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DECLARATION OF CONDOMINIUM REGIME

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ONE MONTREAL

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*Paul R. [Signature]*  
COUNTY CLERK  
HARRIS COUNTY, TEXAS

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DECLARATION OF CONDOMINIUM REGIME

ONE MONTREAL CONDOMINIUMS

PHASE "A"

This Declaration of Condominium Regime is made and executed this 22<sup>ND</sup> day of APRIL, 1981, by A.S.C. VERSAILLES, INC., a Texas Corporation Texas, (hereinafter referred to as "Developer"), pursuant to the provisions of the Texas Condominium Act, Article 1301a of the Texas Revised Civil Statutes (hereinafter referred to as the "Act"), for the purpose of submitting the hereinafter described real property and the improvements located thereon to a condominium regime;

W I T N E S S E T H:

WHEREAS, Developer is the owner of certain real property in the County of Harris, State of Texas, (herein called the "Subject Property") more particularly described as Phase "A" in the attached Exhibit "A;" and

WHEREAS, Developer has caused to be prepared plans for the construction of eight (8) buildings and other improvements appurtenant thereto on the Subject Property which when completed will consist of ninety-one (91) separately designated condominium units; and,

WHEREAS, Developer desires by recording this Declaration of Condominium Regime, together with the condominium by-laws attached hereto as Exhibit "B" and the condominium subdivision plans and specifications attached hereto to establish a condominium project known as One Montreal Condominiums under the provisions of the Act; and,

WHEREAS, Developer further desires to permit the expansion of the Project in order to provide for additional units and common areas; and,

WHEREAS, Developer by declaring the condominium regime desires to establish a plan for the individual ownership in fee simple of the area of space contained within each unit and the co-ownership by the individual and separate owners thereof, as tenants in common, of all of the Subject Property;

NOW, THEREFORE, Developer does upon the recording hereof, establish One Montreal Condominiums as a condominium project under the Act and does declare that One Montreal Condominiums shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved and in any other manner utilized, subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Declaration of Condominium Regime all of which shall be deemed to run with the title to all or any portion of One Montreal Condominiums and shall be a burden and a benefit to Developer, One Montreal Condominiums, and any persons acquiring or owning any interest in One Montreal Condominiums, their grantees, heirs, executors, administrators, successors and assigns. In furtherance of the establishment of this condominium project, it is provided as follows:

I.

DEFINITIONS

1. Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the following meanings:

A. "Unit" shall mean and refer to an enclosed air space consisting of one or more rooms occupying all or part of one or more floors in a building in the Condominium Project, as such space may be further described, delineated and delimited in the plat attached hereto as Exhibit "C" (and as may hereafter be described, delineated and delimited by an amendment or supplement hereto as herein permitted).

B. "Condominium" shall mean and refer to the separate ownership of a Unit, together with an undivided ownership interest in the Limited and General Common Elements expressed as a fraction of the entire ownership interest in the Common Elements as set forth and defined herein.

C. "Condominium Project" shall mean and refer to One Montreal Condominiums, Phase "A" as a condominium project established in conformance with the provisions of the Act.

D. "Owner" shall mean and refer to a person, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof, who or which is the record owner of fee simple title to one or more Units in the Condominium Project.

E. "Association" shall mean and refer to One Montreal Owners Association, Inc., its successors and assigns, comprised of the Owners of all the Units of a non-profit association, the By-Laws of which shall govern the administration of this Condominium and the members of which shall be all of the Owners of the Units; which Association may be, at Developer's election and as herein provided, a corporation organized pursuant to the Texas Non-Profit Corporation Act.

F. "Common Elements" shall mean and refer to both the General and Limited Common Elements as described herein.

G. The General and Limited Common Elements of the Condominium Project are as follows:

1. The General Common Elements consist of:

(a) The land in the Condominium Project, as more particularly described as Phase "A" in Exhibit "A" (and the additional land which may be described in a supplement hereto as herein permitted);

(b) The foundations, bearing walls and columns (including any windows, doors and chimneys therein), roofs, attics, ceilings and floors, or communication ways and any other portion of the buildings located on the land described above not included within any Unit;

(c) The premises and facilities, if any, used for maintenance or repair of the Condominium Project;

(d) All common recreational facilities, including without limitation the office and the grounds, yards and walkways;

(e) Parking spaces not designated with a Unit number and described on the condominium subdivision plan as unassigned parking spaces; provided however, Developer expressly reserves the right at any time and from time to time to assign, any unassigned parking space to any Owner; and, provided further, coincident with the assignment of any unassigned parking space the condominium subdivision plan attached hereto as Exhibit "A" shall be amended for the purposes of designating such parking space with a number corresponding to a Unit number, and thereafter such parking space shall be a limited Common Element appurtenant to such Unit. Such amendment shall not require the joinder of any owner or mortgagee.

(f) All other elements desirable or rationally of common use or necessary to the existence, upkeep and safety of the Condominium Project.

2. The Limited Common Elements, being those Common Elements reserved for the use of specific Units to the exclusion of others, consist of:

(a) A minimum of one parking space for each Unit, designated with a number corresponding to the Unit number as described on the condominium subdivision plan attached hereto as Exhibit "A," or as may be amended;

(b) Compartments or installations of central services such as power, light, electricity, telephone, gas, cold and hot water, plumbing, reservoirs, water tanks and pumps, incinerators, and all similar devices and installations corresponding to a building within the Condominium Project or corresponding to a Unit;

(c) Storage rooms, patios, balconies and decks designated with a number as described on the condominium subdivision plan and specifications attached hereto as Exhibit "C";

(d) Mail boxes not located at individual Units which are designated with a number corresponding to a Unit number;

(e) All other portions of the General Common Elements which are specifically reserved for the exclusive use of the Owner of a Condominium Unit as shown on Exhibit "C" attached hereto or as may hereafter be shown by supplement or amendment hereto.

H. "Entire Premises" or "property" means and includes the land, buildings, all improvements and structures thereon, and all rights, easements and appurtenances belonging thereto.

I. "Common Expenses" means and includes:

1. All sums lawfully assessed against the general Common Elements by the managing agent or Board of Directors of the Condominium Project;

2. Expenses of administration and management, maintenance, repair or replacement of the General Common Elements;

3. Expenses agreed upon as Common Expenses by the Owners; and,

4. Expenses declared Common Expenses by provisions of this Declaration and by the By-Laws.

J. "By-Laws" means the By-Laws of the Association attached hereto as Exhibit "B" for reference and any amendment, modification or revision thereto as therein permitted.

K. "Map", "Survey Map", or "Plans" means and includes the engineering survey of the land located thereon all of the improvements, the floor plans and any other drawing or diagrammatic plan depicting a part of or all of the improvements, same being herewith filed, consisting of nine (9) sheets labeled Exhibits "A", "C-1" through "C-8."

L. "Building" means any one of the eight (8) buildings within the Condominium Project.

M. "First Mortgagee" means any holder of a security interest in a Unit, represented by a first deed of trust, mortgage or security agreement giving such holder a first and paramount priority under Texas law.

## II.

### ESTABLISHMENT OF REGIME

#### 2.1 GRANT AND SUBMISSION

Developer hereby grants and submits to Condominium Ownership all of the Subject Property, the improvements to be constructed thereon, the Condominium Project and all attachments and appurtenants thereto and in anywise belonging.

#### 2.2 DESCRIPTION OF PROPERTY

The Condominium plans and specifications attached hereto as Exhibits "A" and "C" shall be filed for record simultaneously with the recording of this Declaration as a part hereof, and prior to the first conveyance of any Condominium Unit. Such Condominium plans and specifications consists of and sets forth (1) the legal description of the surface of the land; (2) the linear measurements and location, with reference to the exterior boundaries of the land, of the buildings and all other improvements built or to be built on said land by Developer; (3) floor plans and elevation plans of the building built or to be built thereon showing the location, the building designation, the Unit designation and the linear dimensions of each Unit, and the limited common elements; (4) the elevations of the unfinished interior surfaces of the floors and ceilings as established from a datum plane. Developer hereby expressly reserves the right to amend said Exhibits to conform the map to actual location of the constructed improvements to establish, vacate and relocate outside utility easements, access and parking facilities as same may be located on the ground, all as more fully provided herein. Such amendment shall not require the joinder of any owner or mortgagee.

### 2.3 DIVISION OF FEE ESTATES

The real property is hereby divided into the following separate fee simple estates:

(a) Ninety-one (91) fee simple estates consisting of ninety-one (91) separately designated Units, each such Unit identified by number and being described as follows:

Building A - Containing eight (8) Units numbered 101 through 108, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat of Building A attached as Exhibit "C-1" for reference.

Building B - Containing twelve (12) Units numbered 201 through 212, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat for Building B attached as Exhibit "C-2" for reference.

Building C - Containing sixteen (16) Units numbered 301 through 316, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat of Building C attached as Exhibit "C-3" for reference.

Building D - Containing eight (8) Units numbered 401 through 408, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat of Building D attached as Exhibit "C-4" for reference.

Building E - Containing twelve (12) Units numbered 501 through 512, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat of Building E attached as Exhibit "C-5" for reference.

Building F - Containing twenty (20) Units numbered 601 through 620, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat of Building F attached as Exhibit "C-6" for reference.

Building G - Containing six (6) Units numbered 701 through 706, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat of Building G attached as Exhibit "C-7" for reference.

Building H - Containing nine (9) Units numbered 801 through 809, inclusive, the size, dimensions, location and boundaries of each being detailed on the survey plat of Building H attached as Exhibit "C-8" for reference.

As set forth on the plan and specifications attached hereto as Exhibit "C" for reference, the architectural design of each of the Units within the Condominium Project are labeled Unit Type A, B, C, D, E, or F with varying modifications to the basic architectural designs. Accordingly, references on the attached plans and specifications should be keyed to the basic Unit Types as they relate to the various Unit numbers.



(b) The remaining portion of the entire premises, referred to as the General Common Elements, shall be held in common by the owners, the percentage interest in the General Common Elements attributable to the appurtenant to the respective Units being set out in Exhibit "D" hereto (at column 3 thereof), each such undivided interest being appurtenant to one of the Units covered hereby as scheduled, subject to revision as set forth in Article 2.5 hereof.

#### 2.4 TITLE

Title to any Unit is declared and expressly made subject to the terms and conditions hereof, and acceptance by any grantee of a Deed from Developer of any Owner shall be deemed an acknowledgment of and consent to these provisions.

#### 2.5 EXPANSION OF PROJECT

The Developer anticipates that the Condominium Regime created hereunder will be expanded to include additional Units and Common Elements to be constructed on the real property additionally described in Exhibit "E" as Phase "B," adjacent to the Subject Property which Units shall be designed, modified or revised as Developer may deem advisable in its sole discretion, provided however, in no event shall more than two hundred nine (209) additional Units, for a total of three hundred (300) Units, be constructed. All additional units must be of the same basic style, floor plan, size and quality as those in the One Montreal Condominiums. In this connection, it is hereby stipulated that the undivided interests set forth on Exhibit "D" hereto, which is appurtenant to the Units covered hereby will be revised as additional Units and Common Elements are built or scheduled to be built, based upon the ratio that the number of square feet contained in each Unit bears to the number of square feet contained in all of the Units, including the additional Units, and correspondingly each Owner will own a percentage interest in the additional Common Elements at such time as the hereinafter amendment or supplement is filed. In order to annex and include the additional Units within the Condominium Regime created hereby, and solely for such purpose, Developer reserves the right to amend or supplement this Declaration at any time prior to January 1, 1986. Such amendment may be made by Developer without the joinder of any Owner or mortgagee of Owner and the filing of such Amendment or supplement shall be binding upon each Owner and mortgagee. In no event, however, may any such Amendment serve to dilute or reduce the respective percentage ownership interests of each Owner as set forth on Exhibit "D" hereto except to the extent provided above and to the extent that each Owners' voting rights in the Association will be diluted since more votes will be required to equal the specified number to pass or reject the matter being considered. Further, if the Amendment or supplement herein permitted to be filed is not filed prior to January 1, 1986, the Developer shall not thereafter be entitled to amend this Declaration for the limited purpose set forth in this Article 2.5.

### III.

#### OCCUPATION AND USE

##### 3.1 CONVEYANCE OF CONDOMINIUM UNITS

Each Unit and the undivided ownership interest in the Common Elements appurtenant thereto shall be inseparable and may be conveyed, leased or encumbered only as a Condominium Unit. Any conveyance of a Unit shall be deemed to include the Common Elements appurtenant thereto.

##### 3.2 DESCRIPTION OF CONDOMINIUM UNITS

Every deed, lease, mortgage, trust deed or other instrument may legally describe a Condominium Unit by its number or letter followed by the words "One Montreal Condominiums" with further reference to this Declaration and the Map. Every such description shall be deemed good and sufficient for all purposes to convey, transfer, encumber, or otherwise affect a Unit, the Common Elements appurtenant thereto and such Unit's percentage of interest in the Common Elements.

##### 3.3 COMBINATION OF UNITS

In the event that one Owner shall own two or more Units adjacent to each other, such Owners shall have the right, upon the express written consent of the First Mortgagee of each such unit, to combine such Units into one area, to create entries, door openings and stairways between such Units so long as such changes do not affect load-bearing walls or pipes, conduits, ducts, shafts and wiring for the utility services of the Building and so long as the same is approved by all relevant governmental bodies.

##### 3.4 DIVISION OF UNIT

Subject to the express written consent of all First Mortgagees, the Developer, or a successor developer, hereby reserves the right to divide any Unit into two (equal or unequal) separate Units, by the filing of a supplement to this Declaration and to the Map, which shall describe the Units in the same manner as in this original Declaration and Map. In the event of division, the percentage interest of ownership in Common Elements allocated to the original Unit being divided shall be divided among the two new separate Units in the ratio that the square footage area of each such new Unit bears to the total square footage area of the original Unit. This reserved right in the Developer shall not run with the Land and shall not inure to the benefit of any subsequent owner of a Unit. However, this right is restricted in that only one division into said Units may be made as to any Unit. The parking and storage spaces originally assigned to the Unit shall be reassigned, in the event of division, to the newly created Units.

##### 3.5 MODIFICATION OF BUILDING

Prior to the sale of any Unit within a Building, the Developer reserves the right to modify any proposed Unit or Building for any purpose whatsoever, provided that the aggregated percentage interests allocated to the Building in Exhibit "D" do not change and further provided that the aggregate number of the Units in such Building is not increased.

### 3.6 RIGHT OF ACCESS AND EMERGENCY REPAIRS

The Association shall have the right of access to each Unit and its appurtenant Limited Common Elements from time to time during reasonable hours as may be necessary for the maintenance, repair or replacement of Common Elements, or at any time deemed necessary for the making of emergency repairs to prevent damage to the Common Elements or to the Unit or to another Unit. In the event any damage occurs to an individual Unit as a result of the repair of or repairs to the Common Elements, the cost for restoration of said damaged Unit shall be a common expense. Further, in the event a Common Element is damaged as a result of actions or inactions of a Unit owner or his guests, invitees, tenants or others taking or occupying through said owner, then such owner shall be liable for any and all costs incurred for the repair and restoration of the damaged Common Element.

### 3.7 NO PARTITION

Except as provided herein, no owner shall bring an action for partition of his Condominium Unit or of the Common Elements. This restriction shall not, however, prohibit the division of a Unit as provided in Section 3.4 hereof.

### 3.8 TAX ASSESSMENTS

It is specifically stipulated that each Unit shall be subjected to separate tax assessments and taxation by the appropriate governmental authority.

### 3.9 ENCROACHMENTS AND EASEMENTS

If any portion of the General Common Elements encroaches upon a Unit or Units, for any reason whatsoever, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. If any portion of an adjoining Unit or Units encroaches upon another Unit or Units, a valid easement for the encroachment and for the maintenance of same, so long as it stands, shall and does exist. For title or other purposes, such encroachment(s) and easement(s) shall not be considered or determined to be encumbrances either on the Common Elements or the Units.

### 3.10 LABOR AND MATERIALMAN LIEN

Subsequent to the completion of the improvements described on the Map, no labor performed or materials furnished and incorporated in a Unit with the consent or at the request of the Owner thereof or his agent or his contractor or subcontractor shall be the basis for filing of a lien against the Unit and Common Elements owned by such other Owners. Each Owner shall indemnify and hold harmless each of the other Owners, the Developer and the Association from and against all liability arising from the claim of any lien against the Unit of any other Owner or against the General Common Elements for construction performed or for labor, materials, services or other products incorporated in the Owner's Unit at such Owner's request. Upon written request of any Owner the Association shall have the right to enforce such indemnity.

### 3.11 USE RESTRICTIONS

(a) Single Family Use. No Unit in the Condominium Project shall be used for other than single-family residence purposes or co-tenancy purposes so long as there are no more than two individual co-tenants and the Common Elements shall be used only for purposes consistent with the use of single-family residence.

(b) Structural Alterations or Modifications. No Owner shall make alterations or modifications to his Unit or to any of the Common Elements, including the erection of antennae, aeriels, awnings, the placement of any reflective or other material in the windows of the Unit (other than uniform window coverings approved by the Board of Directors) or other exterior attachments without the written approval of the Association. The Association shall have the right to authorize any and all structural alteration or modifications, provided, however, the Association shall not approve any alterations, decorations or modifications which would jeopardize or impair the soundness, safety or appearance of the Condominium Project and such alterations shall not affect the percentage of value assigned to each Unit Owner in Exhibit "D" hereof.

(c) Right to Lease. 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 be in writing and shall be required to provide that the terms of the lease shall be subject in all respects to the provisions of the Declaration and the By-Laws, and that any failure by the lessee to comply with the terms of such documents shall be a default under the lease.

(d) Nuisance. No immoral, improper, unlawful or offensive activity shall be carried on in any Unit or upon the Common Elements, nor shall anything be done which may be or become an annoyance or a nuisance to the Owners. No Owner shall do or permit anything to be done or keep or permit to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium Project. No Owner shall store any dangerous explosive or inflammable liquids or other materials either in his Unit or upon the Common Elements.

(e) Signs. No signs or other advertising devices which are visible from the exterior of any Unit or upon the Common Elements shall be displayed, including "For Sale" signs, without written permission from the Association.

(f) Pets. No animals shall be kept except household pets. Such pets may not be kept or bred for any commercial purpose and shall have such care and restraint so as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions. No savage or dangerous animal shall be kept. No more than one household pet may be kept without written permission of the Board of Directors of the Association which shall not be unreasonably withheld. No pets may be permitted to run loose upon the Common Elements, and any Owner who causes any

animal to be brought or kept upon the premises of the Condominium Project shall indemnify and hold harmless the Association for any loss it may sustain or which may be claimed against the Association as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor. Notwithstanding the generality of the foregoing, after (i) repeated violations of this provision, (ii) ten (10) days prior written notice to the Owner of such pet(s), and (iii) an opportunity for such Owner to have a hearing before the Board of Directors, such pet(s) may be taken from such Owner and given to the Society for the Prevention of Cruelty to Animals of Harris County, Texas.

(g) Use of Common Elements. The Common Elements shall not be used for storage of supplies, personal property, trash or refuse of any kind (except common trash receptacles, storage buildings or other similar structures which may from time to time be placed upon the Common Elements at the discretion of the Board of Directors of the Association), nor shall the Common Elements be used in any way for the drying, shaking or airing of clothing or other items. Stairs, entrances, sidewalks, yards, driveways and parking areas shall not be obstructed in any way nor shall unauthorized persons or pets play therein or thereon or use such areas for other than their intended purposes. In general, no activities shall be conducted nor condition maintained by any Owner either in his Unit or upon the Common Elements which despoils the appearance of the Condominium Project.

(h) Maintenance. Each Owner shall maintain his Unit and any limited common elements appurtenant thereto in clean, safe and sanitary condition. Each Owner shall also use due care to avoid damaging any of the Common Elements, including, but not limited to, the central air-conditioning and heating, telephone, water, gas, plumbing, power or other utility systems throughout the Condominium Project and each Owner shall be responsible for his negligence or misuse of any of the Common Elements or of his own facilities resulting in damage to the Common Elements.

(i) Rules and Regulations. Non-discriminatory regulations concerning the use of the Condominium Project shall be promulgated from time to time by the Developer or the Board of Directors of the Association and such regulations, and subsequent regulations duly adopted from time to time, shall be binding on all members of the Association unless duly amended by a majority of the percentage of value assigned to the Owners.

(j) Vehicles. Vehicles not in operating condition shall not be parked upon the premises of the Condominium Project (except in an assigned parking space). No parking space shall be converted for living, recreational or business purposes, nor shall anything be stored in any parking space so as to prevent the parking of a vehicle therein.

(k) Sales Office. None of the restrictions contained in this Section 3.11 shall apply to the sales office, sales models and other commercial activities or signs or billboards, if any, of Developer during the sales period

of the Condominium Project or of the Association in furtherance of its powers and purposes set forth herein and/or in its Articles of Incorporation and By-Laws as the same may be amended from time to time, including without limitation the power of the Association to own a Unit for the use and enjoyment of the resident manager of the Condominium Project.

(l) Enforceability. These restrictive covenants as to the use of the Units and the Common Elements shall be a burden upon the fee title to the property herein described shall run with the title to the land of same until duly amended by the Association as herein permitted.

#### IV.

#### ADMINISTRATION

The administration of this Condominium Project shall be governed by this Declaration and the By-Laws of One Montreal Owners Association, Inc., a non-profit association, and the Articles of Incorporation of such Association (if any), hereinafter referred to as the "Association". A copy of "By-Laws" is hereto attached marked Exhibit "B" and incorporated herein; and same shall be deemed adopted by Developer as sole owner of the Property herein described, and all owners shall be bound thereby. Developer may, at its election, cause to be formed a Texas non-profit corporation bearing said name, in which event such non-profit corporation shall thereafter act and do all things to be done by "Association", and the said non-profit corporation, if formed, shall be bound by, adopt and observe its By-Laws, the By-Laws hereto attached marked Exhibit "B". "Association" as here used shall refer to the member owners as a group, both before and after incorporation. In the event of incorporation, a certified copy of the Certificate of Incorporation of One Montreal Owners Association, Inc., shall be recorded and shall provide that three (3) persons shall act as a Board of Directors and shall serve as the Directors until their successors have been elected and qualified. An Owner of a condominium Unit, upon becoming an Owner, shall be a member of the Association and shall remain a member for the period of his ownership. The aggregate number of votes for all members of the Association shall be one hundred (100) and shall be divided among the respective unit owners in accordance with their respective percentages of ownership interest in the Common Elements as set forth in Exhibit "D" hereto. The Board of Directors shall retain a Managing Agent, for One Montreal Owners Association, Inc., with such responsibilities of management as may be determined by the Board of Directors until (i) the date on which Developer elects to call the first meeting of the Unit Owners owners for election of a Board of Directors, or (ii) January 1, 1986, or, (iii) until 75% of Units shall be sold to owner occupants, whichever first occurs, (herein called "Association date"). Any management agreement shall not have a term of more than one (1) year, and shall be terminable without cause upon 30 days written notice.

#### V.

#### MAINTENANCE

##### 5.1 UNIT AND LIMITED COMMON ELEMENTS

An Owner shall maintain and keep in repair the interior

of his own Unit, including the fixtures thereof. All fixtures and equipment, with the heating and air conditioning system, installed within the Unit, commencing at a point where the utility lines, pipes, wires, conduits or systems (which for brevity are hereafter referred to as "utilities") enter the Unit shall be maintained and kept in repair by the Owner thereof. Without limitation on the generality of the foregoing, an Owner shall maintain and keep in good repair (and replace, if so required) the air conditioning compressor, hot water heater units, fans, ductwork, heating unit and cooling coils, utilized in and for his Unit; as well as all other fixtures situated within or installed into the Limited Common Elements appurtenant to such Unit; and an Owner shall be obliged to promptly repair and replace any broken or cracked windows. The Owner's obligation to maintain and repair as set forth herein shall also extend to any damage cause by Owner's guests, tenants and invitees.

#### 5.2 LIMITATION ON WORK

An Owner shall do no act nor any work that will impair the structural soundness or integrity of the building or impair any easement or hereditament. No Owner shall in any way alter, modify, add to, or otherwise perform any work whatever upon any of the General Common Elements, save with written consent of the Board of Directors first obtained.

#### 5.3 OWNERSHIP

An Owner shall not be deemed to own the undecorated and/or unfinished surfaces of the perimeter walls, floors and ceilings surrounding his Unit, nor shall such Owner be deemed to own the utilities running through his Unit which are utilized for, or serve more than one Unit, except as a tenant-in-common with the other Owners. An Owner, however, shall be deemed to own and shall maintain the inner decorated and/or finished surfaces of the perimeter and interior walls, floors, and ceilings, doors, windows, and other such elements consisting of paint, wallpaper, and other such finishing materials.

#### 5.4 COMPLIANCE

Each Owner shall comply strictly with the provisions of this Declaration, By-Laws, and the decisions and resolutions of the Association adopted pursuant thereto as the same may be lawfully amended from time to time. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages or injunctive relief, or both, maintainable by the Managing Agent or Board of Directors on behalf of the Owners, or, in proper cases, by an aggrieved Owner.

### VI.

#### EXPENSES

#### 6.1 COMMON EXPENSES

The costs and expenses (Common Expenses) of managing, operating and maintaining the Condominium Project and the Condominium Units by the Association shall be borne by all Owners. Common Expenses may include, but are not limited to, the overhead expenses of the Association, costs of maintenance, repair and operation of the Common Elements, taxes

and special assessments unless separately assessed, insurance premiums for insurance coverage as deemed desirable or necessary by the Association, utility charges for the General Common Elements (including gas, electricity, water, and sewer) trash and garbage collection, guard service, burglar alarm service, landscape maintenance, janitorial service, manager's salary, legal and accounting fees, management fees, and the creation of a reasonable contingency of other reserve or surplus funds.

#### 6.2 ASSESSMENTS

The assessments made to provide funds for Common Expenses shall be based upon the cash requirements deemed to be such aggregate sum as the Managing Agent or Board of Directors of the Association shall from time to time determine is to be paid by all of the Owners, (including Developer, but only after "Association Date" on Units not sold), to provide for the payment of all estimated expenses growing out of or connected with the maintenance and operation of the General Common Elements, which sum may include, in addition to the costs set forth in Article 6.2 hereof, among other things, cost of management, taxes, assessments, fire insurance with extended coverage and vandalism and malicious mischief with endorsements attached, issued in the amount of the maximum and public liability and other insurance premiums, landscaping and care of grounds, common lighting, repairs and renovations, garbage collections, wages, water charges, legal and accounting fees, management fees, expenses and liabilities incurred by the Managing Agent or Board of Directors under or by reason of the Declaration, the payment of any deficit remaining from a previous period, (except for operating deficits incurred by the Developer prior to the Association Date), the creation of a reasonable contingency or other reserve or surplus funds as well as other costs and expenses relating to the General Common Elements. The omission or failure of the Board to fix the assessment for any month shall not be deemed a waiver, modification, or a release of the Owners from the obligation to pay. In no event shall the Developer be liable for any portion of the assessments until after the Association Date; however, the Developer shall pay any deficit in the operating budget for the regime until the Association Date.

#### 6.3 INSURANCE

The Managing Agent or Board of Directors shall obtain and maintain at all times insurance of the type and kind provided herein, and including for such other risks, of a similar or dissimilar nature, as are or shall hereafter customarily be covered with respect to other condominium buildings, fixtures, equipment and personal property, similarly in construction, design and use, issued by responsible insurance companies authorized to do business in the State of Texas. Additionally, the Association shall carry fidelity insurance as related to the officers and directors of the Association and the Association's administration thereof. The insurance shall be carried in Blanket policy form naming the Association the insured, which policy or policies shall identify the interest of each condominium Unit Owner and which shall provide for a standard, non-contributory mortgagee clause in favor of each First Mortgagee. It shall also provide that it cannot be cancelled by either the insured or the insurance company until after ten (10) days prior written notice to each First Mortgagee.



Said Managing Agent or Board of Directors shall, upon request of any First Mortgagee, furnish a certified copy of such blanket policy and the separate certificate identifying the interest of the mortgagor. All policies of insurance shall provide that the insurance thereunder shall be invalidated or suspended only in respect to the interest of any particular Owner guilty of a breach of warranty, act, omission, negligence or non-compliance with any provision of such policy, including payment of the insurance premium applicable to that owner's interest, or who permits or fails to prevent the happening of any event, whether occurring before or after a loss, which under the provisions of such policy would otherwise invalidate or suspend the entire policy, but the insurance under such policy, as to the interest of all other insured Owners not guilty of any such act or omission, shall not be invalidated or suspended and shall remain in full force and effect. Further, such policies shall contain provisions requiring that the insurer waive its subrogation rights with respect to asserting any claim it might have against negligent Unit Owners.

#### 6.4 PAYMENT DATE

All Owners shall be obligated to pay the estimated assessments imposed by the Board of Directors or Managing Agent of the Association to meet the Common Expenses. Except for insurance premiums, the assessments shall be made pro rata according to each Owner's percentage interest in and to the General Common Elements. Assessments for insurance premiums shall be based upon that portion of the total premium(s) that the insurance carried on a condominium Unit bears to total coverage. Assessments for the estimated Common Expenses, including insurance, shall be due monthly in advance on or before the fifteenth day of each month and shall require the imposition and assessment of a late charge of \$5.00 for each assessment not paid when due. Contribution for monthly assessments shall be pro rated if the ownership of a condominium Unit commences on a day other than on the first day of the month.

#### 6.5 ALL OWNERS OBLIGATED

No Owner may exempt himself from liability for his contribution towards the Common Expenses by waiver of the use or enjoyment of any of the General or Common Elements, or by abandonment of his Unit.

#### 6.6 LIEN FOR ASSESSMENTS

All sums assessed but unpaid for the share of Common Expenses chargeable to any condominium Unit, including interest thereon at ten percent (10%) per annum, shall constitute a lien on such Unit superior (prior) to all other liens and encumbrances, except only for:

(a) Tax and special assessment liens in favor of any governmental body with taxing authority over the units, and

(b) A first mortgage or first deed of trust of record prior to the delinquency in the payment, including all unpaid obligatory sums as may be provided by such encumbrance, incurred as a result of the purchase and/or construction thereof.

To evidence such lien the Board of Directors or Managing Agent may, but shall not be required to, prepare a

written notice setting forth the amount of such unpaid indebtedness, the name of the Owner of the Condominium unit and a description of the condominium unit. Such a notice shall be signed by one of the Board of Directors or by the Managing Agent and may be recorded in office of the Clerk of Harris County, Texas. Such lien for the Common Expenses shall attach from the date of the failure of payment of the assessment. Such lien may be enforced by foreclosure of the lien affecting the defaulting owner's condominium Unit, by the Association, in like manner as a mortgage on real property upon the recording of a notice or claim thereof. In such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing the notice or claim of lien and all reasonable attorney's fees. The Owner shall also be required to pay to the Association a reasonable rental for the condominium Unit during the period of foreclosure, and the Association shall be entitled to a receiver to collect the same. The Association shall have the power to purchase the condominium Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey same. The lien attaching hereunder may be foreclosed judicially. The acquisition of a Unit shall be deemed the consent of an Owner to such lien, and each Owner shall execute such document as may be reasonably required by the Managing Agent or Board of Directors to evidence this lien. If the Owner refuses, the Managing Agent shall be irrevocably vested with a power of attorney for such non-signing Owner, to execute and deliver such documents to the Association.

In addition to the lien herein imposed, a Vendor's Lien shall be retained in each deed from Developer to a Unit in order to secure the payment of all sums due under this Declaration, subordinate, however, as above set forth.

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

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

#### 6.7 ESTOPPEL STATEMENTS

Upon the written request of any Owner or any encumbrancer or prospective encumbrancer of a condominium unit, and upon payment of a reasonable fee as may from time to time be set by the Association, the Association, by its Managing Agent or Board of Directors shall issue a written statement setting forth the unpaid common expenses, if any, with respect to the subject Unit, the amount of the current monthly assessments and the date that such assessment becomes due, credit for advanced payments or for prepaid items, including but not limited to insurance premiums, which shall be conclusive upon the Association for all persons who rely thereon in good faith. Unless such request for a statement of indebtedness shall be complied with within twenty (20) days, all unpaid common expenses which become due prior to the date of making of such request shall be subordinate to the lien of the person requesting such statement.

#### 6.8 LIABILITY

The grantee of a Unit shall be jointly and severally liable with the grantor for all unpaid assessments against the latter for his proportionate share of the Common Expenses up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor the amounts paid by the grantee therefor; provided, however, that upon written request, and payment of a reasonable fee as determined by the Association any such prospective grantee shall be entitled to a statement from the Managing Agent or Board of Directors, setting forth the amount of the unpaid assessments, if any, with respect to the subject unit, the amount of the current monthly assessment and the date that such assessment becomes due, credit for advanced payments or for prepaid items, including but not limited to insurance premiums, which shall be conclusive upon the Association. Unless such request for a statement of indebtedness shall be complied with within twenty (20) days of such request, then such grantee shall not be liable for, nor shall the Unit conveyed be subject to a lien for, any unpaid assessments against the subject Unit.

### VII.

#### FINANCING

##### 7.1 RIGHT TO FINANCE

Any Owner shall have the right from time to time to mortgage or encumber his interest by deed of trust, mortgage or other security instrument, provided that such first deed of trust, mortgage and security agreement shall be subordinate to this Declaration, unless herein specifically provided to the contrary. A first mortgage shall be one which has first and paramount priority under applicable law. The owner of a condominium Unit may create a second mortgage on the following conditions: (1) that any such second mortgage shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, obligations, lien for common expenses, and other payments created by this Declaration and by the By-Laws; (2) that the mortgagee under any second mortgage shall release, for the purpose of restoration of any improvements upon the mortgaged premises, all of his right, title and interest in and to the proceeds under all insurance policies upon said premises, which insurance policies were effected and placed upon the mortgaged premises by the Association. Such release shall be furnished forthwith by a second mortgagee upon written request to the Association.

##### 7.2 FORECLOSURE

Any First Mortgagee, upon foreclosure of its lien on a Unit, or upon acceptance of a deed in lieu of foreclosure thereon, shall not be required to pay any unpaid assessments owing on said Unit. Any assessment lien created or claimed under the provisions of this Declaration of Condominium Regime shall be subject and subordinate to the rights of any First Mortgagee of any duly recorded first mortgage upon one or more Units made in good faith and for value. No lien created under the provisions hereof shall in any way defeat, invalidate or impair the rights of any first mortgagee under any such duly recorded First Mortgage unless such mortgage shall expressly subordinate its interest, in writing, to such lien.

### 7.3 AMENDMENT AFFECTING FINANCING

No amendment to this Declaration of Condominium Regime shall affect the rights of the mortgagee of any such mortgage which is made in good faith and for value; provided that any such mortgage is recorded prior to the recordation of such amendment and written notice of delivery and recordation of such mortgage is given to the Association; provided further that the benefit of this paragraph shall not apply to the mortgagee of any such prior mortgage unless such mortgagee shall either join in the execution of such amendment or shall approve said amendment in writing as a part of said amendment.

### 7.4 BREACH

No breach of any provision of this Declaration of Condominium Regime shall impair or invalidate any lien of any duly recorded mortgage made in good faith and for value encumbering one or more Units; provided, however, that all the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitudes contained in this Declaration of Condominium Regime shall be binding upon and effective against any person who acquires title to or any beneficial interest in any Unit by way of foreclosure, or otherwise.

## VIII.

### DAMAGE, REPLACEMENT AND REPAIR

#### 8.1 POWER OF ATTORNEY

All of the Owners, by the acceptance of any deed or other conveyance of a Unit, irrevocably name, designate, constitute and appoint One Montreal Owners Association, Inc., a non-profit corporation, or its successor non-profit corporation, if same be hereafter organized, their true and lawful attorney in their name, place, and stead, for the purpose of dealing with the property upon its destruction or obsolescence as is hereafter provided. This power of attorney shall be coupled with an interest and irrevocable. As attorney-in-fact, the Association, by its president and secretary, shall have full and complete authorization, right and power to make, execute and deliver any contract, deed or any other instrument with respect to the interest of a condominium Unit Owner which are necessary and appropriate to exercise the powers herein granted.

#### 8.2 DEFINITION OF REPAIRS

Repair and reconstruction of the improvement(s) as used in the succeeding subparagraphs means restoring the improvement(s) to substantially the same conditions in which it existed prior to the damage, with each Unit and the General and Limited Common Elements having the same vertical and horizontal boundaries as before. The proceeds of any insurance collected shall be made available to the Association for the purpose of repair, restoration or replacements unless the Owners and all First Mortgagees agree not to rebuild in accordance with the provisions set forth hereinafter.

#### 8.3 RECONSTRUCTION WITH INSURANCE PROCEEDS

In the event of damage or destruction due to fire or

other disaster, the insurance proceeds, if sufficient to reconstruct the improvement(s), shall be applied by the Association, as attorney-in-fact, to such reconstruction, and the improvement(s) shall be promptly repaired and reconstructed.

#### 8.4 ASSESSMENT IF INSURANCE IS INSUFFICIENT

If the insurance proceeds are insufficient to repair and reconstruct the improvement(s), and if such damage is not more than two-thirds (2/3) of all of the General Common Elements, not including land, such damage or destruction shall be promptly repaired and reconstructed by the Association, as attorney-in-fact, using the proceeds of insurance and the proceeds of an assessment to be made against all of the Owners and their condominium Units. Such deficiency assessment shall be a Common Expense made pro rata according to each Owner's percentage interest in and to the General Common Elements and shall be due and payable within thirty (30) days after written notice thereof. The Association shall have the authority to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The assessment provided for herein shall be a debt of each Owner and a lien on his condominium Unit and may be enforced and collected as is provided in Paragraph 6.6. In addition thereto, the Association as attorney-in-fact, shall have the absolute right and power to sell the condominium Unit of any Owner refusing or failing to pay such deficiency assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the condominium Unit of the delinquent Owner shall be sold by the Association, and each Owner by the acceptance of the conveyance of a Unit does hereby grant to the Association the limited power of sale as herein stipulated. The proceeds derived from the sale of such condominium Unit shall be used and disbursed by the Association, as attorney-in-fact, in following order:

- A. For payment of taxes and special assessments  
liens in favor of any assessing entity;
- B. For payment of the balance of the lien of any  
first mortgage;
- C. For payment of unpaid common expenses;
- D. For payment of junior liens and encumbrances  
in order of and to the extent of their priority; and
- E. The balance remaining, if any, shall be paid  
to the condominium Unit Owner.

#### 8.5 SALE AFTER DESTRUCTION.

If more than two-thirds (2/3) of all of the General Common Elements, not including land, are destroyed or damaged, and if all the Owners of the Units then under construction or completed do not voluntarily, within one hundred and twenty (120) days thereafter, make provision for reconstruction, which plan must have the unanimous approval or consent of every First Mortgagee, the Association shall forthwith record a notice setting forth such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire remaining premises shall

be sold by the Association, as attorney-in-fact for all of the Owners, free and clear of the provisions contained in this Declaration, the Map and the By-Laws. The insurance settlement proceeds shall be collected by the Association, and such proceeds shall be divided by the Association according to each Unit Owner's interest (as such interests appear on the policy or policies), and such dividend proceeds shall be paid into separate accounts, each such account representing one of the condominium Units. Each such account shall be in the name of the Association, and shall further be identified by the number of the Unit and the name of the Owner. From each separate account, the Association, as attorney-in-fact, shall use and disburse the total amount (of each) of such accounts, without contribution from any account to another, toward the full payment of the lien of any first mortgage against the condominium Unit represented by such separate account. There shall be added to each such account, the apportioned amount of the proceeds derived from the sale of the entire property. Such apportionment shall be based upon each condominium Unit Owner's percentage interest in the General Common Elements. The total funds of each account shall be used and disbursed, without contribution from one account to another, by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in this article.

#### 8.6 PLAN FOR RECONSTRUCTION.

Any assessment made in connection with such reconstruction plan shall be a Common Expense and made pro rata according to each Owner's percentage interest in the General Common Elements and shall be due and payable as provided by the terms of such plan, but not sooner than thirty (30) days after written notice thereof. The Association shall have the authority to cause the repair or restoration of the improvements using all of the insurance proceeds for such purpose notwithstanding the failure of an Owner to pay the assessment. The Assessment provided for herein shall be a debt of each Owner and a lien on his condominium Unit and may be enforced and collected as is provided in paragraph 6.6. In addition thereto, the Association, as attorney-in-fact, shall have the absolute right and power to sell the condominium Unit of any Owner refusing or failing to pay such assessment within the time provided, and if not so paid, the Association shall cause to be recorded a notice that the condominium Unit of the delinquent Owner shall be sold by the Association. Each Owner by the acceptance of a conveyance of any Unit hereby grants to the Association the limited power of sale herein set forth. The proceeds derived from sale of such condominium Unit shall be used and disbursed by the Association, as attorney-in-fact, for the same purposes and in the same order as is provided in 8.4 hereof.

#### 8.7 OBSOLESCENCE AND REPLACEMENT.

Subject to the approval of all First Mortgagees, the Owners representing an aggregate ownership interest of seventy-five percent (75%) of the Units then under construction or completed, or more, may agree that the General Common Elements of the property are obsolete and that the same should be renewed or reconstructed. In such instance, then the expense thereof shall be payable by all of the Owners as Common Expense; provided, however, that any Owner not agreeing to such renewal or reconstruction may give written notice to the Association that such Unit shall be purchased

by the Association, for the fair market value thereof. If such Owner and the Association can agree on the fair market value thereof, then such sale shall be consummated within thirty days thereafter. If the parties are unable to agree, the date when either party notifies the other that he or it is unable to agree with the other shall be the "Commencing Date" from which all periods of time mentioned herein shall be measured. Within (10) ten days following the commencement date, each party shall nominate in writing (and give notice of such nomination to the other party) the appraiser who shall be a member of the Houston Real Estate Board. If either party fails to make such a nomination, the appraiser nominated shall within five days after default by the other party appoint and associate with him another appraiser (to be selected from the Houston Real Estate Board). If the two appraisers designated by the parties, or selected pursuant hereto in the event of the default of one party, are unable to agree, they shall appoint another appraiser (to be selected from the Houston Real Estate Board), if they can agree on such person. If they are unable to agree upon such third appraiser, then each appraiser previously appointed shall nominate two persons (each of whom shall be a member of the Houston Real Estate Board), and from the names of the four persons so nominated shall be drawn by lot by any judge of any court of record in Texas, and the name so drawn shall be such third appraiser. The nominations from who the third appraiser is to be drawn by lot shall be submitted within ten (10) days the failure of the two appraisers to agree, which in any event shall not be later than twenty (20) days following the appointment of the second appraiser. The decision of the appraisers as to the fair market value or in the case of their disagreement, the decision of the third appraiser, shall be final and binding. The expenses and fees of such appraisers shall be borne equally by the Association and the Owners. The sale shall be consummated within fifteen (15) days thereafter, and the Association as attorney-in-fact, shall disburse such proceeds as is provided in this article.

#### 8.8 OBSOLESCENCE AND SALE

Subject to the approval of all First Mortgagees, the Owners representing an aggregate ownership interest of seventy-five percent (75%) of the Units then under construction or completed, or more, may agree that the General Common Elements of the property are obsolete and that the same should be sold. In such instance, the Association shall forthwith record a notice setting for the such fact or facts, and upon the recording of such notice by the Association's president and secretary, the entire premises shall be sold by the Association, as attorney-in-fact, for all of the Owners, free and clear of the provisions contained in this Declaration, the Map and the By-Laws. The sales proceeds shall be apportioned between the Owners on the basis of each Owner's percentage interest in the General Common Elements, and such apportioned proceeds shall be paid into separate accounts, each such account representing one condominium Unit. Each such account shall be in the name of the Association, and shall be further identified by the number of the apartment and the name of the Owner. From each separate account, the Association, as attorney-in-fact, shall use and disburse the total amount (of each) of such funds, without contribution from one fund to another, for the purposes and in the same order as is provided in this article.

## IX.

## OPERATION DURING CONSTRUCTION, ETC.

Notwithstanding any other provision expressly or impliedly to the contrary in this Declaration, the Developer reserves the right to exercise the rights, duties, and functions of the Association, Board of Directors, or managing agent, until management of the Condominium Project has been transferred to the Owners as provided in Article IV, including the exclusive right and power to delegate to others and duties of the manager or managing agent, or both. The compensation or fee to be paid therefor shall be reasonable, and shall be a part of the Common Expenses. At the option of the Developer, at an earlier date, the Developer shall give written notice thereof to the condominium unit owners, at which time the first meeting of the Association members shall be called as indicated earlier, and the powers herein held by the Developer by this Article IX shall be eliminated.

## X

## PROTECTION OF MORTGAGEE

10.1 NOTICE TO ASSOCIATION.

An Owner who mortgages his Unit shall notify the Association, giving the name and address of his Mortgagee. Each Mortgagee shall be permitted to notify the Association of the fact that such Mortgagee holds a deed of trust or mortgage on a Condominium Unit. The Board shall maintain such information in a book entitled "Mortgagees of Condominium Units".

10.2 NOTICE OF DEFAULT.

The Association shall notify a First Mortgagee in writing, upon request of such Mortgagee, of any default by the Mortgagor in the performance of such Mortgagor's obligations as set forth in the Declaration which is not cured within thirty (30) days.

10.3 EXAMINATION OF BOOKS.

The Association shall permit First Mortgagees, the Veterans Administration, Federal Housing Administration, Federal National Mortgage Association and any other government secured mortgage authority with an interest in any loan related to the condominium project, to examine the books and records of the Association upon request.

10.4 RESERVE FUND.

The Association shall establish adequate reserve funds for replacement of Common Element components and fund the same by regular monthly payments rather than by extraordinary special assessments. In addition, there shall be established a working capital fund for the initial operation of the Condominium Project equal to at least two (2) months estimated Common Elements charge for each Unit, said deposit to be collected at closing of Unit sale.

10.5 ANNUAL AUDITS.

The Association shall furnish each First Mortgagee on request an annual audited financial statement of the



Association within ninety (90) days following the end of each fiscal year of the Association.

**10.6 NOTICE OF MEETINGS.**

The Association shall furnish each First Mortgagee upon request of such Mortgagee, prior written notice of all meetings of the Association and permit the designation of a representative of such Mortgagee to attend such meetings.

**10.7 APPROVAL FOR AMENDMENTS TO DECLARATION, ETC.**

The prior written approval of each First Mortgagee, and all governmental agencies, if any, purchasing or insuring any indebtedness secured by a lien on a unit herein, shall be required for the following:

(a) Abandonment or termination of ONE MONTREAL CONDOMINIUMS as a Condominium Regime, except for abandonment or termination provided by law in the case of substantial destruction by fire or other casualty or in the case of a taking by condemnation or eminent domain;

(b) Any material amendment (including supplemental, annexation or merger) to the Declaration or to the Bylaws of the Association, including, but not limited to, any amendment which would change the percentage interest of Unit Owners in the Common Elements, except as provided for under Paragraph 2.5 hereof; and

(c) The effectuation of any decision by the Owners Association to terminate professional management and assume self-management of the Project.

**10.8 NOTICE OF DAMAGE OR DESTRUCTION.**

The Association shall furnish the First Mortgagees timely written notice of any substantial damage or destruction of any Unit if such loss exceeds One Thousand Dollars (\$1,000.00) and of any part of the Common Elements and facilities if such loss exceeds Ten Thousand Dollars (\$10,000.00).

**10.9 MANAGEMENT AGREEMENTS.**

Any management agreement and/or service contracts entered into by the Association shall be terminable by the Association without cause upon not more than thirty (30) days written notice, and the term of such management agreement shall not exceed the period of one (1) year, renewable by agreement of the parties to such agreement for successive one (1) year periods. In the event of the termination of the management agreement, as provided herein, the Association shall enter into a new management agreement with a new management corporation prior to the effective date of the termination of the old management agreement.

**10.10 TAXES, ASSESSMENTS AND CHARGES.**

All taxes, assessments and charges which may become liens prior to the First Mortgage under local law shall relate only to the individual Condominium Units and not to the Condominium Project as a whole.

10.11 OTHER ACTS BY ASSOCIATION REQUIRING APPROVAL OF FIRST MORTGAGEES OR OWNERS.

Unless all of the First Mortgagees and Owners of the individual Condominium Units have given their prior written approval, the Association shall not be entitled to use hazard insurance proceeds for losses to any Condominium Property (whether to Units or to Common Elements) for other than the repair, replacement or reconstruction of such improvements, except as provided by statute in case of substantial loss to the Units or as otherwise provided in this Declaration. The granting of easements for public utilities or for other public purposes consistent with the intended use of the Common Elements by the Condominium Project shall not be deemed a transfer within the meaning of this paragraph.

XI.

TERMINATION AND REVOCATION

This Declaration may be revoked and the condominium terminated, only, as provided herein:

(a) if such revocation and termination is approved by all Owners and all mortgagees. Such agreement must be evidenced by an instrument in writing and executed in a manner to provide for the conveyance of the property and as otherwise required by the Association. Such termination shall become effective when the agreement has been recorded in the public records of the County of Harris, State of Texas.

(b) if destruction should occur as indicated herein, and the property is not reconstructed as provided herein, the condominium form of ownership will be terminated and the documents herein will be revoked according to procedures provided by law and at the direction of the Board of Directors.

(c) except as otherwise provided herein, if such termination occurs, the Owners shall own their individual Units as earlier provided, and all Common Elements which are General Elements shall be owned as tenants in common and the Limited Common Elements shall be owned as tenancy in common between those who previously shared the Limited Common Elements. Further, the holders of mortgages and liens against the owners properties shall have mortgages and liens respectively according to the undivided tenancy in common interest and the separate interest of the individual owners. All funds and other property of the Association, including insurance proceeds, if any, shall be held by the Association to be distributed in proportion to the ownership shares after all other claims on said funds are paid as determined in the discretion of the Association. The costs incurred by the Association in connection with the termination and winding up of the condominium ownership shall be borne as a Common Expense.

(d) except as otherwise provided herein, following the termination, if any, of the condominium ownership, the subject property, including Common and Separate Elements, may be partitioned and sold upon the application by any Owner to the Court for such partition agreement. Further, if the Board of Directors determines that a termination of the Declaration and Condominium Association Agreement, including articles, by-laws, and minutes, is most advantageous, and if such determination is ratified

by the written consent of ninety-five percent (95%) of all owners of the Association, then the directors, upon unanimous vote by said directors, may seek out the means, terms, and provisions to seek sale of the condominium property. However, such sale shall not work to the disadvantage of any parties who claim a lien on said property. Further, the determination as to any disposition of the condominium must be approved by all said parties holding mortgages or liens on any condominium unit. If the directors comply with the provision herein for such disposition of property, each Owner shall be bound to execute any documents, including Deed, necessary or required by said directors to conform with their decision as to disposition of the condominium property and appoint the Managing Agent as agent and attorney-in-fact to execute such documents and consummate the sale.

## XII.

### MISCELLANEOUS

#### 12.1 COMPLIANCE WITH DECLARATION

Each Owner shall comply strictly with the provisions of this Declaration, the Articles of Incorporation, By-Laws, rules, regulations and resolutions of the Association and any management agreement entered into by the Association as the same may from time to time be in force and effect. Failure to comply with any of the same shall be grounds for an action to recover sums due for damages, attorneys fees, or injunctive relief or both, maintainable by the Association in behalf of the Owners, or by an aggrieved Owner.

#### 12.2 SEVERABILITY

If any of the provisions of this Declaration or any paragraph, sentence, clause, phrase, word or section, or the application thereof in any circumstance be invalidated, such invalidity shall not affect the validity of the remainder of this Declaration, and the application of any such provision, paragraph, sentence, clause, phrase, word or section in any other circumstances shall not be affected thereby.

#### 12.3 AMENDMENT

Except as permitted herein, none of the provisions of this Declaration shall be amended unless the Owners representing an aggregate ownership interest of seventy-five percent (75%) of the condominium Units, or more, and all of the holders of any recorded mortgage or deed of trust covering or affecting any or all condominium units unanimously consent and agree to such revocation or amendment by instrument(s) duly recorded; provided, however, that the foregoing shall not prevent the making of physical changes in the interior of a Unit or Units coming into the possession of a mortgagee by virtue of foreclosure of any first mortgage; and physical changes to and alterations of the Unit or Units owned by virtue of foreclosure of any first mortgage may be made without the consent of the other Owners or mortgagees and this Declaration may be amended without other Owners' or mortgagees' consent, by the Owner acquiring same by such foreclosure, to correspond with such physical changes; provided further, that the percentage of the undivided interest of each Unit Owner in General Common

Elements as expressed in this Declaration shall have a permanent character and shall not be altered (except as permitted in Article 2.5 hereof) without the consent of all of the Unit Owners expressed in an amended Declaration duly recorded, and those entities set forth in Article 10.7 hereof.

Developer reserves, and shall have the continuing right until January 1, 1986, without the joinder of Owner or any person or entity (whether or not condominium units have been conveyed) to amend this Declaration or the By-Laws for the purposes set forth in Article 2.5 and for the purpose of clarifying or resolving any ambiguities or conflicts herein, or correcting any inadvertent misstatements, errors or omissions herein, and to meet any requirement specified by the Veterans' Administration, Federal Housing Administration, Federal National Mortgage Association and any other government secured mortgage authority with an interest in any loan related to the Condominium Project, provided that no such Amendment shall change the stated number of units nor the percentage interest in the Common Elements attributable thereto, nor materially adversely affect the interest of any Owner.

12.4 NOTICE

All notices, demands or other notices intended to be served upon an Owner shall be sent by ordinary or certified mail, postage prepaid, addressed in the name of such Owner in care of the Unit number and building address of such Owner. All notices, demands or other notices intended to be served upon the Managing Agent, or the Board of Directors of the Association or the Association shall be sent by ordinary or certified mail, postage prepaid to c/o Christian Vandaele 3013 Fountainview, Suite 100, Houston, Texas 77057, until such address is changed by a notice of address change duly recorded.

12.5 CONSTRUED UNDER LAWS OF TEXAS

The provisions of this Declaration shall be in addition and supplemental to the Condominium Ownership Act of the State of Texas and to all other provisions of law.

12.6 WORD CONSTRUCTION

That whenever used herein, unless the context shall otherwise provide, the singular number shall include the plural the singular and the use of any gender shall include all genders.

EXECUTED in multiple originals on the date first above written.

A.S.C. VERSAILLES, INC.

BY: [Signature]  
Executive Vice President

ATTEST:

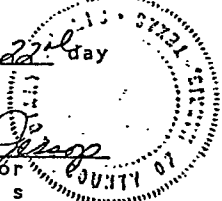
By: [Signature]  
Secretary

THE STATE OF TEXAS            I

COUNTY OF HARRIS            I

BEFORE ME, the undersigned authority, on this day personally appeared CHRISTIAN VANDAELE, EXECUTIVE V.P. of A.S.C. VERSAILLES, INC., known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this 22<sup>nd</sup> day of April, 1981.

  
Carolyn A. Gragg  
Notary Public in and for  
Harris County, T e x a s

My Commission expires: 5/8/84