully concealed by Declarant or its contractors, in which case, the state law governing the limitation period and period of repose shall apply to the Claim; (ii) for Claims other than those alleging construction defect or defective design, two (2) years after the date Declarant conveyed the Unit to the original Owner or such other shorter period specified in any written agreement between Declarant and the Owner to whom Declarant initially conveyed the Unit, unless the basis of the Claim was intentional fraud or willful misconduct, in which case, the applicable law governing the limitation period and period of repose shall apply to the Claim; or (iii) the end of the statutory period provided under applicable law governing the limitation period and period of repose.

20.10.2. For Actions by the Association. The exclusive period of limitation for the Association to bring any Claim of any nature against Declarant or its contractors, including, but not limited to, a Claim of construction defect or defective design of the Common Elements, shall be the earliest of: (i) for Claims alleging construction defect or defective design, two (2) years from the date that the Association or its agents discovered or reasonably should have discovered evidence of the Claim, provided, however, that in no event shall the limitation period exceed four (4) years from the date Declarant substantially completed the Common Elements unless the basis of the Claim was intentionally concealed or willfully concealed by Declarant or its contractors, in which case, the state law governing the limitation period and period of repose shall apply to the Claim; (ii) for Claims other than those alleging construction defect or defective design of the Common Elements, two (2) years after the Declarant Control Period, unless the basis of the Claim was intentional fraud or willful misconduct, in which case, the applicable law governing the limitation period and period of repose shall apply to the Claim; or (iii) the end of the statutory period provided under applicable law governing the limitation period and period of repose.

20.11. Approval & Settlement. The initiation of litigation or binding arbitration as required by this Article, or the initiation of any judicial or administrative proceeding by the Association is subject to the following conditions in addition to and notwithstanding the above alternate dispute resolution procedures. Each Owner, by accepting an interest in or title to a Unit, whether or not it is so expressed in the instrument of conveyance, covenants and agrees to

be bound by this Section. This Section may not be amended without the approval of Owners of at least 80 percent of the Units and, until the Declarant's rights under *Section 3.11* above have expired, the Declarant.

20.11.1. Owner Approval. The Association may not initiate any judicial, or administrative proceeding without the prior approval of Owners of at least a majority of the Units, except that no such approval is required: (i) to enforce provisions of this Declaration, including collection of assessments; (ii) to challenge condemnation proceedings; (iii) to enforce a contract against a contractor, vendor, or supplier of goods or services to the Association; (iv) to defend claims filed against the Association or to assert counterclaims in a proceedings instituted against the Association; or (v) to obtain a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to obtain the prior consent of Owners in order to preserve the status quo.

20.11.2. Suit Against Declarant. Also, the Association may not initiate any judicial, arbitration, or administrative proceeding against Declarant without the approval of Owners representing at least 80 percent of the Units.

20.11.3. Funding Litigation. Except in the case of a temporary restraining order or equivalent emergency equitable relief when circumstances do not provide sufficient time to levy a Special Assessment, the Association must levy a Special Assessment to fund the estimated costs of litigation or arbitration prior to initiating a judicial, arbitration, or administrative proceeding. The Association may not use its annual operating income or reserve funds or savings to fund litigation or arbitration, unless the Association's annual budget or a savings account was established and funded from its inception as a litigation and arbitration reserve fund.

20.11.4. Settlement. The Board, on behalf of the Association and without the consent of Owners, is hereby authorized to negotiate settlement of litigation, and may execute any document related thereto, such as settlement agreement and waiver or release of claims.

ARTICLE 21 CLUB PROVISIONS

21.1. Rough Hollow Yacht Club and Marina; Owner's Obligation to Acquire Club Membership. A marina club, together with related facilities and amenities which are collectively known as "Rough Hollow Yacht Club and Marina" (the "Club"), has or will be constructed on a portion of the Development. Upon acquisition of a Unit within the Regime, the Owner thereof will automatically become a member of the Club, with such rights, privileges, and obligations as may be determined from time to time by Declarant or Declarant's assignee as permitted in accordance with *Section 21.6.3* below. Membership in the Club (a

"Club Membership") will be automatically transferred to an Owner upon acquisition of a Unit at no cost. Thereafter, the Owner will be required to maintain the Club Membership in good standing (in accordance with the Club rules defined below) and pay all Club Membership Dues (as defined below) and other required usage fees, for so long as the Owner retains title to the Unit.

21.2. **Obligations of Owners.** Each Owner must: (i) at the closing of such Owner's Unit, execute and deliver any documents required by Declarant or the Club which may be incident to Club Membership; (ii) comply with all rules and regulations of the Club for a Club Membership, as amended from time to time (the "Club Rules"); and (iii) pay the monthly dues for a Club Membership (the "Club Membership Dues") from the date Owner acquires the Unit. The monthly Club Membership Dues on the date this Declaration is recorded are equal to \$50.00. The monthly Club Membership Dues are anticipated to increase from time to time and each Owner will be subject to, and obligated to pay, such increased amounts as they become due. A Club Membership may not be transferred, sold, or conveyed to, or used by any person other than the Owner of the Unit to which such Club Membership applies, and the members of the Owner's immediate family, as specified in the Club Rules.

21.3. **Applicability.** Notwithstanding any provision in this *Article 21* to the contrary, neither Declarant, nor any of its affiliates, will ever, under any circumstances, be obligated to acquire and/or maintain a Club Membership with respect to a Unit that it owns.

21.4. **Collection and Enforcement.** Declarant, or its assignee, will, at its sole cost and expense, be responsible for the collection of any and all fees and dues associated with the Club Memberships, and for the enforcement of the terms and provisions of this *Article 21*. Declarant will expressly have the authority to assign the responsibility for collection of fees or dues to the Association or the Master Association, or any other property owners association which may hereafter be created for the administration of all or any portion of the Development. In the event of any such assignment hereunder, the assignee may charge and collect a reasonable administrative fee as a component of the fees and/or dues required to be paid hereunder to discharge the costs of collection.

21.5. **Assessment Lien and Foreclosure.** An express lien on each Unit is hereby retained by Declarant to secure the payment of dues, fees, and collection costs associated with the Club Membership. The lien reserved herein is superior to all other liens and charges against the Unit, except for only tax liens and all sums unpaid on a mortgage lien of record. The lien retained herein may be enforced by the foreclosure on the defaulting Owner's Unit by Declarant, or its assignee, in like manner as a mortgage on real property. Declarant, or its assignee, may institute a suit against the Owner personally obligated to pay the dues and/or for the foreclosure of the lien judicially. In any foreclosure proceeding, whether judicial or non-judicial, the Owner will be required to pay the costs, expenses, and reasonable attorney's fees incurred by Declarant, or its assignee, and by the Owner. Declarant, or its assignee, will

have the power to bid on the Unit at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey, or otherwise deal with the same. Notwithstanding any provision in this paragraph to the contrary, Declarant, or its assignee, will not take any action to foreclose such lien unless and until Declarant, or its assignee, has provided the holder or holders of any mortgage on the Unit to be foreclosed on (collectively, the "Mortgagee") with written notice of the Owner's default and extending to the Mortgagee 20 days from the date of the notice to cure such default in order to protect its lien on the Unit. If the Mortgagee elects not to cure the Owner's default hereunder within the 20-day period, then Declarant or its assignee may take any required action to foreclose the lien provided for above.\

21.6. Miscellaneous. Notwithstanding any provision to the contrary in this Declaration, the following terms and provisions shall apply to this *Article 21*:

21.6.1. Renewal of this Article. Unless otherwise limited by statute, the Association shall renew the provisions of this *Article 21* including without limitation, the provisions of *Section 21.1* and *Section 21.2* requiring each Owner to maintain and pay all charges associated with a Club Membership by Recording an amendment to the Declaration as set forth herein. The Association's obligation to renew the provisions of this Article shall be reoccurring. The Association shall renew the provisions of this Article before the tenth (10th) anniversary of the recording date of this Declaration but in no event earlier than the day following the ninth (9th) anniversary of the recording of this Declaration, and thereafter, following the ninth (9th) anniversary of the recording of such amendment but in no event later than the tenth (10th) anniversary of the recording date of such amendment. The Association shall renew the provisions of this Article in accordance with the provisions of Texas Property Code Section 82.0675 and this Declaration. The Association shall include the text of this Article, as may be amended from time to time, in the amendment required by this Section, and by Recording such amendment. The Association shall satisfy its renewal obligations under this Section as set forth herein so long as the members of the Association holding sixty-seven percent (67%) of the Association vote to renew this Section. Any Owner who fails to respond to a request from the Board to vote on an amendment to renew this Article shall be deemed to have voted in favor of renewing this Article. The Association shall record any amendment approved in accordance with this Section prior to the expiration of the then current upcoming expiration period. The Association's renewal obligations under this Section shall be perpetual.

21.6.2. Amendment. Notwithstanding any provision to the contrary in this Declaration, except for *Section 21.6.1*, this *Article 21* may only be amended or terminated by Recording an instrument executed and acknowledged by Declarant or its assignee acting alone. It is anticipated that this *Article 21* will be amended from time to time to more fully set forth aspects regarding the Club Membership and the Marina Club.

21.6.3. Assignment. It is anticipated that Declarant will assign its rights under this *Article 21* and the obligations of each Owner to an entity established to own and/or operate the Marina Club. Any such assignment must state that Declarant's rights hereunder are being assigned to the assignee, must be executed by the Declarant and the assignee, and must be Recorded. Any assignment of Declarant's rights hereunder will automatically assign to the assignee the Owner's obligations under this *Article 21*.

ARTICLE 22

GENERAL PROVISIONS

22.1. Notices. Any notice permitted or required to be given by this Declaration shall be in writing and may be delivered either personally or by mail. If delivery is made by mail, it shall be deemed to have been delivered on the third day (other than a Sunday or legal holiday) after a copy of the same has been deposited in the United States mail, postage prepaid, addressed to the person at the address given by such person to the Association for the purpose of service of notices. Such address may be changed from time to time by notice in writing given by such person to the Association of created.

22.2. Compliance. The Owners hereby covenant and agree that the administration of the Association will be in accordance with the provisions of the Documents and applicable laws, regulations, and ordinances, as same may be amended from time to time, of any governmental or quasigovernmental entity having jurisdiction over the Association or Property.

22.3. Higher Authority. The documents are subordinate to federal and State law, and local ordinances. Generally, the terms of the Documents are enforceable to the extent they do not violate or conflict with local, State, or federal law or ordinance.

22.4. Interpretation. The provisions of this Declaration shall be liberally construed to effectuate the purposes of creating a uniform plan for the development and operation of the Regime and of promoting and effectuating the fundamental concepts of the Regime set forth in this Declaration. This Declaration shall be construed and governed under the laws of the State of Texas.

22.5. Duration. Unless terminated or amended by Owners as permitted herein, the provisions of this Declaration run with and bind the Property, and will remain in effect perpetually to the extent permitted by law.

22.6. Captions. In all Documents, the captions of articles and sections are inserted only for convenience and are in no way to be construed as defining or modifying the text to which they refer. Boxed notices are inserted to alert the reader to certain provisions and are not to be construed as defining or modifying the text.

22.7. **Construction.** The provisions of this Declaration shall be deemed independent and severable, and the invalidity or partial invalidity of any provision or portion thereof shall not affect the validity or enforceability of any other provision or portion thereof. Unless the context requires a contrary construction, the singular shall include the plural and the plural the singular; and the masculine, feminine, or neuter shall each include the masculine, feminine, and neuter. All captions and titles used in this Declaration are intended solely for convenience of reference and shall not enlarge, limit or otherwise effect that which is set forth in any of the paragraphs, sections, or articles hereof. Throughout this Declaration there appears text enclosed by a box. This text is used to aid in the reader's comprehension of certain provisions of this Declaration. In the event of a conflict between the text enclosed by a box and any provision of this Declaration, the provision of the Declaration will control.

22.8. **Integration into Master Plan Development.** The Regime is subject to all terms, conditions and restrictions set forth in the Master Plan Documents. The Master Plan Documents may be amended in accordance with the terms and provisions thereof, from time to time, and such amendments shall be binding and enforceable against all Owners.

22.9. **Declarant as Attorney in Fact and Proxy.** To secure and facilitate Declarant's exercise of the rights reserved by Declarant pursuant to Appendix "A" and elsewhere in this Declaration, each Owner, by accepting a deed to a Unit and each Mortgagee, by accepting the benefits of a Mortgage against a Unit within the Regime, and any other Person, by acceptance of the benefits of a mortgage, deed of trust, mechanic's lien contract, mechanic's lien claim, vendor's lien and/or any other security interest against any Unit in the Regime, shall thereby be deemed to have appointed Declarant such Owner's, Mortgagee's, and Person's irrevocable attorney-in-fact, with full power of substitution, to do and perform, each and every act permitted or required to be performed by Declarant pursuant to Appendix "A" or elsewhere in this Declaration. The power thereby vested in Declarant as attorney-in-fact for each Owner, Mortgagee, and/or Person, shall be deemed, conclusively, to be coupled with an interest and shall survive the dissolution, termination, insolvency, bankruptcy, incompetency, and death of an Owner, Mortgagee, and/or Person and shall be binding upon the legal representatives, administrators, executors, successors, heirs, and assigns of each such party. In addition, each Owner, by accepting a deed to a Unit, and each Mortgagee, by accepting the benefits of a Mortgage against a Unit in the Regime, and any Person, by accepting the benefits of a mortgage, deed of trust, mechanic's lien contract, mechanic's lien claim, vendor's lien, and/or any other security interest against any Unit in the Regime, shall thereby appoint Declarant the proxy of such Owner, Mortgagee, or Person, with full power of substitution in the premises, to do and perform each and every act permitted or required pursuant to Appendix "A" or elsewhere in this Declaration, and which may otherwise be reasonably necessary in connection therewith, including without limitation, to cast a vote for such Owner, Mortgagee, or Person at any meeting of the Members for the purpose of approving or consenting to any amendment to this Declaration in order to effect and perfect any such act permitted or required pursuant to Appendix "A" or elsewhere in this Declaration and to execute and record amendments on their

behalf to such effect; and the power hereby reposed in Declarant, as the attorney-in-fact for each such Owner, Mortgagee, or Person includes, without limitation, the authority to execute a proxy as the act and deed of any Owner, Mortgagee, or Person and, upon termination or revocation of any Owner's proxy as permitted by the Texas Non-profit Corporation Act the authority to execute successive proxies as the act and deed of any Owner, Mortgagee, or Person authorizing Declarant, or any substitute or successor Declarant appointed thereby, to cast a like vote for such Owner at any meeting of the Members of the Association. Furthermore, each Owner, Mortgagee, and Person upon request by Declarant, will execute and deliver a written proxy pursuant to Section 82.110(b) of the Act, including a successive written proxy upon the termination or revocation as permitted by the Act of any earlier proxy, authorizing Declarant, or any substitute or successor Declarant appointed thereby, to cast a like vote for such Owner at any meeting of the Members of the Association. All such appointments and successive proxies shall expire as to power reserved by Declarant pursuant to Appendix "A" or elsewhere in this Declaration on the date Declarant no longer has the right to exercise such rights. All such proxies shall be non-revocable for the maximum lawful time and upon the expiration of non-revocable period, new proxies shall again be executed for the maximum non-revocable time until Declarant's right to require such successive proxies expires.

22.10. Appendix/Exhibits. The following exhibits and appendix are attached to this Declaration and are incorporated herein by reference:

Exhibit "A"	Plats and Plans
Exhibit "B"	Schedule of Allocated Interests and Building LCE Allocation
Exhibit "C"	Guide To The Association's Examination Of Common Elements
Exhibit "D"	Guide to Association's Major Management and Governance Functions
Appendix "A"	Declarant Representations and Reservations

[SIGNATURE PAGE FOLLOWS]

CONSENT OF INCHOATE LIEN HOLDER

The undersigned inchoate lien holder executes this Declaration for the sole and limited purposes of satisfying the requirements of Section 82.051(a) of the Texas Uniform Condominium Act.

LAKEWAY ROUGH HOLLOW SOUTH COMMUNITY, INC.,
a Texas non-profit corporation

By:

Name:

Title:

Haiphem Dawlett
President

STATE OF TEXAS

§

COUNTY OF Travis

§

This instrument was acknowledged before me on the 24 day of August, 2011, by Dawlett Haiphem of Lakeway Rough Hollow South Community, Inc., a Texas non-profit corporation, on behalf of said corporation.



Kristin Deloney
Notary Public, State of Texas

DECLARANT:

JH YACHT CLUB VILLAS, LTD.,
a Texas limited partnership

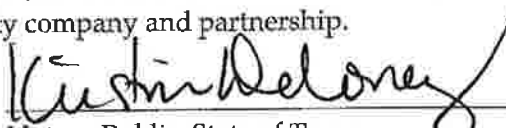
By: JH YACHT CLUB VILLAS, GP, LLC,
a Texas limited liability company, its
General Partner

By: 
Haythem S. Dawlett, Vice President

THE STATE OF TEXAS §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on this 24 day of August, 2011, by Haythem S. Dawlett, Vice President of JH YACHT CLUB VILLAS, GP, LLC., a Texas limited liability company, General Partner of JH YACHT CLUB VILLAS, LTD., a Texas limited partnership, on behalf of said limited liability company and partnership.




Notary Public, State of Texas

ACKNOWLEDGED AND AGREED:
ROUGH HOLLOW DEVELOPMENT, LTD.,
a Texas limited partnership

By: JHLV GP, Inc., a Texas corporation,
General Partner

By: 
Haythem S. Dawlett, Vice President

STATE OF TEXAS §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 24 day of August, 2011, by Haythem S. Dawlett, Vice President of JHLV GP, Inc., a Texas corporation, general partner of Rough Hollow Development, Ltd, a Texas Limited Partnership, on behalf of said corporation and limited partnership..




Notary Public, State of Texas

AMENDED AND RESTATED DEVELOPMENT AREA DECLARATION &
DECLARATION OF CONDOMINIUM REGIME
FOR THE VILLAS AT ROUGH HOLLOW SOUTH SHORE

EXHIBIT "A"

[CONDOMINIUM PLATS AND PLANS]

The plats and plans, attached hereto as Exhibit A contains the information required by the Texas Uniform Condominium Act.

Printed Name: _____

RPLS or License No. _____

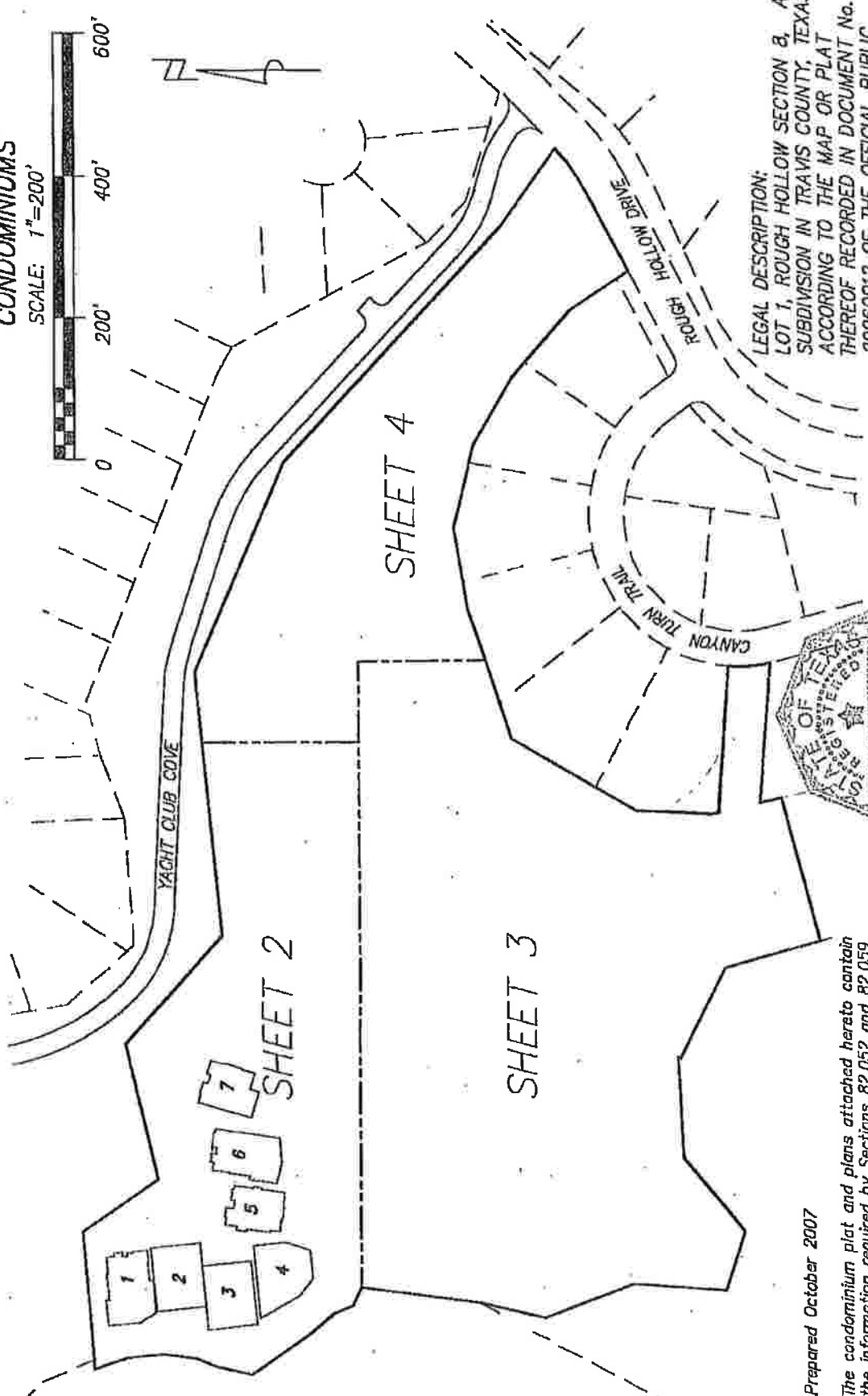
BOUNDARIES OF UNIT

The legal boundaries of each Unit are established by the Declarant and the plats and plans attached hereto. However, each Owner acknowledges that the Unit may be measured and depicted in a manner which differs from the legal boundaries of a Unit. For example, the Unit may be measured or depicted differently for tax purposes, appraisal purposes, sales purposes, and for purposes of carpeting and paint. No single measurement is definitive for all purposes. Measurements may be of the area under roof, or the air conditioned space, or the area within the Unit's legal boundaries.

SEE FOLLOWING PAGE FOR ORIGINAL CERTIFICATION

THE VILLAS AT ROUGH HOLLOW CONDOMINIUMS

SCALE: 1"=200'



LEGAL DESCRIPTION:

LOT 1, ROUGH HOLLOW SECTION 8, A
SUBDIVISION IN TRAVIS COUNTY, TEXAS,
ACCORDING TO THE MAP OR PLAT
THEREOF RECORDED IN DOCUMENT NO.
20060012 OF THE OFFICIAL PUBLIC
RECORDS OF TRAVIS COUNTY, TEXAS.

DATE: AUG. 22, 2011 SCALE: 1" = 200'

RJ SURVEYING & ASSOCIATES, INC.
1212 E. BRAKER LANE, AUSTIN, TEXAS 78753
(512) 836-4793 FAX: (512) 836-4817



Prepared October 2007

The condominium plat and plans attached hereto contain
the information required by Sections 82.052 and 82.059
of the Texas Uniform Condominium Act, as applicable.

John K. Weigand Aug. 24, 2011
John Kenneth Weigand
Registered Professional Land Surveyor No. 5741
State of Texas

SHEET 1 OF 7 SHEETS

EXHIBIT A

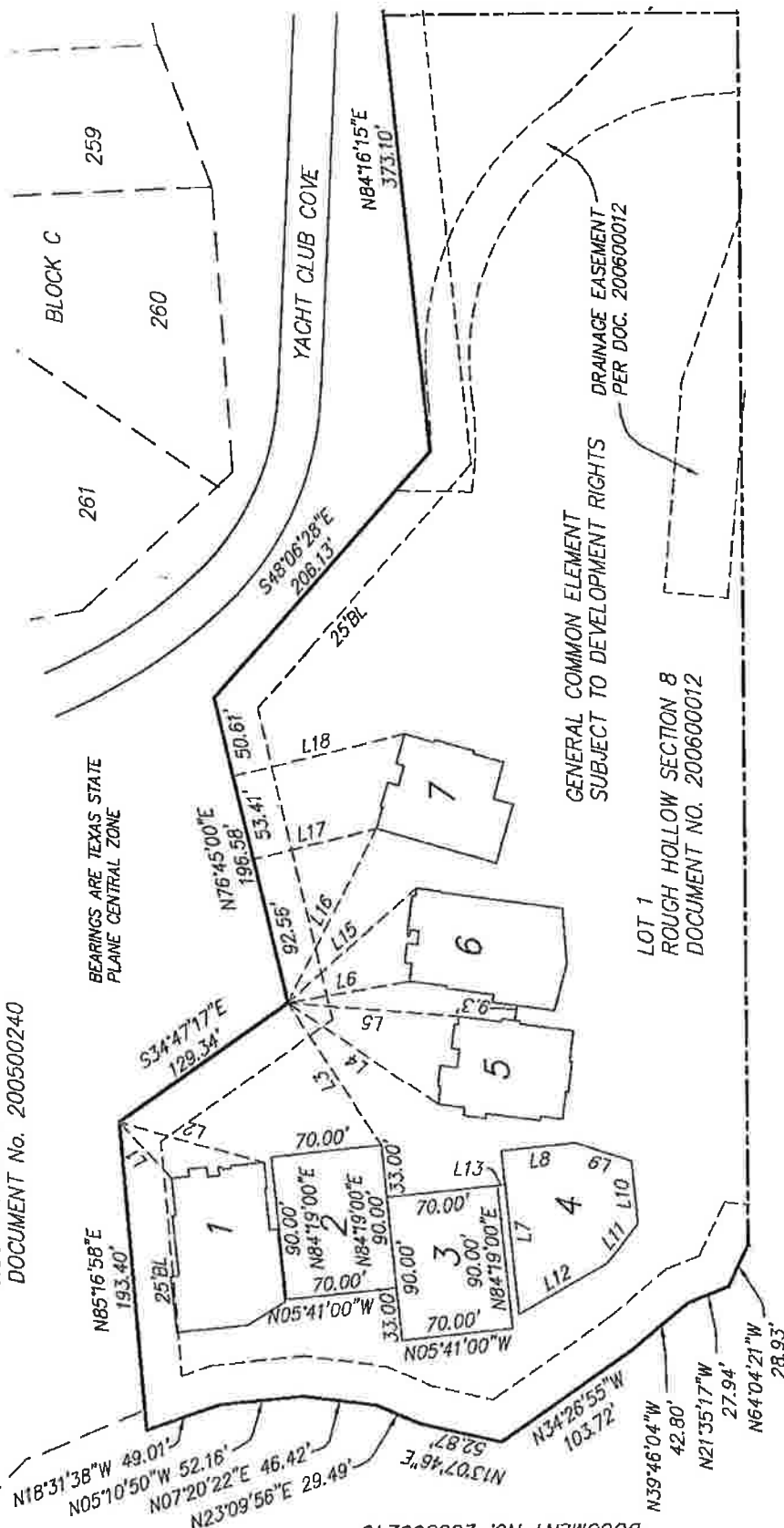
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THE VILLAS AT ROUGH HOLLOW
CONDOMINIUMS



LOT 1
ROUGH HOLLOW SECTION 11
DOCUMENT No. 200500240

LOT 1, ROUGH HOLLOW SECTION 12
DOCUMENT NO. 200500240

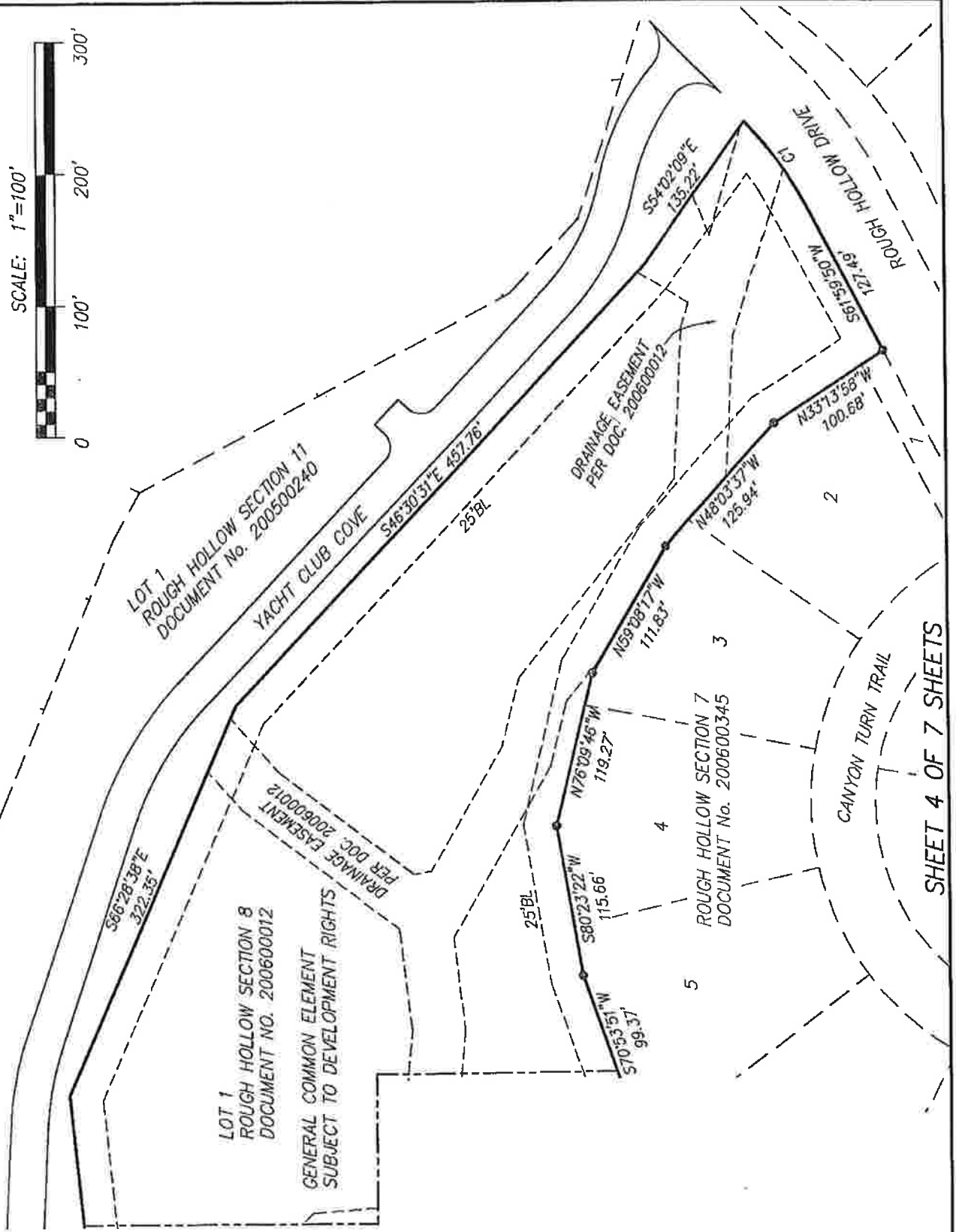


THE VILLAS AT ROUGH HOLLOW CONDOMINIUMS



EXHIBIT A

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SHEET 4 OF 7 SHEETS

GENERAL NOTES

- 1) All improvements and land reflected on the plat are designated as general common elements, save and except portions of the regime designated as limited common elements or units: (i) in the Development Area Declaration and Declaration of Condominium Regime for The Villas At Rough Hollow Condominiums (the "Declaration") or (ii) on the plats and plans of the regime.
- 2) Ownership and use of condominium units is subject to the rights and restrictions contained in the Declaration.
- 2)(A) Declarant has reserved the right to create a total of 50 Units, which Units may be added pursuant to special rights reserved by the Declarant as provided in provision A.3.2. of Appendix "A" to the Declaration.
- 3) All of Lot 1 and each unit, building, limited common element and general common element is subject to special developmental rights reserved by the Declarant as provided provision A.4. of Appendix "A" to the Declaration. Pursuant to such provisions, among other things, Declarant has reserved the right to (i) complete or make improvements indicated on the plat and plans, as provided in Provision A.4(i) of Appendix "A" to the Declaration; (ii) exercise any development right permitted by the Texas Uniform Condominium Act (the "Act") and the Declaration, including the addition of real property the regime, which property may be added as units, general common elements and/or limited common elements, as provided in Section 2.2 of the Declaration and Provision A.4(ii) of Appendix "A" to the Declaration, and including the reallocation of portions of the Property currently designated as General Common Element to be a Limited Common Element for the exclusive use and benefit of one or more owners as provided in Provision A.3.8 of Appendix "A" to the Declaration; (iii) make the property part of a larger condominium or planned community, as provided in Provision A.4(iii) of Appendix "A" to the Declaration; (iv) use units owned or leased by Declarant as models, storage areas, and offices for the marketing, management, maintenance, customer service, construction, and leasing of the property, as provided in Provision A.4(iv) of Appendix "A" to the Declaration; and (v) appoint or remove any Declarant-appointed officer or director of the Association during the Declarant control period (as defined in the Declaration) consistent with the Act, as provided in Provision A.4(vii) of Appendix "A" to the Declaration. As provided in Provision A.4(v) of Appendix "A" to the Declaration, for purposes of promoting, identifying, and marketing the property, Declarant reserves an easement and right to place or install signs, banners, flags, display lighting, potted plants, exterior decorative items, seasonal decorations, temporary window treatments, and seasonal landscaping on the property, including items and locations that are prohibited to other owners. Declarant reserves an easement and right to maintain, relocate, replace, or remove the same from time to time within the property. As provided in Provision A.4(vi) of Appendix "A" to the Declaration, Declarant has an easement and right of ingress and egress in and through the common elements (as defined in the Declaration) and units owned or leased by Declarant for purposes of constructing, maintaining, managing, and marketing the property, and for discharging Declarant's obligations under the Act and the Declaration.
- 4) The vertical boundaries of each Unit are defined in Section 5.2 of the Declaration.

THE VILLAS AT ROUGH HOLLOW CONDOMINIUMS

LINE	BEARING	LENGTH
L1	N47°22'23"E	48.18'
L2	N16°04'42"E	94.00'
L3	N56°51'22"E	106.90'
L4	N34°05'24"E	114.58'
L5	N04°54'14"E	108.56'
L6	N09°26'13"W	78.32'
L7	N84°19'00"E	103.02'
L8	N05°40'58"W	46.98'
L9	N18°02'43"E	37.15'
L10	N84°22'05"E	40.05'
L11	N50°40'15"W	31.18'
L12	N29°29'15"W	64.37'
L13	N05°39'56"W	5.00'
L15	N40°54'10"W	108.53'
L16	N62°08'12"W	122.84'
L17	N13°15'00"W	80.77'
L18	N13°15'00"W	112.00'

CURVE	LENGTH	RADIUS	DELTA	CHORD BRNG.	CHORD
C1	76.23	270.00	16°10'38"	S53°54'31"W	75.98
C2	60.81	215.00	16°12'17"	S03°45'04"E	60.60

LEGEND:

- = FOUND 1/2" IRON ROD
- BL = BUILDING LINE AS SHOWN ON PLAT RECORDED IN DOCUMENT No. 200600012

THE VILLAS AT ROUGH HOLLOW
CONDOMINIUMS

SCALE: 1"=20'

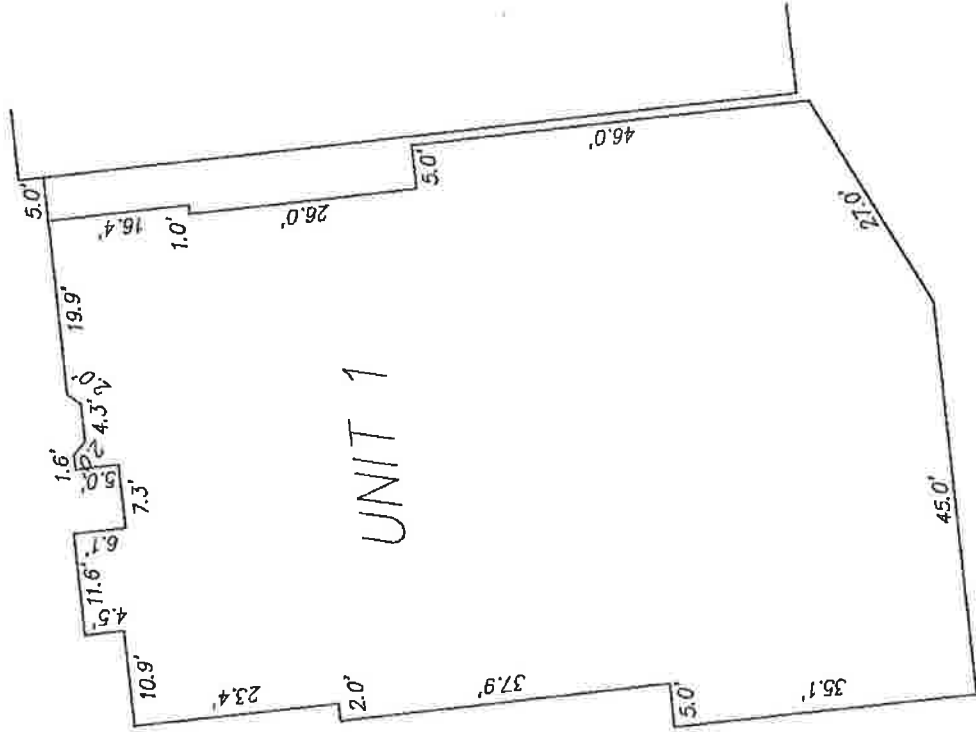
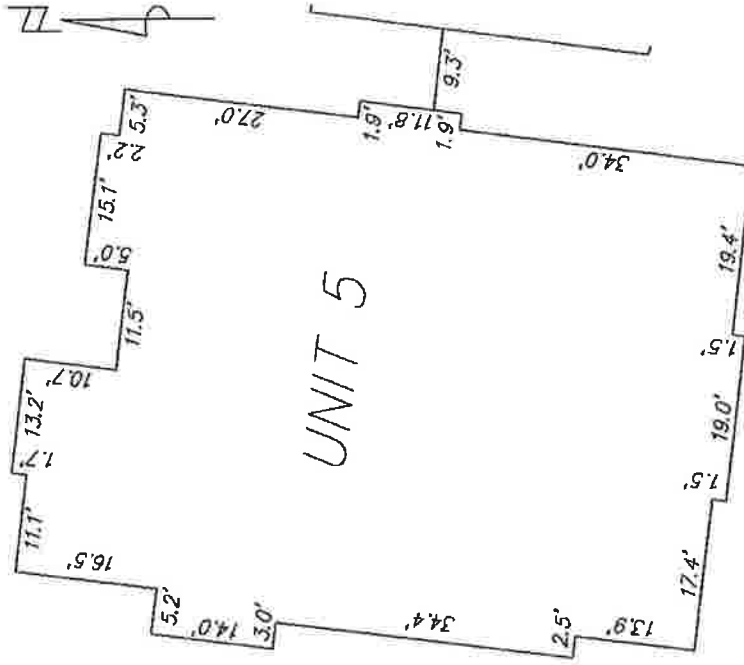


EXHIBIT A

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THE VILLAS AT ROUGH HOLLOW
CONDOMINIUMS

SCALE: 1"=20'

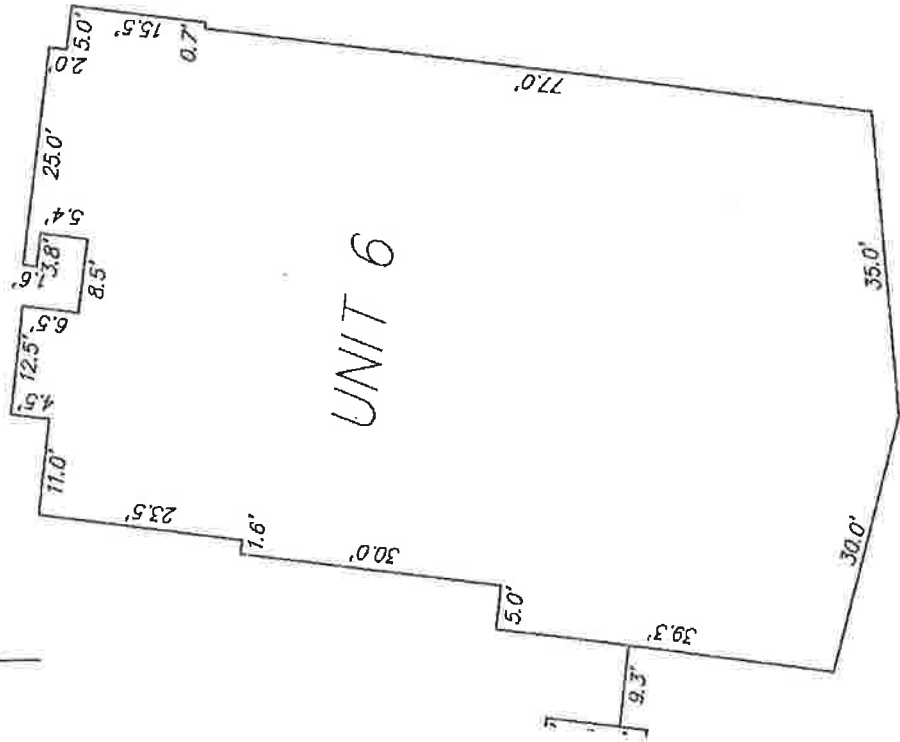
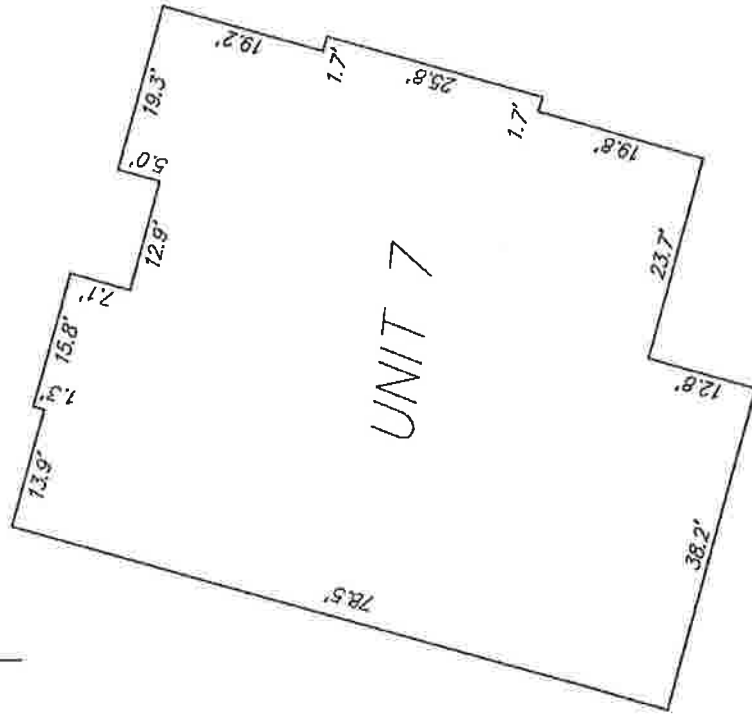


EXHIBIT A

EXHIBIT "A"

[ENCUMBRANCES]

1. Restrictive Covenants recorded in/under Volume 13100, Page 373, Real Property Records; and in Document Nos. 2003125317, 2005011194, 2005181058, 200600012, 2006025177, 2006070852, 2006071643, 2006147712, 2007044145, 2007044535, 2007090795, 2007115180, 2007129839, 2007203321, 2007225706, 2008029386, 2009038886, 2009110535, 2010071274, and 2011072192 of the Official Public Records of Travis County, Texas, but omitting any covenant or restriction based on race, color, religion, sex, handicap, familial status, or national origin.
2. Rights of parties in possession. (Owner's Title Policy only)
3. Rights and claims of co-tenants in the land and to the rights of anyone claiming under them including, but not limited to, rights of partition, claims for improvements, claims for reimbursement, owelty of partition, and agreements between co-tenants.
4. Rights of tenants in possession under unrecorded leases or rental agreements.
5. Easement rights as set forth in that certain Declaration recorded in/under Document Nos. 2005181058, 2007044146 and 2007090795 of the Official Public Records of Travis County, Texas.
6. Covenants, conditions, obligations, restrictions, easements, charges, assessments and liens as set forth in that certain Declaration recorded in/under Document No. 2005181058 of the Official Public Records of Travis County, Texas.
7. Said lien of assessments is subordinate to tax liens and all sums secured by a first mortgage lien or first deed of trust lien of record, to the extent such lien secures sums borrowed for the acquisition or improvement of the Lot or Condominium Unit in question, provided such mortgage was recorded in the Official Public Records of Travis County, Texas before the delinquent assessment was due.
8. Covenants, conditions, obligations, restrictions, easements, charges, assessments and liens as set forth in that certain Declaration recorded in/under Document No. 2007044146 of the Official Public Records of Travis County, Texas.
9. Said lien of assessments is subordinate to (i) real property taxes and assessments levied by governmental and taxing authorities; (ii) a recorded deed of trust lien securing a loan for construction of the original Unit; (iii) a deed of trust or vendor's lien recorded before this Declaration; or (iv) a first or senior purchase money vendor's lien or deed of trust lien recorded before the date on which the delinquent Assessment became due.

10. Assessments and/or maintenance charges payable to Rough Hollow Yacht Club and Marina, as set forth in instrument recorded in/under Document No. 2007044146 of the Official Public Records of Travis County, Texas.
11. Said lien of assessments is subordinate to tax liens and all sums unpaid on a mortgage lien of record.
12. Any and all easements and building setback lines as shown on Plat(s) recorded in/under Document No. 200600012 of the Official Public Records of Travis County, Texas.
13. Utility/drainage easement granted to Lakeway Municipal Utility District No. 1. by instrument dated July 10, 1975, recorded in Volume 5231, Page 141, of the Deed Records of Travis County, Texas.
14. Perpetual easement granted to LCRA for the right to overflow, inundate and submerge all lands lying below the 715 foot contour marker above mean sea level and described in instrument(s) recorded in/under Volume 661, Page 253 of the Deed Records of Travis County, Texas.
15. Trust Indenture dated December 19, 1965 to maintain perpetual maintenance fund, as amended in instruments recorded in Volume 7680, Page 990, Volume 7706, Page 664, of the Deed Records and Volume 10552, Page 557, Volume 11901, Page 179 and Volume 13100, Page 313 of the Real Property Records of Travis County, Texas.
16. The terms, conditions and stipulations set out in that certain Waiver of Special Appraisal for the Benefit of Travis County Municipal Utility District No. 11 dated January 6, 2005, recorded in Document No. 2005012229, corrected In Document No. 2005024362 of the Official Public Records of Travis County, Texas.
17. The terms, conditions and stipulations set out in that certain Waiver of Special Appraisal for the Benefit of Travis County Municipal Utility District No. 11 dated February 7, 2006, recorded in Document No. 2006022363 of the Official :Public Records of Travis County, Texas.
18. Terms, conditions and stipulations contained in Development Agreement dated December 19, 1997, recorded in/under 131001373 and amended in/under Document Nos. 2003125317, 2005011194, 2006070852, 2006147712 and 2007044535 of the Official Public Records of Travis County, Texas.
19. Easement executed by Jadco Development, Inc., to Pedernales Electric Cooperative, Inc., dated August 9, 2006, recorded in/under Document No. 2007087289 of the Official Public Records of Travis County, Texas.