

14649

B+W

SAVANNAH SQUARE TOWNHOUSES

DECLARATION OF COVENANTS AND RESTRICTIONS

THE STATE OF TEXAS X
 COUNTY OF MCLENNAN X

KNOW ALL MEN BY THESE PRESENTS:

THAT, LINCOLN MORTGAGE INVESTORS, a California Business Trust, herein sometimes called "Declaror", does hereby make, declare and establish this Declaration of Covenants and Restrictions as and for the plan of dwelling ownership and management of SAVANNAH SQUARE TOWNHOUSES, being the property and improvements hereinafter described, which Declaration shall be binding upon each purchaser of any part of said property and his heirs, assigns, successors, devise executors and administrators as follows:

1. PROPERTY.

A. DESCRIPTION. LINCOLN MORTGAGE INVESTORS, is the owner of the fee simple title to that certain property situated in the City of Waco, County of McLennan and the State of Texas, and whi property is more particularly described on Exhibit "A" attached hereto and incorporated herein, and on which property there is being or has been constructed SAVANNAH SQUARE TOWNHOUSES, a housing project containing twenty-four (24) private dwelling units, forty-tw (42) undeveloped lots and other appurtenant improvements (swimming pool, clubhouse, and greenbelt, all better known as: "common area"). LINCOLN MORTGAGE INVESTORS submits the above described property and improvements to this Declaration of Covenants and Restrictions:

B. COMMON AREA. The clubhouse, swimming pool and greenbelt are all described in and are part of Exhibit A, the legal description of which is as follows:

That tract or parcel of land and improvements located thereon described as common area located in Block 1 and 2 of the Savannah Square Addition to the City of Waco, as recorded in Volume 1135, Page 793, filed on January 2, 1973 in the Deed of Records of McLennan County, Texas.

The Declaror agrees that it will convey an undivided 1/24th interest to a private dwelling owner in and to the common area at such time as the Declaror has sold 19 private dwelling units or sooner, if elected by the Declaror. The undivided 1/24th interest will be conveyed by deed which will contain restrictions that:

1. The private dwelling owner shall not have the right to partition his undivided 1/24th interest in and to the common area, whether by the Court order or otherwise;

(2) The private dwelling owner, with respect to future sales, shall only convey the undivided 1/24th interest in and to the common area, to such person as the private dwelling owner conveys his private dwelling so that the fee simple ownership in the private dwelling shall be in the same person who will own the 1/24th interest in the common area.

C. DECLAROR'S RIGHT TO DIMINISH SHARE. The Declaror contemplates the development of the present 42 undeveloped lots into 42 or less private dwellings. At such time or times as the 42 undeveloped lots are replatted and/or sold by the Declaror, the private dwelling owner fully understands and agrees that his 1/24th interest in and to the common area will be diminished on a pro rata basis so that his ownership in the common area will be a fraction of which the numerator shall be 1 and the denominator will be 24 plus the total number of developed lots of the present 42 undeveloped lots.

The Declaror retains absolute control over the development and architectural design of the 42 undeveloped peripheral lots so that the development will be consistent with the present 24 developed townhouses.

2. To fully perform his responsibilities in such manner so as not unreasonably to disturb other private dwelling owners and other persons;

3. Not to change materially the appearance of any patio or yard, or any portion of the building not within the walls of the Private Dwelling;

4. Not to do anything which would or might jeopardize or impair the safety or soundness of the building.

IV. PRIVATE DWELLINGS SHALL BE CONSTITUTED AS FOLLOWS:
SEPARATE PARCEL:

A. Each Private Dwelling, together with all appurtenances thereto, shall, for all purposes, constitute a separate parcel of real property which may be owned in fee simple and which may be conveyed, transferred, and encumbered in the same manner as any other parcel of real property, independently of all other parts of the Property, subject only to the provisions of this Declaration.

B. Boundaries: Each Private Dwelling shall be bounded as shown on the survey and description constituting Exhibit "A" and as may be more fully described in the Deed from Declaror conveying the same, subject to such encroachments as are contained in the building whether the same exist now or are created by settlement or movement of the building, or permissible repairs, reconstruction or alterations.

V. RESTRICTIONS:

In order to provide for a congenial occupation of the building and to provide for the protection of the values of the Private Dwellings, the use of the property shall be restricted to and be in accordance with the following provisions:

A. Single Family: The Private Dwelling shall be used for single family residences only. No building or other structure or replacement structure shall be placed on the Private Dwelling except the original building built by Declaror.

B. Business or Commercial Activity: No commercial, trade or business activity of any nature or kind shall be conducted on said Private Dwelling.

C. Signs and Notices: No signs or notices of any kind whatever, except appropriate signs identifying the Private Dwelling Owner shall be allowed on the said Private Dwelling.

D. Nuisances: No nuisances shall be allowed upon the property nor shall any use or practice be allowed which is a source of annoyance to residents or which interferes with the peaceful possession and proper use of the property by its residents.

E. Compliance with Laws and Ordinances: No immoral, improper, offensive or unlawful use shall be made of the property nor any part thereof, and all valid laws, zoning ordinances and regulations of all governmental bodies having jurisdiction thereof shall be observed. The responsibility of private dwelling owners of complying with the requirements of governmental bodies which require maintenance, modification or repair of the Property shall be the same as hereinabove provided for the maintenance and repair of that portion of the Property subjected to such requirements.

VI. INSURANCE.

A. Private Dwelling Owners: Each Private Dwelling Owner shall obtain insurance, at his own expense, affording coverage upon his personal property and for his personal liability and as may be required by law.

B. Coverage: The insurance policies purchased by the Private Dwelling Owners shall cover:

1. Casualty: The building and all improvements upon the land and all personal property included within the Property, except such personal property as may be owned by the Private Dwelling Owners shall be insured in an amount equal to the maximum insurable replacement value thereof (exclusive of excavation and foundations) as determined annually

by the insurance company affording such coverage. Such coverage shall afford protection against:

(a) Loss or damage by fire and other hazards covered by the standard extended coverage endorsement;

(b) Such other risks as from time to time customarily shall be covered with respect to buildings similar in construction, location and use as the building, including but not limited to vandalism, malicious mischief, windstorm and water damage.

2. Public Liability: Public liability and property damage in such amounts and in such forms as shall be required by the Declaror, including but not limiting the same to water damage, legal liability, hired automobile, non-owned automobile and off premises employee coverages.

3. Cross-Liability Endorsements: All liability insurance shall contain cross-liability endorsements to cover liabilities of the Declaror or of the Private Dwelling Owners as a group to a Private Dwelling Owner.

VII. Compliance and Default. Each Private Dwelling Owner shall be governed by and shall comply with the terms of this Declaration and regulations adopted pursuant thereto and said Declaration and regulations as they may be amended from time to time. A default shall entitle the other Private Dwelling Owners to the following relief:

A. Failure to comply with any of the terms of this declaration and regulations adopted pursuant hereto, shall be grounds for relief which may include, without intending to limit the same, an action to recover sums due for damages, injunctive relief, foreclosure of lien or any combination thereof, and which relief may be sought by an aggrieved Private Dwelling Owner.

B. All private dwelling owners shall be liable for the expense of any maintenance, repair or replacement rendered necessary by his act, neglect or carelessness or by that of any member of his family or his or their guests, employees, agents, or lessees, but only to the extent that such expense is not met by the proceeds of the insurance. Such liability shall include any increase in fire insurance rates occasioned by use, misuse, occupancy, or abandonment of a private dwelling, or its appurtenances. Nothing herein contained, however, shall be construed so as to modify any waiver by insurance companies of rights or subrogation.

C. In any proceeding arising because of an alleged default by a Private Dwelling Owner, the prevailing party shall be entitled to recover the costs of the proceeding, 10% interest per annum where applicable and such reasonable attorney's fees as may be determined by the Court or mutually agreed to between the parties.

D. The failure of a Private Dwelling Owner to enforce any right, provision, covenant or condition which may be granted by this Declaration shall not constitute a waiver of the right or Private Dwelling Owner to enforce such right, provision, covenant or condition in the future.

E. All rights, remedies, and privileges granted to a Private Dwelling Owner pursuant to any terms, provisions, covenants or conditions of this Declaration shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies nor shall it preclude the party thus exercising the same from exercising such other and additional rights, remedies or privileges as may be granted to such party by this Declaration or by law.

VIII. AMENDMENT. Except for alterations in the voting power per share, which cannot be done except with the consent of all Private Dwelling Owners and their respective mortgagees whose shares are being affected, this Declaration may be amended in the following manner.

A. Notice: Notice of the subject matter of the proposed amendment in reasonably detailed form shall be included in the notice of any meeting at which a proposed amendment is considered.

B. Resolution: A resolution adopting a proposed amendment may be proposed by one of the Private Dwelling Owners and must be approved by not less than two-thirds (2/3) of the Private Dwelling Owners who in the aggregate own not less than two-thirds (2/3) of the Shares. No amendment to this Declaration may be made without the prior written consent of the Declaror, which consent will not be unreasonably withheld, for so long as it owns any private dwelling.

C. Recording: A copy of each Amendment shall be certified by the Declaror as having been duly adopted and shall be effective when recorded in the Public Records of McLennan County, Texas. Copies of the same shall be sent to each private dwelling owner in the manner elsewhere provided for the giving of notices, but the same shall not constitute a condition precedent to the effectiveness of such Amendment.

IX. TERMINATION: This Declaration shall be terminated if at all, in the following manner:

A. Agreement of Owners: The termination of this declaration may be effected by the agreement of Private Dwelling Owners who in the aggregate own not less than two-thirds of the Shares, which agreement shall be evidenced

by an instrument or instruments executed in the manner required for conveyances of land. So long as Declaror owns any Private Dwelling, this Declaration may not be terminated either pursuant to the terms hereof or otherwise, unless Declaror shall first consent to such termination in writing, which consent will not be unreasonably withheld. The terminations shall become effective when such agreement has been recorded in the Public Records of McLennan County, Texas.

B. Destruction: If it is determined in the manner elsewhere provided that the Property shall not be reconstructed after casualty, this Declaration shall be automatically terminated.

C. Recording: Any termination of this Declaration may be evidenced by an affidavit to such effect and describing the circumstances thereof signed by the Declaror and recorded in the Public Records of McLennan County, Texas.

X. RIGHTS OF DECLAROR: So long as Declaror shall own any Private Dwelling, the said Declaror shall have the absolute right to lease or sell any such Private Dwelling to any person, firm or corporation, upon any terms and conditions as it shall deem to be in its own best interests.

XI. COVENANTS RUNNING WITH THE LAND. All provisions of this Declaration shall be construed to be covenants running with the land and with every part thereof and interest therein including but not limited to every Private Dwelling and the appurtenances thereof, and every private dwelling owner and claimant of the Property or any part thereof or interest therein, and his heirs, executors, administrators, successors and assigns, shall be bound by all of the provisions of this Declaration, and all subsequent owners of the Private Dwelling shall take title subject to the terms of this Declaration.

XI. LIENS:

A. Protection of Property: All liens against a Private Dwelling other than for permitted mortgages, taxes or special assessments, will be satisfied by the owner of such private dwelling or otherwise removed by the owner of such Private Dwelling within thirty days from the date the lien attaches. All taxes and special assessments upon a private dwelling shall be paid by the owner of such private dwelling before becoming delinquent.

B. Notice of Lien: A Private Dwelling Owner shall give notice to the Declaror of every lien upon his private dwelling other than for permitted mortgages, taxes and special assessments within thirty (30) days after the attaching of the lien if not removed within such period.

C. Notice of Suit. Private Dwelling Owners shall give notice to the Declaror of every suit or other proceeding which will or may effect the title to his Private Dwelling or any other part of the property, such notice to be given within five (5) days, after the private dwelling owner receives notice thereof.

D. Validity of Sale: Failure to comply with this Article concerning liens will not affect the validity of any judicial sale.

XII. JUDICIAL SALES: No judicial sale of a Private Dwelling nor any interest therein shall be valid unless:

A. Approval of Declaror: Such sale is to a purchaser approved by the Declaror which approval shall be in recordable form and shall be delivered to the purchaser and recorded in the Public Records of McLennan County, Texas, or

B. Public Sale: Such sale is a result of a public sale with open bidding conducted by a trustee under a deed of trust or by a public official under a judicial foreclosure.

In the event proceedings are instituted to foreclose any Mortgage on any private dwelling, the Declaror, on behalf of itself or one or more Private Dwelling Owners, shall have the right to redeem from the mortgagee for the amount due thereon or to purchase such Private Dwelling at the foreclosure sale for the amount set forth to be due by the mortgagee in the foreclosure proceedings. Nothing herein contained shall preclude any lending institution from owning a mortgage on any private dwelling, and such lending institution shall have an unrestricted, absolute right to take title to the private dwelling in settlement and satisfaction of said Mortgage or to foreclose the Mortgage in accordance with the terms thereof and the laws of the state of Texas and to bid upon the said Private Dwelling at the foreclosure sale, providing said lending institution owning said mortgage shall give to the declaror, its successors or assigns, written notice by certified mail of the said default at least ten (10) days prior to the institution of foreclosure proceedings during which ten (10) days the Declaror or such member or members thereof as may elect so to do shall have the right to cure such default by payment to such mortgagee of all sums due upon such default, and following such payment such mortgagee shall be required to waive such default, and, if such default is not cured as aforesaid, and should the declaror or any member thereof individually or collectively fail to purchase such mortgage, together with any costs incident thereof, from such mortgagee, or fail to redeem such mortgage, then, and in that event the mortgage taking title in lieu of foreclosure sale may acquire such private dwelling and occupy the same and let, relet, sell and resell the same. If the Declaror or any members, as aforesaid, redeem such Mortgage or cure such default, it shall have a lien against the Private Dwelling, for all sums expended in connection therewith.

XIII. INVALID OR UNENFORCEABLE PROVISIONS: If any term, covenant, provision, phrase or other element of this Declaration is held to be invalid or unenforceable for any reason whatsoever, such holding shall not be deemed to affect, alter, modify or impair in any manner whatsoever any other term, provision, covenant or element of this Declaration.

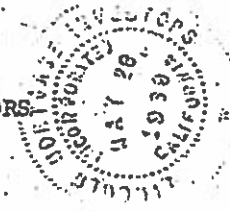
XIV. PRIVATE DWELLING DEEDS: Any transfer of a Private Dwelling shall include all appurtenances thereto whether or not specifically described.

XV. This Agreement is performable for all purposes in Waco, McLennan County, Texas.

IN WITNESS WHEREOF, LINCOLN MORTGAGE INVESTORS has caused the execution of this Declaration of Covenants and Restrictions this the 14th day of July, 1977, by its officers thereunto duly authorized.

LINCOLN MORTGAGE INVESTORS

BY: [Signature]
John T. Harty, Executive Vice President



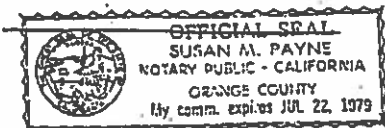
THE STATE OF CALIFORNIA X
COUNTY OF ORANGE X

BEFORE ME, the undersigned authority, on this day personally appeared John T. Harty, Executive Vice President of LINCOLN MORTGAGE INVESTORS, a California Business Trust, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated, and as the act and deed of said LINCOLN MORTGAGE INVESTORS, a California Business Trust.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 14th day of July, 1977.

[Signature]
Notary Public, Orange County,
State of California

My Commission Expires:



Filed for Record on the 22 day of February A.D. 1980 at 10⁵⁵ o'clock 4 M.

Recorded this the 22 day of February A.D. 1980 at 150 o'clock M.

FRANK DENNY, County Clerk
McLennan County, Texas

Billie Dwyer

Deputy

3318 W

SAVANNAH SQUARE TOWNHOUSES

AMENDMENT TO DECLARATION OF COVENANTS AND RESTRICTIONS

THE STATE OF TEXAS)

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF MCLENNAN)

That the undersigned, LOUISE IRWING, secretary of Savannah Square Homeowners' Association, does hereby certify that on the 2nd day of December, 1979, a meeting of the Savannah Square Homeowners' Association was duly held, a quorum being present, and due notice having been furnished all owners of lots in Blocks 1 and 2 of the Savannah Square Addition to the City of Waco, that amendments of covenants and restrictions concerning the subjects set forth in the resolution quoted below, and that at such meeting the resolution quoted below was passed by a two-thirds (2/3) majority of the private dwelling owners who, in the aggregate, own not less than two-thirds (2/3) of the shares and of the lots in said subdivision.

The prior written consent to the passage of such resolution was obtained from Lincoln Investors, a California business trust, ~~formerly~~ ^{formerly} known as Lincoln Mortgage Investors, such consent being evidenced by its approval of this instrument.

RESOLUTION

"That Paragraph V., subparagraph c. is hereby amended to read as follows:

C. Signs and Notices: No signs or notices of any kind whatever, except an appropriate sign identifying the private dwelling owner, a for sale sign exhibited by an individual private dwelling owner, or an individual private dwelling owner's real estate agent, shall be allowed. No sign shall exceed 2 feet by 3 feet in size. Signs advertising garage sales shall be allowed. No owner shall display more than one sign at one time.

Lincoln Investors, or its successor, shall be allowed to maintain one large "for sale" sign located on the wall which fronts on Lake Shore Drive.

No banners, streamers or other devices to attract the attention of prospective purchasers shall be allowed on any portion of the property.

Any owner who violates this paragraph C shall, after being given written notice of such violation, be fined \$5.00 for each day or a part of the day that such violation continues, payable to the Savannah

LEGAL DESCRIPTION of Savannah Square Town Houses, City of Waco, County of McLennan, Texas, as recorded in Deed Records of McLennan County, Texas.

Being 10.106 acres of land more or less out of the J.M. Stephens Survey in McLennan County, Texas being the residue of that certain 22.889 acre tract described as second tract in deed to Tingle Development Corporation and Triangle Realty Co., Inc. by deed recorded in Vol. 923, Page 267 of the McLennan County, Texas Deed Records.

Beginning at a concrete monument in the East line of Lake Shore Drive at the Northwest corner of Wooded Acres Addition, Part 3, to the City of Waco, Texas.

Thence: In a Northerly direction around a curve to the left, radius 1,001.75 feet, chord bears N 00°03'09" W 166.39 feet and with the East line of said Drive, a distance of 166.58 feet to end of said curve.

Thence: N 05°09' W 212.33 feet along the East line of Lake Shore Drive to a point at the beginning of a curve to the right.

Thence: In a Northerly direction around said curve to the right, radius 768.51 feet, chord bears N 01°18' E 175.37 feet and with the East line of said Drive a distance of 175.75 feet to the Northwest corner of said 22.889 acre tract.

Thence: N 42°31' E 75 feet along the North line of said 22.889 acre tract to an iron stake at the West corner of a 1.674 acre tract conveyed to Baker-Jones-Crow, now part of Indian Creek Addition (1020-261).

Thence: Along the South line of said Indian Creek Addition, the center of a branch, N 77°54' E 103 feet, N 59°30' E 28.6 feet, S 87° E 64.8 feet, N 61°32' E 31.35 feet, S 85°02' E 79.38 feet, N 49°45' E 32.8 feet, N 70°31' E 55 feet, N 67°28' E 113.25 feet, and N 78°03' E 38.35 feet to a point in the East line of said 22.889 acre tract, at an inside corner of Indian Creek Addition.

Thence: S 32°34' E 325.1 feet along the East line of said 22.889 acre tract, an old fence line, to a point in the center of a ravine at the Southeast corner of same. Said point being the Northeast corner of Lot 1, Block A, Harry F. Lewis Addition.

Thence: Along the North line of said Harry F. Lewis Addition and up the center of a ravine with its meanders S 45°19' W 24.3 feet, S 34°03' E 72 feet, S 31°57' W 35 feet, N 76°23' W 100 feet, S 01°01' W 94 feet, S 41°50' E 80 feet, S 07°10' W 60 feet, and S 04°11' E 90 feet to the West corner of said Harry F. Lewis Addition; said point also being the Northeast corner of that certain tract of land conveyed to A. A. Williams by deed recorded in Vol. 742, Page 303 of said deed records.

Thence: S 10°55' W 67.6 feet along the Northwest line of said A. A. Williams tract and the center of said ravine to an iron stake at the Northeast corner of Wooded Acres Addition, Part 3.

Thence: Up the center of another ravine with its meanders and with the North line of said Wooded Acres Addition, Part 3, S 74°05' W 100.10 feet, N 80°28' W 105.42 feet, S 81°11' W 139.11 feet, N 28°30' W 62.75 feet, S 86°05' W 95.22 feet, N 68°54' W 86.17 feet, and S 64°07' W 142.7 feet to the place of beginning.

ESTOPPEL CERTIFICATE

THE STATE OF TEXAS)

COUNTY OF McLENNAN)

1. The undersigned person or persons, hereby warrant and represent to Lincoln Mortgage Investors, that he has been furnished with a copy of the Savannah Square Townhouses Declaration of Covenants and Restrictions on the date entered below, and that the undersigned has taken the time and has read each and every page thereof and understands the contents.

2. That the undersigned has been advised by Lincoln Mortgage Investors that the undersigned has the right to engage an attorney to review same and for any other purposes as contemplated by the undersigned.

3. That the undersigned understands that it is contemplated by the owners of the Savannah Square Townhouses that they will join a citizens or a civic association for the purposes of maintaining and paying the insurance and or taxes on the common area, which is provided for in the Declaration of Covenants and Restrictions and that by joining and becoming a part of the citizens or civic association, the undersigned will be required to pay a monthly fee, which at the present time would be no less than \$ _____ per month and which the undersigned fully understands will be increased from time to time to cover any additional costs of maintenance, insurance and/or taxes.

4. The undersigned acknowledges Lincoln Mortgage Investors has made no warranties, expressed or implied, concerning the Savannah Square Townhouses. The undersigned has not relied upon any verbal representations of Lincoln Mortgage Investors and fully relies upon the provisions of the Savannah Square Townhouses Declaration of Covenants and Restrictions and the Contract of Sale entered into between the undersigned and Lincoln Mortgage Investors and any other documentation listed herein.

Witness our hands this _____ day of _____, 1977.

Square Homeowners' Association, which fine shall be subject to the Homeowners' Association lien as set forth in these covenants and restrictions."

That paragraph VII: shall be amended by adding a subparagraph F. as follows:

"Section 1. Creation of the Lien and Personal Obligation of Assessments. The Declaror for each Lot and Living Unit owned by it within the properties hereby covenants and each Owner of any Lot or Living Unit by acceptance of a deed therefor, whether or not it shall be so expressed in any such deed or other conveyance, shall be deemed to covenant and agree to pay the Homeowners' Association: (1) monthly assessments or charges; (2) special assessments for capital improvements, such assessments to be fixed, established, and collected from time to time as hereinafter provided. The monthly and special assessments, together with such interest thereon and costs of collection thereof as hereinafter provided, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with such interest thereon and cost of collection thereof as hereinafter provided, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due.

Section 2. Purpose of Assessments. The assessments levied by the Association shall be used exclusively for the purpose of promoting the recreation, health, safety, and welfare of the residents in the Properties and in particular, for the improvement and maintenance of properties, services, and facilities devoted to this purpose and related to the use and enjoyment of the Common Properties and of the homes situated upon the Properties, including, but not limited to, the payment of taxes and insurance thereon and repair, replacement, and additions thereto, and for the cost of labor, equipment, materials, management and supervision thereof.

Section 3. Basis and Maximum of Monthly Assessments. Until the year beginning January 1, 1980, the maximum monthly assessments on each Lot belonging to a member shall be Thirty-Two (\$32.00) Dollars.



(b) From and after January 1, 1980, the maximum annual assessment may be increased [redacted] by a vote of two-thirds (2/3) of the members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Managers of the Association may, after consideration of the current maintenance cost and further needs of the Association, fix the actual assessment for any period year at a lesser amount.

Section 4. Special Assessments for Capital Improvements. In addition to the monthly assessments authorized by Section 3 thereof, the Association may levy in any assessment year a special assessment, applicable to that year only, for the purpose of defraying in whole or in part, the cost of any construction or reconstruction, unexpected repair or replacement of a described capital improvement upon the Common Properties, including the necessary fixtures and personal property related thereto, providing that any such assessment shall have the assent of two-thirds (2/3) of the votes of members who are voting in person or by proxy at a meeting duly called for this purpose,

written notice of which shall be sent to all members at least fifteen (15) days in advance and shall set forth the purpose of the meeting.

Section 5. Quorum for any Action Authorized Under Section 3(b) or 4. The Quorum required for any action authorized by Section 3(b) or 4, the presence at the meeting of members, or of proxies, entitled to cast sixty-six and two-thirds (66 2/3) percent of all the votes shall constitute a quorum. If the required quorum is not forthcoming at any meeting, another meeting may be called, subject to the notice requirement set forth in Section 4., and the required quorum at any such subsequent meeting shall be held not more than sixty (60) days following the preceding meeting.

Section 6. Date of Commencement of Special Assessment. The due date of any special assessment under Section 4 hereof shall be fixed in the resolution authorizing such assessment.

Section 7. Duties of the Board of Managers. The Association shall upon demand at any time furnish to any Owner liable for said assessment a certificate in writing signed by an officer of the Association setting forth whether said assessment has been paid. Such certificate shall be conclusive evidence of payment of any assessment therein stated to have been paid.

Section 8. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; The Lien; Remedies of Association. If the assessments are not paid on the date when due then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof as hereinafter provided, thereupon become a continuing lien on the property which shall bind such property in the hands of the then Owners, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of ten (10) percent per annum, and the Association may bring an action at law against the Owner, personally obligated to pay the same or to foreclose the lien against the property, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action, and in the event a judgment is obtained, such judgment shall include interest of the assessment as above provided and a reasonable attorney's fees to be fixed by the Court together with the costs of the action.

Section 9. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any mortgage or mortgages now or hereinafter placed upon the properties subject to assessment; provided, however, that such subordination shall apply only to the assessments which have become due and payable prior to the sale or transfer of such property pursuant to a decree of foreclosure, or any other proceedings in lieu of foreclosure. Such sale or transfer shall not relieve such property from liability for any assessment thereafter becoming due, nor from the lien of any such subsequent assessment.

That Paragraph VI, Insurance, shall be amended to add the following subparagraph 4:

4. Common Insurance. The Board of Managers shall purchase common insurance, so long as such coverage may be obtained, insuring against fire and extended loss upon the common property and each private dwelling. Such insurance shall be in an amount adequate to cover

replacement cost, and shall be paid for by the Homeowners' Association. A pro-rata share of the amount of each annual premium shall be assessed against each homeowner. Each homeowner shall be responsible for insurance coverage of all contents and personal belongings. Each homeowner shall execute all instruments necessary to effectuate such common insurance policy."

DATED this 22nd day of February, 1980.

SAVANNAH SQUARE HOMEOWNERS' ASSOCIATION

LINCOLN INVESTORS
(FORMERLY LINCOLN MORTGAGE INVESTORS)

BY: Louise Irwing
LOUISE IRWING
SECRETARY

BY: [Signature]

033030

THE STATE OF TEXAS
COUNTY OF McLENNAN

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KNOW ALL MEN BY THESE PRESENTS:

SAVANNAH SQUARE TOWNHOUSES

AMENDMENT NO. 2 TO
DECLARATION OF COVENANTS AND RESTRICTIONS

That the undersigned, James M. Dorsey, Secretary of SAVANNAH SQUARE HOMEOWNERS' ASSOCIATION does hereby certify that on the 9th day October, 1993, a meeting of the SAVANNAH SQUARE HOMEOWNERS' ASSOCIATION was duly held, a quorum being present, and due notice having been furnished all owners of Lots in Block 1 and 2 of the Savannah Square Addition to the City of Waco, that amendments of covenants and restrictions concerning the subject set forth in the Resolution quoted below, and that at such meeting the Resolution quoted below was passed by a 2/3 majority of the private dwelling owners who, in the aggregate, own not less than 2/3 of the shares and of the lots in said subdivision.

RESOLUTION

"That Paragraph VIII, Section 8 is hereby amended to read as follows:

Section 8. Effect of Non-Payment of Assessment; The Personal Obligation of the Owner; The Lien; Remedies of Association.

A. If the assessments are not paid on the date when due (being the dates specified in Section 4 hereof) then such assessment shall become delinquent and shall, together with such interest thereon and cost of collection thereof, including attorney's fees and costs of court, thereupon become a continuing lien on the private dwelling or unit which shall bind such private dwelling or unit in the hands of the then Owner, his heirs, devisees, personal representatives and assigns. The personal obligation of the then Owner to pay such assessment, however, shall remain his personal obligation for the statutory period and shall not pass to his successors in title unless expressly assumed by them.

If the assessment is not paid within thirty (30) days after the delinquency date, the assessment shall bear interest from the date of delinquency at the rate of ten (10) percent per annum, and the Association may bring an action at law against the Owner, personally obligated to pay the same or to foreclose the lien against the private dwelling or unit, and there shall be added to the amount of such assessment the costs of preparing and filing the complaint in such action and attorney's fees and costs of court. In the event a judgment is obtained, such judgment shall include interest on the assessment as above provided and attorney's fees together with the costs of the action.

B. To evidence such lien the Association may, but shall not be required to, prepare written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the private dwelling or unit and a description of the private dwelling or unit. Such notice shall be signed by one (1) of the Board of Directors and may be recorded in the Office of the Clerk and Recorder of McLennan County, Texas. Such lien

for the Common Expenses shall attach from the date of the failure of payment of the assessment. Such lien may be enforced by foreclosure of the defaulting Owner's private dwelling or unit by the Association. Any such foreclosure sale is to be conducted in accordance with the provisions applicable to the exercise of powers of sale in mortgages and deeds of trust, as set forth in the Texas Property Code, as amended, or in any manner permitted by law. Each Owner, by accepting a deed to his private dwelling or unit, expressly grants to the Association a power of sale in connection with the assessment lien. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien and all attorney's fees of the Association. The Owner shall also be required to pay to the Association a reasonable rental for the private dwelling or unit during the period of foreclosure, and the Association shall be entitled to a receiver to collect same. The Association shall have the power to bid in the private dwelling or unit at foreclosure sale and to acquire and hold, lease, mortgage and convey same.

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

D. In addition, to the extent permitted by law, Declarant reserves and assigns to the Association, without recourse, a vendor's lien against each private dwelling or unit to secure payment of a common assessment or special assessment which is levied pursuant to the terms hereof. Said liens may be enforced by appropriate judicial proceedings and the expenses incurred in connection therewith, including, but not limited to, interest, costs and attorney's fees, shall be chargeable to the Owner in default. Such lien shall be subordinated and inferior to those liens referred to in Section 9 hereof.

E. Any encumbrancer holding a lien on a private dwelling or unit may pay any unpaid Common Expense payable with respect to such private dwelling or unit, and upon such payment, such encumbrancer shall have a lien on such private dwelling or unit for the amount paid of the same rank as the lien of his encumbrance."

DATED this 12 day of October, 1993.

SAVANNAH SQUARE HOMEOWNERS' ASSOCIATION

By: James M. [Signature], Secretary

THE STATE OF TEXAS §
COUNTY OF McLENNAN §

This instrument was acknowledged before me on the 29th day of October, 1993, by James M. [Signature], Secretary of SAVANNAH SQUARE HOMEOWNERS' ASSOCIATION, on behalf of said entity and in the capacity therein stated.



Jessie M. Wilson
Notary Public, State of Texas
Notary's printed name: Jessie M. Wilson
My commission expires: 9-4-94

AFTER RECORDING RETURN TO:
SHEEHY, LOVELACE & MAYFIELD
Attorneys At Law
510 N. Valley Mills Dr. Suite 500
Waco, Texas 76710

Filed for Record on the 9 day of DECEMBER A.D. 1993 at 4¹⁰ o'clock P M.
Duly Recorded this the 10 day of DECEMBER A.D. 1993 at 8⁰⁰ o'clock A M.

FRANK DENNY, County Clerk
McLennan County, Texas

By Peggy [Signature] Deputy

BY-LAWS

OF

SAVANNAH SQUARE HOMEOWNER'S ASSOCIATION

The name of the organization shall be SAVANNAH SQUARE HOMEOWNER'S ASSOCIATION..

ARTICLE I

OBJECT

1. The purpose for which this association is formed is to govern the property situated in the County of McLennan, State of Texas, which property is described on the attached Exhibit "A", which by this reference is made a part hereof.

2. All present or future owners, tenants, future tenants, or any other person that might use the facilities of the project in any manner, are subject to the regulations set forth in these By-Laws. The mere acquisition or rental of any of the town homes (hereinafter referred to as "unit(s)" of the project or the mere act of occupancy of any of said units will signify that these By-Laws are accepted, ratified and will be complied with, but no one other than owners of the property described herein shall be members of this Association.

ARTICLE II

MEMBERSHIP, VOTING, MAJORITY OF OWNERS, QUORUM, PROXIES

1. Membership. Any person on becoming an owner of a unit shall automatically become a member of this Association and be subject to these By-Laws. Such membership shall terminate without any formal Association action whenever such person ceases to own a unit, but such termination shall not relieve or release any such

former owner from any liability or obligation incurred under or in anyway connected with SAVANNAH SQUARE HOMEOWNER'S ASSOCIATION, during the period of such ownership and membership in this Association, or impair any rights or remedies which the Board of Managers of the Association or others may have against such former owner and member arising out of or in any way connected with such ownership and membership and the covenants and obligations incident thereto. No certificate of stock shall be issued by the Association, but the Board of Managers, may, if it so elects, issue one membership card to the owner(s) of a unit. Such membership card shall be surrendered to the Secretary whenever ownership of the unit designated thereon shall terminate.

2. Voting. Voting shall be based upon the undivided interest of each unit owner in the general common elements. An owner of an undivided interest in and to a condominium shall be entitled to a vote equal to his ownership interest in such unit. Cumulative voting is prohibited.

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

4. Quorum. Except as otherwise provided in these By-Laws, the presence in person or by proxy of a "majority of unit owners" as defined in paragraph 3 of this Article shall constitute a quorum. Except as otherwise provided in the Declaration or these By-Laws, when a quorum of owners is present at any meeting, a 2/3 majority vote of the owners present either in person or by proxy, shall be sufficient to either defeat or approve any proposed action.

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

ARTICLE III

ADMINISTRATION

1. Association Responsibilities. The owners of the units will constitute the Association of Unit Owners, hereinafter referred to as "Association", who will have the responsibility of administering the project through a Board of Managers.

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

3. Annual Meetings. The annual meeting of the Association shall be held during October of each year, at a time set by the Board of Managers. At such meetings there shall be elected by ballot of the owners a Board of Managers in accordance with the requirements of paragraph 5 of Article IV of these By-Laws. The owners may also transact such other business of the Association as may properly come before them.

4. Special Meetings. It shall be the duty of the President to call a special meeting of the owners as directed by resolution of the Board of Managers or upon a petition signed by a majority of the owners and having been presented to the Secretary. The notice of any special meeting shall state the time and place of such meeting and the purpose thereof. No business shall be transacted at a special meeting except as stated in the notice unless by consent of two-thirds (2/3) of the owners present, either in person or by proxy.

5. Notice of Meetings. It shall be the duty of the Secretary to mail or hand deliver a notice of each annual, or special meeting, stating the purpose thereof, as well as the time and place where it is to be held, to each owner of record, at least five (5) but not more than twenty (20) days prior to such meeting. The mailing of a notice in the manner provided in this paragraph shall be considered notice served.

6. Adjourned Meeting. If any meeting of owners cannot be organized because of quorum has not attended, the owners who are present, either in person or by proxy, may adjourn the meeting from time to time, until a quorum is obtained.

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

- (a) Roll call and certifying proxies.
- (b) Proof of notice of meeting or waiver of notice.
- (c) Reading of minutes of preceding meeting.
- (d) Reports of officers.
- (e) Reports of committees.
- (f) Election of managers.
- (g) Unfinished business.
- (h) New business.

ARTICLE IV

BOARD OF MANAGERS

1. Number and Qualification. The affairs of this Association shall be governed by a Board of Managers composed of five (5) persons.

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

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

(a) To administer and enforce the recorded covenants and restrictions affecting the property.

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

(c) To keep in good order, condition and repair all of the common property and all items of personal property used in the enjoyment of the entire premises.

(d) To insure and keep insured all of the insurable general common elements of the property in any amount equal to their maximum replacement value. Maximum replacement value shall be determined annually. Further, to obtain and maintain comprehensive liability insurance covering the entire premises in amounts not less than \$ 100,000.00 per person and \$ 300,000.00 per accident \$ 50,000.00 property damages. To insure and keep insured all of the fixtures, equipment and personal property acquired by the Association for the benefit of the Association and the owners of the units and their mortgagees. The limits and coverage shall be reviewed at intervals of not less than three (3) years and adjusted, in necessary, to provide such coverage and protection as the Association may deem prudent. Worker's compensation insurance shall at all times be carried to the extent required to comply with any applicable law with respect to the employees, if any, of the Association.

(e) To recommend (subject to the approval of a majority of the homeowners) levy and collect the monthly prorated assessments to be paid by each of the owners towards the gross expenses of the entire premises and by majority vote of the Homeowners

to adjust, decrease or increase the amount of the monthly assessments. To levy and collect special assessments whenever, in the opinion of a majority of the homeowners, it is necessary to so do in order to meet increased operating or maintenance expenses or costs, or additional capital expenses, or because of emergencies. All special assessments shall be in itemized statement form and shall set forth the detail of the various expenses for which the assessments are being made.

(f) To collect delinquent assessments by suit or otherwise and to enjoin or seek damages from an owner as is necessary.

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

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

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

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

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

(l) To meet at least once each quarter.

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

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

4. Delegation of Powers - Managing Agent. Notwithstanding anything contained herein to the contrary, the Board of Managers may delegate any of its powers, duties or functions to a Managing Agent provided that any such delegation shall be revocable upon notice by the Board of Managers. The members of the Board of Managers shall not be liable for any omission or improper exercise by the Managing Agent of any such duty, power or function so delegated by written instrument executed by a majority of the Board of Managers. The Managing Agent, if any, shall be employed by the Association at a compensation to be established by the Board based upon the services, duties, and functions to be performed by the Managing Agent.

5. Election and Term of Office. At the first meeting of the Association the owners shall elect three (3) members of the Board of Managers for a term of two years and two (2) members of the Board of Managers for a term of one year. At each annual meeting thereafter, the Association shall elect such members of the Board of Managers for a term of two (2) years, as vacancies occur by expiration of any Manager's term of office.

6. Vacancies. Vacancies of the Board of Managers shall be filled by vote of the majority of the Homeowners to fill the unexpired term of the position becoming vacant.

If due to vacancies on the Board of Managers in the preceding year, more than three managers are to be elected at one annual meeting then three members of the Board of Managers shall be elected for a two year term and the remaining members of the Board shall be elected for a one-year term.

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

8. Organizational Meeting. The first meeting of a newly elected Board of Managers shall be held within ten (10) days of election at such place as shall be fixed by the Managers.

9. Nomination. The original Board of Directors shall be elected by the Association at its organizational meeting, thereafter, nomination for election to the Board of Managers shall be made by a nominating committee which shall consist of a chairman who shall be a member of the Board and two or more co-owners, who shall have been appointed by the Board of Managers prior to each annual meeting to serve from the close of each annual meeting until the close of the next annual meeting and such appointment shall be announced at each annual meeting. The nominating committee shall make as many nominations for election to the Board as it shall in its discretion determine but not less than the number of vacancies to be filled. Nominations may also be made from the floor at the annual meeting.

10. Regular Meeting. Regular meetings of the Board of Managers may be held at such time and place as shall be determined, from time to time, by a majority of the Managers, but at least four (4) such meetings shall be held during each fiscal year. Notice of regular meetings of

the Board of Managers shall be given to each Manager, personally or by mail, telephone or telegraph, at least three (3) days prior to the day named for such meeting.

11. Special Meetings. Special meetings of the Board of Managers may be called by the President on three (3) days' notice to each Manager, given personally, or by mail, or telephone, which notice shall state the time, place (as hereinabove provided) and purpose of the meeting. Special meetings of the Board of Managers shall be called by the President or Secretary in like manner and on like notice on the written request of at least two (2) Managers.
12. Waiver of Notice. Before or at any meeting of the Board of Managers, any Manager may, in writing, waive notice of such meeting and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Manager at any meeting of the Board shall be a waiver of notice by him of the time and place thereof. If all the Managers are present at any meeting of the Board, no notice shall be required and any business may be transacted at such meeting.
13. Board of Managers' Quorum. At all meetings of the Board of Managers, a majority of the Managers shall constitute a quorum for the transaction of business and the acts of the majority of the Managers present at a meeting at which a quorum is present shall be the acts of the Board of Managers. If, at any meeting of the Board of Managers, there be less than a quorum present, the majority of those present may adjourn the meeting from time to time. At any such adjourned meeting, any business which might have been transacted at the meeting as originally called may be transacted without further notice.
14. Compensation. No member of the Board of Managers shall receive any compensation for acting as such.
15. Actions Without a Meeting. Notwithstanding any other provision of these By-Laws, any action required or permitted to be taken at a meeting of the Board of Managers may be taken without a meeting if a consent in writing, setting forth the action so taken, is signed by all of the members of the Board of Managers, as the case may be. Such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE V

OFFICERS

1. Designation. The officers of the Association shall be a President, a First Vice-President, a Second Vice-President, a Secretary and a Treasurer, all of whom shall be elected by the Board of Managers. Any person may hold two or more offices except the President and any Vice-President shall not also be a Secretary or Assistant Secretary.
2. Election of Officers. The officers of the Association shall be elected annually by the Board of Managers at the organizational meeting of each new Board and shall hold office at the pleasure of the Board. Members of the Board of Managers may also serve as officers.
3. Removal of Officers. Upon any affirmative vote of a majority of the members of the Board of Managers, any officer may be removed, either with or without cause, and his successor elected at any regular meeting of the Board of Managers, or at any special meeting of the Board called for such purpose.
4. President. The President shall be the chief executive officer of the Association. He shall preside at all meetings of the Association and the Board of Managers. He shall have all of the general powers and duties which are usually vested in the office of President of an association, including but not limited to the power to appoint committees from among the owners from time to time as he may in his discretion decide is appropriate to assist in the conduct of the affairs of the Association. The President shall sign, with the Secretary or an Assistant Secretary, certificates of membership, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Managers has authorized him to execute, except in cases where the signing and execution thereof has been expressly delegated by the Board of Managers to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed. The President shall not have the power to bind the Association to any employment agreement on behalf of the Association unless such employment agreement has been expressly approved and authorized in advance by Resolution of the Board of Managers. In the event that any such employment agreement provides for the Associating employing any person who at the time of such employment or at any time during such employment is an officer of the Association then no provision of such contract purporting to amplify the authority of such officer beyond the authority set forth in these By-Laws shall be valid or effective unless these By-Laws are amended in a manner consistent with such employment agreement; and the mere signing of such an employment agreement on behalf of the Association and its approval at a meeting of the Board of Managers or the Association shall not constitute an amendment of these By-Laws. In the event any such employment agreement (whether or not these By-Laws be amended incident thereto) limits or qualifies the authority of any such officer in a manner inconsistent with these By-Laws or imposes on such officer duties not provided for

under these By-Laws, then the provisions of such employment agreement limiting or qualifying such authority and imposing such duties shall be valid and effective notwithstanding any inconsistency between the provisions of the employment agreement and the provisions of these By-Laws.

5. First Vice-President. The Vice-President shall have all the powers and authority to perform all the functions and duties of the President, in the absence of the President, or his inability for any reason to exercise such powers and functions or perform such duties, and also perform any duties he is directed to perform by the President or the Board of Managers.

6. Second Vice-President. The Second Vice-President shall have all of the powers and authority to perform all the functions and duties of the President, in the absence of the President and the First Vice-President, or their inability, for any reason, to exercise such powers and functions or perform such duties and also perform any duties he is directed to perform by the President or the Board of Managers.

7. Secretary. The Secretary shall: (i) keep all the minutes of all meetings of the Board of Managers and the minutes of all meetings of the Association in books provided for that purpose; (ii) see that all notices are duly given in accordance with the provisions of these By-Laws or as required by law; (iii) be custodian of the Board's and Associations' records and books; (iv) keep a register of the post office address of each owner; (v) sign with the President all certificates of membership, the issuance of which shall be approved by the Board of Managers; and (vi) in general, perform all the duties incident to the office of Secretary and as may be assigned to him by the President or by the Board of Managers.

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

8. Treasurer. The Treasurer shall have responsibility for Association funds and shall be responsible for keeping full and accurate accounts of all receipts and disbursements in books belonging to the Association. He shall be responsible for the deposit of all moneys and

other valuable effects in the name, and to the credit, of the Association in such depositories as may from time to time be designated by the Board of Managers and shall perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or Board of Directors.

9. Additional Officers. Officers in addition to the Vice-President, Secretary and Treasurer may be appointed by the Board of Managers and shall hold the offices for such terms and shall have such authority and exercise such powers and perform such duties as shall be determined from time to time by the Board by Resolution not inconsistent with these By-Laws.

10. Vacancies. A vacancy in any office because of the death, resignations, removal, disqualification or otherwise of the officer previously filling such office, may be filled by the Board of Managers for the unexpired portion of the term.

ARTICLE VI

INDEMNIFICATION OF OFFICERS AND MANAGERS

The Association shall indemnify every manager or officer, his heirs, executors and administrators, against all loss, costs and expense, including counsel fees, reasonably incurred by him in connection with any action, suit or proceeding to which he may be made a party by reason of his being or having been a manager or officer of the Association, except as to matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for gross negligence or willful misconduct, bad faith or reckless disregard of the duties involved in the conduct of his office. In the event of a settlement, indemnification shall be provided only in connection with such matters covered by the settlement as to which the Association is advised by counsel that the person to be indemnified has not been guilty of gross negligence, bad faith or willful misconduct in the performance of his duty as such manager or officer in relation to the matter involved.

All liability, loss, damage, costs and expense incurred or suffered by the Association by reason or arising out of or in connection with the foregoing indemnification provisions shall be treated and handled by the Association as common expenses.

ARTICLE VII

OBLIGATIONS OF THE OWNERS

1. Assessments. All owners shall be obligated to pay the monthly assessments imposed by the Association to meet the common expenses. The assessments shall be made prorata according to undivided interest in and

to the general common elements and shall be due monthly in advance. A member shall be deemed to be in good standing and entitled to vote at any annual or at a special meeting of members, within the meaning of these By-Laws, if and only if he shall have fully paid all assessments made or levied against him and the unit owned by him.

2. Maintenance and Repair.

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

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

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

3. Mechanic's Lien. Each owner agrees to indemnify and to hold each of the other owners harmless from any and all claims of mechanic's lien filed against other units and the appurtenant general common elements for labor, materials, services or other products incorporated in the owner's apartment unit. In the event suit for foreclosure is commenced, then within ten (10) days thereafter such owner shall be required to deposit with the Association cash or negotiable securities equal to double the amount of such claim plus interest at the rate of ten percent (10%) for one year together with a sum equal to ten percent (10%) of the amount of such claim but not less than One Hundred Fifty and NO/100 Dollars (\$150.00), which latter sum may be sued by the Association for any costs and expenses incurred, including attorney's fees. Except as is otherwise provided, such sum or securities shall be held by the Association pending final adjudication or settlement of the litigation. Disbursement of such funds or proceeds shall be made to insure payment of or on account of such final judgment or settlement. Any deficiency, including attorney's fees, shall be paid forthwith by the subject owner, and his failure to so pay shall entitle the Association to make such payment, and the amount thereof shall be a debt of the owner and a lien against his unit which may be foreclosed as is provided in Article 24 of the Declaration. Such owner shall be

liable to the Association for payment of interest at the rate of ten percent (10%) on all such sums paid by the Association until the date of repayment by such owner.

4. General.

(a) Each owner shall comply strictly with the provisions of these By-Laws and amendments and supplements thereto, any rules and regulations promulgated by the Board of Managers, and the recorded Covenants and Restrictions affecting the property.

5. Use of Units - Internal Changes.

(a) All units shall be utilized for residential purposes only.

(b) An owner shall not make structural modifications or alterations to his unit or installations located therein without previously notifying the Association in writing through the Managing Agent, or if no Managing Agent is employed, then through the President of the Association. The Association shall have the obligation to answer within ten (10) days after such notice, and failure to do so within the stipulated time shall mean that there is no objection to the proposed modification or alteration.

6. Use of General Common Elements and Limited Common Elements.

Each owner may use the general common elements and the limited common elements in accordance with the purpose for which they were intended without hindering or encroaching upon the lawful rights of the other owners.

7. Rules and Regulations.

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

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

(c) Owners and occupants of units shall at all times exercise extreme care to avoid making or permitting to be made loud or objectionable noises, and in using or playing or permitting to be used or played musical instruments, radios, phonographs, television sets, amplifiers and any other instruments or devices in such manner as may disturb or tend to disturb owners, tenants, or other occupants of units of SAVANNAH SQUARE. No unit shall be used or occupied in such manner as to obstruct or interfere with the enjoyment of occupants or other residents of adjoining units, nor shall any nuisance, or immoral or illegal activity be committed or permitted to occur in or on any unit or upon any part of the common elements of SAVANNAH SQUARE.

(d) The common area is intended for use for the purpose of affording pedestrian movement within the property and of providing access to the units; those proportions thereof adapted therefor, for recreational use by the owners and occupants of units; and all thereof for the beautification of the property and for providing privacy for the residents thereof through landscaping and such other means as shall be deemed appropriate. No part of the common area shall be obstructed so as to interfere with its use for the purposes hereinabove recited, nor shall any part of the common area be used for general storage purposes except maintenance and storage rooms maintained by the Association, nor anything done thereon in any manner which shall increase the rate for hazard and liability insurance covering said area and improvements situated thereon. Not more than two small dogs, cats, or other usual small household pets may be kept in any unit, provided always that such household pets shall be allowed on the common areas only as may be specified under reasonable rules therefor promulgated by the Board of Managers. Except as hereinabove stated, no animal, livestock, birds or poultry shall be brought within the unit or kept in or around any unit thereof. Notwithstanding the foregoing, no pets may be kept on the property which result in an annoyance or are obnoxious to other owners.

(e) Parking of automobiles shall be only in the spaces designated as parking for each unit; no unattended vehicle shall at any time be left in the streets in such manner as to impede the passage of traffic or to impair property access to parking area. No shortage of any objects shall be permitted in the parking area and the same shall at all times be kept free of unreasonable accumulation of debris or rubbish of any kind. Guest parking areas are not intended for use by owners for parking trailers, camping units or any personal vehicles, and the Board may insure the proper use of said areas in such manner as it deems necessary.

No owner shall be allowed to maintain, either on the public streets or the owners' driveway in public view, any vehicle which is in the process of being repaired or which remains inoperable for longer than four (4) full days.

(f) Each owner shall keep clean and in good condition and repair the windows and interior of his unit and shall not permit garments, rugs, laundry or other unsightly items to extend from or be placed outside of his unit, including but not limited to, over windows or balconys, no aluminum foil or similar reflective material shall be used or placed over doors or windows of any unit, solar reflective film excluded.

(g) It is prohibited to place garbage or trash outside the disposal areas provided for such purposes.

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

(i) No owner or other occupant of any unit shall make any alteration, modification or improvement, nor add any awnings, patio covers or other devices to the common elements of the condominium or remove or add to any planting, structure, furnishings or other equipment or object therefrom except with the written consent of the Association. No unsightly objects which may reasonably be considered to give annoyance to neighbors of ordinary sensibilities shall be placed or allowed to remain on any patio or balcony of a condominium unit. The Board of Managers shall have the sole and exclusive discretion to determine what constitutes an unsightly object.

(j) Reasonable and customary regulations for the use of the swimming pool, and other recreation areas will be promulgated hereafter and publicly posted at such places. Owners and all occupants of units shall, at all times, comply with such regulations.

(k) No drilling, digging, quarrying or mining operation of any sort shall be permitted on the property.

(l) Motorcycles, motorbikes, motor scooters or other similar vehicles shall not be operated within the property except in strict accordance with the City of Waco regulations and noise

ordinances.

ARTICLE VIII

AMENDMENTS TO PLAN OF OWNERSHIP

1. By-Laws. These By-Laws may be amended by the Association at a duly constituted meeting for such purpose, and no amendment shall take effect unless approved by owners representing at least 66% of the aggregate interest of the owners of the town home units.

ARTICLE IX

TRANSACTIONS WITH MEMBERS, MANAGERS AND OFFICERS

The Association may enter into contracts or transact business with one or more of its Managers, officers, or members or with any firm of which one or more of its managers, officers or members are members, or with any corporation, association, company, organization or entity in which one or more of its Managers, officers or members are directors, officers, trustees, shareholders, beneficiaries or are otherwise interested, and in the absence of fraud, such contract or transaction shall not be invalidated or anywise affected by the fact that such Managers, officers or members having such adverse interest may have been necessary to obligate the Association upon such contract or transaction.

ARTICLE X

EXECUTION OF DOCUMENTS

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

ARTICLE XI

NOTICES

All notices to members of the Association shall be given by delivering the same to each owner in person or by depositing the notices in the U.S. Mail, postage prepaid, addressed to each owner at the address last given by each owner to the Secretary of the Association. If an owner shall fail to give an address to the Secretary for mailing of such notices, all such notices shall be sent to the condominium unit of such owner and all powers shall be deemed to have been given notice of the meetings upon the proper mailing of the notices to such addresses irrespective of the actual receipt of the notices by the owners.

ARTICLE XII

SEVERALTY

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

IN WITNESS WHEREOF, the under signed have hereunto set their hands and seals at Waco, Texas, this the _____ day of _____, 1979.

BOARD OF MANAGERS:

BY _____
WALTER SMITH

BY _____
RICHARD FRANKS

BY _____
LOUISE IRWING

BY _____
ROSEMARY FALLS

BY _____
DAVID SKINNER