

APR 29 1992

The State of Texas

SECRETARY OF STATE

The undersigned, Secretary of State of the State of Texas, HEREBY CERTIFIES that the attached is a true and correct copy of the following described instruments on file in this Office:

THE COURTYARDS CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

Charter #00409327-01

Articles of Incorporation	June 27, 1977
Determination of Forfeiture	April 23, 1979
Application for Reinstatement	December 20, 1979
Change of Registered Office and/or Agent	March 12, 1980
Franchise Tax Exemption	May 01, 1982
Change of Registered Office and/or Agent	December 02, 1985
Change of Registered Office and/or Agent	April 28, 1989
Change of Registered Office and/or Agent	December 13, 1990



IN TESTIMONY WHEREOF, I have hereunto signed my name officially and caused to be impressed hereon the Seal of State at my office in the City of Austin, this

23rd day of April, A.D. 1992

John Hannah Jr ^{pap}
Secretary of State

JUN 27 1977

ARTICLES OF INCORPORATION
OF
THE COURTYARDS CONDOMINIUM HOMEOWNERS ASSOCIATION, INC.

We, the undersigned natural persons of the age of twenty one (21) years or more, all of whom are citizens of the State of Texas, acting as incorporators of a corporation under the Texas Non-Profit Corporation Act, do hereby adopt the following Articles of Incorporation for such corporation.

ARTICLE I

CORPORATION NAME AND ADDRESS

The name of the corporation is THE COURTYARDS CONDOMINIUM HOMEOWNERS ASSOCIATION, INC., located at 5333 Richmond Avenue, Houston, Texas.

ARTICLE II

CORPORATE STATUS

The corporation is a non-profit corporation.

ARTICLE III

DURATION

The period of its duration is perpetual.

ARTICLE IV

PURPOSES

The corporation is formed for the following purposes:

1. To provide for maintenance and preservation of the properties subject to the Declaration of Condominium, as the same may be amended from time to time as therein provided, applicable to The Courtyard Condominium, a condominium located at 5331, 5343 and 5353 Richmond Avenue, in the City of Houston, Harris County, Texas, and to promote the health, safety, welfare, civic pride and aesthetic values of the residents within the above described condominium project. The Declaration of Condominium has been recorded in the Public Records of Harris County, Texas, and said Declaration is incorporated herein by reference as if set forth at length.

2. To exercise all of the powers and privileges, and to perform all of the duties and obligations of the Condominium

Association as set forth in that certain Declaration of Condominium for the Courtyards Condominium, hereinafter called the "Declaration" applicable to the property.

3. To fix, levy, collect and enforce payment by any lawful means, all charges or assessments pursuant to the terms of the Declaration; to pay all expenses in connection therewith and all office and other expenses incident to the conduct and operation of the business of the said Condominium Association.

4. To have and exercise any and all powers, rights and privileges which a corporation organized under the Non-Profit Corporation Act of the State of Texas may by law now or hereafter have or exercise which are not inconsistent with the Declaration, Bylaws or Texas Condominium Act; provided that none of the objects or purposes herein set out shall be construed to authorize the corporation to do any act in violation of said Non-Profit Corporation Act or Part Four of the Texas Miscellaneous Corporation Laws Act, and all such objects or purposes are subject to said acts.

5. The corporation is prohibited from engaging in any activity which would constitute a regular business of a kind ordinarily carried on for profit.

6. No part of the net earnings of the corporation shall inure to the benefit of any private shareholder or individual.

7. To promulgate such rules and regulations and perform such acts as deemed necessary to achieve the aforesaid objectives.

ARTICLE V

REGISTERED AGENT

The street address of the initial registered office of the corporation is 5333 Richmond Avenue, Houston, Texas 77056, and the name of its initial registered agent at such address is Robert G. Williams.

ARTICLE VI

DIRECTORS

The affairs of the corporation shall be managed by a board of five (5) directors (sometimes called the "Board of Administrators"), at least three (3) of whom shall be persons owning or having an ownership interest in a Courtyards Condominium unit. The number of directors may be changed by amendment of the Bylaws of the corporation. The names and addresses of the persons who are to act in the capacity of initial directors until the election of their successors at the first election are:

1. Robert G. Williams, 5333 Richmond Avenue, Unit 321, Houston, Texas 77056
2. C. A. Salo, 5333 Richmond Avenue, Unit 320, Houston, Texas 77056.
3. Michael Starita, 5353 Richmond Avenue, Unit 104, Houston, Texas 77056.
4. Robert Halik, 5343 Richmond Avenue, Unit 207, Houston, Texas 77056.
5. Shirley Willrich, 5333 Richmond Avenue, Unit 321, Houston, Texas 77056.

At the first meeting of the Association at which board members are elected, the term of office of 3 members shall be fixed for two (2) years, and the term of office of 2 members shall be fixed for one (1) year. At the expiration of the initial term of office of each respective board member, his successors shall be elected to serve a term of two (2) years.

ARTICLE VII

INCORPORATORS

The name and street address of each incorporator is:

1. Timothy Horan, Jr., 1100 Milam, Suite 2676, Houston, Texas 77002.
2. Charles A. Nester, 1100 Milam, Suite 2676, Houston, Texas 77002.
3. Robert G. Williams, 5333 Richmond Avenue, Unit 321, Houston, Texas 77056.

ARTICLE VIII

OFFICERS

The officers of the corporation shall be a President, Vice President, Treasurer and Secretary, which officers shall

be members of the Board of Directors and shall be elected to a one (1) year term at an annual organizational meeting.

The officers, until the first election, are:

President Robert G. Williams

Vice President C. A. Salo

Secretary & Treasurer Shirley Willrich

The officers may lawfully exercise the powers enumerated in Article IX hereof.

ARTICLE IX

POWERS

The powers of the corporation are:

(a) All powers set forth in the Texas Non-Profit Corporation Act which are not inconsistent with the Texas Condominium Act, except where limited by the Declaration of Condominium or Bylaws;

(b) All powers of a condominium association and Board of Administration set forth in the Texas Condominium Act, except where limited by the Declaration of Condominium or Bylaws;

(c) To negotiate and execute a contract for the management of the condominium;

(d) To operate and manage on a non-profit basis, the condominium as provided by the Declaration of Condominium and Bylaws.

ARTICLE X

MEMBERSHIP AND VOTING RIGHTS

The members of this corporation are all of the record owners of units of the condominium. Change of membership shall occur by recording with the Public Records of Harris County, Texas, a deed or other instrument establishing record title to a unit and by delivering to the corporation a certified copy thereof, and by said recordation the prior owner's membership shall terminate.

The foregoing is not intended to include persons or entities who hold an interest merely as security for the performance of an obligation. Membership shall be appurtenant to and may not be separated from ownership of the condominium unit

which is subject to assessment by said Association.

Each member shall have the proportional voting right as assigned to the member's condominium unit pursuant to the Declaration of Condominium and Bylaws.

ARTICLE XI

BYLAWS

The original Bylaws are to be made by the Board of Directors, and said Bylaws may be amended, altered or rescinded only as provided by said Bylaws or the Declaration of Condominium.

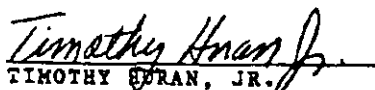
ARTICLE XII

DISSOLUTION

Upon dissolution of the corporation, other than incident to a merger or consolidation, the assets of the corporation shall be dedicated and transferred to an appropriate public agency to be used for purposes similar to those for which this corporation was created or shall be conveyed and assigned to any non-profit corporation, association, trust or other organization to be devoted to such similar purposes.

In the event of liquidation or dissolution of the corporation, whether voluntary or involuntary, no member thereof shall be entitled to any distribution or division of its remainder property or its proceeds, and the balance of all money and other property received by the corporation from any source, after the payment of all debts and obligations of the corporation, shall be used or distributed subject to the order of the Supreme Court of the State of Texas as provided by law, exclusively for purposes within those set forth in Article I and within the intentment of Section 501(c) of the Internal Revenue Code of 1954 and its regulations as the same now exist, or as they may be amended hereafter.

IN WITNESS WHEREOF, WE, the undersigned, have hereunto set our hands this the 16th day of March, 1977.


TIMOTHY BRAN, JR.


CHARLES A. NESTER


ROBERT E. WITTMAN

THE STATE OF TEXAS I
COUNTY OF HARRIS I

BEFORE ME, the undersigned authority, on this the
24 day of March, 1977, personally appeared
TIMOTHY HORAN, JR., CHARLES A. NESTER and ROBERT G. WILLIAMS,
who each being by me first duly sworn, severally declared
that they are the persons who signed the foregoing document
as incorporators and that the statements therein contained
are true.

IN WITNESS WHEREOF, I have hereunto set my hand
and seal of office on the day and year above written.



Jackie St. Montague
Notary Public in and for
Harris County, Texas

BYLAWS
OF
THE COURTYARDS CONDOMINIUM

Magic Circle Condominium, LTD., the Grantor, named in the attached and foregoing Declaration of Condominium (and hereinafter called Developer), being the sole owner in fee simple of the project property submitted to the provisions of the Condominium Act of the State of Texas (hereinafter called the Act) for establishment of a condominium regime, to be known as The Courtyards Condominium, as more particularly defined, described and provided for in said attached Declaration of Condominium (hereinafter called the Declaration), does hereby adopt the following Bylaws which shall govern the administration of such condominium regime as provided for and in compliance with said Act.

ARTICLE I

Name

This condominium regime established under the foregoing attached Declaration, shall be known as The Courtyards Condominium.

ARTICLE II

Administrative Body

Section 2.1 - Homeowner's Association - Each owner of a condominium unit in The Courtyards Condominiums, including Developer shall automatically be a member of the "Courtyards Homeowner's Association" (hereinafter called the "Association") which shall be the governing and administrative body for all unit owners, for the protection, preservation, upkeep, maintenance, repair and replacement of the common elements, and the government, operation and administration of the

EXHIBIT "C"

condominium regime established by said Declaration, and shall remain a member thereof until such time as his ownership ceases for any reason. Upon any transfer of ownership of any condominium unit, howsoever accomplished, the new unit owner acquiring or succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association.

Control of the Association will become vested in said owners within not more than 120 days after completion of transfer to purchasers of title to units representing 100% of the votes of all unit owners.

Section 2.2 - Annual Meetings - The first meeting of the Association shall be on such date and at such time and place as shall be specified in a notice which developer shall give to each unit owner. Thereafter annual meetings shall be held on such dates as the Board of Administration, or its representative, shall annually determine, or on such dates as the Association may decide upon at any annual meeting. At any meeting the Association may transact any business which may be properly brought before the meeting, and members of the Association may be represented thereat in person or by proxy.

Section 2.3 - Special Meetings - Special meetings of the Association may be called by the President or by a majority of the members of the Board of Administration, or by unit owners having at least 30% of the votes entitled to be cast at such meeting. Notices of special meetings shall be in writing and may be mailed or personally delivered, and such notice shall state the time, date, place and purpose of the meeting, and only such stated business shall be transacted at such meeting unless unit owners representing 14 or more votes consent to the transaction of other business.

Section 2.4 - Voting - Voting shall be on a percentage basis and the percentage of the vote to which the owner is entitled is the percentage assigned to the respective

condominium units in the foregoing declaration. All such percentages, when added, shall equal 100%. If two or more persons shall jointly own a condominium unit, the vote allocated to such unit shall be allocated to each such person in accordance with the manner such joint owners may choose. If any person, including Developer, shall own more than one condominium unit, then his representation for voting purposes shall be such that he may exercise rights allocated to each unit owned by him. Votes at any meeting, regular, annual or special, may be cast in person or by proxy. The Developer, through any officer or representative, may cast the votes allocated to the units owned by him.

Section 2.5 - Quorum - A quorum of unit owners for any meeting shall be constituted by owners represented at such meeting in person and by proxy and holding at least 50% of the votes. If a quorum is lacking at any meeting, such meeting may be adjourned by a majority of the unit owners present, either in person or by proxy, to the same hour of a date not less than 5 days nor more than 20 days from the date on which such meeting was to have originally been held, and at any such adjourned meeting a quorum shall be constituted by unit owners present in person or by proxy and holding at least 33% of the votes. No new notice of such adjourned meeting need be given if it is to be held at the same place or the originally scheduled meeting.

ARTICLE III

Board of Administration

Section 3.1 - Composition - At the first meeting of the Association, it shall elect by majority vote a Board of Administration (hereinafter called the "Board"), which

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shall be composed of 5 members, at least three of whom shall be persons owning or having an ownership interest in a condominium unit. If the owner of any unit is a corporation, partnership, trust or other legal entity capable of holding title to real property, then any officer, director, partner or beneficiary of such unit owner shall be deemed to be a unit owner for the purpose of qualifying and serving as a Board Member.

Section 3.2 - Term of Office - At the first meeting of the Association at which Board members are elected, the term of office of 3 members shall be fixed for two years, and the term of office of 2 members shall be fixed for one year. At the expiration of the initial term of office of each respective Board member, his successors shall be elected to serve a term of two years. The Board members shall hold office for their respective terms and until their successors have been elected and hold their first meeting, and they shall serve without pay or compensation for their services as a Board member.

Section 3.3 - Duties and Authority - The Board shall manage and administer the affairs of the Association and shall have all such duties, rights, powers and authority given to it by the Act, the Declaration or Bylaws, in addition to the following.

(a) To elect officers of the Association as hereinafter provided.

(b) To administer the affairs of the Association and the common elements of the project property.

(c) To keep or cause to be kept sufficient books and records with a detailed account of the receipts and expenditures affecting the project buildings, and its administration

and specifying the maintenance and repair expenses of the common elements. Both the books and vouchers accrediting the entries made thereon shall be available for all the co-owners at convenient hours on working days that shall be set and announced for general knowledge. All books and records shall be kept in accordance with good accounting procedure and be audited at least once a year by an auditor outside of the organization, as provided by the Act.

(d) To engage the services of a manager or managing agent who shall manage and operate the common elements for all of the unit owners, upon such terms and for such compensation, and with such specific duties and authority as the Board may approve or as may be specified in the contract of employment executed by the Board in behalf of all unit owners. The compensation paid to the managing agent shall be part of the common expenses.

(e) To formulate and enforce policies for the administration, management and operation of the common elements without depriving any unit owner or other person of the rights and/or privileges given to him by the Condominium Act of the State of Texas or the Declaration in respect to the common elements.

(f) To provide for the maintenance, repairs, upkeep, protection, and replacement of the common elements, and insurance for the project property, and to approve payment vouchers and make payments therefor.

(g) To delegate any of its duties, powers and authority to the manager or managing agent employed by the Board.

(h) To adopt an annual budget for the estimated common expenses each year, and to provide the manner of assessing and collecting from the unit owners their respective prorata

shares of such estimated common expenses, as hereinafter provided.

(i) In general, the Board shall have all such duties, rights and authority to do all such acts and things as are *not by the Act, Declaration or in these Bylaws* directed to be done or exercised exclusively by the unit owners or Association which shall be necessary or reasonably required for the successful and orderly administration, management and operation of the condominium regime established by the foregoing Declaration.

(j) To provide for the designation, hiring and removal of employees and other personnel, including bookkeepers, accountants and attorneys, and to engage or contract for the services of others, and in general to make purchases of labor, material and/or services for the maintenance, upkeep, repair, replacement administration, management and operation of the common elements.

Section 3.4 - Vacancies - Vacancies in the Board caused by any reason other than the removal of the Board Member by vote of the Association shall be filled for the unexpired term by vote of the majority of the remaining Board Members, even though they may constitute less than a quorum; and each person so elected shall be a Board Member until a successor is elected at the next annual meeting of the Association or special meeting called for that purpose.

Section 3.5 - Resignation - Any member of the Board may resign at any time by giving written notice of resignation to the President or any other officer of the Association.

Section 3.6 - Automatic Resignation and Removal - Whenever any member of the Board who was the owner of a condominium unit or interest therein at the time of his

election or appointment to the Board shall sell or otherwise dispose of or voluntarily or involuntarily cease to be the owner of such unit or interest therein, then upon such termination of his ownership interest in such unit, such member shall automatically be deemed to have effectively resigned from the Board and then shall automatically be removed therefrom.

Section 3.7 - Removal by Association - ~~At~~ any regular or annual meeting or at any special meeting called for that purpose, the Association may by majority vote remove anyone or more members of the Board, with or without cause provided that a successor or successors shall then and there be elected to fill the vacancy or vacancies thus created, for the unexpired term of the Board Member or Members removed. Any Board Member whose removal has been proposed shall be given an opportunity to be heard at such meeting.

Section 3.8 - Organizational Meeting - The first meeting of the newly elected Board shall be held within 10 days after its election, at such place as they shall fix at the meeting at which they were elected, and no notice shall be necessary to the newly elected Members in order to legally constitute such meeting, providing a majority of the whole Board shall be present.

Section 3.9 - Regular Meetings - Regular meetings of the Board may be held at such time and place as shall be determined from time to time by a majority of the Board Members, but at least two such meetings shall be held during each fiscal year. Notice of regular meetings shall be given to each Member personally or by mail, telephone or telegraph, at least three days prior to the date designated for such meeting.

Section 3.10 - Special Meeting - Special meetings of the Board may be called by the President of the Association on three days' notice to be given as in the case of regular meetings, stating the time, date, place and purpose of the meeting. Special meetings shall be called by the President in like manner and on like notice on the written request of at least two Board Members.

Section 3.11 - Waiver of Notice - Before or at any meeting of the Board any Member may verbally or in writing waive notice of the time, date, place and purpose of such meeting, and such waiver shall be deemed equivalent to the giving of such notice. Attendance by a Member of the Board at any meeting of the Board shall be deemed as a waiver of the required notice of such meeting. If all the members of the Board are present at any meeting, no notice thereof shall be required and any business may be transacted at such meeting.

Section 3.12 - Quorum - At all meetings of the Board a majority of the members shall constitute a quorum for the transaction of business, and the acts and decisions of the majority of Board Members present at any meeting at which a quorum is present shall be the acts of the entire Board.

ARTICLE IV

Officers

Section 4.1 - Designation - The principal officers of the Association shall be a President, one or more Vice-Presidents, a Secretary and a Treasurer, provided that the Office of Secretary and Treasurer may be held at the same time by the same person. The Board may appoint an Assistant Secretary and Assistant Treasurer and such other officers as in their judgment may be necessary. The Board shall elect

such officers in the manner provided above for the transaction of Board business.

Section 4.2 - Election of Officers - Upon an affirmative vote of a majority of the Members of the Board, or by majority vote of the members present at any meeting of the Association, any officer of the Association may be removed, either with or without cause and his successor elected at any regular or special meeting of the Board.

Section 4.3 - President - The President shall also be a member of the Board, and shall be the chief executive officer of the Association and shall preside over meetings of the Board and of the Association. He shall have all the general powers and duties which are usually vested in the office of the President of an organization, including, but not limited to, the power to appoint committees for various purposes as he shall deem appropriate.

Section 4.4 - Vice-President - The Vice-President shall take the place of the President and perform all his duties whenever the President is absent or unable to act, and although he need not be a member of the Board, he nevertheless shall for all intents and purposes be considered a member of the Board when performing the duties and functions of the office of President.

Section 4.5 - Secretary - The Secretary shall also be a member of the Board and shall keep the minutes of all meetings of the Board and all meetings of the Association. He shall, in general, perform all the duties incident to the office of Secretary. The Secretary may be the managing agent, or a representative of the managing agent.

Section 4.6 - Treasurer - The Treasurer shall also be a member of the Board and shall have responsibility for the

Association funds and securities and shall be responsible for keeping the financial records and books of account.

Section 4.7 - Vacancies - Vacancies in any office may be filled by the Board at any meeting thereof.

Section 4.8 - No Compensation - The officers shall receive no compensation for their services as such, except that if the managing agent holds any office he may be paid for his services as managing agent, including performance of the duties of his office.

ARTICLE V

Assessments

Section 5.1 - Budget - The Board shall prepare or cause to be prepared an estimated annual Budget for each fiscal year of the Association which shall take into account and provide for the estimated common expenses and cash requirements for the year, including salaries, wages, payroll taxes, supplies, materials, parts, services, maintenance, repairs, replacements, landscaping, insurance, water, sewer, electrical and gas service, and other common utilities, management fees and other common expenses, and also an adequate reserve fund for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis. Any surplus or deficit in regard to previous budgets shall also be considered. After approval by the Board, copies thereof shall be furnished to each unit owner not later than 90 days after the beginning of each fiscal year. Unless the Board otherwise determines, each fiscal year shall be from the first day of January of each calendar year, to the last day of December of such calendar year. The Board may designate a different fiscal year at its pleasure.

Section 5.2 - Obligations of Unit Owners - On or before the first day of the first month, and of each succeeding month of the fiscal year covered by the annual budget the owner of each unit shall pay to the managing agent or the Board, or such person as the Board may designate, as his respective monthly assessment for the Common Expenses, one-twelfth of his proportionate share of the Common Expense for such fiscal year as estimated and shown by such annual budget. Such proportionate share for each unit owner shall be the same percentage as such unit owner's respective ownership interest in the common elements as set out in the Declaration. The managing agent, Board, or other person authorized to collect and receive such monthly assessments shall receive and hold the same in trust as trustee for each unit owner and shall use, disburse, pay and expend the same for the purposes authorized by said Texas Condominium Act, the Declaration, Bylaws, or resolution of the Association for the benefit of the Unit owners, - such assessment so collected and held in trust shall be known as a "Maintenance Fund".

Section 5.3 - Statements - The managing agent or Board or other person authorized to collect such monthly assessments may send or cause a statement to be sent to each unit owner each month for his respective monthly assessment, but the failure to send or receive any such statement for any month shall not relieve the obligation or excuse the failure to pay such assessment or any part thereof. In the event the Board shall not approve an estimated budget for a new fiscal year and notifies each unit owner of such, each unit owner shall continue to pay each month the amount of his monthly assessment as last determined.

Section 5.4 - Supplemental Budget - In the event it shall appear to the Board that the estimated annual budget for any fiscal year shall be inadequate to cover the estimated Common Expenses of any nature, including special assessments lawfully agreed to by the Association or unit owners in accordance with the provisions of the Texas Condominium Act, Declaration or these Bylaws, then the Board shall prepare or cause to be prepared a supplemental estimated budget to cover the estimated deficiency for the remainder of the fiscal year, and the owner of each unit shall pay his pro rata part thereof in the ratio of his ownership interest in the common elements as hereinabove provided.

Section 5.5 - Capital Expenditures -Contracts - The Board shall not approve capital expenditures for new improvements to any part of the common elements, excluding repair or replacement of existing improvements, in excess of One Thousand Five Hundred and No/100 Dollars (\$1,500.00), nor enter into contracts for more than one year, without the approval of unit owners who in the aggregate own more than 50% of the common elements.

ARTICLE VI

Rules of Conduct

Section 6.1 - The condominium units shall be used and occupied only for residential purposes as restricted and provided for in the Declaration. No unlawful, immoral, noxious or offensive activity shall be carried on in any unit or elsewhere on the project property, nor shall anything be done thereon which shall constitute a nuisance or cause unreasonable noise or disturbance to others.

Section 6.2 - Unit owners shall not paint, decorate or adorn the outside walls of any condominium building or install any radios or televisions antenna or other fixtures or items of any kind outside any unit, except with the written approval of the Board.

Section 6.3 - Developer may use any condominium unit or units he may own as a "model apartment" for display to the public and/or as a sales office during the period of time he owns any unit or units which are for sale, and he may place or affix an appropriate sign or signs on the door or hallway outside such unit or on the project property to advertise the same and during such period existing signs on the property may be maintained.

Section 6.4 - Each unit owner shall maintain his unit in good condition and in good repair and order, at his own expenses, excepting the common elements.

Section 6.5 - The use, maintenance or operation of the common elements shall not be obstructed, damaged or unreasonably interfered with by any unit owner.

Section 6.6 - Trash, garbage and other waste shall be disposed of as directed or provided for by the Board or managing agent.

Section 6.7 - During any period of construction or remodeling of the condominium buildings or any units, the Developer and his employees, agents, representatives, contractors or subcontractors, and other persons authorized by him, shall have access, ingress and egress to said buildings, the project property and any and all units, as may be required in connection with such construction or completion of construction.

Section 6.8 - Articles of personal property of any kind, such as furniture, appliances, bicycles or other articles shall not be stored or kept in the corridors, lobbies, hallways or other common areas, except as may be specifically designated for such purposes by the Board.

Section 6.9 - Occupancy - A condominium unit shall not be permanently occupied by more than one family nor more than two (2) persons in a one bedroom unit, nor more than four (4) persons in a two bedroom unit.

Section 6.10 - Attorney's Fees - Any proceeding by the Association arising because of an alleged failure of a condominium unit owner to comply with the terms of the Declaration, Bylaws, or these Regulations, and as such documents are amended, shall entitle the Association to receive reasonable attorney's fees and court costs as may be awarded by the court.

Section 6.11 - Pets - No pets, other than small birds or aquarium fish will be permitted in the condominium units; provided, the manager may give written permission to retain not more than two pets owned by a purchaser at the time of closing, as long as the original pet does not become a nuisance.

Section 6.12 - Keys - A passkey must be furnished by the condominium unit owner to the Board or to the managing agent. If the lock is changed, a new passkey must be furnished.

Section 6.13 - Fire Hazard - No items which may create a fire hazard shall be kept or used in any condominium unit or the common areas.

Section 6.14 - Exterior Appearance - No laundry, clothing, toys or other articles shall be placed so as to be visible from the exterior of the building.

Section 6.15 - Litter - All litter in the common areas and facilities shall be placed in trash dumps. All users of the common areas and facilities will clean up whatever common areas and facilities they use.

Section 6.16 - Children and Guests - Children shall play in the areas provided and not in the parking areas. Residents shall be strictly responsible for the instruction of their children and guests as to the provisions of these Rules and Regulations.

ARTICLE VII

Amendments

These Bylaws may be modified or amended from time to time by action or approval of the owners holding 66% of the Common Elements but no amendment, change or modification shall be made which would conflict or be inconsistent with the Declaration to which these Bylaws are attached, except in the manner required for amendments to the Declaration as therein provided for. Amendments to the Bylaws shall be filed for record in the Condominium Records of Harris County, Texas, and shall refer hereto.

ARTICLE VIII

Mortgagees

Section 8.1 - An owner who mortgages or places a deed of trust upon his unit shall notify the Association through the managing agent, or holder of the deed of trust, the name and address of his mortgagee; and the Association shall maintain such information in a book entitled "Mortgagees of Units."

Section 8.2 - The Association shall at the request of a mortgagee or holder of a deed of trust of a unit report any unpaid assessments due from the owner of such unit.

Section 8.3 - The Association, when giving notice to a unit owner of a default in paying common assessments or any other default, shall send a copy of such notice to the holder of the deed of trust covering such unit.

Section 8.4 - The Association shall, upon request, provide and allow all mortgagees and holders of deeds of trust upon condominium units, the following:

(a) An inspection of the books and records of the project during the normal business hours.

(b) Receipt of an annual audited financial statement of the project within ninety (90) days following the end of any fiscal year of the project.

(c) Receipt of written notice of all meetings of the Association and be permitted to designate a representative to attend such meetings.

ARTICLE IX

Compliance

These Bylaws are set forth to comply with the provisions and requirements of the Texas Condominium Act and the foregoing Declaration. In case these Bylaws shall conflict with any of the provisions of said Act or Declaration, it is hereby stipulated that the provisions of the Act and/or the Declaration shall govern and be controlling.

THE COURTYARDS CONDOMINIUM

A CONDOMINIUM PROJECT

CONDOMINIUM RECORDS

HARRIS COUNTY, TEXAS

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MR-19-77 745205 OF 112221 - A PD

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DECLARATION OF CONDOMINIUM APR 19 4 38 PM 1977

OF

THE COURTYARDS CONDOMINIUM

Robert J. ...
HARRIS COUNTY CLERK
HARRIS COUNTY, TEXAS

Houston, Texas

WHEREAS, MAGIC CIRCLE CONDOMINIUMS, LTD., a Texas limited partnership (hereinafter referred to as "Grantor"), owns certain real property situated in the City of Houston, Harris County, Texas, herein described; and,

WHEREAS, said Grantor is the sole owner of fee simple title of said property consisting of eighty (80) units in a three (3) building multi-family project known as The Courtyards Condominium, said project having been constructed in accordance with the plans and specifications therefor; and,

WHEREAS, said Grantor hereby establishes by this Declaration a plan for the individual ownership of the real property estates consisting of the area or space contained in each of the apartment units in said multi-family project, and the co-ownership by the individual and separate owners thereof, as tenants in common, of all of the remaining real property which is hereinafter defined and referred to herein as the "common areas and facilities";

NOW, THEREFORE, said Grantor, the fee owner of the following described real property, to-wit:

Lots Two (2), Three (3) and Four (4) and the North 150' of Lot One (1) and the West 79 feet 8 inches of Lot Five (5); all in Block Two (2) of SHANGRI-LA, an addition in Harris County, Texas, according to the map or plat thereof recorded in Volume 77, Page 11 of the Map Records of Harris County, Texas, together with all improvements thereon

hereby makes the following Declaration as to divisions, covenants, restrictions, limitations, conditions and uses to which the above described real property and improvements thereon, consisting of eighty (80) unit multi-family project and appurtenances, may be put, hereby specifying that said Declaration shall constitute covenants to run with the land and shall be binding on said Grantor, its successors and assigns, and

THE COURTYARDS
A CONDOMINIUM
DECLARATION

All subsequent owners of all or any part of said real property and improvements, together with their grantees, successors, heirs, executors, administrators, devisees or assigns:

A. CREATION OF SEPARATE FREEHOLD ESTATES. Said Grantor, in order to establish a plan of condominium ownership for the above described property and improvements, hereby covenants and agrees that it hereby divides said real property into the following separate freehold estates:

1. Condominium Units. The eighty (80) separately designated and legally described freehold estates consisting of the spaces or areas, being the area or space contained in the perimeter walls of each of the eighty (80) units in said buildings constructed on said property, as shown on the survey or plat attached, and referred to herein as "condominium units".

2. Parking. Eighty (80) parking spaces are herein established as appurtenant to and as a part of a condominium unit, each of which units shall be assigned one space as hereinafter provided, which said parking spaces shall be separately owned by the owner of the unit to which it is assigned. The location, size, boundaries and dimensions and other descriptive data of each such parking space is depicted in the survey attached hereto as Exhibit "A". Such assignment of parking space shall initially be established by the Grantor herein and shall be evidenced in the deed from Grantor to the purchasers of the individual units. Thereafter, such assigned parking spaces shall not be separately sold, conveyed, encumbered or otherwise separately disposed of, and each shall be forever appurtenant to the condominium unit to which same has been assigned herein. Such eighty (80) appurtenant parking spaces shall be deemed to be conveyed with its respective condominium unit even though the description in the

instrument of conveyance shall refer only to the condominium unit. Any parking space located on the Courtyards Condominium premises and not initially assigned by Grantor as above provided, shall be a part of the common area and facilities and are intended for the general benefit of the owners and their guests.

3. Common Areas and Facilities. A freehold estate consisting of the remaining portion of the real property is described and referred to as the "common areas and facilities", which definition includes the building and the property upon which it is located, and specifically includes, but is not limited to, the land, roof, stairways, landings, main walls, slab, air-conditioning and heating units and the lines, ducts, wiring and electrical boxes servicing air-conditioning and heating units, parking spaces not assigned as appurtenant to a condominium unit herein, swimming pools, laundry rooms and alcoves, storage rooms, community facilities, trees, pavement, hot water heating system, pipes, wires, conduits and ducts, or other public utility lines, and also includes the property not included in the condominium units and tangible personal property required for the maintenance and operation of the Condominium, even though purchased by the Association.

B. OWNERSHIP OF COMMON AREAS. For the purpose of this Declaration, the ownership of each condominium unit shall include the respective undivided interest in the common areas and facilities specified and established in Exhibit "B" attached hereto and made a part hereof, and each condominium unit, together with the undivided interest, is defined and hereinafter referred to as a condominium unit.

Each owner shall have an easement in common with each other owner to use all pipes, wires, ducts, cables, conduits, utility

lines, and other common facilities located in any other unit and serving his unit.

C. DESIGNATION AND DESCRIPTION OF CONDOMINIUM UNITS.

The eighty (80) unit locations and dimensions are more particularly described in Exhibit "A" which condominium units are hereby established and shall be individually conveyed.

D. LIMITED COMMON AREA. A portion of the common areas and facilities is hereby set aside and allocated for the limited use of the respective condominium units as is hereinafter designated, and as shown on said survey attached hereto as Exhibit "A", and said areas shall be known as limited common areas and facilities. Limited common areas and facilities shall include, where applicable, the back patios and balconies and the fences thereto, adjoining condominium units in the buildings and the exterior surface of front and back doors. Such patios, balconies, fences and doors shall be for the exclusive use of the unit owner of the particular condominium unit adjacent thereto.

E. LEGAL DESCRIPTION OF CONDOMINIUM UNIT. The following shall be an adequate legal description of each condominium unit:

Unit Number _____, in Building _____ and Parking Space _____ and all appurtenances thereto, located in the Courtyards Condominium project according to the Condominium Declaration of the Courtyards Condominium and all Exhibits thereto recorded in Volume _____, Page _____ of the Condominium Records of Harris County, Texas.

F. RESPONSIBILITY FOR MAINTENANCE. The responsibility for maintenance of the condominium is divided as follows:

1. Condominium Units: Maintenance, Alteration and Improvement.

(a) The Association shall maintain, repair and replace as a Common expense:

(1) All portions of a condominium unit (except interior wall surfaces) contributing to the support of the building, which portions shall include but not be limited to, the outside walls of the buildings and all fixtures thereof; perimeter walls; floor and ceiling slabs; load-bearing walls;

(2) All conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services which are contained within condominium units and also services part or parts of the property other than the condominium unit within which contained.

- (3) All portions of patios and balconies, adjacent to and part of condominium units, except the limited common areas and facilities.
- (4) All incidental damage caused to a condominium unit by maintenance, repair or replacement work shall be promptly repaired as a common expense.
- (5) All parking spaces, whether covered or uncovered and whether individually owned or a part of the common areas.
- (6) The air handler and condensing unit for heating and air conditioning, all refrigerant lines, duct work and the electrical wiring and control box servicing the heating and air conditioning.

(b) The responsibility of the condominium unit owner shall be as follows:

- (1) To maintain, repair and replace at his expense all portions of his condominium unit except the portions to be maintained, repaired and replaced by the Association as a common expense. This includes, without limitation, all access doors to the condominium units, and all glass surfaces. Such shall be done without disturbing the rights of other owners.
- (2) Not to paint or otherwise decorate or change the appearance of any portion of the exterior of the building, patio fence, patio, balcony, doors, or otherwise, without first obtaining approval of the Board of Directors.
- (3) To promptly report to the Association any defect or need for repairs, the responsibility for the remedying of which is that of the Association.

(c) Alteration and Improvement. Neither an owner nor the Association shall make any alterations in the portions of a condominium unit or building which is to be maintained by the Association, or remove any portion thereof, or make any additions thereto, or do anything which would jeopardize the safety or soundness of a building or impair any easement, without first obtaining the written approval of the Board of Directors of the Association. A copy of the plans for all of such work, prepared by an architect licensed to practice in this state, shall be filed with the Association prior to the start of the work.

2. Maintenance of Common Areas and Facilities.

(a) By the Association. The cost of the maintenance and operation of the common areas and facilities including the replacement thereof, shall be a common expense.

(b) Alteration and Improvement. There shall be no alteration nor improvement of common areas and facilities without the prior written approval of the Board of Directors of the Association.

(c) Rules and Regulations. No occupier of the property, guest, or employee of the Association shall use the common areas and facilities or any part thereof in any manner contrary to the provisions of the Bylaws, Exhibit "C" attached hereto and made a part hereof.

G. CONDOMINIUM SURVEY. Attached hereto and made a part hereof as Exhibit "A" is a survey consisting of six (6) sheets, prepared by Wm. F. Sullivan (State of Texas) Registered Professional Engineer No. 12545 and Registered Professional Surveyor No. 351, Houston, Texas.

H. COVENANTS OF GRANITOR AND UNIT OWNERS. Said Grantor, its successors and assigns, by this Declaration, and all future owners of the condominium units by their acceptance of their deeds, covenant and agree as follows:

1. The common areas and facilities shall remain undivided, and no owner shall bring any action for partition, it being agreed that this restriction is necessary in order to preserve the rights of the owners with respect to the operation and management of the condominium.

2. The condominium units shall be occupied and used by the respective owners only for private residential purposes by the owner, his family, tenants and social guests and for no other purpose. With the exception of a lender in possession of a unit following a default in a first mortgage, a foreclosure proceeding or any deed or other arrangement in lieu of foreclosure, no unit owner shall be permitted to lease his unit for transient or hotel purposes. No unit owner may lease less than the entire unit. Any lease agreement shall provide that it is subject to the provisions of the Declaration and the Bylaws and any failure by the lessee to comply with the terms of such documents shall be a default under the lease. All leases shall be in writing and a copy of the lease shall be filed with the Condominium Association.

3. The owner of the respective condominium units shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors and ceilings surrounding his respective condominium unit, nor shall said owner be deemed to own pipes, wires, conduits or other public utility lines running through said respective condominium units which are utilized for, or serve more than one condominium unit, or are located in the floor slab, except as tenants in common with the other condominium unit owners. Said owner, however, shall be deemed to own the walls and partitions which are contained in said owner's respective condominium unit, and also shall be deemed to own the inner decorated and/or finished surfaces of the perimeter walls, floors and ceilings, including plaster, paint, wallpaper, etc.

4. The owners of the respective condominium units agree that if any portion of the common areas and facilities now encroach or in the future may encroach upon the condominium units, or any unit now encroaches or in the future may encroach upon another unit or the common area, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. In the event the multi-family structures are partially or totally destroyed, and then rebuilt, the owners of the condominium units agree that minor encroachment of parts of the common areas and facilities due to construction shall be permitted and that valid easements for said encroachment and the maintenance thereof shall exist.

5. An owner of a condominium unit shall automatically, upon becoming the owner of a condominium unit or units, be a member of the Courtyards Condominium Association, Inc., a Texas non-profit corporation, herein referred to as the "Association", and shall remain a member of said Association until such time as his ownership

6. The owners of condominium units covenant and agree that the administration of the condominium shall be in accordance with the provisions of this Declaration and the Bylaws of the Association, which are each made a part hereof and attached as Exhibit "C".

7. That each owner, tenant or occupant of a condominium unit shall comply with the provisions of this Declaration, the Bylaws, Articles of Incorporation, decisions, rules, regulations and resolutions of the Association or its representative, as lawfully amended from time to time, and failure to comply with any such provisions, decisions, rules, regulations or resolutions of the Association or its representative, as lawfully amended from time to time shall be grounds for an action to recover sums due for damages, specific performance or injunctive relief.

8. That no owner of a condominium unit may exempt himself from liability for his contribution towards the common expenses by waiver of the use or enjoyment of any of the common areas and facilities or by the abandonment of his condominium unit.

9. In the event of an emergency or in the event a unit owner has failed to perform the necessary repairs, the Condominium Association shall have the right to enter upon the unit premises to handle such emergency or make said necessary repairs, in which event, the owner thereof shall be obligated to reimburse the Association for its expenses.

10. The condominium project property is subject to, and the purchase and ownership of each condominium unit shall be subject to, the restrictions, covenants, conditions and easements applicable to or affecting the said property and appearing of record in Harris County, Texas, as well as the restrictions, covenants, conditions and easements imposed or established in this Declaration or shown on Exhibits "A", "B" and "C" attached hereto.

I. LIEN FOR UNPAID ASSESSMENT. The Association shall have a lien on each condominium unit for any unpaid assessments and for interest thereon against the owner thereof, which lien shall also secure reasonable attorneys' fees incurred by the Association incident to the collection of such assessment or enforcement of such lien. Said lien shall be effective from and after the time of recording in the County Clerk's office of Harris County, Texas, a claim of lien stating the description of the condominium unit, the name of the record owner thereof, the amount due and the date when due, and the lien shall continue in effect until all sums secured by the lien shall have been fully paid or satisfied. Such claims of lien shall be signed and verified by an officer of the Association or by the managing agent of the Association. Upon full payment, the party making payment shall be entitled to a recordable release of such lien. Such liens shall be subordinate to the lien of a first mortgage or deed of trust, tax liens or other liens recorded prior to the date of recording the claim of lien. Liens for assessment may be foreclosed in the same manner as foreclosure of a mortgage or deed of trust on real property. The Association may also sue to recover a money judgment for said unpaid assessments without waiving the lien securing the same.

J. MORTGAGEE'S PROVISIONS. Notwithstanding any contrary provision herein contained, the following are included herein for the protection of mortgagees of units:

1. Where the mortgagee of a first mortgage or deed of trust of record or other purchaser of a condominium unit obtains title to the condominium unit as a result of the foreclosure of the first mortgage or deed of trust, or where a mortgagee of a first mortgage or deed of trust of record obtains title in lieu of foreclosure of the first mortgage or deed of trust, such acquirer of title, its successors and assigns, shall not be liable for the share of the common expenses or assessments by the Association pertaining to such condominium unit or chargeable

to the extent that the same

became due prior to acquisition of title in the manner above provided. Such unpaid share of common expenses or assessments shall be deemed to be common expenses collectible from all of the condominium unit owners, including such acquirer, its successors and assigns.

2. The mortgagee of a first mortgage or deed of trust of record of a condominium unit shall receive written notice from the Association thirty (30) days prior to the effective date of:

- (a) Any change in the condominium documents;
- (b) Any change of manager of the condominium project.

3. The mortgagee of a first mortgage or deed of trust on a condominium unit shall receive written notice from the Association of any default by the mortgagor in the performance of the mortgagor's obligation under the condominium documents which is not cured in thirty (30) days.

4. The mortgagee of a first mortgage or deed of trust which comes into possession of a condominium unit pursuant to remedies provided in the mortgage, or foreclosure of the mortgage or deed in lieu of foreclosure shall be exempt from any "right of first refusal" or other restriction on the sale or rental of the mortgage unit, including but not limited to, restrictions on the posting of signs pertaining to sale or rental of the unit.

5. Unless all mortgagee of first mortgages or deeds of trust of record of condominium units give their prior written approval, the Association shall not:

- (a) Fail to employ a professional manager for the condominium project;
- (b) Change the pro rata interest or obligations of any unit for purposes of levying assessments and charges and determining shares of the common elements and proceeds of the project;

(c) Partition or subdivide any unit or the common elements of the project or annex additional lands; nor

(d) By act or omission seek to abandon the condominium status of the project except as provided by the statute in case of substantial loss to the units and common elements of the condominium project;

(e) Amend the condominium Declaration to limit or eliminate any of the mortgagee's provisions or make any other material amendment.

6. Where a first mortgage or deed of trust held by a bank, savings and loan association, mortgage banker, insurance company, real estate investment trust, union pension fund, national mortgage association or agency of the federal or state government by some circumstance fails to be a first mortgage or deed of trust, but it is evident that it was intended to be a first mortgage or deed of trust, it shall, nevertheless, for the purposes of this Declaration, be declared to be a first mortgage or deed of trust.

7. Any unit mortgagee of the classes described in Section 6 of this Section J shall be entitled, upon request to:

(a) Inspect the books and records of the condominium during normal business hours;

(b) Receive an annual audited financial statement of the project within ninety (90) days following the end of any fiscal year;

(c) Receive written notice of all meetings of the Courtyards Condominium Association and be permitted to designate a representative to attend such meetings.

8. In the event of substantial damage or destruction of any unit or the common elements, the Association shall notify the first mortgagee of such unit in writing within thirty (30) days of the occurrence and the estimated amount of damages.

9. In the event any unit or portion thereof or any part of the common elements is made the subject matter of any condemnation or eminent domain proceeding or is otherwise sought to be acquired by a condemning authority, the Association shall notify the first

mortgagee of the unit in writing of the pendency of the proceedings within thirty (30) days of the proceedings or proposed acquisition.

10. Notwithstanding any other provisions of this Declaration, any agreement with a Managing Agent for the condominium shall provide for termination by the Condominium Association upon thirty (30) days written notice and the term of any such agreement may not exceed one (1) year, renewable by agreement of the parties for successive one (1) year periods.

K. GRANTEE'S LIABILITY FOR ASSESSMENT. In a voluntary conveyance of a condominium unit, the Grantee of the unit shall be jointly and severally liable with the Grantor for all unpaid assessments by the Association against the latter for his share of the common expenses up to the time of the grant or conveyance, without prejudice to the Grantee's right to recover from Grantor the amounts paid by the Grantee therefor. However, any such Grantee shall be entitled to a statement from the Board of Directors of the Association, as the case may be, setting forth the amount of the unpaid assessments against the Grantor due the Association and such Grantee shall not be liable for, nor shall the condominium unit conveyed be subject to a lien for, any unpaid assessments made by the Association against the grantor in excess of the amount therein set forth.

L. VALIDITY OF ASSOCIATION ACTS. All agreements and determinations lawfully made by the Association in accordance with the voting percentage established in the Texas Condominium Act of 1963, as amended, this Declaration or in the Bylaws, shall be deemed to be binding on all owners of condominium units, their successors and assigns.

M. INSURANCE. The Board of Directors of the Association shall obtain and continue in effect blanket property insurance in form and amount satisfactory to mortgagees holding first mortgages or deeds of trust covering condominium units. The insurance other than title insurance which shall be carried

upon the condominium units shall be governed by the following provisions:

1. Authority to Purchase. All blanket insurance policies shall be purchased by the Association for the benefit of the Association and the owners and their mortgagees as their interests may appear, and provision shall be made for the issuance of certificates of mortgage endorsements to the mortgagees of condominium units. Owners may obtain additional insurance coverage at their own expense, and shall deposit a copy of such insurance policy with the Association.

2. Coverage.

(a) Hazard Insurance. The building and improvements upon the land, and all walls and fixtures located within the boundaries of all condominium units (including additions or improvements made by owners, and all personal property included in the common elements) shall be insured in an amount equal to the full replacement value, excluding foundation and excavation costs, as determined annually by the Board of Directors of the Association. Such coverage shall afford protection, if customarily available, against:

(1) Loss or damage by fire and other hazards covered by a standard extended coverage endorsement, debris removal, cost of demolition, vandalism and malicious mischief. Water damage insurance shall be written on Texas special coverage endorsement No. 222. This will provide coverage for broken water pipes and/or back up and air conditioning equipment with a \$250.00 deductible per building per occurrence.

(2) Such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the condominium buildings.

(3) Waiver of the insurance company's right to subrogation against the condominium unit owners, their agents, employees or tenants and maintenance personnel or other employees of the Association.

(4) Additional property coverage as may be added by the Association when the insurance carrier is notified.

(5) A demolition endorsement or its equivalent.

(6) Coverage shall not be prejudiced by:

(i) Any act or neglect of the owners of condominium units when such act or neglect is not within the control of the Association;

(ii) By failure of the Association to comply with any warranty or connection with regard to any portion of the premises over which the Association has no control.

(7) Coverage may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the first mortgagee named in the policy.

(b) A comprehensive policy of public liability covering all common areas in the condominium which would preclude the company from denying the claim of a unit owner because of the negligent acts of the Condominium Association or another unit owner, with limits not less than \$1,000,000 covering all claims for personal injury and/or property damaged if available, arising out of a single occurrence, such coverage to include protection against water damage liability, liability for non-owned and hired automobile, and, such other risks as are customarily covered with respect to condominiums of similar construction, location and use.

(c) Workmen's compensation coverage shall be maintained in amounts and coverages necessary to meet the requirements of law.

(d) The Association shall maintain adequate fidelity coverage to protect against dishonest acts on the part of officers, directors, trustees and employees of such Association and all others who handle, or are responsible for handling funds of the Association. Such fidelity bonds shall meet the following requirements:

(1) All such fidelity bonds shall name the Association as an obligee; and,

(2) Such fidelity bonds shall be written in an amount equal to at least 150% of the estimated annual operating expenses of the condominium project, including reserves; and,

(3) Such fidelity bonds shall contain waivers of any defense bond upon the exclusion of persons who serve without compensation from any definition of "employee" or similar expression; and,

(4) Such bonds shall provide that they may not be cancelled or substantially modified (including cancellation for nonpayment of premium) without at least thirty (30) days prior written notice to the first mortgagee.

(e) Such other insurance as is approved by the Board of Directors of the Association from time to time shall be maintained. Nothing in this Declaration shall prohibit the Association from purchasing insurance in excess of the requirements of this section.

3. Premiums. Premium upon insurance policies purchased by the Association shall be paid by the Association as a common expense.

4. Insurance Trustee. All insurance policies purchased by the Association shall be for the benefit of the Association and the owners and their mortgagees as their interest may appear and shall provide that if the insurance proceeds covering property losses are in excess of \$5,000, then such proceeds shall be paid to a federally insured institution having offices in Harris County, Texas, and possessing trust powers as may be approved by the Board of Directors of the Association, which trustee is herein referred to as the "insurance trustee". The insurance trustee shall not be liable for payment of premiums nor for the renewal or the sufficiency of policies nor for the failure to collect any insurance proceeds. The duty of the insurance trustee shall be to receive such proceeds as are paid and hold the same in trust for the purposes elsewhere stated herein and for the benefit of the condominium unit owners and their mortgagees in the following shares, but which shares need not be set forth on the records of the insurance trustee:

(a) Condominium Unit Owners. Proceeds on account of damage to common areas and facilities, shall be held for each owner, with each owner's share being the same as his interest in the common areas and facilities. In the event of damage to one or more condominium units, proceeds shall be held for the owner of each such condominium unit.

(b) Mortgagees. In the event a mortgagee holds a mortgage or deed of trust covering a condominium unit, the share of the condominium unit owner shall be jointly held for the owner and the mortgagee as their interests may appear.

5. Distribution of Proceeds. Proceeds of insurance policies received by the insurance trustee shall be distributed to or for the benefit of the beneficial owners in the following manner:

(a) Expenses of the Trust. All expenses of the insurance trustee shall be first paid or provision made therefor.

(b) Reconstruction or Repair. If the damage for which the proceeds are paid is to be repaired or reconstructed, the remaining proceeds shall be paid to defray the cost thereof as elsewhere provided. Any proceeds remaining after defraying such costs shall be distributed to the beneficial owners, according to their interest in the common areas and facilities, remittances. This is a covenant for the benefit of any mortgagee of a condominium unit and may be enforced by such mortgagee.

(c) Failure to Reconstruct or Repair. If it is determined in the manner elsewhere provided that the damage for which the proceeds are paid shall not be reconstructed or repaired, the remaining proceeds shall be distributed to the beneficial owners, remittance to owners and their mortgagees being payable jointly to them. This is a covenant for the benefit of any mortgagee of a condominium unit and may be enforced by such mortgagee.

(d) Certificates. In making distribution to owners and their mortgagees, the insurance trustee may rely upon a certificate of the Association as to the names of the owners and their respective shares of the distribution.

6. Association as Agent. The Association is irrevocably appointed agent for each owner and for each owner of a mortgage, deed of trust, or other lien upon a condominium unit and for each owner of any other interest in the property to adjust all claims arising under insurance policies purchased by the Association, and to execute and deliver releases upon the payment of claims.

7. Payment of Premium. Insurance premiums for each type of insurance coverage shall be a common expense, and collections for such premium payments shall be held in a separate escrow account for each type of insurance involved in a federally insured institution and used solely for the payment of the particular insurance as such premiums become due.

8. Determination to Reconstruct or Repair. If any part of the property shall be damaged by casualty,

whether or not it shall be reconstructed or repaired shall be determined in the following manner:

(a) Common Areas and Facilities. If damage is to the common area, the damaged property shall be reconstructed or repaired unless it is determined in the manner elsewhere provided that the condominium shall be terminated.

(b) Building.

(1) Partial Destruction. If the damage is to one or more of the buildings, and if any condominium unit in any of the buildings is found by the Board of Directors to be tenable, the damaged property shall be reconstructed or repaired within sixty (60) days after the casualty unless it is determined by agreement in the manner elsewhere provided that the condominium shall be terminated.

(2) Total Destruction. If the damage is to one or more of the buildings, and if none of the condominium units in the buildings are found by the Board of Directors of the Association to be tenable, then the damaged condominium will be terminated without agreement as elsewhere provided, unless within sixty (60) days after the casualty, owners who own seventy five percent (75%) of the undivided interest agree in writing to such reconstruction or repair.

(c) Certificate. The insurance trustee may rely upon a certificate of the Association made by its president and secretary to determine whether or not the damaged property is to be reconstructed or repaired.

9. Plans and Specifications. Any reconstruction or repair must be substantially in accordance with the building plans and specifications; or if not, then according to plans and specifications approved by the Board of Directors of the Association.

10. Responsibility. If the damage is only to those parts of one or more condominium units for which the responsibility of maintenance and repair is that of the owner, then the individual condominium unit owner shall be responsible for reconstruction and repair after casualty. All damages to the common area and facilities shall be the responsibility of the Association for reconstruction and repair after casualty.

11. Estimate of Costs. Immediately after a determination to rebuild or repair damage to the property, the Association shall obtain reliable and detailed estimates of the costs to rebuild or repair.

12. Assessments. If the proceeds of insurance are not sufficient to defray the estimated costs of reconstruction and repair by the Association, or if at any time during reconstruction and repair, or upon completion of reconstruction and repair, the funds for the payment of costs thereof are insufficient, assessments shall be made against all owners in sufficient amounts to provide funds for the payment of such costs. Such assessments on account of damage to common areas and facilities or one or more of the condominium units shall be in proportion to each condominium unit owner's interest in the common areas and facilities.

13. Construction Funds. The funds for payment of costs of reconstruction and repair after casualty, which shall consist of proceeds of insurance held by the insurance trustee or by the Association in the case of insurance proceeds of \$5,000 or less, and funds collected by the Association from assessments against owners, shall be disbursed in payment of such costs in the following manner:

(a) Association. If the total of assessments made by the Association in order to provide funds for payment of costs of reconstruction and repair which is the responsibility of the Association is more than \$5,000, then the sums paid upon such assessments shall be deposited by the Association with the insurance trustee. In all other cases, the Association shall hold the sums paid upon such assessments and disburse the same in payment of the costs of reconstruction and repair.

(b) Insurance Trustee. The proceeds of insurance collected on account of a casualty and the sums deposited with the insurance trustee by the Association from collections of assessments against owners on account of such casualty, shall constitute a construction fund which shall be disbursed in payment of the costs of reconstruction and repair in the following manner.

(1) Association - Lesser Damage. If the amount of the estimated costs of reconstruction and repair which is the responsibility of the Association is less than \$5,000, then the construction fund shall be disbursed in payment of such costs by the Association, provided, however, that upon request to the insurance trustee by a mortgagee which is a beneficiary of an insurance policy the proceeds of which are included in the construction fund, such fund shall be disbursed in the manner hereinafter provided for the reconstruction and repair of major damage.

(2) Association - Major Damage. If the amount of estimated costs of reconstruction and repair which is the responsibility of the Association is more than \$5,000, then the construction fund shall be disbursed in payment of such costs in the manner required by the Association and approved in writing by the mortgagee who holds the majority of mortgages or mortgaged units.

(3) Surplus. If there is a balance in a construction fund after payment of all costs of the reconstruction and repair for which the fund is established, such balance shall be distributed to the beneficial owners of the funds as shown in Section M 5 hereof.

N. GRANTOR'S COVENANT. As long as said Grantor, its successors and assigns, owns one or more of the condominium units established and described herein, said Grantor, its successors and assigns, shall be subject to the provisions of this Declaration and Exhibits "A", "B", and "C" attached hereto and made a part hereof, and said Grantor covenants to take no action which would adversely affect the rights of the Association with respect to assurances against latent defects in the property or other right assigned to the Association, the members of such Association and their successors in interest, as their interests may appear, by reason of the establishment of the condominium.

O. ASSESSMENT FOR REAL ESTATE TAXES. Real estate taxes are to be separately taxed on each condominium unit as provided in the Texas Condominium Act. In the event that for any reason any one year (including the year this Declaration is recorded) in which real estate taxes or any other special tax assessments are not separately assessed and taxed to each condominium unit, but are assessed and taxed on the property in a whole, then each

owner shall pay his proportionate share thereof in accordance with his interest in the property as a part of his regular monthly maintenance assessment.

P. DEVELOPER'S RIGHTS. Notwithstanding any other provision of this Declaration to the contrary, until the Grantor has sold all of the condominium units of the condominium, neither the condominium unit owners nor the Association nor the use of the property shall interfere with the completion of any contemplated improvements and the sale of the condominium units. The Grantor may make such use of the unsold condominium units, and common areas and facilities as may facilitate sales, including, but not limited to, maintenance of a sales office, the showing of the condominium units, and the display of signs.

Q. NON-WAIVER. The failure of the Association or any owner to enforce any covenant, restriction or other provision of the Texas Condominium Act or condominium documents shall not constitute a waiver of the right to do so thereafter.

R. AMENDMENTS. This Declaration may be amended in the following manner:

1. Notice. Notice of the subject matter of a proposed amendment shall be included in the notice of any regular or special meeting called or convened in accordance with the Bylaws. If no meeting is required, copies of the amendment shall be given to each owner prior to the recording of such amendment.
2. Resolution. A resolution adopting a proposed amendment may be proposed by either the Board of Directors of the Association or by the members of the Association. Directors and members not present at the meetings considering the amendment may express their approval in writing.
3. Approval. An amendment to the Declaration shall require the approval of not less than three (3) Directors and by any group of unit owners who own seventy five percent (75%) of the interest in the common elements and 100% of the first mortgages as

defined herein above.

4. Agreements. In the alternative, an amendment may be made by an agreement signed and acknowledged by all of the record owners of units in the condominium in the manner required for the execution of a deed, and such deed amendment shall be effective when recorded in the County Clerk's office of Harris County, Texas.

5. Proviso.

(a) It is provided, however, that no amendments shall discriminate any condominium unit owners unless the owner so affected shall consent; and no amendment shall change any unit nor the share in the common elements appurtenant to it, nor increase the owner's share of the common expenses, unless the record owner of the unit concerned and all record owners of mortgages thereon shall join in the execution of the amendment. Neither shall an amendment of this Declaration make any change in the section entitled "Insurance" nor in the section entitled "Reconstruction or Repair after Casualty" unless the record owners of all mortgages upon units in the condominium shall join in the execution of the amendment.

(b) Provided, also, that the mortgagee holding a majority of mortgages on mortgaged units shall be given thirty (30) days prior written notice of the effective date of any amendment, unless such notice is waived in writing by the mortgagee before or after the date of such amendment.

6. Execution and Recording. A copy of each amendment shall be attached to a certificate certifying that the amendment was duly adopted, which certificate shall be executed by the officers of the Association with formalities of a deed. The amendment shall be effective when such certificate and copy of the amendment are recorded in the County Clerk's office of Harris County, Texas.

5. TERMINATION. The condominium may be terminated in the following manner in addition to the manner provided by the Texas Condominium Act:

1. Destruction. In the event it is determined as provided in Paragraph M 8 (b) (2) that the buildings shall not be reconstructed because of total or more than two thirds (2/3) destruction, the Declaration will be terminated without agreement.

2. Agreement. The condominium may be terminated at any time by the approval in writing of all of the owners of the condominium and by all record holders of first mortgages or deeds of trust upon the condominium units.

3. Certificate. The termination of the condominium shall be evidenced by a certificate setting forth the facts affecting the termination signed by all unit owners and consented to by all of the holders of first mortgages or deeds of trust affecting any of the condominium units. The termination shall be effective upon being recorded in the County Clerk's office of Harris County, Texas.

4. Shares of Owners after Termination. After termination of the condominium, the owners shall own the property and all assets of the Association as tenants in common in undivided shares and their respective mortgages and liens shall have mortgages and liens upon the respective undivided shares of the owners. Such undivided share of the owners shall be the same as the interest each owner held prior to the termination.

T. SEVERABILITY. Any part of this Declaration held to be inoperative shall be severable and is to be severed, and such inoperative part shall not affect the remaining portions of this Declaration. The remaining parts shall continue in full force and effect as if the severed part had never been included herein.

DEFINITIONS. Unless the context or usage herein requires otherwise, the definitions contained in the Texas Condominium Act apply hereto. The word "Declaration" as used herein or in the Bylaws, shall refer to this Declaration. The word "Condominium" shall refer to the Courtyards Condominium. The word "Owner" shall also refer to the co-owners of the condominium units in The Courtyards Condominium. The word "Condominium Unit" shall have the same meaning as the word apartment, as used in the

Texas Condominium Act.

IN WITNESS WHEREOF, the Grantor has executed this Declaration, this the 19th day of April, 1977.

MAGIC CIRCLE CONDOMINIUMS, LTD.,
a Texas limited partnership

By: Robert G. Williams
ROBERT G. WILLIAMS, General Partner

ATTEST:

THE STATE OF TEXAS I
COUNTY OF HARRIS I

BEFORE ME, the undersigned authority, a Notary Public in and for said County and State, on this day personally appeared ROBERT G. WILLIAMS, the only general partner of Magic Circle Condominiums, Ltd., a Texas limited partnership, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said partnership.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 19th day of April, 1977.

Patricia A. Hill
Notary Public in and for
Harris County, Texas