

CONDOMINIUM DECLARATION

Preamble

This Declaration is made on April 17, 2003, by BOLTON-KALINA CONSTRUCTION, INC. ("Declarant"), whose mailing address is at 1400 Speight Ave., Waco, Texas 76706.

RECITALS

1. Declarant is the owner of all of the real property, including the land; all improvements and structures on the property; and all easements, rights, and appurtenances belonging to the property that is located in the City of Waco, County of McLennan, State of Texas (the "Property"), more particularly described in Exhibits A1 and A2, attached and incorporated by reference.

2. Declarant submits the Property to a condominium established by the Texas Uniform Condominium Act (TUCA), which is codified in Chapter 82 of the Property Code.

3. The Property constitutes a condominium project (the "Project") within the meaning of TUCA. The formal name of the Project is TIMBERWOOD TOWNHOMES, a condominium.

4. Declarant intends and desires to establish by this Declaration a plan of ownership for the condominium project ("Project"). The plan consists of individual ownership of residential apartment units (the "Unit(s)") and other areas. The Project shall be divided into no more than twenty-four (24) Units.

5. The Declarant intends to impose on the Project mutually beneficial restrictions for the benefit of all Units and the persons who own those Units (the "Owners"). The Declarant further intends, in accordance with the terms set forth herein, that the Owners will govern the Project by means of an organization of Owners (herein the "Association"), as more particularly set forth herein. The formal name of the Association is WACO TIMBERWOOD HOMEOWNERS ASSOCIATION, INC.

6. The Units and other areas of the Project are more particularly described in Exhibits B through K, which are attached and incorporated by reference. The Owners each have an undivided interest in the remaining property of the Project (referred to as the "Common Elements"), which is also more particularly described in Exhibit K. Exhibit L sets forth the allocation to each Unit of (a) a fraction or percentage of undivided interests in the common elements of the condominium, (b) a fraction or percentage of undivided interests in the common expenses of the Association, and (e) a portion of votes in the Association, by the formulas set forth therein.

7. Therefore, the Declarant declares that the Project is held and shall be held, conveyed, hypothecated, encumbered, leased, rented, used, occupied, and improved subject to the following covenants, conditions, and restrictions, all of which are declared and agreed to be in furtherance of a plan for the improvement of the Property and the division of the Property into Units, and all of which are established and agreed on for the purpose of enhancing and perfecting the value, desirability, and attractiveness of the Project and every part of the Project. All of the covenants, conditions, and restrictions shall run with the Property and shall be binding on all parties having or acquiring any right, title, or interest in or any part of the Property and shall be for the benefit of each Owner of the Project or any interest in the Project and shall inure to the benefit of and be binding on each successor in interest of the Owners.

ARTICLE I DEFINITIONS

Articles

1.01. *Articles* mean the Articles of Incorporation of the Association that are or shall be filed in the Office of the Secretary of State of the State of Texas.

Association

1.02. *Association* means the WACO TIMBERWOOD HOMEOWNERS ASSOCIATION, INC., a corporation organized under the Texas Non-Profit Corporation Act for the management of the Project, the membership of which consists of all of the Owners in the Project. Its initial address is: Triliji Group, ATTN: Ginger, 1400 Speight Ave., Waco, Texas 76706.

Board

1.03. *Board* means the Board of Directors of the Association.

Bylaws

1.04. *Bylaws* mean the Bylaws of the Association and amendments to the Bylaws that are or shall be adopted by the Board.

Condominium

1.05. *Condominium* means the separate ownership of single units in a multiple-unit structure or structures with common elements.

Common Elements

1.06. *Common Elements* mean all elements of the Project except the separately owned Units, and includes both general and limited common elements.

Declarant

1.07. *Declarant* means BOLTON-KALINA CONSTRUCTION, INC. and their successors and assigns.

Declaration

1.08. *Declaration* means this Declaration document and all that it contains.

General Common Elements

1.09. *General Common Elements* mean all the Common Elements except the Limited Common Elements.

Governing Instruments

1.10. *Governing Instruments* mean the Declaration, the Articles of Incorporation, Bylaws and Rules of the Association.

Limited Common Elements

1.11. *Limited Common Elements* mean the Common Elements allocated for the exclusive use of one or more but less than all of the Units.

Manager

1.12. *Manager* means the person or corporation, if any, appointed by the Board to manage the Project.

Owner(s)

1.13. *Owner(s)* means any person that owns a Unit within the Project.

Person

1.14. *Person* means an individual, firm, corporation, partnership, association, trust, other legal entity, or any combination of persons or entities.

Project

1.15. *Project* means the entire parcel or the Property described in Exhibits A1 and A2, including the land, all improvements and structures on the Property, and all easements, rights, and appurtenances belonging to the Property that are divided or are to be divided into Units to be owned and operated as a Condominium. The Project shall be divided into no more than twenty-four (24) Units.

Rules

1.16. *Rules* mean and refer to the Rules and Regulations for the Project adopted by the Board pursuant to this Declaration.

Uniform Act

1.18. *Uniform Act* means the Texas Uniform Condominium Act as of January 1, 2003.

Unit

1.19. *Unit* means a physical portion of the condominium designated by Exhibits B-J for separate ownership and occupancy.

ARTICLE 2 THE PROPERTY

Property Subject to Declaration

2.01. All the real property described in Exhibits A1 - A3 to this declaration, including the land; all improvements and structures on the property; and all easements, rights, and appurtenances belonging to the property (referred to as the "Property") shall be subject to this Declaration.

Exclusive Ownership and Possession

2.02. Each Owner shall be entitled to the exclusive ownership and possession of the Owner's Unit. Any Unit may be jointly or commonly owned by more than one Person. No Unit may be subdivided. The boundaries of the Unit shall be and are the interior surfaces of the perimeter walls, floors, ceilings, and the exterior surfaces of balconies and terraces. All lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring, and other finish surface materials are a part of the Unit. An Owner shall not be deemed to own the utilities running through the Owner's Unit that are utilized for or serve more than one Unit, except as a tenant in common with the other Owners. An Owner shall be deemed to own and shall have the exclusive right to paint, repaint, tile, wax, paper, or otherwise refinish and decorate the interior surfaces of the walls, floors, ceilings, windows, and doors bounding the Owner's Unit.

Common Elements

2.03. Each Owner shall be entitled to an undivided interest in the Common Elements described in Exhibit K in the percentage expressed in chart attached as Exhibit L. The percentage of the undivided interest of each Owner in the Common Elements, as expressed in Exhibit L, shall have a permanent character and shall not be altered without the consent of all Owners, expressed in an amended, duly recorded Declaration. The percentage of the undivided interest in the Common Elements shall not be separated from the Unit to which it pertains and shall be deemed to be conveyed or encumbered or released from liens with the Unit even though the interest is not expressly mentioned or described in the conveyance or other instrument. Each Owner may use the Common Elements in accordance with the purpose for which they are intended as long as the lawful rights of the other Owners are not hindered or encroached on.

Limited Common Elements

2.04. None.

Partition of Common Elements

2.05. The Common Elements, both General and Limited, shall remain undivided and shall not be the object of an action for partition or division of ownership so long as the Property remains a Condominium Project. In any event, all mortgages must be paid prior to the bringing of an action for partition or the consent of all mortgagees must be obtained.

Nonexclusive Easements

2.06. Each Owner shall have a nonexclusive easement for the use and enjoyment of the General Common Elements and for ingress, egress, and support over and through the General Common Elements. These easements shall be appurtenant to and shall pass with the title to each Unit and shall be subordinate to the exclusive easements granted elsewhere in this Declaration, as well as to any rights reserved to the Association to regulate time and manner of use, to charge reasonable admission fees, and to perform its obligations under this Declaration.

Other Easements

2.07. The Association may grant to third parties easements in, on, and over the Common Elements for the purpose of constructing, installing, or maintaining necessary utilities and services. Each Owner, in accepting the deed to the Unit, expressly consents to such easements. No such easement may be granted, however, if it would interfere with any exclusive easement or with any Owner's use, occupancy, or enjoyment of the Owner's Unit.

Easements for Maintenance of Encroachments

2.08. None of the rights and obligations of the Owners created in this Declaration or by the deeds granting the Units shall be altered in any way by encroachments due to settlement or shifting of structures or any other cause. There shall be valid easements for the maintenance of such encroachments so long as they shall exist provided, however, that in no event shall a valid easement for an encroachment be created in favor of any Owner if the encroachment occurred because of the willful conduct of the Owner.

ARTICLE 3 UNIT OWNERS ASSOCIATION

Association

3.01. The Association, organized as a nonprofit corporation under the Texas Non-Profit Corporation Act, operating under the name WACO TIMBERWOOD HOMEOWNERS ASSOCIATION, INC., is charged with the duties and invested with the powers prescribed by law and set forth in this Declaration and in the Association's Articles of Incorporation and Bylaws.

Membership

3.02. Membership in the Association is automatically granted to the Owner or Owners of each Unit in the Project. On the transfer of title to any Unit, the membership of the transferor automatically ceases and each new Owner becomes a member.

Voting Rights

3.03. Voting shall be on a percentage basis. The Owner of each Unit is entitled to a percentage of the total vote equal to the percentage interest that the Owner's Unit bears to the entire Project as assigned in Exhibit L. If an Unit has more than one Owner, the aggregate vote of the Owners of the Unit may not exceed the percentage of the total vote assigned to the Unit.

Membership Meetings

3.04. Meetings of the Owners shall be called, held, and conducted in accordance with the requirements and procedures set forth in the Bylaws.

General Powers and Authority

3.05. The Association shall have all of the powers allowed by TUCA, as well as all the powers of a nonprofit corporation established under Texas law, subject only to the limitations contained in this Declaration and in the other Governing Instruments. The Association may perform all acts that may be necessary for, or incidental to, the performance of the obligations and duties

imposed on it by this Declaration and the other Governing Instruments. The powers of the Association shall include, but are not limited to, the following:

(a) The power to establish, fix, and levy assessments against Owners in accordance with the procedures and subject to the limitations set forth in Article 4 of this Declaration.

(b) The power to adopt reasonable operating rules governing the use of the Common Elements and any facilities located on the Common Elements, as well as the use of any other Association property.

(c) The right to institute and maintain actions for damages or to restrain any actual or threatened breach of any of the provisions of the Governing Instruments or Association Rules in its own name, either on its own behalf or on behalf of any consenting Owner.

(d) The right to discipline Owners for violation of any of the provisions of the Governing Instruments or Association Rules by suspension of the violator's voting rights or privileges for use of the Common Elements or by imposition of monetary penalties, subject to the following limitations:

(i) The accused Owner must be given written notice of the violation or property damage, stating the amount of any proposed fine or damage charge and that the Owner may request a written hearing before the Board within thirty (30) days of the notice.

(ii) The accused Owner must be given a reasonable time, by a date specified in the notice, to cure the violation and avoid the fine, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding twelve (12) months.

(iii) The accused Owner must be given written notice of a levied fine or damage charge within thirty (30) days after the date of levy.

(iv) Any suspension of privileges or imposition of monetary penalties shall be reasonably related to the Owner's violation.

(e) The power to delegate its authority, duties, and responsibilities, through the Board of Directors, to such committees, officers, or employees as are permitted to be retained under the Governing Instruments.

(f) The right, through its agents or employees, to enter any Unit when necessary in connection with any maintenance, landscaping, or construction for which the Association is responsible. Such entry shall be made with as little inconvenience to the Owner as is practicable and any damage caused by the entrance shall be repaired by the Association at its own expense.

Board of Directors and Officers of the Association

3.06. The affairs of the Association shall be managed and its duties and obligations performed by a Board of Directors. Provisions regulating the number, term, qualifications, manner of election, and conduct of meetings of the members of the Board of Directors shall be set forth in the Bylaws of the Association. The Board shall elect officers, which shall include a President, Treasurer, Secretary, and such other officers as the Board may deem proper. Provisions regulating the numbers, term, qualifications, manner of election, powers and duties of the officers shall be set forth in the Bylaws of the Association.

Duties of the Association

3.07. In addition to the duties delegated to the Association or its agents and employees elsewhere in these Governing Instruments, the Association shall be responsible for the following:

(a) Operation and maintenance of the Common Elements and the facilities located on the Common Elements. This duty shall include, but shall not be limited to, exterior painting, maintenance, repair, and landscaping of the Common Elements and of the furnishings and equipment for the Common Elements as the Board shall determine are necessary and proper.

(b) Acquisition of and payment from the maintenance fund for the following:

(i) Water, sewer, garbage, electrical, telephone, gas, elevator, and other necessary utility service for the Common Elements and, to the extent not separately metered and charged, for the Units.

(ii) A policy or policies of fire insurance with extended coverage endorsement for the full insurable replacement value of the Units and Common Elements payable as provided in Article 6 of this Declaration, or such other fire and casualty insurance as the Board shall determine gives substantially equal or greater protection to the Owners and their mortgagees, as their respective interests may appear.

(iii) A policy or policies insuring the Board, the Owners and/or the Association against any liability to the public or to the Owners and their tenants and invitees, incident to the ownership and/or use of the Project, including the personal liability exposure of the Owners. Limits of liability under such insurance shall not be less than \$1,000,000.00. The limits and coverage shall be reviewed at least annually by the Board and varied in its discretion, provided, however, that the said limits and coverage shall never be of fewer kinds or lesser amounts than those set forth in this Paragraph. The policy or policies shall be issued on a comprehensive liability basis and shall provide cross-liability endorsement in which the rights of named insureds under the policy or policies shall not be prejudiced as respects his, her, or their action against another named insured.

(iv) Workers' compensation insurance to the extent necessary to comply with any applicable laws.

(v) The services of personnel that the Board shall determine to be necessary or proper for the operation of the Common Elements.

(vi) Legal and accounting services necessary or proper for the operation of the Common Elements or the enforcement of this Declaration.

(c) Preparation and distribution, on a regular basis, of financial statements to the Owners in accordance with the following:

(i) A pro forma operating statement for each fiscal year shall be distributed not less than sixty (60) days before the beginning of the fiscal year.

(ii) A balance sheet, as of an accounting date that is the last day of the month closest in time to twelve (12) months from the date of closing of the first sale of a Unit in the Project, and an operating statement for the period from the date of the first closing to the accounting date shall be distributed within sixty (60) days after the accounting date. This operating statement shall include a schedule of assessments received and receivable identified by the numbers of the Project Units and the names of the persons assessed.

(iii) A balance sheet as of the last day of the Association's fiscal year and an operating statement for the fiscal year shall be distributed within sixty (60) days after the close of the fiscal year.

(d) Maintenance of the following books and records, such books and records to be kept to comply with generally accepted accounting procedures.

(i) Financial records with a detailed account of the receipts and expenditures affecting the Project and its administration and specifying the maintenance and regular expenses of the Common Elements and any other expenses incurred by or on behalf of the Project.

(ii) Minutes of proceedings of Owners, Board of Directors, and Committees to which any authority of the Board of Directors has been delegated.

(iii) Record of the names and addresses of all Owners with voting rights.

(iv) Plans and specifications used to construct the Project.

(v) The condominium information statement given to all Owners by the Declarant before sale.

(vi) Voting records, proxies, and correspondence relating to Declaration amendments.

(e) Arrangement for an annual independent audit of the records of the Association.

Declarant's Control Period

3.08. Declarant shall have the power to appoint and remove officers and members of the Board until one hundred twenty (120) days after Declarant has conveyed seventy-five (75) percent of the Units in the Project to Owners other than Declarant, provided, however, that, not later than the one hundred twentieth (120th) day after Declarant's conveyance of fifty (50) percent of the Units to Owners other than a Declarant, not less than one third of the Board members must be elected by Owners other than Declarant.

Powers and Duties of the Board of Directors

3.09. The Board shall act in all instances on behalf of the Association, unless otherwise provided by this Declaration. The Board's powers and duties shall include, but shall not be limited to, the following:

(a) Enforcement of the applicable provisions of this Declaration, the Bylaws, and any Rules of the Association.

(b) Payment of taxes and assessments that are or could become a lien on the Common Elements or a portion of the Common Elements.

(c) Contracting for casualty, liability, and other insurance on behalf of the Association.

(d) Contracting for goods and services for the Common Elements, facilities, and interests of the Association.

(e) Delegation of its powers to such committees, officers, or employees of the Association as are expressly authorized by the Governing Instruments.

(f) Preparation of budgets and financial statements for the Association as prescribed in the Governing Instruments.

(g) Formulation of rules of operation for the Common Elements and facilities owned or controlled by the Association.

(h) Initiation and execution of disciplinary proceedings against Owners for violations of provisions of the Governing Instruments in accordance with procedures set forth in the Governing Instruments.

(i) Authorizing entry into any Unit as necessary in connection with construction, maintenance, or emergency repair for the benefit of the Common Element or the Owners in the aggregate.

Limitations on Powers of Board of Directors

3.10. Notwithstanding the powers set forth in Paragraph 3.09 of this Declaration, the Board shall be prohibited from taking any of the following actions except with the approval of a majority of the voting power of the Association residing in the Owners:

(a) Entering into (i) a contract with a third person under which the third person will furnish goods or services for a term longer than one year, except for a management contract approved by the Federal Housing Administration or Veterans' Administration; (ii) a contract with a public utility if the rates charged are regulated by the Public Utilities Commission, provided that the term shall not exceed the shortest term for which the utility will contract at the regulated rate; or (iii) prepaid casualty and/or liability insurance of not more than three (3) years' duration, provided that the policy provides for short-rate cancellation by the insured.

(b) Incurring aggregate expenditures for capital improvements to the Common Elements in any fiscal year in excess of eighty percent (80%) of the budgeted gross expenses of the Association for that fiscal year.

(c) Selling, during any fiscal year, property of the Association having an aggregate fair market value in excess of one hundred percent (100%) of the budgeted gross expenses of the Association for that fiscal year.

(d) Paying compensation to Directors or to officers of the Association for services rendered in the conduct of the Association's business, provided, however, that the Board may cause a Director or officer to be reimbursed for expenses incurred in carrying out the business of the Association.

ARTICLE 4 ASSESSMENTS

Covenant to Pay

4.01. The Declarant covenants and agrees for each Unit owned by it in the Project, and each Owner by acceptance of the deed to such Owner's Unit is deemed to covenant and agree, to pay to the Association the regular and special assessments levied pursuant to the provisions of this Declaration. All moneys collected shall be put into a maintenance fund to be used to defray expenses attributable to the ownership, operation, and maintenance of common interests by the Association. The Owner may not waive or otherwise escape liability for these assessments by nonuse of the Common Elements or by abandonment of the Owner's Unit.

Regular Assessments

4.02. Regular assessments shall be made in accordance with the following. Within ninety (90) days prior to the beginning of each calendar year, the Board shall estimate the net charges to be paid during that year, including a reasonable provision for contingencies and replacements with adjustments made for any expected income and surplus from the prior year's fund. This estimated cash requirement shall be assessed to each Owner according to the ratio of the number of Units owned by said Owner to the total number of Units in the Project subject to assessment. Each Owner is obligated to pay assessments to the Board in equal monthly installments on or before the first day of each month.

Special Assessments

4.03. Special assessments shall be made in accordance with the following. If the Board determines that the amount to be collected from regular assessments will be inadequate to defray the common expenses for the year because of the cost of any construction, unexpected repairs, replacements of capital improvements on the Common Elements, or for any other reason, it shall make a special assessment for the additional amount needed. Such special assessments shall be levied and collected in the same manner as regular assessments.

Limitations on Assessments

4.04. The Board may not, without the approval of a majority of the voting power of the Association residing in Owners other than Declarant, impose a regular annual assessment per Unit that is more than fifty percent (50%) greater than the regular annual assessment for the preceding year, or levy special assessments that in the aggregate exceed one hundred percent (100%) of the budgeted gross expenses of the Association for that year. These limitations shall not apply to a special assessment levied against an Owner to reimburse the Association for funds expended in order to bring the Owner into compliance with the provisions of the Association's Governing Instruments.

Commencement of Assessments

4.05. Regular assessments shall commence the date of closing of the first sale of an Unit in the Project.

Liability for Assessments

4.06. Each monthly portion of a regular assessment and each special assessment shall be a separate, distinct, and personal debt and obligation of the Owner against whom the assessments are assessed. The amount of any assessment not paid when due shall be deemed to be delinquent.

Payment of Assessments on Conveyance of Unit

4.07. On the sale or conveyance of a Unit, all unpaid assessments against an Owner for the Owner's share in the expenses to which Articles 4.02 and 4.03 of this Declaration refer shall first be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature, except the following:

(a) Assessments, liens, and charges in favor of the State of Texas and any political subdivision of the State of Texas for taxes past due and unpaid on the Unit.

(b) Amounts due under mortgage instruments duly recorded.

Assessment Lien and Foreclosure

4.8. All sums assessed in the manner provided in this Article which are unpaid, together with interest as provided herein and the cost of collection, including attorney's fees incurred by the Association, shall become a continuing lien and charge on the Unit covered by such Assessment, which shall bind each Unit in the hands of the Owner, and such other Owner's heirs, devisees, personal representatives, successors and assigns. The aforesaid lien shall be superior to all other liens and charges against the Unit, except for: (i) a lien for real property taxes and other governmental assessments or charges against the Unit unless otherwise provided by Section 32.05 of the Texas Tax Code; (ii) a lien or encumbrance recorded before the Declaration is recorded; or (iii) a first vendor's lien or first deed of trust lien recorded before the date on which the Assessment sought to be enforced becomes delinquent under the Declaration, Bylaws or Rules. The Association shall have the power to subordinate the aforesaid assessment lien to any other liens. Such power shall be entirely discretionary with the Board and such subordination must be signed by a duly authorized officer of the Association. To evidence the aforesaid assessment lien, the Association may prepare a written Notice of Assessment Lien setting forth the amount of the unpaid indebtedness, the name of the Owner of the Unit covered by such lien and description of the Unit. Such notice shall be signed by one of the officers of the Association and shall be recorded in the Office of the County Clerk of McLennan County, Texas. Such lien for payment of Assessments shall attach with the priority above set forth from the date such payment becomes delinquent and may be enforced by foreclosure on the defaulting Owner's Unit by the Association in like manner as a mortgage with the power of sale on real property subsequent to the recording of a Notice of Assessment Lien as provided above, or the Association may institute suit against the Owner personally obligated to pay the Assessment and/or for the foreclosure of the aforesaid lien judicially. The Association shall enforce the lien through any available remedy, including non-judicial foreclosure pursuant to the Texas Property Code Section 51.002. The Owners expressly grant to the Board the power to file a lien against a Unit for any delinquent Assessment and the power of sale through a trustee designated in writing by the Board in connection with any such lien. NOTWITHSTANDING ANY PROVISION IN THIS SECTION OR THE DECLARATION TO THE CONTRARY, THE ASSOCIATION SHALL NOT HAVE THE AUTHORITY TO FORECLOSE ON THE DEFAULTING OWNER'S UNIT FOR NON-PAYMENT OF ASSESSMENTS IF THE ASSESSMENTS CONSIST SOLELY OF FINES. In any foreclosure

proceeding, whether judicial or non-judicial, the Owner shall be required to pay the costs, expenses and reasonable attorney's fees incurred. The Association shall have the power to bid on the property at foreclosure or other legal sale and to acquire, hold, lease, mortgage, convey or otherwise deal with the same. Upon the written request of any Mortgagee, the Association shall report to said Mortgagee any unpaid Assessments remaining unpaid for longer than thirty (30) days after the same are due.

ARTICLE 5 RESTRICTIONS AND COVENANTS

General Restrictions on Use

5.01. The right of an Owner and the Owner's guests to occupy or use the Owner's Unit or to use the Common Elements or any of the facilities on the Common Elements is subject to the following restrictions:

(a) No Owner shall occupy or use the Owner's Unit, or permit the Unit or any part of it to be occupied or used, for any purpose other than as a private residence. Nothing in this Declaration shall prevent the Owner from leasing or renting out the Owner's Unit, provided that the Unit is not used for transient or hotel purposes and that the term of the lease is for a period of at least sixty (60) days and is subject to the Association's Governing Instruments and Rules.

(b) There shall be no obstruction of the Common Elements. Nothing shall be stored in the Common Elements without the prior consent of the Board, except as expressly provided for in the Declaration, or in designated storage areas.

(c) Nothing shall be done or kept in any Unit or in the Common Elements that will increase the rate of insurance on the Common Elements without the prior written consent of the Board. No Owner shall permit anything to be done or kept in the Owner's Unit or in the Common Elements that will result in the cancellation of insurance on any Unit or on any part of the Common Elements or that would be in violation of any law. No waste shall be permitted in the Common Elements. No gasoline, kerosene, cleaning solvents, or other flammable liquids shall be stored in the Common Elements or in any Unit, provided, however, that reasonable amounts in suitable containers may be stored in the storage spaces.

(d) No sign of any kind shall be displayed to the public view on or from any Unit or the Common Elements without the prior written consent of the Board, except a sign advertising the property for sale.

(e) No animals, livestock, or poultry of any kind shall be raised, bred, or kept in the Unit or in the Common Elements, except that dogs, cats, or other household pets may be kept in Units, subject to the Rules adopted by the Board.

(f) No noxious or offensive activity shall be carried on in any Unit or in the Common Elements, nor shall anything be done in any Unit or in the Common Elements that may be or become an annoyance or nuisance to the other Owners.

(g) Nothing shall be altered or constructed in or removed from the Common Elements, except on the written consent of the Board.

(h) There shall be no violation of the Rules adopted by the Board and furnished in writing to the Owners pertaining to the use of the Common Elements. The Board is authorized to adopt such Rules.

(i) No Owner shall park any automobile or other motor vehicle in the Common Elements except in a space designated for the Owner by the Board.

Maintenance by the Association

5.02.(a) The Association shall maintain the general Common Elements.

(b) If the maintenance or repair of a general Common Element is caused by the willful or negligent act of any Owner, his family, guests, tenants, invitees or contractors, the cost of such maintenance or repair shall, to the extent not covered by the Association's insurance, be deemed a debt of such Owner to the Association, payable after demand in accordance with Section 82.102(d) of the Uniform Act and payment thereof shall be secured in the same manner as Assessments set forth in Section 4 herein.

Maintenance by Owner

5.03.(a) Each Owner shall maintain their Unit in limited Common Elements assigned thereto in good order and repair at all times.

(b) No Owner shall have the right to take any action with respect to the interior or exterior of any general Common Elements without first obtaining the written consent of the Board, which consent may be withheld if determined not in the best interests of the Condominium. Under no circumstances shall any Owner do any act nor allow any condition to exist which will adversely affect other Owners in their use of the Common Elements.

(c) Each Owner shall have the right to modify, alter, repair, decorate, redecorate or improve their Unit and the limited Common Elements assigned thereto, provided that such action does not affect any other Unit or Common Elements and such Owner has otherwise complied with the limitations and restrictions set forth herein.

Easements and Rights of Entry

5.04. In addition to the rights of access granted in Section 82.066 and 82.107(d) of the Uniform Act, an easement is hereby granted over, through and across the Condominium in favor of Declarant and the Association for the purposes of providing access to each Unit and to abate any nuisance or any dangerous or unauthorized activity or condition being conducted or maintained within the Condominium, to remedy any prohibited or unlawful activity which affects the welfare or health of other Owners, to enforce the provisions of this Declaration, Bylaws or the Rules, or to make emergency repairs required to prevent damage to any portions of the Condominium. Further, Declarant reserves the right, without the necessity of joinder of any Owner or other person, to grant, dedicate, reserve or otherwise create, at any time, or from time to time, rights-of-way and easements for public utility purposes (including without limitation, gas, water, electricity, telephone and drainage) in favor of any person along the front, rear or side boundary lines of the Condominium property or any roadway adjacent thereto.

Liability of Owner

5.05. Each Owner shall be liable to the Association for all damage to the Common Elements or other Association property that is the same by reason of the negligence or willful misconduct of that Owner or the Owner's family, guests, tenants, invitees or contractors.

ARTICLE 6 DAMAGE OR DESTRUCTION

Insurance – Association

6.01. The Association shall obtain insurance for the Condominium as required by Section 82.111 of the Uniform Act. The Board may also obtain such other insurance in such reasonable amounts as the Board may deem desirable including, without limitations, such insurance as may from time to time be available to protect officers, directors and employees of the Association.

Insurance – Owner

6.02. Each Owner shall be responsible for insurance on his or her Unit and any improvements located therein. Each Owner shall also insure the limited Common Elements appurtenant to his or her Unit, other than those limited elements which the Association elects to insure, against loss or damage by fire and other risks in an amount not less than the full insurable value thereof.

Application of Insurance Proceeds

6.03. (a) If the Project is damaged by fire or any other disaster, the insurance proceeds, except as provided in Paragraph 6.03(b) of this Declaration, shall be applied to reconstruct the Project.

(b) Reconstruction shall not be compulsory if at least 80 percent of the vote of the Owners, which shall include the vote of each Owner of a unit or assigned limited common element that will not be rebuilt or repaired, is cast not to rebuild. If the Owners so vote to not rebuild any Unit, that Unit's allocated interests shall be automatically reallocated on the vote as if the Unit had been condemned, and the Association shall prepare, execute, and record an amendment to Exhibit L of the Declaration reflecting the reallocation. If the entire Project is not repaired or replaced and unless otherwise unanimously agreed to by the Owners, the proceeds shall be delivered pro rata to the Owners or their mortgagees, as their interest may appear, in accordance with the percentages or fractions set forth in Exhibit L of this Declaration.

Insufficient Insurance Proceeds

6.04. When reconstruction is required by the terms of Article 6.03 of this Declaration, but the insurance proceeds are insufficient to cover the cost of reconstruction, the costs in excess of the insurance proceeds and reserves shall be considered a common expense that is subject to the Association's lien rights.

Obtaining Bids for Reconstruction

6.05. If the Project is damaged by fire or any other disaster, the Board shall obtain firm bids, including the obligation to obtain a performance bond, from two or more responsible contractors to rebuild the Project in accordance with its original plans and specifications. The Board shall also, as soon as possible after obtaining the bids, call a special meeting of the Owners to consider the bids. If the Board fails to do so within sixty (60) days after the casualty occurs, any Owner may obtain bids and call and conduct a meeting as provided by this Article 6.03. At such meeting, the Owners may, by a vote of not less than sixty-seven (67) percent of the votes present, elect to reject all of the bids or, by not less than fifty-one (51) percent of the votes present, elect to reject all the bids requiring amounts more than five hundred dollars (\$500) in excess of available insurance proceeds. If all bids are rejected, the Board shall obtain additional bids for presentation to the Owners. Failure to reject all bids shall authorize the Board to accept the unrejected bid it considers most favorable.

ARTICLE 7 RIGHTS OF BENEFICIARIES UNDER DEEDS OF TRUST

Declarant warrants that beneficiaries under deeds of trust to Units in the Project shall be entitled to the following rights and guaranties:

(a) Should any of the Association's Governing Instruments provide for a "right of first refusal," such right shall not impair the rights of a beneficiary under a first lien deed of trust to the following:

(i) To exercise the power of sale, foreclose, or take title to an Unit pursuant to the remedies provided in the deed of trust.

(ii) To accept a deed or assignment in lieu of sale or foreclosure in the event of default by a grantor.

(iii) To interfere with a subsequent sale or lease of an Unit so acquired by the beneficiary.

(b) A beneficiary under a first lien deed of trust is entitled, on request, to written notification from the Association of any default in the performance by the grantor of any obligation under the Association's Governing Instruments that is not cured within thirty (30) days.

(c) Any beneficiary under a first deed of trust who obtains title to an Unit pursuant to the remedies provided in the deed of trust will not be liable for such Unit's unpaid assessments that accrue prior to the acquisition of title to the Unit by the beneficiary.

(d) Unless at least two thirds (2/3) of the beneficiaries under first deeds of trust (based on one vote for each first deed of trust owned) and two-thirds (2/3) of the Owners other than Declarant give their prior written approval, the Association shall not be entitled to the following:

(i) By act or omission, to seek to abandon or terminate the Project.

(ii) To change the pro rata interest or obligations of any individual Unit for the purpose of:

(A) Levying assessments or charges.

(B) Allocating distributions of hazard insurance proceeds or condemnation awards.

(C) Determining the pro rata share of ownership of each Unit in the Common Elements and in the improvements in the Common Elements.

(iii) To partition or subdivide any Unit.

(iv) By act or omission, to seek to abandon, partition, subdivide, encumber, sell, or transfer the Common Elements. The granting of easements for utilities or for other public purposes consistent with the intended use of the Common Elements shall not be deemed a transfer within the meaning of this clause.

(v) In case of loss to an Unit and/or Common Elements of the Project, to use hazard insurance proceeds for losses to any Project property (whether to Units or to the Common Elements) for other than the repair, replacement, or reconstruction of such property, except as provided by statute.

(e) All taxes, assessments, and charges that may become liens prior to the first mortgage under local law shall relate only to the individual Units and not to the Project as a whole.

(f) No provision of the Governing Instruments of the Association gives any Owner, or any other party, priority over any rights of a beneficiary under a first deed of trust to an Unit pursuant to its deed of trust in the case of a distribution to such Owner of insurance proceeds or condemnation awards for losses to or taking of Units and/or the Common Elements or portions of the Common Elements.

(g) Association assessments shall be large enough to provide for an adequate reserve fund for maintenance, repairs, and replacement of those Common Elements that must be replaced on a periodic basis. The reserve fund will be funded through the regular monthly assessments rather than by special assessments.

ARTICLE 8 SPECIAL RIGHTS RESERVED BY DECLARANT

Signs

8.01. Declarant reserves the right to erect signs on the General Common Elements or on any Limited Common Elements or Units, provided such Limited Common Elements or Units are owned by the Declarant, and further provided that such signs are part of Declarant's overall marketing plan for the Property.

Amendments

8.02. See Article 9 of the Declaration.

Officer and Director Appointment and Removal Powers

8.03. Declarant reserves the right to appoint and remove, at any time and from time to time, with or without cause, the officers and members of the Board of the Association until one hundred twenty (120) days after Declarant has conveyed seventy-five percent (75%) of the Units in the Project to Owners other than Declarant. Notwithstanding any provision in this Article to the contrary, not later than the one hundred twentieth (120th) day after conveyance of fifty percent (50%) of the Units to Owners other than Declarant, one-third (1/3) of the members of the Board shall be elected by Unit Owners other than Declarant.

Reallocation of Common Elements and Limited Common Elements

8.04. The Declarant may reallocate Common Elements as Limited Common Element areas pursuant to the provisions of Section 82.058 of the Uniform Act: (i) by instrument recorded in the Real Property Records of McLennan County, Texas; (ii) in the deed pertaining to the Unit to which the Limited Common Element is appurtenant; or (iii) by amendment to this Declaration recorded in

the Real Property Records of McLennan County, Texas. Subsequent to the Declarant Control Period, the right of reallocation pursuant to this Section 8.04. shall automatically transfer to the Board.

Correction of Error

8.05. Declarant reserves, and shall have the continuing right, until the end of the Declarant's Control Period as set forth in Paragraph 3.08 of this Declaration, without the consent of the other Owners or any beneficiary under a deed of trust to an Unit to amend this Declaration or the other Governing Instruments for the purpose of resolving or clarifying any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein, or to comply with the requirements of Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Veterans Administration or Federal Housing Administration.

ARTICLE 9 GENERAL PROVISIONS

Amendment

9.01. (a) This Declaration may be amended in accordance with Section 82.067 of the Uniform Act and only at a meeting of the Unit Owners at which the amendment is approved by the holders of at least sixty-seven (67) percent of the ownership interests in the Project.

(b) This Declaration may also be amended by the Declarant in accordance with Section 82.051(c), 82.059(f), 82.060 or 82.067(f) and by the Association under Section 82.007, 82.056(d), 82.058(c), 82.062, 82.063 or 82.067(f) of the Uniform Act. Certain Owners may amend the Declaration in accordance with Section 82.058(b), 82.062, 82.063(b) or 82.068(b) of the Uniform Act.

(c) An amendment of the Declaration may not alter or destroy a Unit or a Limited Common Element without the consent of the affected Owners and the Owners' first lien mortgages.

(d) Any amendment shall be evidenced by a writing that is prepared, signed, and acknowledged by the President or other officer designated by the Board to certify amendments. The amendment shall be effective on filing in the Real Property Records of McLennan County, Texas.

Nonwaiver of Remedies

9.02. Each remedy provided for in this Declaration is separate, distinct, and nonexclusive. Failure to exercise a particular remedy shall not be construed as a waiver of the remedy.

Severability

9.03. The provisions of this Declaration shall be deemed independent and severable. The invalidity, partial invalidity, or unenforceability of any one provision shall not affect the validity or enforceability of any other provision.

Binding

9.04. This Declaration, as well as any amendment to this Declaration, and any valid action or directive made pursuant to it shall be binding on the Declarant and the Owners and their heirs, grantees, tenants, successors, and assigns.

Interpretation

9.05. The provisions of this Declaration shall be liberally construed and interpreted to effectuate its purpose of creating a uniform plan for the development and operation of a Condominium Project. Failure to enforce any provision of this Declaration shall not constitute a waiver of the right to enforce the provision or any other provision of this Declaration.

Limitation of Liability

9.06. The liability of any Owner for performance of any of the provisions of this Declaration shall terminate on sale, transfer, assignment, or other divestment of the Owner's entire interest in the Owner's Unit with respect to obligations arising from and after the date of such divestment.

Fair Housing

9.07. Neither Declarant nor any Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, renting, leasing, or occupancy of the Owner's Unit to any person on the basis of race, color, sex, religion, national origin, disability or familial status.

Notices

9.08. (a) Notices provided for in this Declaration shall be in writing and shall be deemed sufficiently given when delivered personally at the appropriate address set forth in Article 9.08(b) of this Declaration, or forty-eight (48) hours after deposit in any United States post office box, postage prepaid, addressed as set forth in Article 9.08(b) of this Declaration.

(b) Any notice to an Owner required under this Declaration shall be addressed to the Owner at the last address for the Owner appearing in the records of the Association or, if there is none, at the address of the Unit in the Project. Notice to the Association shall be addressed to the address designated by the Association by written notice to all Owners. Notices to the Manager shall

be addressed to the address designated by the Manager. Notices to Declarant shall be addressed to TOMMY KALINA and JARRELL BOLTON, c/o TRILIJ GROUP, 1400 Speight Ave., Waco, Texas 76706.

Number, Gender, and Headings

9.09. As used in this Declaration, the singular shall include the plural and the masculine shall include the feminine and the neuter, unless the context requires the contrary. All headings are not a part of this Declaration and shall not affect the interpretation of any provision.

Declarant's Signature

BOLTON-KALINA CONSTRUCTION, INC.

By: [Signature], President

ACKNOWLEDGMENT

THE STATE OF TEXAS
COUNTY OF McLENNAN

This instrument was acknowledged before me on April 17, 2003, by Tommy Kalina, known to me to be the President of BOLTON-KALINA CONSTRUCTION, INC., on behalf of said corporation.

[Signature]
Notary Public in and for the State of Texas

My commission expires: 12-29-2003

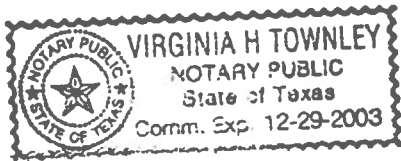
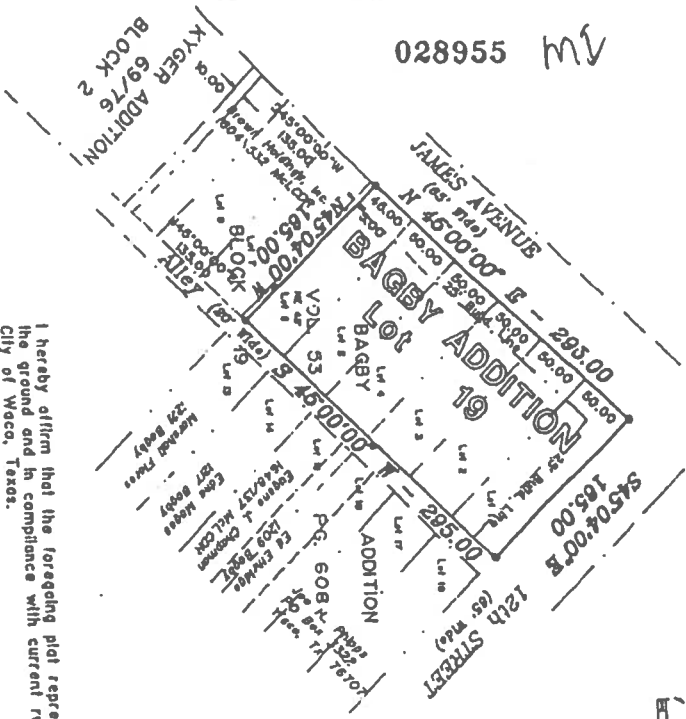


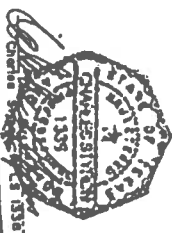
Exhibit A1
Property Description

Lot 19, Block 19, Bagby Addition, to the City of Waco, McLennan County, Texas, as per plat recorded in Volume 1854, Page 729 of the Deed Records of McLennan County, Texas, being a resubdivision of Lots 1 thru 5 and the Northeast 45 feet of Lot 6, Block 19, Bagby Addition according to the plat thereof recorded in Volume 53 Page 608 of the Deed Records of McLennan County, Texas and being those lands conveyed to Iyad Sonbol by deed recorded in Volume 1843 Page 255 of the Deed Records of McLennan County, Texas.

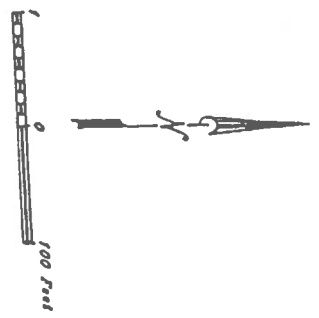
028955 m1



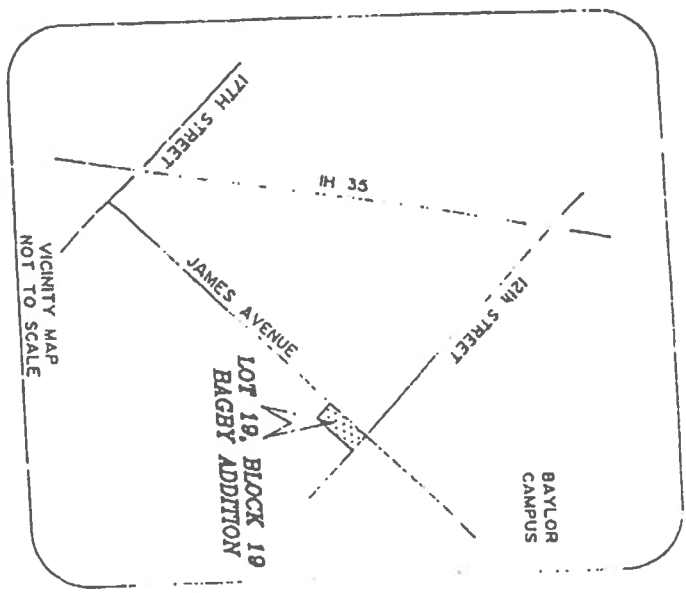
I hereby affirm that the foregoing plat represents a survey made on the ground and in compliance with current rules and ordinances of the City of Waco, Texas.



LEGEND
 ○ Corner marker found
 ● Iron rod set
 - - - Boundary this tract
 - - - Other boundaries



Final Plat of
LOT 19, BLOCK 19
BAGBY ADDITION
 McLennan County, Texas
 To the City of Waco, McLennan County, Texas
 Being a resubdivision of Lots 1 thru 5 and the Northeast 45 feet of
 Lot 6, Block 19, Bagby Addition according to the plat thereof recorded in
 Volume 53 page 608, McLennan County Deed Records, McLennan County, Texas
 And being those lands conveyed to Lynd Sonbol by deed
 Recorded in Volume 1843 Page 255, McLennan County Deed Records,
 McLennan County, Texas



Styron Surveying & Engineering
 P.O. Box 5039 Waco, Texas 76708-0039
 (817) 752-8618 Mobile 744-9571 Fax 755-5456

Exhibit A-2

Being 1.117 acres of land comprised of Lots 1 thru 5 and the Northeast 45 feet of Lot 6 of Block 19, Bagby Addition to the City of Waco, McLennan County, Texas according to the plat thereof recorded in Volume 53 Page 608, McLennan County, Texas and being those lands conveyed to Iyad Sonbol by deed recorded in Volume 1843 Page 255, McLennan County Deed Records, McLennan County, Texas and being more particularly described as follows:

BEGINNING at a $\frac{1}{4}$ " iron rod found for the point of intersection of the Southeast line of James Avenue, 65 feet wide, with the Southwest line of 12th Street, 65 feet wide, said $\frac{1}{4}$ " iron rod also being the North corner of said Lot 1 and the North corner of this tract;

THENCE S 45° 04' 00" E 165.00 feet with the Southwest line of 12th Street to a $\frac{1}{4}$ " iron rod found for the East corner said Lot 1 and the East corner of this tract;

THENCE S 45° 00' 00" W 295.00 feet with the Southeast lines of said Lots 1 thru 6 to a $\frac{1}{4}$ " iron rod found for the South corner of said Iyad Sonbol tract and South corner of this tract;

THENCE N 45° 04' 00" W 165.00 feet with the Southwest line of said Iyad Sonbol tract to a $\frac{1}{4}$ " iron rod found on the Southeast line of James Avenue for the West corner of this tract;

THENCE N 45° 00' 00" E 295.00 feet with the Southeast line of James Avenue to the PLACE OF BEGINNING.

THE STATE OF TEXAS:
COUNTY OF McLENNAN:

Iyad Sonbol, being the Owner of the property described above and wishing to subdivide same into lot and block, do hereby adopt the plat attached hereto and titled:

LOT 19, BLOCK 19, BAGBY ADDITION, TO THE CITY OF WACO, McLENNAN COUNTY, TEXAS,

being a resubdivision of Lots 1 thru 5 and the North 45 feet of Lot 6, Block 19, Bagby Addition, as my legal subdivision of same. I do hereby dedicate all rights-of-way and easements shown thereon to the use of the public forever. Any private improvements placed in any of these rights-of-way or easements shall be placed there at no risk or obligation to the public or City of Waco, trustee for the public to hold these easements, and the City shall have no responsibility to repair or replace such improvements if they are damaged or destroyed in the utilization of these rights-of-way or easements. Sale of the lot shown on this plat shall be made in accordance therewith, subject to all restrictions and conditions recorded in the McLennan County, Texas Real Property Records, pertaining to said subdivision.

OWNER

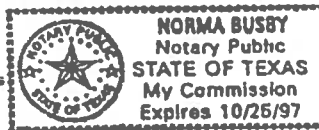
Iyad Sonbol
Iyad Sonbol
1426 South 12th Street
Waco, Texas 76706

THE STATE OF TEXAS:
COUNTY OF McLENNAN:

BEFORE ME, the undersigned authority, a Notary Public in and for said county and state, on this day personally appeared Iyad Sonbol, known to me to be the person whose name is subscribed to the foregoing instrument and he acknowledged to me that he executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this the 2 day of October

My commission expires:



Norma Busby
Notary Public in and for the State of Texas

THE STATE OF TEXAS:
COUNTY OF McLENNAN:

I hereby certify that the attached and foregoing plat of

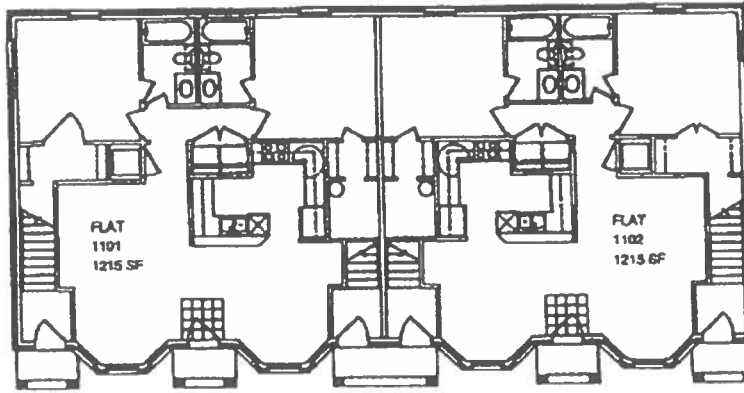
LOT 19, BLOCK 19, BAGBY ADDITION, TO THE CITY OF WACO, McLENNAN COUNTY, TEXAS,

was approved by the City Planning and Zoning Commission on the 26th day of September, 1995.

Nana L. Cornwell
Nana L. Cornwell, City Secretary

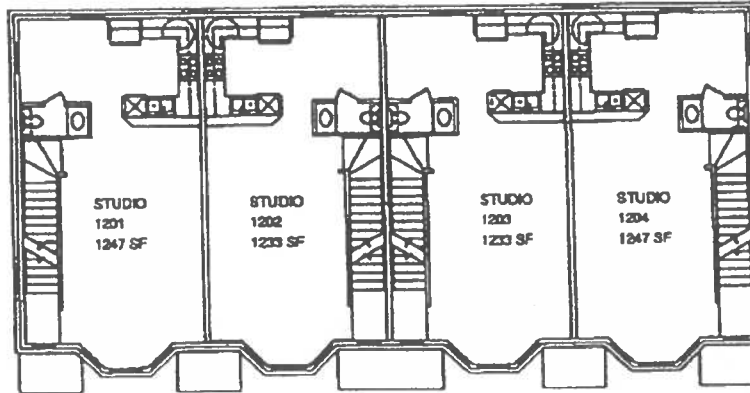


EXHIBIT B1 - BLDG. 1



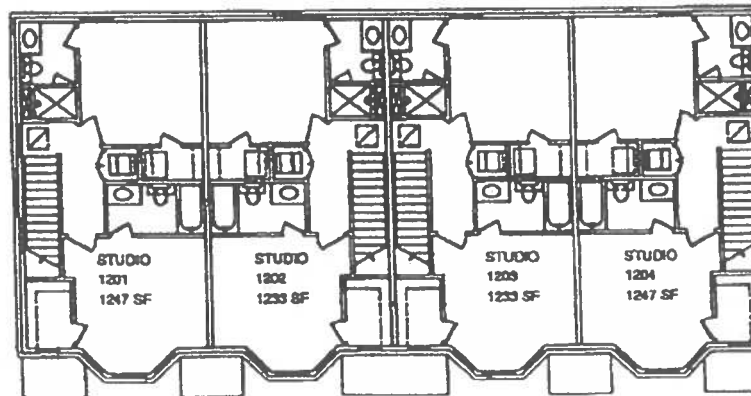
1ST FLOOR

EXHIBIT B2 - BLDG. 1



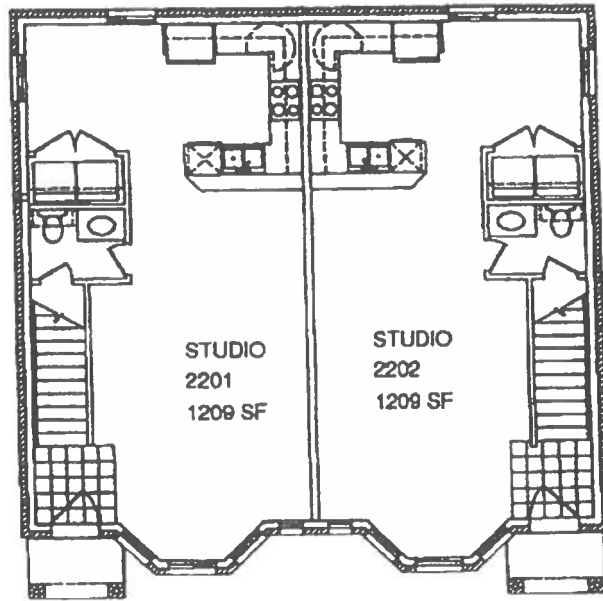
2ND FLOOR

EXHIBIT B3 - BLDG. 1



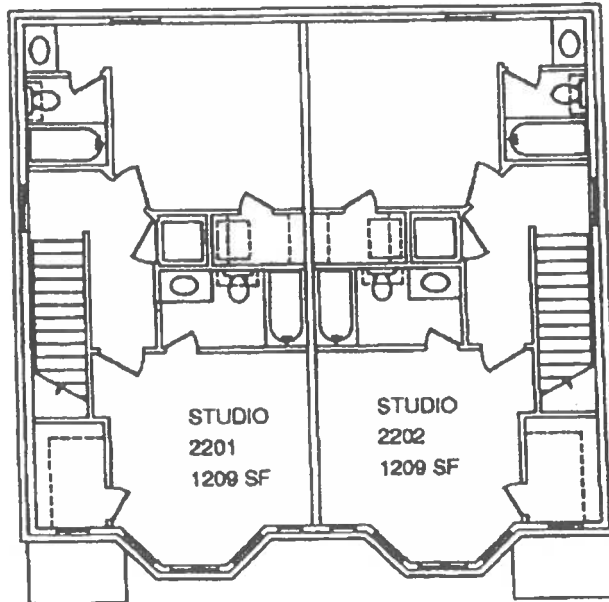
3RD FLOOR

EXHIBIT C1 - BLDG. 2



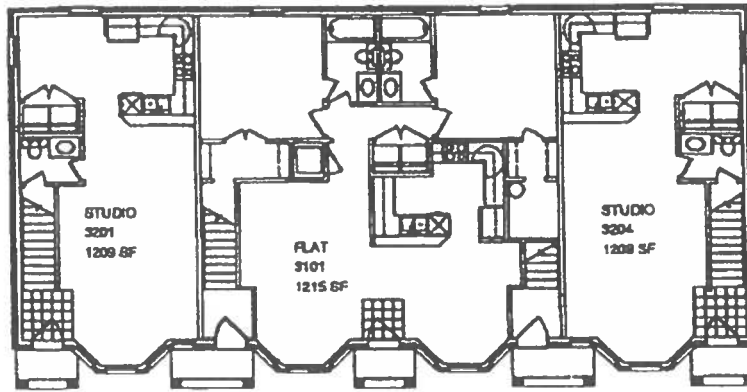
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EXHIBIT C2 - BLDG. 2



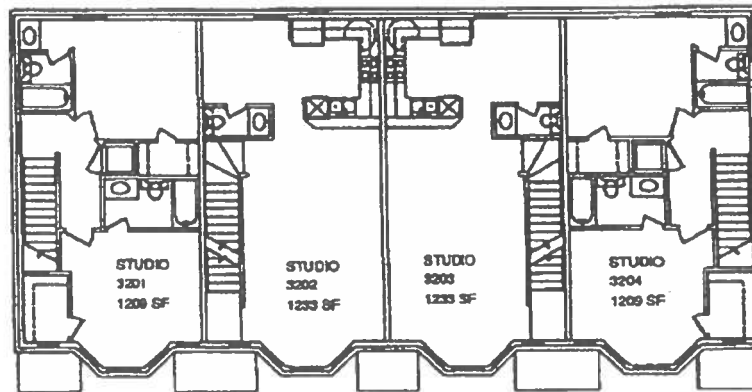
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EXHIBIT D1 - BLDG. 3



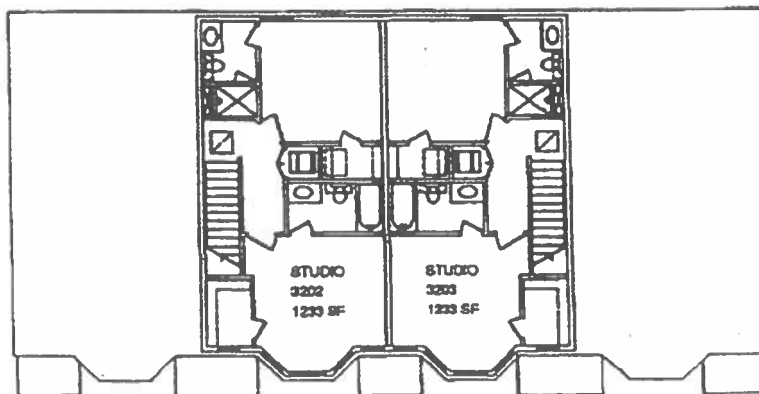
1ST FLOOR

EXHIBIT D2 - BLDG. 3



2ND FLOOR

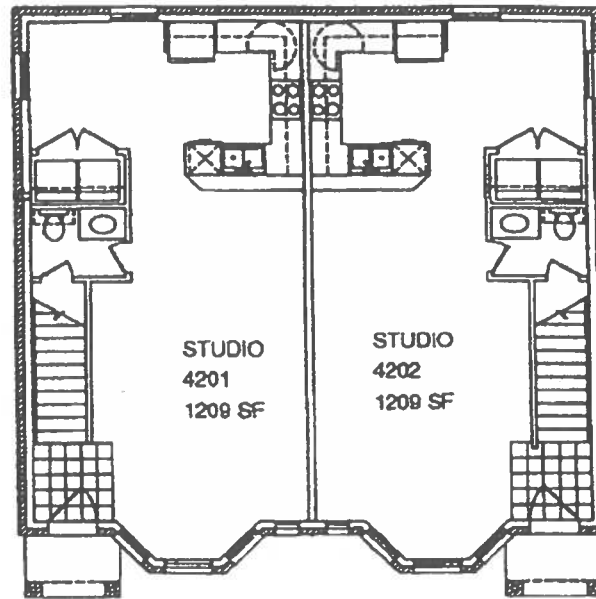
EXHIBIT D3 - BLDG. 3



3RD FLOOR

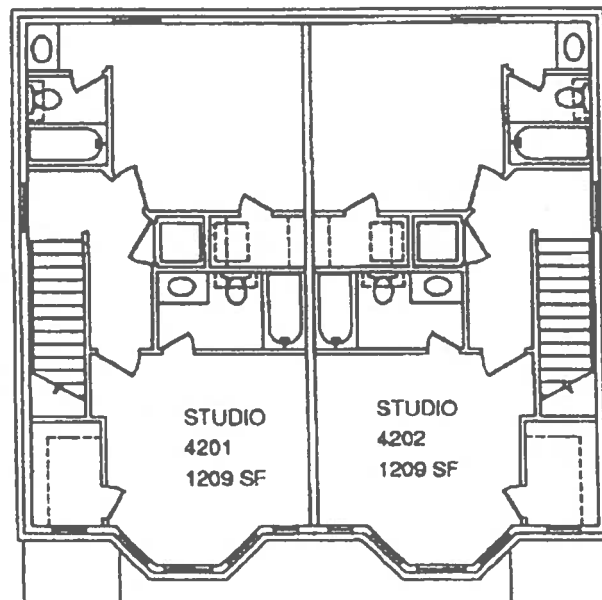
Exhibits D1, D2, and D3

EXHIBIT E1 - BLDG. 4



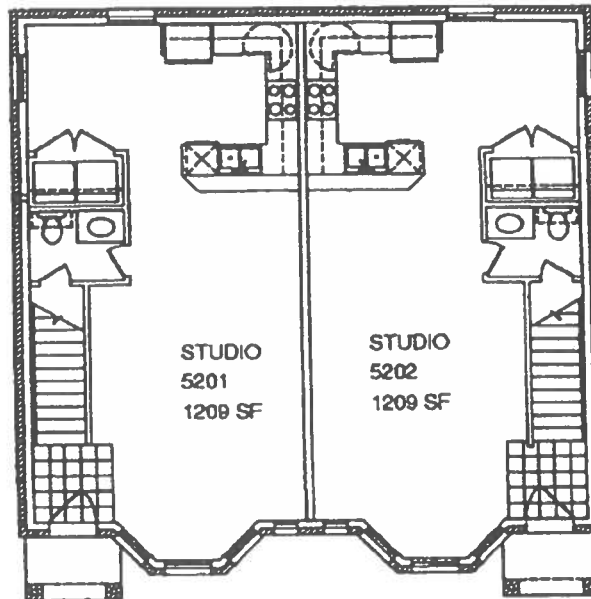
1ST FLOOR

EXHIBIT E2 - BLDG. 4



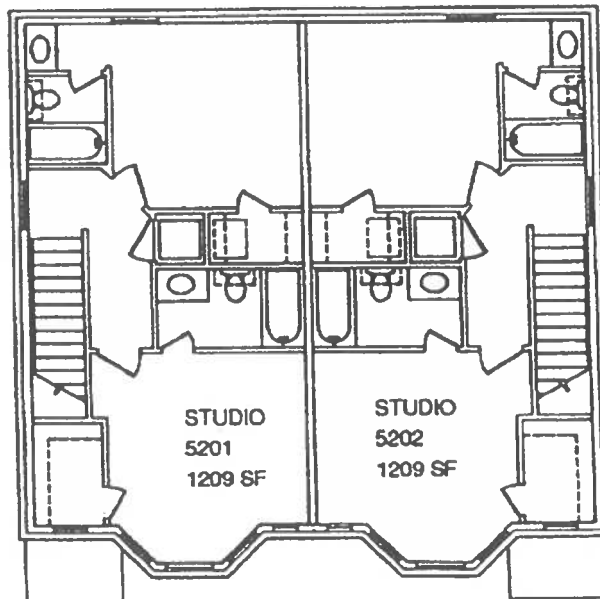
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EXHIBIT F1 - BLDG. 5



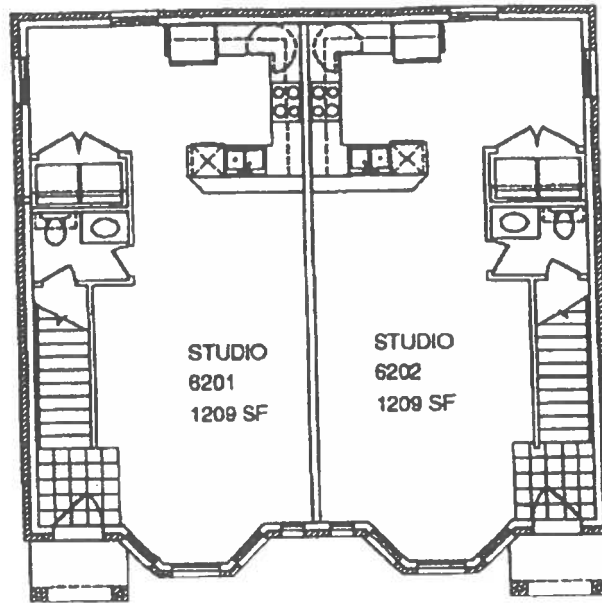
1ST FLOOR

EXHIBIT F2 - BLDG. 5



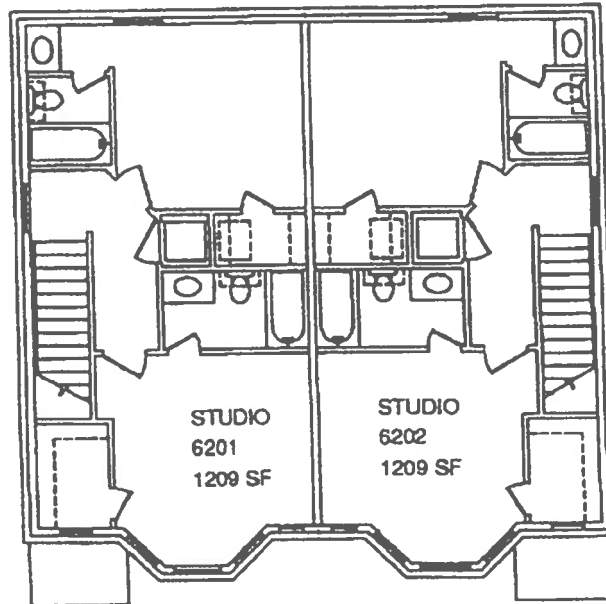
2ND FLOOR

EXHIBIT G1 - BLDG. 6



1ST FLOOR

EXHIBIT G2 - BLDG. 6



2ND FLOOR

EXHIBIT I - TYPICAL FLAT PLAN

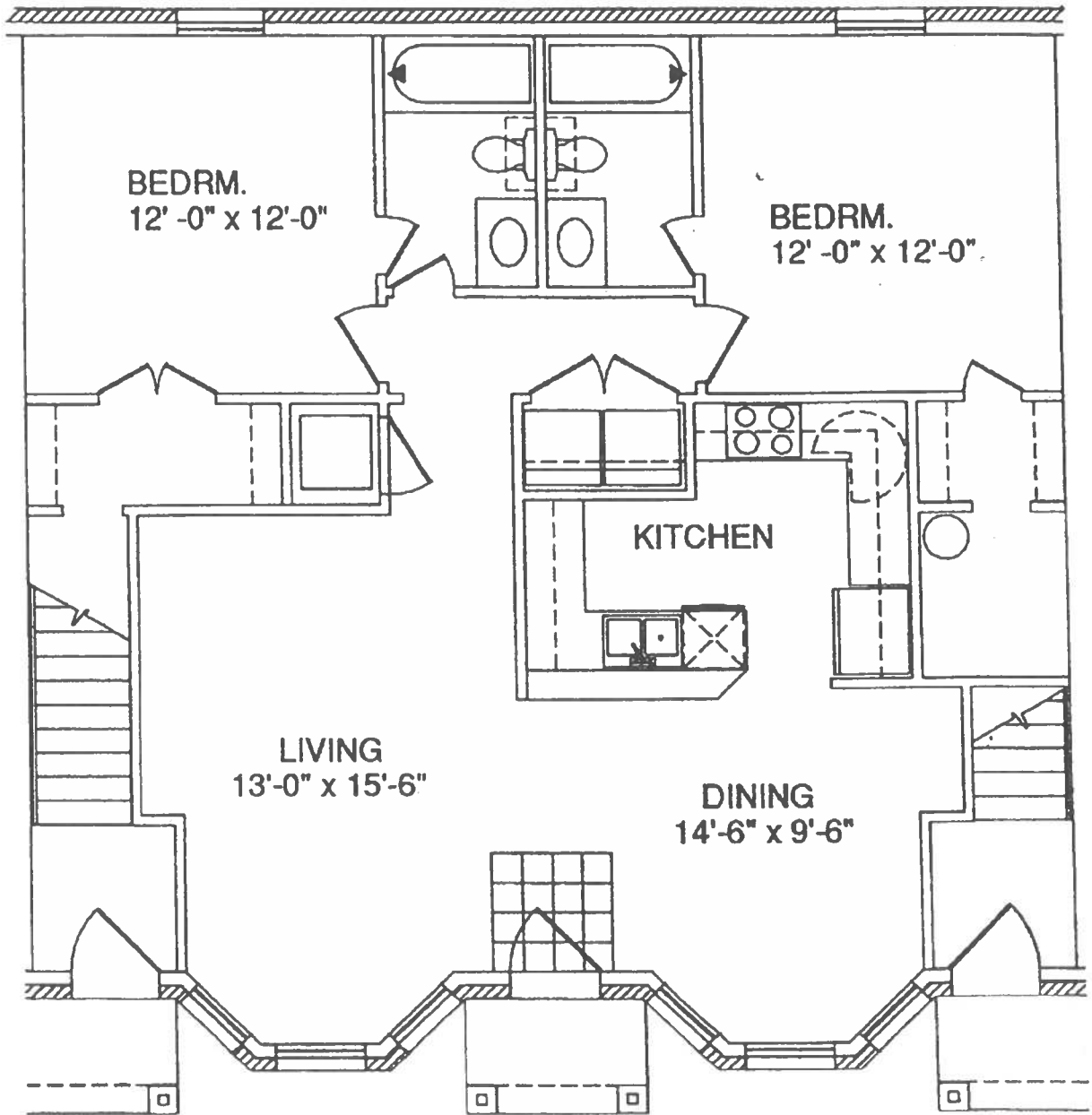


Exhibit I

EXHIBIT J - TYPICAL STUDIO PLAN

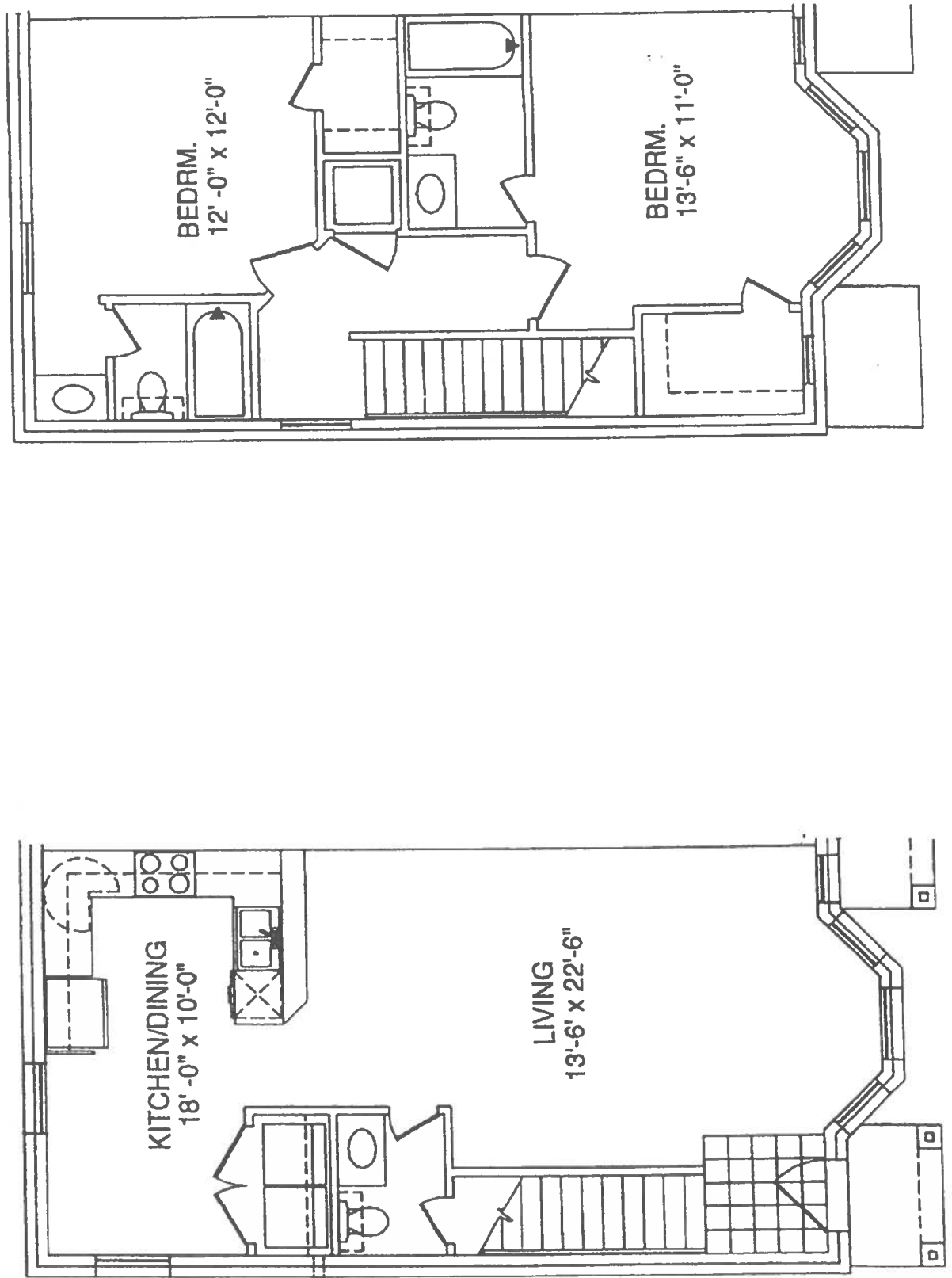
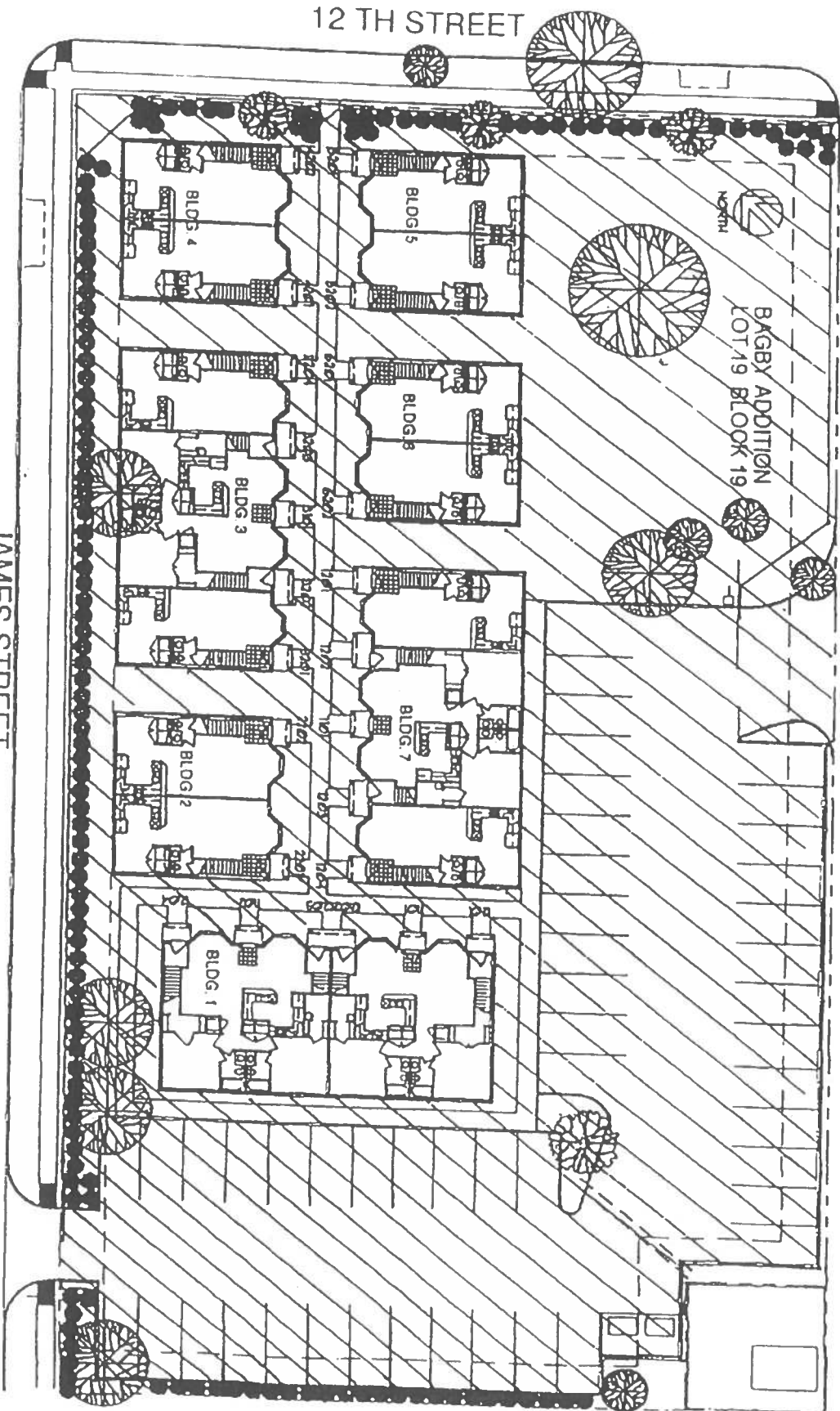


Exhibit J



12 TH STREET

JAMES STREET

BAGBY ADDITION
LOT 19 BLOCK 19

NORTH

Limited common elements = none

Common elements =



BYLAWS
OF
WACO TIMBERWOOD HOMEOWNERS ASSOCIATION, INC.

ARTICLE I
NAME AND LOCATION

The name of the corporation is WACO TIMBERWOOD HOMEOWNERS ASSOCIATION, INC., hereinafter referred to as the "Association". The principal office of the Association shall be located at 1400 Speight, Waco, Texas, but meetings of members and directors may be held at such places within the State of Texas, County of McLennan, as may be designated by the Board of Directors.

ARTICLE II
DEFINITIONS

Unless the context otherwise specifies or requires, the following words and phrases when used in these Bylaws shall have the meanings hereinafter specified:

Section 2.1. Articles. "Articles" shall mean the Articles of Incorporation of WACO TIMBERWOOD HOMEOWNERS ASSOCIATION, INC., which will be filed in the office of the Secretary of State of the State of Texas, as the same may from time to time be amended.

Section 2.2. Assessment. "Assessment" or "Assessments" shall mean assessment(s) levied by the Association under the terms and provisions of the Declaration.

Section 2.3. Association. "Association" shall mean and refer to WACO TIMBERWOOD HOMEOWNERS ASSOCIATION, INC.

Section 2.4. Association Property. "Association Property" shall mean all real or personal property now or hereafter owned by the Association, including, without limitation, all easement estates, licenses, leasehold estates, and other interests of any kind in and to real or personal property which are now or hereafter owned or held by the Association.

Section 2.5. Association Restrictions. "Association Restrictions" shall mean the Declaration as the same may be amended from time to time, together with the Articles, Bylaws, and Association Rules from time to time in effect.

Section 2.6. Association Rules. "Association Rules" shall mean the rules and regulations adopted by the Board pursuant to the Declaration, as the same may be amended from time to time.

Section 2.7. Board. "Board" shall mean the Board of Directors of the Association.

Section 2.8. Bylaws. "Bylaws" shall mean the Bylaws of the Association which may be adopted by the Board and as from time to time amended.

Section 2.9. Declarant. "Declarant" shall mean BOLTON-KALINA CONSTRUCTION, INC., a Texas corporation, and its duly authorized representatives or his successors or assigns; provided that any assignment of the rights of Declarant must be expressly set forth in writing and the mere conveyance of a portion of the Property without written assignment of the rights of Declarant shall not be sufficient to constitute an assignment of the rights of Declarant hereunder.

Section 2.10. Declaration. "Declaration" shall mean the "Condominium Declaration for WACO TIMBERWOOD CONDOMINIUMS" recorded in the Real Property Records of McLennan County, Texas, as the same may be amended from time to time.

Section 2.11. Manager. "Manager" shall mean the person, firm, or corporation, if any, employed by the Association pursuant to the Declaration and delegated the duties, powers, or functions of the Association.

Section 2.12. Member. "Member" or "Members" shall mean any person(s), entity, or entities holding membership privileges in the Association as provided in the Declaration.

Section 2.13. Mortgage. "Mortgage" or "Mortgages" shall mean any mortgage(s) or deed(s) of trust covering any portion of the Property given to secure the payment of a debt.

Section 2.14. Mortgagee. "Mortgagee" or "Mortgagees" shall mean the holder or holders of any Mortgage lien or Mortgage liens upon any portion of the Property.

Section 2.15. Owner. "Owner" or "Owners" shall mean the person(s), entity, or entities, including Declarant, holding a fee simple interest in any Unit, but shall not include the Mortgagee of a Mortgage.

Section 2.16. Property. "Property" shall mean and refer to that tract or parcel of land situated in McLennan County, Texas, which is more fully described in the Declaration.

Section 2.17. Unit. "Unit" shall have the same meaning as "Unit" as such term is defined in the Declaration.

ARTICLE III MEETING OF MEMBERS

Section 3.1. Annual Meetings. The first annual meeting of the Members shall be held within one (1) year from the date of incorporation of the Association, and each subsequent regular annual meeting of the Members shall be held on the same day of the same month of each year thereafter

unless a different date is selected by the Board of Directors. If the day for the annual meeting of the Members is a legal holiday, the meeting will be held on the first day following which is not a legal holiday.

Section 3.2. Special Meetings. Special meetings of the Members may be called at any time by the President or the Board of Directors, or upon written request of the Members who are entitled to vote fifty-one percent (51%) or more of the votes of the Association.

Section 3.3. Notice of Meetings. Written notice of each meeting of the Members shall be given by, or at the direction of, the Secretary or person authorized to call the meeting, by mailing a copy of such notice, postage prepaid, at least ten (10) and no more than fifty (50) days before such meeting to each Member entitled to vote at the meeting, addressed to the Member's address last appearing on the books of the Association, or supplied by such Member to the Association for the purpose of notice. Such notice shall specify the place, day, and hour of the meeting, and, in the case of a special meeting, the purpose of the meeting.

Section 3.4. Quorum. The presence at the meeting of Members entitled to cast, or of proxies entitled to cast twenty-five percent (25%) of the total votes of the membership shall constitute a quorum for any action, except as otherwise provided in the Articles, the Declaration, or these Bylaws. If, however, such quorum is not present or represented at any meeting, the Members entitled to vote at the meeting shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented.

Section 3.5. Proxies. At all meetings of Members, each Member may vote in person or by proxy. All proxies shall be in writing and filed with the Secretary. Every proxy shall be revocable and shall automatically cease upon conveyance by the Member of his Unit.

ARTICLE IV BOARD OF DIRECTORS; SELECTION; TERM OF OFFICE

Section 4.1. Number. The affairs of this Association shall be managed by a Board of three (3) Directors until the first annual or subsequent meeting, at which time the number of members of the Board of Directors may be changed by resolution of the Directors; provided, however, the minimum number of Directors shall be three (3).

Section 4.2. Term of Office. At the first annual meeting, the Members shall elect one (1) Director for a term of three (3) years, one (1) Director for a term of two (2) years, and one (1) Director for a term of one (1) year, and at each annual meeting thereafter, the Members shall elect one (1) Director for a term of three (3) years. Notwithstanding any provision in this Section 4.2 or these Bylaws to the contrary, Declarant has reserved the right to appoint and remove Directors in accordance with Article 3, Section 3.08 and Article 9, Section 9.03 of the Declaration.

Section 4.3. Removal. Any Director may be removed from the Board, with or without cause, by a majority vote of the Members of the Association. In the event of death, resignation, or removal

of a Director, his successor shall be selected by the remaining members of the Board and shall serve until the next annual meeting of the members.

Section 4.4. Compensation. No Director shall receive compensation for any service he may render to the Association. However, any Director may be reimbursed for his actual expenses incurred in the performance of his duties.

Section 4.5. Action Taken Without a Meeting. The Directors shall have the right to take any action in the absence of a meeting which they could take at a meeting by obtaining the written approval of all the Directors. Any action so approved shall have the same effect as though taken at a meeting of the Directors.

ARTICLE V NOMINATION AND ELECTION OF DIRECTORS

Section 5.1. Nomination. Nomination for election to the Board shall be made by a Nominating Committee. Nominations may also be made from the floor at the annual meeting. The Nominating Committee shall consist of a chairman, who shall be a member of the Board, and two members of the Association. The Nominating Committee shall be appointed by the Board prior to or during each annual meeting of the Members. 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 that are to be filled. Such nominations shall be made from Members.

Section 5.2. Election. Election to the Board shall be by secret written ballot. At such election, the Members or their proxies may cast, in respect to each vacancy, as many votes as they are entitled to exercise under the provisions of the Declaration. The persons receiving the largest number of votes shall be elected. Cumulative voting is not permitted.

ARTICLE VI MEETINGS OF DIRECTORS

Section 6.1. Regular Meetings. Regular meetings of the Board shall be held annually or such other frequency as determined by the Board, without notice, at such place and hour as may be fixed from time to time by resolution of the Board. Should the meeting fall upon a legal holiday, then that meeting shall be held at the same time on the next day which is not a legal holiday.

Section 6.2. Special Meetings. Special meetings of the Board shall be held when called by the President of the Association, or by any two Directors, after not less than three (3) days' notice to each Director.

Section 6.3. Quorum. A majority of the number of Directors shall constitute a quorum for the transaction of business. Every act or decision done or made by a majority of the Directors present at a duly held meeting at which a quorum is present shall be regarded as the act of the Board of Directors.

Section 6.4. Form of Meetings. A meeting of the Board may be held by any method of communication, including electronic and telephonic, provided that a notice of the meeting has been given in accordance with the Bylaws, and the Board may take any action by unanimous written consent of all directors without a meeting. Satisfaction of the requirements set forth in Section 82.108(c) of the Texas Uniform Condominium Act shall not be a prerequisite to the Board's exercise of the rights set forth in the preceding sentence.

ARTICLE VII POWERS AND DUTIES OF THE BOARD

Section 7.1. Powers. The Board shall have power to undertake any of the following actions to the extent and only to the extent that such actions are undertaken in furtherance of the purposes of the Association as set forth in Article 3, Section 3.05 of the Declaration:

(a) adopt and publish the Association Rules, including regulations governing the use of the Association Property and facilities and the personal conduct of the Members and their families, guests, tenants, invites and contractors thereon, and to establish penalties for the infraction thereof;

(b) suspend the voting rights and right to use of the Association Property during any period in which a Member shall be in default in the payment of any Assessment levied by the Association, or after notice and hearing, for any period during which an infraction of the Association Rules exists;

(c) exercise for the Association all powers, duties, and authority vested in or related to this Association and not reserved to the membership by other provisions of the Association Restrictions;

(d) declare the office of a member of the Board to be vacant in the event such member shall be absent from three (3) consecutive regular meetings of the Board;

(e) employ such employees as they deem necessary, and to prescribe their duties;

(f) as more fully provided in the Declaration, to:

(1) fix the amount of the Assessments against each Unit in advance of each annual assessment period and any other assessments provided by the Declaration; and,

(2) foreclose the lien against any property for which Assessments are not paid thirty (30) days after due date or to bring an action at law against the Owner personally obligated to pay the same;

(g) issue, or to cause an appropriate officer to issue, upon demand by any person, a certificate setting forth whether or not any Assessment has been paid and to levy a reasonable charge for the issuance of these certificates (it being understood that if a certificate states that an Assessment has been paid, such certificate shall be conclusive evidence of such payment);

(h) procure and maintain adequate liability and hazard insurance on property owned by the Association;

(i) cause all officers or employees having fiscal responsibilities to be bonded, as it may deem appropriate; and,

(j) exercise such other and further powers as provided in the Declaration.

Section 7.2. Duties. It shall be the duty of the Board to:

(a) cause to be kept a complete record of all its acts and corporate affairs and to present a statement thereof to the Members at the annual meeting of the Members, or at any special meeting when such statement is requested in writing by Members who are entitled to cast fifty-one percent (51%) of all outstanding votes; and,

(b) supervise all officers, agents, and employees of the Association, and to see that their duties are properly performed.

ARTICLE VIII OFFICERS AND THEIR DUTIES

Section 8.1. Enumeration of Offices. The officers of this Association shall be a President, who shall at all times be a member of the Board; a Secretary; and a Treasurer; and such other officers as the Board may from time to time create by resolution.

Section 8.2. Election of Officers. The election of officers shall take place at the first meeting of the Board following each annual meeting of the Members. Notwithstanding any provision in this Section 8.2 or these Bylaws to the contrary, Declarant has reserved the right to appoint and remove Officers in accordance with the Declaration.

Section 8.3. Term. The officers of this Association shall be elected annually by the Board, and each shall hold office for one (1) year unless such officer resigns sooner, or shall be removed or otherwise disqualified to serve.

Section 8.4. Special Appointments. The Board may elect such other officers as the affairs of the Association may require, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may, from time to time, determine.

Section 8.5. Resignation and Removal. Any officer may be removed from office with or without cause by the Board. Any officer may resign at any time giving written notice to the Board, the President, or the Secretary. Such resignation shall take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 8.6. Vacancies. A vacancy in any office may be filled through appointment by the Board. The officer appointed to such vacancy shall serve for the remainder of the term of the officer he replaces.

Section 8.7. Multiple Offices. The offices of Secretary and Treasurer may be held by the same person. No person shall simultaneously hold more than one of any of the other offices except in the case of special offices created pursuant to Section 8.4.

Section 8.8. Duties. The duties of the officers are as follows:

(a) **President.** The President shall preside at all meetings of the Board; shall see that orders and resolutions of the Board are carried out; shall sign all leases, mortgages, deeds, and other written instruments and shall co-sign all checks and promissory notes.

(b) **Vice President.** Each Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President or the Board.

(c) **Secretary.** The Secretary shall record the votes and keep the minutes of all meetings and proceedings of the Board and of the Members; serve notice of meetings of the Board and of the Members; keep appropriate current records showing the Members of the Association, together with their addresses; and shall perform such other duties as required by the Board.

(d) **Assistant Secretaries.** Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him or her by the Secretary, the President, the Board, or any committee established by the Board.

(e) **Treasurer.** The Treasurer shall receive and deposit in appropriate bank accounts all monies of the Association and shall disburse such funds as directed by resolution of the Board; shall co-sign all checks and promissory notes of the Association; keep proper books of account in appropriate form such that they could be audited by a public accountant whenever ordered by the Board or the membership; and shall prepare an annual budget and a statement of income and expenditures to be presented to the membership at its regular meeting and deliver a copy of each to the Members.

ARTICLE IX OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board may, by resolution adopted by affirmative vote of a majority of the number of Directors fixed by these Bylaws, designate two (2) or more Directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided that any such other committee or committees shall have and may exercise only the power of recommending

action to the Board of Directors and of carrying out and implementing any instructions or any policies, plans, programs, and rules theretofore approved, authorized, and adopted by the Board.

ARTICLE X BOOKS AND RECORDS

The books, records, and papers of the Association shall at all times, during reasonable business hours, be subject to inspection by any Member. The Association Restrictions shall be available for inspection by any Member at the principal office of the Association where copies may be purchased at reasonable cost.

ARTICLE XI ASSESSMENTS

As more fully provided in the Declaration, each Member is obligated to pay to the Association Assessments which are secured by a continuing lien upon the property against which the Assessments are made. Assessments shall be due and payable in accordance with the Declaration.

ARTICLE XII CORPORATE SEAL

The Association may, but shall have no obligation to, have a seal in a form adopted by the Board.

ARTICLE XIII AMENDMENTS

Section 13.1. These Bylaws may be amended, at a regular or special meeting of the Members, provided that such amendment has been approved by Members of the Association entitled to cast at least sixty-seven percent (67%) of the total number of votes of the Association.

Section 13.2. In the case of any conflict between the Articles and these Bylaws, the Articles shall control; and in the case of any conflict between the Declaration and these Bylaws, the Declaration shall control.

ARTICLE XIV INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 14.1. Definitions. In this Article XIV:

(a) "Indemnitee" means (i) any present or former director, advisory director, or officer of the Association; (ii) any person who, while serving in any of the capacities referred to in clause (i) hereof, served at the Association's request as a director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint

venture, trust, employee benefit plan, or other enterprise; and (iii) any person nominated or designated by (or pursuant to authority granted by) the Board of Directors or any committee thereof to serve in any of the capacities referred to in clauses (i) or (ii) hereof ;

(b) "Official Capacity" means (i) when used with respect to a director, the office of director of the Association, and (ii) when used with respect to a person other than a director, the elective or appointive office of the Association held by such person or the employment or agency relationship undertaken by such person on behalf of the Association, but in each case does not include service for any other foreign or domestic corporation or any partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise.

(c) "Proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding, and any inquiry or investigation that could lead to such an action, suit, or proceeding.

Section 14.2. Indemnification. The Association shall indemnify every Indemnitee against all judgments, penalties (including excise and similar taxes), fines, amounts paid in settlement, and reasonable expenses actually incurred by the Indemnitee in connection with any Proceeding in which he was, is, or is deemed to be named a defendant or respondent, or in which he was or is a witness without being named a defendant or respondent, by reason, in whole or in part, of his serving or having served, or having been nominated or designated to serve, in any of the capacities referred to in Section 14.1: (a) if it is determined in accordance with Section 14.4 that the Indemnitee (i) conducted himself in good faith, (ii) reasonably believed, in the case of conduct in his Official Capacity, that his conduct was in the Association's best interests and, in all other cases, that his conduct was at least not opposed to the Association's best interests, and (iii) in the case of any criminal Proceeding, had no reasonable cause to believe that his conduct was unlawful; provided, however, that in the event that an Indemnitee is found liable to the Association or is found liable on the basis that personal benefit was improperly received by the Indemnitee, the indemnification (i) is limited to reasonable expenses actually incurred by the Indemnitee in connection with the Proceeding, and (ii) shall not be made in respect of any Proceeding in which the Indemnitee shall have been found liable for willful or intentional misconduct in the performance of his duty to the Association. Except as provided in the immediately preceding proviso to the first sentence of this Section 14.2, no indemnification shall be made under this Section 14.2 in respect of any Proceeding in which such Indemnitee shall have been (i) found liable on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from an action taken in the Indemnitee's Official Capacity, or (ii) found liable to the Association. The termination of any Proceeding by judgment, order, settlement, or conviction, or on a plea of nolo contendere or its equivalent, is not of itself determinative that the Indemnitee did not meet the requirements set forth in clauses (i), (ii), or (ii) in the first sentence of this Section 14.2. An Indemnitee shall be deemed to have been found liable in respect of any claim, issue, or matter only after the Indemnitee shall have been so adjudged by a court of competent jurisdiction after exhaustion of all appeals therefrom. Reasonable expenses shall include, without limitation, all court costs and all fees and disbursements of attorneys for the Indemnitee.

Section 14.3. Successful Defense. Without limitation of Section 14.2 and in addition to the indemnification provided for in Section 14.2, the Association shall indemnify every Indemnitee against reasonable expenses incurred by such person in connection with any Proceeding in which he is a witness or a named defendant or respondent because he served in any of the capacities referred to in Section 14.1, if such person has been wholly successful, on the merits or otherwise, in defense of the Proceeding.

Section 14.4. Determinations. Any indemnification under Section 14.2 (unless ordered by a court of competent jurisdiction) shall be made by the Association only upon a determination that indemnification of the Indemnitee is proper in the circumstances because he has met the applicable standard of conduct. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who, at the time of such vote, are not named defendants or respondents in the Proceeding; (ii) if such a quorum cannot be obtained, then by a majority vote of all directors (in which designation directors who are named defendants or respondents in the Proceeding may participate), such committee to consist solely of two (2) or more directors who, at the time of the committee vote, are not named defendants or respondents in the Proceeding; (iii) by special legal counsel selected by the Board or a committee thereof by vote as set forth in clauses (i) or (ii) of this Section 14.4 or, if the requisite quorum of all of the directors cannot be obtained therefor and such committee cannot be established, by a majority vote of all of the directors (in which directors who are named defendants or respondents in the Proceeding may participate); or (iv) by the Members in a vote that excludes the directors who are named defendants or respondents in the Proceeding. Determination as to reasonableness of expenses shall be made in the same manner as the determination that indemnification is permissible, except that if the determination that indemnification is permissible is made by special legal counsel, determination as to reasonableness of expenses must be made in the manner specified in clause (iii) of the preceding sentence for the selection of special legal counsel. In the event a determination is made under this Section 14.4 that the Indemnitee has met the applicable standard of conduct as to some matters but not as to others, amounts to be indemnified may be reasonably prorated.

Section 14.5. Advancement of Expenses. Reasonable expenses (including court costs and attorneys' fees) incurred by an Indemnitee who was or is a witness or who is or is threatened to be made a named defendant or respondent in a Proceeding shall be paid by the Association at reasonable intervals in advance of the final disposition of such Proceeding, and without making any of the determinations specified in Section 14.4, after receipt by the Association of (i) a written affirmation by such Indemnitee of his good faith belief that he has met the standard of conduct necessary for indemnification by the Association under this Article XIV and (ii) a written undertaking by or on behalf of such Indemnitee to repay the amount paid or reimbursed by the Association if it shall ultimately be determined that he is not entitled to be indemnified by the Association as authorized in this Article XIV. Such written undertaking shall be an unlimited obligation of the Indemnitee but need not be secured, and it may be accepted without reference to financial ability to make repayment. Notwithstanding any other provision of this Article XIV, the Association may pay or reimburse expenses incurred by an Indemnitee in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not named a defendant or respondent in the Proceeding.

Section 14.6. Employee Benefit Plans. For purposes of this Article XIV, the Association shall be deemed to have requested an Indemnitee to serve an employee benefit plan whenever the performance by him of his duties to the Association also imposes duties on or otherwise involves services by him to the plan or participants or beneficiaries of the plan. Excise taxes assessed on an Indemnitee with respect to an employee benefit plan pursuant to applicable law shall be deemed fines. Action taken or omitted by an Indemnitee with respect to an employee benefit plan in the performance of his duties for a purpose reasonably believed by him to be in the interest of the participants and beneficiaries of the plan shall be deemed to be for a purpose which is not opposed to the best interests of the Association.

Section 14.7. Other Indemnification and Insurance. The indemnification provided by this Article XIV shall (i) not be deemed exclusive of, or to preclude, any other rights to which those seeking indemnification may at any time be entitled under the Articles, any law, agreement, or vote of Members or disinterested directors, or otherwise, or under any policy or policies of insurance purchased and maintained by the Association on behalf of any Indemnitee, both as to action in his Official Capacity and as to action in any other capacity, (ii) continue as to a person who has ceased to be in the capacity by reason of which he was an Indemnitee with respect to matters arising during the period he was in such capacity, and (iii) inure to the benefit of the heirs, executors, and administrators of such a person.

Section 14.8. Notice. Any indemnification of or advance of expenses to an Indemnitee in accordance with this Article shall be reported in writing to the Members with or before the notice or waiver of notice of the next meeting of the Members or with or before the next submission to the Members of a consent to action without a meeting and, in any case, within the twelve-month period immediately following the date of the indemnification or advance.

Section 14.9. Construction. The indemnification provided by this Article XIV shall be subject to all valid and applicable laws, including, without limitation, Article 2.02-1 of the Texas Business Association Act, and, in the event this Article XIV or any of the provisions hereof or the indemnification contemplated hereby are found to be inconsistent with or contrary to any such valid laws, the latter shall be deemed to control and this Article XIV shall be regarded as modified accordingly, and, as so modified, to continue in full force and effect.

Section 14.10. Continuing Offer. Reliance, etc. The provisions of this Article XIV (i) are for the benefit of, and may be enforced by, each Indemnitee of the Association the same as if set forth in their entirety in a written instrument duly executed and delivered by the Association and such Indemnitee, and (ii) constitute a continuing offer to all present and future Indemnitees. The Association, by its adoption of these Bylaws, (i) acknowledges and agrees that each Indemnitee of the Association has relied upon and will continue to rely upon the provisions of this Article XIV in becoming and serving in any of the capacities referred to in Section 14.1(a) hereof, (ii) waives reliance upon, and all notices of acceptance of such provisions by such Indemnitees, and (iii) acknowledges and agrees that no present or future Indemnitee shall be prejudiced in his right to enforce the provisions of this Article XIV in accordance with their terms by any act or failure to act on the part of the Association.

Section 14.11. Effect of Amendment. No amendment, modification, or repeal of this Article XIV or any provision hereof shall in any manner terminate, reduce, or impair the right of any past, present, or future Indemnitees to be indemnified by the Association nor the obligation of the Association to indemnify any such Indemnitees under and in accordance with the provisions of this Article XIV as in effect immediately prior to such amendment, modification, or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification, or repeal regardless of when such claims may arise or be asserted.

**ARTICLE XV
MISCELLANEOUS**

The fiscal year of the Association shall begin on the first day of January and end on the 31st day of December of every year, except that the first fiscal year shall begin on the date of incorporation.

APPROVED on the 3 day of June, 2003.



Ginger Townley, Secretary

AMENDMENT NO. 1
TO
CONDOMINIUM DECLARATION
FOR
TIMBERWOOD TOWNHOMES

PREAMBLE

This amendment No. 1 to the above Condominium Declaration is made on this 3 day of July, 2003, by BOLTON-KALINA CONSTRUCTION, INC. ("Declarant"), whose mailing address is at 1400 Speight Ave., Waco, Texas 76706.

RECITALS

1. On April 17, 2003, Declarant executed a Condominium Declaration for Timberwood Townhomes which is recorded under clerk's file number 2003018181 of the Official Public Records of McLennan County, Texas.
2. In order to obtain HUD financing, it has become necessary to amend the declaration to comply with HUD regulations. According to Section 8.05 of the above referenced declaration, Declarant has a right to amend the declaration to comply with the requirements of the Federal Housing Administration.
3. Add Section 3.07(b)(vii), which shall read "3.07(b)(vii) Upon written request from any of the agencies or corporations which has an interest or prospective interest in the condominium, the owners association shall be required to prepare and furnish within a reasonable time an audited financial statement of the owners association for the immediately preceding fiscal year."
4. Add Section 3.07(b)(viii), which shall read "3.07(b)(viii) The owners association is required to make available to unit owners, lenders and the holders and insurers of the first mortgage on any unit, current copies of the declaration, bylaws, and other rules governing the condominium, and other books record and financial statements of the owners association. The owners association is also required to make available to prospective purchasers current copies of the declaration, bylaws, other rules governing the condominium, and the most recent audited financial statement, if such is prepared."
5. Add to Section 3.07(b)(ii) the following: "The owners association is required to use generally acceptable insurance carriers."
6. Section 7(b) is hereby amended and shall read:
"(b) A beneficiary under a first lien deed of trust is entitled, on request, to timely written notification from the Association of:

- (i) any proposed amendment of the condominium instruments effecting a change in (a) the boundaries of any unit or the exclusive easement rights appertaining thereto, (b) the interests in the general or limited common elements appertaining to any unit or the liability for common expenses appertaining thereto, (c) the number of votes in the owners association appertaining to any unit, or (d) the purposes to which any unit or the common elements are restricted;
- (ii) any proposed termination of the condominium regime;
- (iii) any condemnation loss or any casualty loss which affects a material portion of the condominium or which affects any unit on which there is first mortgage held, insured or guaranteed by such eligible holder;
- (iv) any delinquency in the payment of assessments or charges owed by an owner of a unit subject to the mortgage of such eligible holder, insurer or guarantor, where such delinquency has continued for a period of 60 days; and
- (v) any lapse, cancellation or material modification of any insurance policy maintained by the owners association pursuant to Article 6 herein.”

7. Add section 9.01(e) which shall read, “9.01(e) The consent of owners of units to which at least 67 percent of the votes in the owners association are allocated and the approval of eligible holders of first mortgages on units to which at least 51 percent of the votes of units subject to a mortgage appertain, shall be required to materially amend any provisions of the declaration, by-laws or equivalent documents of the condominium, or to add any material provisions thereto, which establish, provide for, govern or regulate any of the following:

- (i) Voting;
- (ii) Assessments, assessment liens or subordination of such liens;
- (iii) Reserves for maintenance, repair and replacement of the common elements;
- (iv) Insurance for Fidelity Bonds;
- (v) Rights to use of the common elements;
- (vi) Responsibility for maintenance and repair of the several portions of the condominium;
- (vii) Expansion or contraction of the condominium regime or the addition, annexation or withdrawal of property to or from the regime;
- (viii) Boundaries of any unit;
- (ix) The interests in the general or limited common elements
- (x) Convertibility of units into common elements or of common elements into units;
- (xi) Leasing of units;
- (xii) Imposition of any right of first refusal or similar restriction on the right of a unit owner to sell, transfer, or otherwise convey his or her unit in the

- condominium;
- (xiii) Establishment of self-management by the condominium association where professional management has been required by any of the agencies or corporations."

If this provision conflicts with any other provision in Section 9.01, then this provision controls.

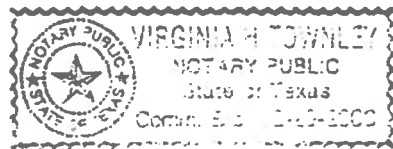
BOLTON-KALINA CONSTRUCTION, INC.

By: [Signature], President

STATE OF TEXAS

COUNTY OF McLENNAN

This instrument was acknowledged before me on the 2nd day of June, 2003, by Gregory Kalina known to me to be the President, of BOLTON-KALINA CONSTRUCTION, INC., a Texas Corporation, on behalf of said corporation.



[Signature]
Notary Public in and for the State of Texas

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

J.A. "Andy" Harwell

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J.A. "ANDY" HARWELL, COUNTY CLERK
MCLENNAN COUNTY, TEXAS