

CONDOMINIUM DECLARATION

NOGU PLAZA - VILLAS AT ROCIO, A CONDOMINIUM

STATE OF TEXAS §

COUNTY OF WEBB §

WHEREAS, **EFECE PROPERTIES, LLC**, a Texas limited liability company, (the “**Declarant**”), is the owner of all that certain real property, including the land, all improvements and structures thereon, and all easements, rights and appurtenances belonging thereto, located in Laredo, Webb County, Texas, more particularly described as the Surface Only of Lot No. 6 in Block No. 1, Alexander Commercial Subdivision, Phase VI, a subdivision situated in the City of Laredo, according to Plat recorded in Volume 32, page 28, Plat Records of Webb County, Texas (the “**Property**”). The survey of the Property is set out in Exhibit “A”, attached hereto and incorporated by reference.

WHEREAS, Declarant hereby submits the Property to the condominium form of unit ownership as established by the Uniform Condominium Act, Section 82.001 et. seq. of the Texas Property Code (the “**Act**”).

WHEREAS, the Property, subject to the provisions hereof shall constitute a condominium project within the meaning of the Act.

WHEREAS, it is the intention and desire of Declarant to herein establish a plan of ownership for the condominium project, hereinafter called “**Condominium**”, said plan to consist of individual ownership of Units and co-ownership of the remaining property, referred to hereinafter as the “**Common Elements**”. The Condominium shall consist of 18 Residential Units and 1 Commercial Unit which are shown on Exhibit “B” and more particularly described on Exhibit “C1” thru “C19” which show and describe the location and dimensions of each Unit, attached hereto and incorporated herein by reference.

WHEREAS, it is Declarant's intention to impose on the Condominium mutually beneficial restrictions for the benefit of all Units and the owners thereof.

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

ARTICLE 1
DEFINITIONS
Unit Owner(s)

1.01 **“Unit Owner”** shall mean any person, firm, corporation, partnership, association, trust, company or other legal entity or any combination thereof, who or which owns a Unit within the Condominium. **“Unit Owners”** shall mean all of the persons owning Units within the Condominium.

Association

1.02 **“Association”** shall mean NOGU PLAZA - Villas at Rocio POA, Inc., a Texas non-profit corporation organized and created by Declarant as required by the Act for the management of the Condominium, the membership of which consists of all the Unit Owners within the Condominium (the **“Members”**). The failure of the Association to maintain its corporate charter from time to time does not affect the existence or legitimacy of the Association, which derives its authority from this Declaration, the Certificate, the Bylaws, and the Act.

Certificate

1.03 **“Certificate”** shall mean the Certificate of Formation of the Association which shall be filed by Declarant in the Office of the Secretary of State of Texas.

Person

1.04 **“Person”** shall mean an individual, firm, corporation, partnership, association, trust or other legal entity, or any combination thereof.

Rules

1.05 **“Rules”** shall mean and refer to the rules and regulations for the Condominium adopted by the Association pursuant to Paragraph 4.05(b) of this Declaration.

Board

1.06 **“Board”** shall mean the Board of Directors of the Association.

Bylaws

1.07 **“Bylaws”** shall mean the bylaws of the Association and amendments thereto which are or shall be adopted by the Board.

Condominium

1.08 **“Condominium”** shall mean the Property, including the land, all improvements and structures thereto, which is divided or is to be divided into Units to be owned and operated as a Condominium.

Unit

1.09 **“Unit”** shall mean a physical portion of the Condominium designated for separate ownership or occupancy, having boundaries as specified herein.

Unit Boundaries

1.10 “**Unit Boundaries**” shall mean the boundaries of the Units set out in Article 3.

Common Elements

1.11 “**Common Elements**” shall mean all elements of the Condominium which are subject to the allocated interests pertaining to each Unit; that is, the entire Condominium except the separately owned Units.

Limited Common Elements

1.12 “**Limited Common Elements**” shall mean the common elements, if any, reserved for the use of a certain number of Units to the exclusion of the other Units. Limited Common Elements, if any, are designated as “LCE” on the attached Exhibits.

General Common Elements

1.13 “**General Common Elements**” shall mean all the Common Elements except the Limited Common Elements, if any. General Common Elements are designated as “GCE” on the attached Exhibits.

Declarant

1.14 “**Declarant**” shall mean EFECE Properties, LLC, its successors and assigns.

Declaration

1.15 “**Declaration**” shall mean this Declaration and all amendments thereto.

Governing Instruments

1.16 “**Governing Instruments**” shall mean the Declaration for the Condominium, any amendments thereto and the Certificate, Bylaws and Rules.

Manager

1.17 “**Manager**” shall mean the person or corporation, if any, appointed by the Board to manage the Condominium.

Special Declarant Rights

1.18 “**Special Declarant Rights**” shall have the same meaning as provided in the Act, including the right to maintain sales, management and leasing offices in the Condominium and the right to maintain signs advertising the Condominium and models within the Condominium.

Allocated Interests

1.19 “**Allocated Interests**” shall mean the undivided interest in the Common Elements and the common expense liability allocated to each Unit as specified in Exhibit “D” hereto, and the number of votes allocated to each Unit under the terms hereof. The formula used to establish the Allocated Interest pertaining to each Unit shall at all times be the area contained within the Unit divided by the total area contained within all of the Residential Units within the Condominium.

Residential Unit

1.20 “**Residential Unit**” shall mean a Unit which is restricted exclusively for residential use.

Residential Building

1.21 “**Residential Building**” shall mean a residential dwelling constructed within a Residential Unit.

Commercial Unit

1.22 “**Commercial Unit**” shall mean a Unit which is restricted for a business purpose or use which is not prohibited by the Declaration.

Commercial Building

1.23 “**Commercial Building**” shall mean a commercial building constructed within a Commercial Unit.

Common Expenses

1.24 “**Common Expenses**” shall mean expenditures made by or financial liabilities of the Association for the operation of the Project, including:

- (a) All sums lawfully assessed by the Board with respect to or in connection with the Common Elements;
- (b) All expenses of administration, operation, management, maintenance, repair or replacement of the Common Elements, as provided herein;
- (c) Expenses agreed upon as Common Expenses by the Association;
- (d) All expenses declared to be Common Expenses by this Declaration or pursuant to the Act;
- (e) Such reasonable reserves as may be established by the Association, whether held in trust or by the Association for repair, replacement or addition to the Common Elements or any other real or personal property acquired or held by the Association;
- (f) All expenses incurred in enforcing this Declaration or the Bylaws; and
- (g) All impositions on the Common Elements including, but not limited to utility charges, insurance and related items.

In addition, the costs and expenses imposed on the Association, benefitting fewer than all the Units, are Common Expenses, but assessed exclusively against those Units benefitted.

ARTICLE 2

Property Subject to Declaration

2.01 The Property, including the land, all improvements and structures now or hereafter placed thereon, and all easements, rights and appurtenances belonging thereto, shall be subject to this Declaration.

Exclusive Ownership and Possession

2.02 Each Unit Owner shall be entitled to exclusive ownership and possession of his Unit. Any Unit may be jointly or commonly owned by more than one person.

Common Elements

2.03 Each Unit Owner shall be entitled to the Allocated Interest in the Common Elements in the percentages expressed in Exhibit "D". The Allocated Interest of each Unit Owner in the Common Elements, as expressed in Exhibit "D", shall have a permanent character and shall not be altered without the consent of all Unit Owners expressed in an amended Declaration duly recorded.

Limited Common Elements

2.04 The Common Elements designated as Limited Common Elements, if any, are reserved for the exclusive use of the Unit Owners of the Units to which they are appurtenant, subject to this Declaration and the Rules and Regulations of the Condominium. The Condominium presently does not have any Limited Common Elements.

Partition of Common Elements

2.05 The Common Elements, both General and Limited, if any, shall remain undivided and shall not be the object of an action for partition or division of the Unit ownership so long as the Property remains a Condominium.

Nonexclusive Easements

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

Other Easements

2.07 The Association may grant to third parties easements in, on and over the Common Elements for the purpose of constructing, installing or maintaining necessary utilities and services and each Unit Owner, in accepting his/her/its deed to the Unit, expressly consents to such easements. No such easement can be granted, however, if it would interfere with any exclusive easement or with any Unit Owner's use, occupancy or enjoyment of his/her/its Unit. The Property covered hereby and the rights of each Unit Owner shall be subject to all easements reflected on all Exhibits hereto and to all of the easements, building setback lines and other matters shown on the Plat of Alexander Commercial Subdivision, Phase VI, recorded in Volume 32, page 28, Webb County Plat Records.

Easements for Maintenance of Encroachments

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

ARTICLE 3

UNITS

3.01 Unit Boundaries. The boundaries and identifying number of each Unit are shown on the attached Exhibit "C". The boundaries of each Unit are further described as follows:

- (a) Lower Boundary of the Unit: The horizontal plane corresponding to the finished grade of the land within the Unit as described and defined on Attachment 1.
- (b) Upper Boundary of the Unit: The horizontal plane parallel to and fifty feet (50') above the lower boundary of the Unit.
- (c) Lateral Boundaries of the Unit: A plane located on each side of a Unit perpendicular to the lower and upper horizontal planes, from the lower boundary of the Unit to the upper boundary of the Unit.

3.02 What a Unit Includes. Each Unit includes the spaces and Improvements within the lower, upper, and lateral boundaries defined in Section 3.01 above, including without limitation the Building, the roof and foundation of the Building, landscaping, driveways, sidewalks, fences, yards, utility lines and meters and all other Improvements located within the Unit. In addition to the Building and the Improvements within the Unit, each Unit also includes Improvements, fixtures, and equipment serving the Building or Unit exclusively, whether located within, outside, or below the Unit, whether or not attached to or contiguous with the Building, including but not limited to any below-grade foundation, piers, retaining walls, fence, or other structural supports; plumbing, septic, and utility lines, pipes, drains, and conduits; landscape irrigation and subterranean components of plant material, including roots of trees on the Unit; and any other below-grade item that serves or supports the Building or Unit exclusively.

3.03 Building Size. The space contained within the vertical and horizontal boundaries of the Unit is not related to the size of the Building. A Building may only occupy a portion of a Unit in the location shown on the attached Plat of the Unit.

ARTICLE 4
OWNERS ASSOCIATION
Association

4.01 The Association is charged with the duties and invested with the powers prescribed by the Act, Certificate, Declaration and Rules and Regulations.

Membership

4.02 Membership in the Association is automatically granted to the Owner or Co-Owner of each Unit in the Condominium and is mandatory. On the transfer of title to any Unit, the membership of the transferor automatically ceases and each new Unit Owner becomes a Member.

Voting Rights

4.03 THE UNIT OWNER OR CO-OWNER OF UNIT 19 (THE COMMERCIAL UNIT) SHALL BE A NON-VOTING MEMBER OF THE ASSOCIATION AND SHALL HAVE NO RIGHT TO USE THE COMMON ELEMENTS. The Unit Owner of each Residential Unit is entitled to a percentage of the total vote equal to the Allocated Interest of the Unit. The Allocated Interest of each Residential Unit and of the Commercial Unit is shown in Exhibit "D". If a Unit has more than one Owner, the aggregate vote of the Co-Owners of the Unit may not exceed the percentage of the total vote assigned to the Unit.

Membership Meetings

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

General Powers and Authority

4.05 The Association shall have all of the powers, authority and duties permitted pursuant to the Act and the powers of a non-profit corporation established under Texas law necessary and proper to manage the business and affairs of the Condominium, subject only to the limitations contained in the Governing Instruments. The Association may perform all acts which may be necessary for, or incidental to, the performance of the obligations and duties imposed on it by the Act, this Declaration and the other Governing Instruments. The powers of the Association shall include, but are not limited to, the following:

- (a) The power to establish, fix and levy assessments against the Unit Owners in accordance with the procedures set forth in Article 4 of this Declaration and subject to the limitations therein.
- (b) The power to adopt reasonable operating rules governing the use of the Common Elements and any facilities located thereon, as well as the use of any other Association property.
- (c) The right to institute and maintain actions for damages or to restrain any actual or threatened breach of any of the provisions of the Governing Instruments either in its own name or on behalf of any consenting Unit Owner.

- (d) The right to discipline Members for violation of any of the provisions of the Governing Instruments or Association Rules by suspension of the violator's voting rights, privileges for use of the Common Elements or by imposition of monetary penalties, subject to the following limitations:
 - (i) The accused Owner must be given written notice of the violation or property damage, stating the amount of any proposed fine or damage charge and that the Owner may request in writing, a hearing before the Board within 30 days of the notice.
 - (ii) The accused Owner must be given a reasonable time, by a date specified in the notice, to cure the violation and avoid the fine, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding 12 months.
 - (iii) The accused Owner must be given written notice of a levied fine or damage charge within 30 days after date of levy.
 - (iv) Any suspension of privileges or imposition of monetary penalties shall be reasonably related to the Member's violation.
- (e) The power to delegate its authority, duties and responsibilities, through the Board, to such committees, officers or employees as are permitted to be retained under the Governing Instruments.
- (f) All other powers and rights provided for or permitted in Section 82.102(a) of the Act, except the Association shall not have the right to assign its future income or collected common expense assessments.

Duties of the Association

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

- (a) Operation and maintenance of the Common Elements and the facilities located thereon.
- (b) Acquisition of, and payment from the maintenance fund for, the following:
 - (i) Water, sewer, garbage, electrical, telephone, and other necessary utility service for the Common Elements;
 - (ii) Property insurance on the Common Elements required under Section 82.111(a) of the Act;
 - (iii) Commercial general liability insurance required under Section 82.111(b) of the Act. Limits of liability under such insurance shall not be less than \$1,000,000.00 combined single limit for bodily injury and property damage. Such limits and coverage shall be reviewed at least annually by the Board and increased in its discretion;
 - (iv) Workers' compensation insurance to the extent necessary to comply with any applicable laws;

- (v) The services of such personnel as the Board shall determine to be necessary or proper for the operation of the Common Elements;
- (vi) Legal and accounting services necessary or proper in the operation of the Common Elements or the enforcement of this Declaration;
- (c) Maintenance of the records required under Section 82.114 of the Act.
- (d) Arrangement for an annual independent review of all books and records of the Association.
- (e) Provide each unit with a monthly statement for water usage, collect the water usage amount from each unit and pay the water bill for the Condominium to the City of Laredo Utilities.
- (f) Maintain the front yard of each Residential Unit.

Declarant's Control Period

4.07 Declarant shall have the power to appoint and remove Officers and Members of the Board for a period of 3 years from the date of completion of the Condominium but no later than the 120th day after the conveyance of 75% of the Units to unit owners other than Declarant.

Board of Directors

4.08 The affairs of the Association shall be managed, and its duties and obligations performed, by an elected Board of Directors. Provisions regulating the number, term, qualifications, manner of election and conduct of meetings of the members of the Board of Directors shall be set forth in the Bylaws of the Association. A NON-VOTING MEMBER MAY NOT SERVE ON THE BOARD OF DIRECTORS.

Powers and Duties of the Board of Directors

- 4.09 The Board's powers and duties shall include, but shall not be limited to, the following:
- (a) Enforcement of the applicable provisions of this Declaration, the Articles, By-Laws, and Rules.
 - (b) Payment of taxes and assessments of any Owner which are, or could become, a lien on the Common Elements or a portion thereof.
 - (c) Contracting for goods and services for the Common Elements.
 - (d) Delegation of its power to such committees, officers, or employees of the Association as are expressly authorized by the Governing Instruments.
 - (e) Preparation of budgets and financial statements for the Association as prescribed in the Governing Instruments.
 - (f) Formulation of rules of operation for the Common Elements and facilities owned or controlled by the Association.

- (g) Initiation and execution of disciplinary proceedings against Members of the Association for violations of provisions of the Governing Instruments in accordance with procedures set forth in the Governing Instruments.
- (h) To assess and collect the proportionate share of expenses for maintenance and operation of the Common Elements from the Unit Owners and to suspend the voting rights and the right to use the Common Elements and facilities by an Owner for any period during which any assessment against the Owner's Unit remains unpaid.
- (i) To enter into contracts, deeds, leases and/or other written instruments or documents and to authorize the execution and delivery thereof by the appropriate officers.
- (j) To grant permits, licenses and easements over the Common Elements for utilities roads and other purposes reasonably necessary or useful for the proper maintenance or operation of the Property.
- (k) To open bank accounts on behalf of the Association and to designate the signatures therefor.
- (l) To purchase, hold, sell, convey, mortgage or lease any one or more Units in the name of the Association or its designee.
- (m) To bring, prosecute and settle litigation for itself, the Association and the Property.
- (n) To obtain insurance for the Association with respect to the Common Elements as provided in this Declaration, as well as worker's compensation insurance, fidelity bonds or indemnification insurance to the extent required by law or as the Board may deem advisable.
- (o) To own, purchase or lease, hold and sell or otherwise dispose of, on behalf of the Unit Owners, items of personal property necessary to or convenient to the management of the business and affairs of the Association and the Board in the operation of the Property, including without limitation furniture, furnishings, fixtures, maintenance equipment, appliances and office supplies and equipment.
- (p) To keep adequate books and records of the affairs and dealings of the Board relating to the management of the Property.
- (q) To approve any third party vendor, contractor, subcontractor of any Owner or such party that is doing business on the Property.
- (r) To do all other acts necessary for the operation and maintenance of the Property, including the maintenance and repair of any Unit if the same is necessary to protect or preserve the appearance and value of the Property and the Owner of such Unit has failed or refused to perform such maintenance or repair within a reasonable time after written notice of the necessity of said maintenance or repair delivered to such Owner by the Board. The Board shall levy a special assessment against the Unit of such Owner for the costs of such maintenance or repair.
- (s) To change the name of the Association or the Condominium.

Manager

4.10 The Board may delegate to a manager or managing company all of the foregoing powers, duties and responsibilities referred to in paragraph 3.09, above, except (i) the final determination of common expenses, budgets and assessments based thereon; (ii) the promulgation of rules and regulations; (iii) the power to enter into any single contract or transaction or series of contracts or transactions involving the expenditure of more than \$1,000.00 in any one fiscal year; (iv) the power to purchase, hold, sell, convey, mortgage or lease any Unit in the name of the Association or (v) the authority to bring, prosecute and settle litigation.

Indemnification of Directors and Officers

4.11 The Unit Owners shall indemnify and hold harmless a person, his heirs and personal representatives, from and against all personal liability and all expenses, including, attorney's fees, incurred or imposed, or arising out of or in settlement of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, instituted by any one or more Unit Owner, or any other persons or entities, to which he shall be, or shall be threatened to be made a party by reason of the fact that he is or was a member of the Board or an officer or assistant officer, agent or employee of the Association, other than to the extent, if any, that such liability or expense shall be attributable to his gross negligence, willful misconduct or bad faith, provided that, in the case of any settlement, the Board shall have approved the settlement. Such right of indemnification shall not be deemed exclusive of any other rights to which such person may be entitled as a matter of law or agreement, vote of Unit Owners or the Board or otherwise. The indemnification by the Owners as contained herein shall be paid by the Association on behalf of the Unit Owners and shall constitute a common expense and shall be assessed and collected as such. Expenses in connection with the preparation and presentation of a defense to any claim, action, suit or proceeding of the character described in this provision may be advanced by the Association prior to final disposition thereof upon receipt of an undertaking by or on behalf of the member of the Board, or officer, to repay such amount if indemnification under this provision. At the option of the Board, a policy or policies of insurance may be secured, as officers, assistant officers, agents and employees of the Association against all liability contemplated by this paragraph.

Number of Votes

4.12 The number of votes to which each Unit Owner shall be entitled at any meeting of the Association shall be equal to one vote per Unit Owner.

Exercise of Vote

4.13 The number of votes to which each Unit is entitled is equal to the Allocated Interest of each Unit. Only the Allocated Interests voting on a particular matter shall be counted. If there are one or more Owners of a Unit, then such Owners shall designate one of their number as the voting member of the

Association, which designation shall be made in writing to the Board at least three (3) days in advance of any meeting. After an Owner is so designated, the Board shall have the right to rely on such designation until a written notice revoking such appointment is received by the Board. Any such Owners may designate the voting member from among themselves in any manner they deem fit, and in the event that such Owners are unable to agree upon one of their number to be designated as the voting member to the Association, none of such owners shall have any vote, fractional or otherwise in the Association until each designation is made.

No Vote if in Default

4.14 No Unit Owner who, as of 5:00 p.m. of the day preceding any meeting of the Association, is in default in the payment of any assessment due the Association, according to the records of the Association, shall be entitled to vote at such meeting.

Challenge to Votes

4.15 The results of any vote taken by the Association shall be deemed to be conclusive when announced and shall not be challengeable on the basis of any Unit Owner's lack of voting authority.

ARTICLE 5 ASSESSMENTS

Unit Owner

5.01 Each Residential Unit Owner, by acceptance of the deed to such Unit Owner's Residential Unit, is deemed to covenant and agree to pay to the Association the regular and special assessments levied pursuant to the provisions of this Declaration. All monies collected shall be put into a maintenance fund to be used to defray expenses attributable to the ownership, operation and maintenance of Common Elements by the Association. The Residential Unit Owner may not waive or otherwise escape liability for these assessments by non-use of the Common Elements or by abandonment of such Unit Owner's Residential Unit.

Declarant

5.02 Declarant shall pay assessments pursuant to the provisions of Section 82.112(b) of the Act.

Assessments

5.03 Regular and special assessments shall be made in accordance with the following:

Regular Assessments

(a) Within 30 days prior to the beginning of each calendar year, the Board shall estimate the net charges to be paid during such year, including a reasonable provision for contingencies and replacements with adjustments made for any expected income and surplus from the prior year's fund. Such estimated cash requirement shall be assessed to each Unit Owner according to the Allocated Interest of the Unit or Units owned by the Unit Owner in the

Condominium. Each Unit Owner is obligated to pay assessments to the Board in equal monthly installments on or before the first day of each month or in such other manner prescribed by the Board.

Special Assessments

- (b) If the Board determines that the amount to be collected from regular assessments will be inadequate to defray the common expenses for the year due to the cost of any construction, unexpected repairs or replacements of capital improvements on the Common Elements, or for any other reason approved by the Board, it shall make a special assessment for the additional amount needed. Such special assessments shall be levied and collected in the same manner as regular assessments.

Limitations on Assessments

5.04 The Board may not, without the approval of a majority of the voting power of the Association residing in Members other than Declarant, impose a regular annual assessment per Unit which is more than 50% greater than the regular annual assessment for the preceding year, nor levy special assessments which in the aggregate exceed 25% of the budgeted gross expenses of the Association for that year. These limitations shall not apply to a special assessment levied against a Unit Owner to reimburse the Association for funds expended in order to bring the Unit Owner into compliance with the provisions of the Governing Instruments.

Commencement of Assessment

5.05 Regular assessments shall commence on the date of closing of the first sale of a Unit in the Condominium. EACH UNIT OWNER SHALL PREPAY THE FIRST THREE (3) MONTHS OF REGULAR ASSESSMENTS AT THE CLOSING OF HIS UNIT.

Liability for Assessments

5.06 An assessment levied by the Association against a Unit or Unit Owner is a personal obligation of the Unit Owner against whom the same are assessed and is secured by a continuing lien on the Unit and on the rents and insurance proceeds received by the Unit Owner and relating to the Owner's Unit. In this section, "assessment" shall mean regular and special assessments, charges, interest, late fees, fines, collection costs, attorney's fees and any other amount due to the Association by the Unit Owner or levied against the Unit by the Association. The Association has the powers and rights to enforce the Association's lien for assessments set out in Section 82.113 of the Act. The amount of any assessment not paid when due shall be deemed to be delinquent.

Payment of Assessments on Conveyance of Unit

5.07 On the sale or conveyance of a Unit, all unpaid assessments against a Unit Owner for his share in the expenses to which Paragraph 4.03 refers shall first be paid out of the sale price or by the purchaser in preference over any other assessments or charges of whatever nature, except the following:

- (a) Assessments, liens and charges in favor of the state and any political subdivision thereof for taxes past due and unpaid on the Unit.
- (b) Amounts due under mortgage instruments duly recorded.

Interest on Delinquent Assessments

5.08 In the event of default in the payment of any monetary obligation to the Association, a Unit Owner shall be obligated to pay interest on the principal amount, from the due date, at a rate to be determined, from time to time, by the Board, not to exceed the maximum permitted by law. IN ADDITION, A UNIT OWNER SHALL BE LIABLE FOR THE PAYMENT OF A LATE FEE AS SET FORTH IN THE ASSESSMENT COLLECTION POLICY SHOWN ON EXHIBIT "E".

Default Interest Rate

5.09 If the Board shall refuse or fail, from time to time, to determine a rate of interest, the rate of interest shall be 18% per annum.

ARTICLE 6

RESTRICTIONS AND COVENANTS

Restrictions Applicable to the Property

6.01 The following restrictions shall be applicable to the Common Elements and all Units within the Property:

- (a) The discharge of any firearm (including BB and pellet guns) and of all fireworks within the Property is strictly prohibited. Each Unit Owner shall ensure that his family members and guests do not violate such prohibitions.
- (b) No noxious or offensive activity shall be carried on within the Property nor shall anything be done thereon which may become an annoyance or nuisance to the Unit Owners.
- (c) The exterior appearance of any Unit within the Property shall NOT be altered, including but not limited to, roof, outside lighting, painting, construction or other manner, without the written approval of the Board. This approval must be given by a unanimous vote of the Board.
- (d) No accumulation of trash or rubbish within the Property. No alteration of the drainage of the Units.

General Restrictions on Use of Common Elements

6.02 The right of a Unit Owner to use the Common Elements is subject to the following restrictions:

- (a) There shall be no obstruction of the Common Elements. Nothing shall be placed on the Common Elements without the prior consent of the Board.
- (b) Nothing shall be done or kept in any Unit or in the Common Elements which will increase the rate of insurance on the Common Elements without the prior written consent of the Board. No Unit Owner shall permit anything to be done or kept in the Common Elements

which will result in the cancellation of insurance on any part of the Common Elements or which would be in violation of any law. No hazardous material or waste shall be allowed on the Property.

- (c) No sign of any kind shall be placed on the Common Elements without the prior written consent of the Board.
- (d) Nothing shall be altered or constructed on or removed from the Common Elements, except on the written consent of the Board.
- (e) There shall be no violation of the Rules for the use of the Common Elements adopted by the Board and furnished in writing to the Unit Owners and the Board is authorized to adopt such Rules.
- (f) No Unit Owner shall park any automobile on the Common Elements.
- (g) No boats, trailers, motor homes or inoperable vehicles shall be parked on the Common Elements.
- (h) No basketball goals shall be erected or placed on the Common Elements.

General Restrictions on Use of Residential Units

6.03 The right of a Unit Owner to use a Residential Unit is subject to the following restrictions:

- (a) No Unit Owner shall occupy or use his Unit or permit the same or any part thereof to be occupied or used for any purpose other than as a private residential dwelling. Nothing in this Declaration shall prevent the Unit Owner from leasing or renting out his Unit provided that it is not for transient or hotel purposes, is for a period of at least 90 days, and is subject to the Association's Governing Rules.
- (b) No animals, livestock, or poultry of any kind shall be raised, bred, or kept in the Unit, except that dogs, cats, or other common household pets may be kept in Units, subject to the Rules and Regulations adopted by the Board. **THE BOARD SHALL HAVE THE RIGHT TO LIMIT THE NUMBER OF HOUSEHOLD PETS THAT MAY BE KEPT IN A UNIT.**
- (c) No boats, trailers, motor homes or inoperable vehicles shall be parked on or in any Unit.
- (d) Except for political and for sale signs allowed by the zoning designation applicable to the Condominium, no sign of any kind shall be displayed to the public view on or from any Unit.
- (e) If any non-conforming or unapproved sign is not removed within 5 days after delivery of notice to occupant of Unit, Declarant or Association may cause such sign to be removed and all costs associated with removal and/or storage of such sign will be at the cost of the Owner of the Unit.
- (f) The landscaping on the front yard of a Unit shall not be changed, altered or modified from its original state at the time of the acquisition of the Unit.
- (g) No Unit Owner shall have more than four (4) vehicles.
- (h) No Unit Owner shall convert the garage of a Unit into a living area.

- (i) No screen doors shall be installed on the front door of a Unit and no burglar bars placed on a Unit.
- (j) No fences of any type shall be built on a Unit and no rain gutters or solar panels installed on a Unit without the written authorization of the Association.
- (k) No vehicle canopies, shade structures or carports shall be erected on the driveway of a Unit without the written authorization of the Association.
- (l) No changing of the address numbering of a Unit.
- (m) No adding of exterior lights or changing of ground lights of a Unit without the written authorization of the Association.
- (n) The hanging of any clothing or laundry on the front area of a Unit is strictly prohibited.

General Restrictions on Use of Commercial Unit

6.04 The right of the Unit Owner to use the Commercial Unit is subject to the following restrictions:

- (a) The following uses are specifically prohibited:
 - (i) Residences of any kind.
 - (ii) Sexually oriented business.
 - (iii) Adult movie and book stores.
 - (iv) Cigar smoking shops.
 - (v) General warehousing except when in conjunction with a retail store.
 - (vi) Convenience stores.
 - (vii) Night clubs and other entertainment facilities.
 - (viii) Chemical manufacture or processing.
- (b) No hazardous material or waste shall be stored in the Unit.
- (c) No telecommunication towers and antennas, except satellite dish and microware totally screened from view, may be erected on or in the Unit.
- (d) No boats, trailers, motor homes or inoperable vehicles shall be parked on or in the Unit.
- (e) All signage on or within the Unit shall be of the same style, quality, material and manufactured by the same company.
- (f) Political and for sale signs allowed by the zoning designation applicable to the Condominium are allowed.

- (g) If any non-conforming or unapproved sign is not removed within 5 days after delivery of notice to the occupant of Unit, Declarant or Association may cause such sign to be removed and all costs associated with removal and/or storage of such sign will be at the cost of the Owner of the Unit.

Exemption

6.05 Declarant, by reason of the Special Declarant Rights, shall be exempt from the restrictions of Article V to the extent necessary for the sale of the Units. Such exemption includes, but is not limited to, maintaining Units as models and placing advertising signs on the Property.

ARTICLE 7 MAINTENANCE

Responsibility of Association

7.01 The maintenance, replacement and repair of the Common Elements shall be the continuing responsibility of the Association and the cost thereof shall be a common expense. The Association shall also maintain, replace and repair the utility lines located within the Common Elements. All incidental damages caused to a Unit by the maintenance, replacement and repair of the Common Elements or utility services shall be repaired promptly and the cost thereof shall be a common expense.

Responsibility of the Unit Owner

7.02 Each Unit Owner shall have the following responsibilities:

- (a) To maintain, repair, replace and keep in a clean, sanitary and good working condition, at the Unit Owner's expense, all portions of his/her/its Unit including the utility lines within the Unit.
- (b) To apply for and obtain garbage service for the Unit from the City of Laredo.
- (c) To maintain, repair, replace and keep in good working condition the irrigation system on the front of the Unit.
- (d) Pay to the Association the water usage amount upon receipt of the statement.

Negligence or Misuse by Unit Owner

7.03 Notwithstanding the foregoing, any expenses for maintenance or repairs to Common Elements arising from the negligence or misuse of a Unit Owner shall be the responsibility of such Unit Owner, and the Association shall have the right to assess such Unit Owner for any such expenses; and, any such assessments shall be subject to the lien rights reserved by the Association herein if not paid within ten (10) days from the due date.

**ARTICLE 8
INSURANCE**

General Provisions

8.01 Policies of property and commercial general liability insurance maintained by the Association must provide that the insurer waive its rights to subrogation under the policy against an Owner.

8.02 Insurance policies and bonds obtained and maintained by the Association must be issued by responsible insurance companies authorized to do business in the State of Texas.

8.03 The cost of insurance coverages and bonds maintained by the Association is a common expense.

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

8.05 Property insurance maintained by the Association or an Owner must be in an amount sufficient to cover 100% of the replacement cost of any repair or reconstruction in the event of damage or destruction from any insured hazard.

Property Insurance

8.06 If insurable, the Association will insure the General Common Elements and the property owned by the Association including, if any, records, furniture, fixtures, equipment and supplies.

8.07 The Association will NOT maintain property insurance on any Units. Each Owner of a Unit will be obligated to maintain property insurance on such Owner's Unit including all improvements constructed within or exclusively serving each Unit as required by Section 8.05 of Article 8.

Liability Insurance

8.09 The Association will maintain a commercial general liability insurance policy over the Common Elements - expressly excluding the liability of each Owner and Resident within his Unit - for bodily injury and property damage resulting from the operation, maintenance or use of the Common Elements. If the policy does not contain a severability of interest provision, it should contain an endorsement to preclude the insurer's denial of an Owner's claim because of negligent acts of the association or other Owners.

8.10 Each Owner is responsible for maintaining liability insurance within his Unit.

Optional Insurance

8.11 The Association may maintain the following insurance:

- (a) Worker's compensation insurance if and to the extent necessary to meet the requirements of State law or if the Board so chooses.
- (b) Blanket fidelity coverage for any person who handles or is responsible for funds held or administered by the Association, whether or not the person is paid for his services. A

management agent that handles Association funds should be covered for its own fidelity insurance policy with the same coverages.

- (c) Directors and officers liability insurance, errors and omissions insurance, indemnity bonds, or other insurance the Board deems advisable to insure the Association's directors, officers, committee members, and managers against liability for an act or omission in carrying out their duties in those capacities.
- (d) Any insurance policies and bonds deemed by the Board to be necessary or desirable for the benefit of the Association.

ARTICLE 9

RIGHTS OF BENEFICIARIES UNDER DEEDS OF TRUST

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

- (a) Should any of the Association's Governing Instruments provide for a "right of first refusal", such right shall not impair the rights of a beneficiary under a first lien deed of trust to:
 - (i) Exercise the power of sale, foreclose or take title to a Unit pursuant to the remedies provided in the deed of trust;
 - (ii) Accept a deed (or assignment) in lieu of sale or foreclosure in the event of default by a grantor;
 - (iii) Interfere with a subsequent sale or lease of a Unit so acquired by the beneficiary.
- (b) A beneficiary under a first lien deed of trust, upon written request, will be entitled to written notification from the Association of any default in the performance by the grantor of any obligation under the Association's Governing Instruments which is not cured within 60 days.
- (c) Any beneficiary under a first deed of trust who obtains title to a Unit pursuant to the remedies provided in the deed of trust will not be liable for such Unit's unpaid assessments which accrue prior to the acquisition of title to said Unit by the beneficiary.
- (d) The Association's lien for assessments is subordinate to a first vendor's lien or first deed of trust lien as provided in Section 82.113(b)(3) of the Act.

ARTICLE 10

UNILATERAL AMENDMENT OF DECLARATION BY DECLARANT

Amendment by Declarant to Correct Errors

10.01 For a period of forty-eight (48) months from the date that this Declaration is filed for record, Declarant shall have the right to amend this Declaration, without the joinder or consent of any other persons, in order to correct minor errors or typographical mistakes in order to reflect the true intent hereof in a manner which does not change or materially affect the meaning and the spirit of this Declaration as

may be deemed necessary to promote the welfare of the Condominium in the sole discretion of Declarant.

ARTICLE 11
SPECIAL DECLARANT RIGHTS

11.01 The Declarant reserves the following Special Declarant Rights:

- (a) The right to complete or make improvements indicated on the Plats and Plans.
- (b) The right to maintain sales offices, management offices, leasing offices and models within the Condominium.
- (c) The right to maintain signs on the Condominium to advertise the Condominium.
- (d) The right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration.
- (e) The right to appoint or remove any officer of the Association or any director during the Declarant Control Period consistent with the Act.

Limitation on Special Declarant Rights

11.02 Unless sooner terminated by a recorded instrument signed by the Declarant, any Special Declarant Right may be exercised by the Declarant for the period of time specified in the Act.

ARTICLE 12
TERMINATION AND CONDEMNATION

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

12.02 Termination of the terms of this Declaration and the Condominium will be governed by Section 82.068 of the Act.

12.03 The Association's response to condemnation of any part of the Condominium will be governed by Section 82.007 of the Act. On behalf of Owners, but without their consent, the Board may execute an amendment of this Declaration to reallocate allocated interests following condemnation and to describe the altered parameters of the Condominium. If the Association replaces or restores General

Common Elements taken by condemnation by obtaining other land or constructing additional improvements, the Board may, to the extent permitted by law, execute an amendment without the prior consent of Owners to describe the altered parameters of the Condominium and any corresponding change of facilities or improvements.

ARTICLE 13
GENERAL PROVISIONS
Amendment

13.01 Except as provided in Article 10 of this Declaration with respect to unilateral amendments to this Declaration by Declarant and in Subsection (e) of Section 82.067 of the Act, this Declaration may only be amended at a meeting of the Unit Owners at which the amendment is approved by the holders of at least 67% of the Allocated Interests of the Unit Owners in the Condominium. Notwithstanding any provisions in this Declaration to the contrary, no amendment to this Declaration shall modify, alter, abridge, or delete any: (i) provision of this Declaration that benefits the Declarant; (ii) rights, privileges, easements, protections, or defenses of the Declarant; or (iii) rights of the Owners or the Association in relationship to the Declarant, without the written consent of the Declarant, attached to and recorded with such amendment.

Notices

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

Subdivision of Units

13.03 A Unit may not be subdivided into two or more units.

Nonwaiver of Remedies

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

Severability

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

Binding

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

Interpretation

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

Limitation of Liability

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

Number, Gender and Headings

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

Non-Discrimination

13.10 Neither Declarant nor any Unit Owner shall, either directly or indirectly, forbid the conveyance, encumbrance, renting, leasing, or occupancy of his Unit to any person on the basis of race, color, sex, religion, ancestry, or national origin.

Enforcement

13.11 The Association or any Unit Owner shall have the right to prosecute any proceeding at law or in equity against any Unit Owner, lessee or any other person violating or attempting to violate or defaulting upon any of the provisions of this Declaration or the Rules and Regulations of the Condominium and, if allowed by applicable law, to recover damages for such violation or default. Such proceedings shall include the right to restrain by injunction any violation or threatened violation of this Declaration or the Rules and Regulations of the Condominium or to obtain a decree to compel performance of any of the terms, covenants or conditions of this Declaration.

This Condominium Declaration is executed this _____ day of _____, 2020.

EFECE PROPERTIES, LLC

By: _____
Name: _____
Title: _____

THE STATE OF TEXAS §

COUNTY OF WEBB §

THIS INSTRUMENT was acknowledged before me on the _____ day of _____, 2020 by _____, _____ of EFECE PROPERTIES, LLC, a Texas limited liability company, on behalf of said company.

Notary Public in and for the State of Texas