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THE
WILLOWS CONDOMINIUMS
DECLARATION

STATE OF OKLAHOMA
TULSA COUNTY
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DECLARATION
THE WILLOWS CONDOMINIUMS

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DECLARATION
FOR
THE WILLOWS CONDOMINIUMS

THIS DECLARATION is made and executed by PATRICK H. MATTHEWS COMPANY, a California Corporation duly authorized to do business in the State of Oklahoma (hereinafter called "the Developer"), with reference to the following facts:

A. The Developer is the owner of certain real property situated in Tulsa, Tulsa County, Oklahoma, more particularly described on Exhibit "A" attached hereto and made a part hereof by reference.

B. The improvements on the real property consist of five multi-family residential buildings containing a total of one hundred (100) separately designed units, and certain other improvements and facilities intended for use in connection with the real property (hereinafter collectively referred to in this introduction as "the Project").

C. THEREFORE, the Declarant hereby declares that the Property is submitted to the provisions of the Oklahoma Unit Ownership Act as presently existing (O.S.A. Title 60, Chapter 11, Paragraphs 501 through 530, inclusive).

D. The Developer hereby establishes a plan for the individual ownership in fee simple of estates consisting of the area or space in a condominium unit plus an undivided interest as tenant-in-common in the common elements, as hereinafter defined. Each condominium unit shall have appurtenant to it a membership in THE WILLOWS CONDOMINIUM OWNERS ASSOCIATION. The Developer further desires and intends to impose upon the Project a general plan of mutually-beneficial restrictions for the benefit of the Project and the owners of estates therein.

NOW, THEREFORE, the Developer does upon the recording of this Declaration and its exhibits submit the real property and all improvements thereon to a condominium regime known as THE WILLOWS CONDOMINIUMS, and hereby declares that all of the property submitted to such regime shall be held, conveyed, mortgaged, encumbered, leased, rented, used, occupied, sold and improved subject to the provisions of the Oklahoma Unit Ownership Act and the limitations, covenants, conditions, restrictions and easements contained in this Declaration, all of which are for the purpose of enhancing and protecting the value and attractiveness of the Project. All of the following limitations, covenants, conditions, restrictions and easements shall constitute covenants which shall run with the land and shall be perpetually binding upon and inure to the benefit of the Developer, its successors and assigns, and all parties having or acquiring any right, title or interest in or to any part of the Project.

ARTICLE I.

DEFINITIONS

1.1 ACT. "Act" shall mean the Oklahoma Unit Ownership Act.

1.2 ARTICLES. "Articles" shall mean the Articles of Incorporation of THE WILLOWS CONDOMINIUM OWNERS ASSOCIATION, as the same may be amended from time to time.

1.3 ASSOCIATION. "Association" shall mean THE WILLOWS CONDOMINIUMS ASSOCIATION, a non-profit corporation, organized under the laws of the State of Oklahoma for the purpose of administering the Property and the Condominiums.

1.4 BOARD. "Board" or "Board of Directors" shall mean the Board of Directors of the Association.

1.5 BUILDING. "Building" shall mean a structure erected on the

Property containing two or more Units. The Buildings are designed by letters G through K on the Condominium Plan.

1.6 BYLAWS. "Bylaws" shall mean the Bylaws of the Association filed with this Declaration as Exhibit "B" and made a part hereof by reference, as the same may be amended or supplemented from time to time as herein provided.

1.7 COMMON ELEMENTS. "Common Elements" shall mean and include all of the Property and all improvements located thereon, except the Units. Common Elements shall include both General and Limited Common Elements as described in Section 2.3 of this Declaration.

1.8 COMMON EXPENSES. "Common Expenses" shall mean and include (i) all sums lawfully assessed against the Owners by the Association pursuant to the Condominium Documents; (ii) all expenses made or liabilities incurred by the Association in connection with the administration, management, maintenance, repair and operation of the Condominium Project, including a reasonable replacement reserve; and (iii) all sums agreed upon as Common Expenses by all Owners acting through the Board of Directors of the Association.

1.9 COMMON INTEREST. "Common Interest" shall mean the proportionate undivided interest in the Common Elements which is appurtenant to each Unit, as set forth in the attached Exhibit "D" or as modified pursuant to Section 8.3 of this Declaration.

1.10 CONDOMINIUM. "Condominium" is the same as a Unit Ownership Estate, which consists of a separate ownership of one individual Unit, together with an undivided interest in the Common Elements and all other easements and property rights appurtenant to the ownership of a Unit as set forth in this Declaration.

1.11 CONDOMINIUM DOCUMENTS. "Condominium Documents" shall mean and include this Declaration and its exhibits, the Articles, Bylaws, and Rules and Regulations of the Association, as the same may be established, amended or supplemented from time to time as herein provided.

1.12 CONDOMINIUM PLAN. "Condominium Plan" shall mean the site and unit plans filed with this Declaration as Exhibit "C" and made a part hereof by reference, as the same may be amended or supplemented from time to time as herein provided. The Condominium Plan sets forth, among other things, the exterior boundaries of the Condominium Project, the location of each Building designated by letter, a general description and plat of each Unit showing its square footage, Building location, floor and Unit number, and the location and general description of the Common Elements.

1.13 CONDOMINIUM PROJECT. "Condominium Project" shall mean THE WILLOWS CONDOMINIUMS, a real estate project established as a condominium regime in accordance with the provisions of the Act and operated pursuant to the terms and conditions of the Condominium Documents. In the event the Developer exercises its right to annex additional phases as set forth in Article VIII. of this Declaration, the term "Condominium Project" shall subsequently include such additional phases.

1.14 DECLARATION. "Declaration" shall mean this enabling document and its accompanying exhibits, as same may be amended or supplemented from time to time as herein provided.

1.15 DEVELOPER. "Developer" shall mean THE MATTHEWS COMPANY, a California Corporation, which has made and executed this Declaration and which has undertaken to develop the Property as a condominium regime. The term "Developer" shall also include any affiliates, successors and assigns of The Matthews Company, provided such successors or assigns are expressly designated as a successor or assign of the rights of the Developer under this Declaration. The term "Developer" shall also include any Person who acquires all or substantially all of the Condominiums owned by the Developer, by foreclosure or conveyance in lieu of foreclosure, for the purpose of then holding such Condominiums for sale to the public.

1.16 DEVELOPMENT PERIOD. "Development Period" shall mean the period of time during which the Developer is completing the development of the Property into individual Condominiums, establishing a plan of residential ownership and disposing of the Property in Condominiums by sale, lease or otherwise. The Development Period shall extend from the date this Declaration is recorded until such time as the Developer transfers title to all Condominiums in the Condominium Project, including those Condominiums which may be annexed to the Condominium Project pursuant to Article VIII. of this Declaration.

1.17 FIRST MORTGAGEE. "First Mortgagee" shall mean the beneficiary or holder of a First Mortgage, and the assignees of such beneficiary or holder.

1.18 GENERAL COMMON ELEMENTS. "General Common Elements" shall mean all of the Common Elements which are used in common by all Owners and which are not described as a Limited Common Element in this Declaration or on the Condominium Plan.

1.19 LIMITED COMMON ELEMENTS. "Limited Common Elements" shall mean those portions of the Common Elements over which exclusive easements are reserved for the benefit of certain Owners, as more particularly described in Section 2.3B of this Declaration and on the Condominium Plan.

1.20 MAJORITY OF OWNERS. "Majority of Owners" shall mean those Owners having an aggregate ownership of 51% or more of the undivided Common Interest.

1.21 MANAGEMENT AGENT. "Management Agent" shall mean any Person employed by the Developer or by the Association pursuant to Sections 5.1C or 13.6 of this Declaration, to whom all or a part of the duties, powers and functions of the Association have been delegated.

1.22 MEMBER. "Member" shall mean a Person holding a membership in the Association as provided in this Declaration and by the Bylaws.

1.23 OCCUPANT. "Occupant" shall mean a Person or Persons in possession of a Unit, regardless of whether such Person is an Owner.

1.24 OWNER. "Owner" shall mean a record holder or holders of fee simple title to a Condominium in the Condominium Project, including sellers under executory contracts of sale, but excluding Persons having any interest in a Condominium merely as security for the performance of an obligation. Unless specifically provided otherwise in this Declaration, the Developer shall be deemed an Owner so long as it holds legal record title to a Condominium. The term "Owner" shall have the same meaning as the term "Co-Owner" as used in the Act.

1.25 PERSON. "Person" shall mean a natural individual, a corporation, a partnership, a trustee or other legal entity, or any combination thereof.

1.26 PROPERTY. "Property" shall mean the real property on which the Condominium Project is situated, as described in Exhibit "A" attached hereto and made a part hereof by reference. In the event the Developer exercises its right to annex additional real property as set forth in Article VIII. of this Declaration, the term "Property" shall subsequently include such additional real property.

1.27 RULES AND REGULATIONS. "Rules and Regulations" shall mean the rules and regulations adopted by the Board pursuant to Section 5.1D of this Declaration, as the same may be amended or supplemented from time to time as herein provided.

1.28 UNIT. "Unit" shall mean the elements of a Condominium which are not owned in common with the Owners of other Condominiums in the Condominium Project. Each Unit shall consist of a defined enclosed space containing one or more rooms and a storage area, occupying all or part of one floor in a Building of one or more stories, bounded by the unfinished interior surfaces of the perimeter walls, ceilings, floors, windows and doors in such space, and having direct access to a thoroughfare or to a common space leading to a thoroughfare. The Units are designed, numbered and described in the Condominium Plan.

ARTICLE II.

DIVISION OF CONDOMINIUM PROJECT AND CREATION OF PROPERTY RIGHTS

2.1 CREATION OF ESTATES. The major improvements of the Condominium Project consist of five multi-family residential Buildings containing a total of one hundred (100) separately designated Units, one recreation building, one swimming pool, one spa, and covered and uncovered parking spaces. The Condominium Project and the improvements are more particularly described on the Condominium Plan attached as Exhibit "C" to this Declaration. The Condominium

Project is hereby divided into fee simple estates, each one consisting of the separate ownership of a Unit and an undivided interest in and to the Common Elements as described.

2.2 UNITS. Each Owner shall have fee simple title to a Unit in the Condominium Project, as follows:

A. Description of Unit. The boundaries of each Unit are the unfinished interior surfaces of its perimeter walls, floors, ceilings, doors and windows, and each Unit shall include both the portions of the Building so described and the air space so encompassed, excepting Common Elements. In determining dimension and area of each Unit, the enclosed space within a Unit shall be measured from the unfinished interior surfaces of the perimeter walls, floors, ceilings, doors and windows, and shall include the enclosed space within any storage area to which the Owner has direct and exclusive access from any patio or balcony adjacent and appurtenant to the Unit. Included in each Unit, without limitation, shall be the interior surface of each perimeter wall, ceiling, door and window, the upper surface of each concrete subfloor, all interior trim around windows and doors, all walls, partitions and dividers wholly located within the enclosed air space, all cabinets, shelving, plumbing, appliances, fixtures, lighting, heating and cooling equipment wholly located within the enclosed air space, surfaces of the walls, floors or ceilings (such as paint, wallpaper, paneling, vinyl wall or floor covering, carpet and tile). A Unit does not include "Common Elements" as defined in this Declaration.

B. Shortage or Discrepancy. It is expressly stipulated, and each and every purchaser of a Unit, his heirs, executors, administrators, successors and assigns hereby agree, that the square footage, size and dimensions of each Unit, as set out in this Declaration or in the Condominium Plan, are approximate and are shown for descriptive purposes only, and that the Developer does not warrant, represent or guarantee that any Unit actually contains the area, square footage or dimensions as shown in the Condominium Plan. Each purchaser of a Unit has had full opportunity and is under a duty to inspect and examine his Unit prior to the purchase thereof, and agrees that the Unit is purchased as actually and physically existing. Each purchaser of a Unit hereby expressly waives any claim or demand which he may have against the Developer or other seller of such Unit on account of any difference, shortage or discrepancy between the square footage of the Unit as actually and physically existing and as it is shown on the Condominium Plan.

2.3 COMMON ELEMENTS. Each Owner shall have, as an appurtenance to his Unit, an undivided interest in the Common Elements.

A. General Common Elements. The General Common Elements shall include the following (and any repairs or replacements thereto):

(1) The real property described in Exhibit "A" attached hereto;

(2) To the extent not otherwise designated as Limited Common Elements, the foundations, common dividing walls between two or more Units or between Units and Common Elements, exterior walls, bearing walls and columns (including any windows, doors and chimneys therein), girders, beams, slabs, supports, roofs, ceilings, floors, and balcony or patio fences;

(3) The grounds, yards, gardens, landscaping, driveways, fences, walkways, sidewalks, outdoor lighting facilities, fire hydrants, service drives and service easements located on the Property;

(4) Swimming pool, spa, clubhouse and other recreational facilities, managerial offices, mail rooms, any storage areas not included as part of a Unit, refuse facilities, mechanical rooms and areas used for storage of maintenance and janitorial equipment, garbage incinerators, janitor lodgings and common laundry rooms, if any;

(5) Compartments, installations, equipment and materials making up central services such as power, electricity, gas, cold and hot water, central air conditioning and heating, sewer, central television cable, refrigeration, water tanks, pumps and

the like, which are intended to serve more than one Unit. The General Common Elements do not include installations serving only one Unit or located wholly within one Unit.

(6) Unassigned parking spaces not designated as Limited Common Elements appurtenant to a Unit;

(7) All other structures, facilities, equipment and property located on the Condominium Project which are necessary and convenient to its existence, maintenance, operation and safety, or which are normally or rationally in common use;

(8) All other items which are not described as a Unit or a Limited Common Element in the Declaration or on the Condominium Plan; and

(9) All other property, real or personal, owned by the Association.

B. Limited Common Elements. The Limited Common Elements are those portions of the Common Elements which are irrevocably set aside and reserved for the exclusive use of one or more Owners, to the exclusion of the other Owners except by invitation. The rights of an individual Owner in the Limited Common Elements shall consist of the following:

(1) An exclusive easement to use the parking space or spaces specifically assigned by the Developer or the Association as being appurtenant to such Owner's Unit, for vehicle parking purposes. Each Unit shall be assigned sufficient covered parking space to accommodate at least one automobile, which space is designated on the Condominium Plan;

(2) An exclusive easement to use any utility lines, pipes, ducts, electrical wiring and conduits located entirely within such Owner's Unit and used to service only that Unit;

(3) An exclusive easement to use those portions of the perimeter walls, floors, ceilings, doors, windows and entryways which lie outside the boundaries of such Owner's Unit but serve only that Unit, and all shutters, awnings, window boxes, doorsteps and other associated fixtures and structures attached thereto;

(4) An exclusive easement for ingress and egress over and use of any entrances, exits, exterior stairways and landing areas adjacent and appurtenant to such Owner's Unit. However, such exclusive easement shall be shared with any other Owner of a Unit to which such stairs and landing areas are also adjacent and appurtenant;

(5) An exclusive easement to use any balcony or patio to which such Owner may have direct access from the interior of his Unit; and

(6) An exclusive easement to use such other areas and facilities as may be designated in this Declaration and on the Condominium Plan as Limited Common Elements appurtenant to such Owner's Unit.

C. Ownership of Common Elements. Each Owner shall have, as an appurtenance to his Unit, an undivided percentage ownership interest in the Common Elements, both Limited and General. Each Owner's percentage of ownership is based upon the relation which the area of his Unit bears to the combined area of all Units in the Condominium Project, and the percentage ownership (or "Common Interest") appurtenant to each Unit is set forth in Exhibit "D" attached to this Declaration and made a part hereof by reference. The ownership of each Condominium shall include a Unit and such undivided interest in the Common Elements. The Common Elements shall remain undivided and shall not be the subject of an action for partition and division of the co-ownership so long as they remain suitable for a condominium regime. How-

ever, nothing contained in this Declaration shall be construed as a limitation on the right of partition of a Condominium between Co-Owners thereof, so long as such partition does not affect any other Condominium. No portion of the Common Elements is or is proposed to be leased by the Developer to the Owners or the Association.

D. Legal Action Affecting Common Elements. Without limiting the other legal rights of any Owner, legal action may be brought by any Person designated by the Association, in the discretion of the Board, on behalf of two or more Owners, as their respective interests may appear, with respect to any cause of action relating to the Common Elements of more than one Unit.

2.4. USE OF GENERAL COMMON ELEMENTS. Each Owner shall have a non-exclusive right to use the General Common Elements in common with all Owners, in accordance with the purpose for which they were intended and without impairing or encroaching upon the lawful rights of other Owners. Such right to use the General Common Elements shall extend to each Owner and to his tenants, family members and guests, and shall be subject to and governed by the provisions of the Act and the Condominium Documents, as established or amended from time to time. Any Owner may delegate his right to use the General Common Elements to his tenants, contract purchasers or subtenants residing in his Unit, and shall notify the Association in writing of any such delegation. However, an Owner who has made such a delegation shall not be entitled to use the recreational facilities, equipment or personal property of the Condominium Project so long as such delegation remains in effect. Any Person enjoying the General Common Elements under a delegation shall be subject to all provisions of the Condominium Documents governing their use and operation.

2.5. EASEMENTS. Each Owner shall have a non-exclusive easement to use all pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving such Owner's Unit. Each Unit shall be subject to an easement in favor of the Owners of other Units to use the pipes, wires, ducts, cables, conduits, public utility lines and other Common Elements located in such Unit and serving such other Units. Each Owner shall have an unrestricted right of ingress and egress to his Unit, which right shall be perpetual and appurtenant to ownership of his respective Unit.

2.6. NO SEPARATION OF INTERESTS. The easements and undivided interests in the Common Elements set forth in this Article II, are appurtenant to the ownership of a Unit and may not be conveyed, leased or encumbered separate from the respective Unit, and vice versa. Such interests and easements are inseparable and permanent in character and cannot be changed except as set forth in this Declaration. Any conveyance or encumbrance of an individual Unit shall be deemed to also convey or encumber the easements and undivided interest in the Common Elements appurtenant to such Unit, even though the description in the instrument of conveyance or encumbrance may refer only to the fee title to the Unit. Every deed, lease, mortgage, deed of trust or other instrument conveying an interest in a Condominium may describe such Condominium by its Building symbol and Unit number as shown on the Condominium Plan, and by a reference to this recorded Declaration. Every such description shall be deemed sufficient to convey, transfer, lease, encumber or otherwise affect the interest in the Common Elements and other easements appurtenant to the respective Unit.

2.7. ENCROACHMENTS. Each Unit and the Common Elements are subject to any encroachments or protrusions due to engineering errors, errors in original construction, settlement or shifting of any Building or any other cause, whether the same now exists or may be later caused or created in any manner. A valid easement for accommodating any such encroachment or protrusion shall exist, and the rights and obligations of the Owners shall not be altered in any way by the same. Such encroachment or protrusions shall not be considered to be encumbrances either on the Common Elements or on a Unit for purposes of marketability of title or otherwise. In interpreting deeds and the Condominium Plan, the then existing physical boundaries of a Unit, whether in its original state or reconstructed in substantial accordance with the original plans thereof, shall be conclusively presumed to be its boundaries rather than the boundaries expressed in the deed or Condominium Plan, regardless of settling, rising, or lateral movement of any Building, and regardless of minor variances between boundaries shown on the Condominium Plan or deed and those of any Building.

2.8 REAL PROPERTY TAXES ON CONDOMINIUMS. The Developer shall give written notice to the appropriate taxing authorities of the creation of condominium ownership of the Property, as required by law. Each individual Unit, together with its divided interest in the Common Elements, shall be deemed a separate and distinct entity for the purpose of assessing and collecting real property taxes, assessments and other charges of the State of Oklahoma or any political subdivision or other taxing authority. Each Owner shall be solely responsible for the payment of any real property taxes separately assessed against his Condominium. The lien for taxes separately assessed against any Condominium shall be confined to that Condominium, and no forfeiture or sale of any Condominium pursuant to such tax lien shall divest or in any way affect title to any other Condominium. The laws relating to homestead exemptions from real property taxes shall be applicable to the individual Condominiums, which shall be entitled to homestead exemptions in those cases where the Owner of a single family dwelling would qualify.

ARTICLE III.

OWNERS ASSOCIATION

3.1 ADMINISTRATION BY OWNERS ASSOCIATION. The Condominium Project shall be administered by THE WILLOWS CONDOMINIUM OWNERS ASSOCIATION, an Oklahoma non-profit corporation organized under the Oklahoma Non-Profit Corporation Act. The Association shall be responsible for the management, maintenance, administration and operation of the Condominium Project, the Common Elements and easements appurtenant thereto, in accordance with the Condominium Documents and the laws of the State of Oklahoma. All Owners and Occupants of Units in the Condominium Project and all Persons using or entering upon or acquiring any interest in any Unit or the Common Elements shall be subject to all of the terms and provisions set forth in the Condominium Documents.

3.2 MEMBERSHIP. Any Person, upon becoming the Owner of a Condominium, shall automatically be a Member of the Association, and no other Person shall be entitled to membership. Each Owner shall remain a Member until such time as his ownership of the Condominium ceases for any reason, at which time his membership in the Association shall automatically cease. All memberships shall be appurtenant to the ownership of a Condominium, and upon the conveyance or transfer of an Owner's interest in his Condominium to a new Owner, the new Owner shall simultaneously succeed to the former Owner's membership in the Association. Ownership of a Condominium shall be the sole qualification for membership in the Association and no Owner shall be required to pay any consideration solely for his membership in the Association.

3.3 VOTING RIGHTS. At any meeting of the Members of the Association, each Owner shall be entitled to one vote, the value of which vote shall equal the total Common Interest allocated to the Condominiums owned by such Owner as set forth in Exhibit "D" attached to this Declaration. The combined values of the votes of all Members of the Association shall equal 100% at all times. The Developer shall exercise voting rights with respect to Condominiums owned by the Developer, on the same basis as other Owners of Condominiums.

A. Voting by Co-Owners. If record title to a Condominium is in the name of two or more Persons, all of those Co-Owners shall be Members of the Association and may attend any meeting of the Association, but the voting rights appurtenant to the Condominium may not be divided and fractional votes shall not be allowed. Any one of the Co-Owners may exercise the vote appurtenant to the Condominium at any meeting of the Members of the Association, and such vote shall be conclusive and binding on all other Co-Owners of the Condominium who are not present at such meeting unless written notice to the contrary is received in advance by the Secretary of the Association. If such advance written notice is received, then no vote shall be cast for such Condominium except upon unanimous agreement of all Co-Owners of the Condominium. Unanimous agreement shall also be required if two or more Co-Owners of a single vote is cast for a single Condominium are present in person or by proxy at any meeting of the Members of the Association. In the event more than one vote is cast for a single Condominium, none of such votes shall be counted and all of such votes shall be deemed void.

B. Percentage Votes. Whenever the Condominium Documents require the vote of a specified percentage of Owners with regard to the taking of any action, the requisite number of votes shall be the votes of Owners who in the aggregate own such specified percentage of the entire undivided Common Interest.

3.4 TRANSFER OF MEMBERSHIP. An Owner's membership in the Association cannot be transferred, pledged or assigned in any way, except upon the sale or transfer of such Owner's Condominium and then only to the new Owner of such Condominium. Any attempt to make a prohibited transfer is void and will not be reflected upon the books and records of the Association. An Owner who has sold his Condominium to a purchaser under an executory contract of sale shall be entitled to delegate to the contract purchaser such Owner's membership rights in the Association. Such delegation shall be in writing and shall be delivered to the Secretary of the Association before the contract purchaser may vote. Regardless of any such delegation, the contract seller shall remain liable for all charges and assessments attributable to his Condominium until fee simple title to such Condominium has been transferred to the contract purchaser.

3.5 BOARD OF DIRECTORS. Prior to the first annual meeting of the Members, the affairs of the Association shall be managed by the initial Board of Directors named in the Articles. Thereafter, the affairs of the Association shall be managed by a Board of Directors duly elected by the Members according to the provisions of the Bylaws. A copy of the Bylaws which have been adopted by the initial Board of Directors are attached to this Declaration as Exhibit "B" and incorporated herein by reference.

ARTICLE IV.

ASSESSMENT COLLECTION

4.1 PURPOSE OF ASSESSMENTS. The Association, through its Board of Directors, may levy regular and special assessments, to be established, collected and enforced as provided in the following Sections of this Article IV. The assessments levied by the Association shall be used exclusively for the maintenance and improvement of the Common Elements, for the common good of the Condominium Project and its residents. The decision of the Board of Directors with respect to such assessments shall be final so long as made in good faith and in accordance with the Condominium Documents. The cost of maintaining both the Limited and General Common Elements shall be a Common Expense of the Owners, and Owners having exclusive use of Limited Common Elements shall not be subject to any increase or decrease in assessments as a result of the existence of such rights. However, the Board in its discretion may require Owners who will be directly benefited by the maintenance or repair of Limited Common Elements to arrange for such maintenance and repair in their own name and to pay the cost thereof with their own funds.

4.2 REGULAR ASSESSMENTS. Not less than forty-five (45) days prior to the beginning of each fiscal year of the Association, the Board of Directors shall establish and adopt an annual budget setting forth all estimated funds required for the proper operation, management and maintenance of the Condominium Project during the forthcoming fiscal year, including those expenses described in Section 6.02 of the Bylaws ("the Maintenance Fund"). The annual budget shall also provide for an adequate reserve fund for periodic maintenance, repair and replacement of the Common Elements ("the Reserve Fund"). To the extent that the assessments collected from Owners during the preceding year should be more or less than the expenditures for such preceding year, the Board may take into account such surplus or deficit, as the case may be. The amount of each Owner's annual assessment shall be determined by multiplying the total estimated Maintenance and Reserve Funds for the forthcoming fiscal year by such Owner's percentage of Common Interest. Each Owner's annual assessment figure shall then be divided by twelve (12) to determine each Owner's regular monthly assessment, rounded off to the nearest dollar figure.

A. Owner Vote on Annual Increases. In adopting a budget for each fiscal year, the Board may not increase the total annual assessments for such year by more than 10% over the total annual assessments for the preceding fiscal year. In the event the Board determines that a greater increase in annual assessments is necessary in order to adequately meet the expenses of operating, managing and maintaining the Condominium Project during the forthcoming year, then the proposed budget and annual assessments must first be approved by the affirmative vote of Owners having at least 67% of the undivided Common Interest represented in person or by proxy at an Association meeting duly called for such purpose. If duly approved, the new annual assessments shall become the basis for future annual increases by the Board, using the 10% formula set forth above.

B. Notice of Monthly Assessments. After annual assessments have been set and at least thirty (30) days prior to the beginning of the fiscal year, the Board shall prepare and deliver to each Owner an individual statement specifying the amount of such Owner's annual assessment, divided into twelve (12) monthly assessments, accompanied by a copy of the budget. Thereafter, no further monthly statements shall be prepared and delivered to the Owners except in the event of a change in the monthly assessment as provided in Section 4.2D below, or in the event an Owner becomes delinquent in payment of his monthly assessments. Delivery of a copy of the budget to an Owner shall not affect such Owner's liability for any existing or future assessments.

C. Payment Due Dates. The regular monthly assessments shall commence as to all Condominiums in the Condominium Project on the first day of the month following the conveyance by deed of the first Condominium. Thereafter, regular monthly assessments shall be due on the first day of each and every consecutive calendar month. In the event the Board should fail to promptly approve an estimated annual budget or to determine the amount of regular monthly assessments for any fiscal year, each Owner shall continue to pay each month the amount of his respective monthly assessment as last determined, and such failure on the part of the Board shall not constitute a waiver, modification or release of an Owner's obligations. Should the Board change the assessment at a later date, such new assessment shall be treated as though it were a supplemental assessment under Section 4.2D below.

X D. Supplemental Assessments. If during the course of any fiscal year the Board determines that the regular monthly assessments are insufficient or inadequate to cover the estimated Common Expenses of the remainder of the year, then the Board of Directors shall prepare a supplemental budget setting forth the estimated deficiency. The Board shall have authority to make pro rata increases in the regular monthly assessments sufficient to cover such budget deficit. However, the sum of all increases in regular monthly assessments during a single fiscal year may not exceed 10% of the total annual assessments originally set at the beginning of such year, unless such excess has first been approved by the affirmative vote of Owners having at least 67% of the undivided Common Interest represented in person or by proxy at an Association meeting duly called for such purpose. In any event, notices shall be sent to each Owner by the Board at least thirty (30) days in advance of the due date for the first increased monthly assessment, specifying the amount to increase in such Owner's regular monthly assessment and accompanied by a copy of the adopted supplemental budget.

E. Application of Regular Assessments. Each payment of regular monthly assessments made by an Owner shall first be applied to that portion of the Owner's annual assessment which is allocable to the Maintenance Fund, and the remainder of such payment shall be applied to that portion of the Owner's annual assessment which is allocable to the Reserve Fund. All collected regular assessments shall be deposited in a commercial FDIC - or FSLIC - insured account in a bank or other financial institution selected by the Board, and those assessments allocable to the Maintenance Fund shall be maintained in an account separate from those assessments allocable to the Reserve Fund. The Association shall have control of both such accounts, and shall maintain accurate records of such accounts at all times.

F. Proration of Assessments. In the event of any transfer of a Unit by an Owner (including any transfer by the Developer to an initial purchaser), the current monthly assessment applicable to the Unit transferred shall be prorated between the transferor and transferee of the Unit as of the date of closing. In the event of a transfer of a Unit by an Owner prior to the first full fiscal year of the Association (including any transfer by the Developer to an initial purchaser), the current monthly assessment applicable to the Unit transferred shall be based upon the Developer's estimated budget for such period, and shall be prorated between the transferor and transferee of the Unit as of the date of closing.

4.3 SPECIAL ASSESSMENTS. In addition to the regular monthly assessments authorized in Section 4.2 of this Declaration, the Board may levy from time to time, in any year, one or more special assessments applicable to that year only.

A. Purposes. Subject to the limitations set out in Section 10.1B(1) of this Declaration, special assessments may be levied for the purpose of meeting, in whole or in part, the cost of constructing or acquiring any new or additional

capital improvements deemed by the Board to be of benefit to the Association and the Owners and to be included in the Common Elements of the Condominium Project, or to cover any other unbudgeted expenses or liabilities incurred by the Association and arising out of the operation, maintenance and use of the Condominium Project. Special assessments may also be levied in order to cover any deficiency in the budget caused by nonpayment of regular or special assessments by one or more Owners.

B. Payment. Special assessments shall be apportioned among and paid by all Owners in accordance with their Common Interests. However, if the special assessment is made necessary by the failure of one or more Owners to promptly pay any assessment, the amount of the special assessment shall be increased to compensate for the anticipated failure of such Owner to pay his share of the special assessment. In such event, if the Board subsequently recovers all or any part of the original assessment from the defaulting Owner or Owners, the amount of the recovery shall be deducted proportionately from future assessments of those Owners who paid the special assessment. The due date for payment of any special assessment shall be the due date specified in the notice of such special assessment delivered by the Association to each Owner, which shall in no event be less than thirty (30) days subsequent to the date of such notice.

C. Individual Special Assessments. After due notice and hearing, the Association shall have authority to establish and fix a special assessment against any Condominium to secure the liability of the Owner of such Condominium for the amount of any expenditure by the Association which is made necessary as a result of the breach by such Owner of any of the provisions of this Declaration, or to enforce payment of any fine levied against any Owner pursuant to the Condominium Documents. Any such special assessment shall be enforceable in the same manner as provided in this Declaration for the enforcement of other assessments.

4.4 OWNER OBLIGATION TO PAY ASSESSMENTS. Each Owner, by acceptance of a deed to a Condominium, is deemed to covenant and agree to pay to the Association all regular and special assessments levied against such Owner pursuant to this Declaration. All such assessments shall be the personal obligation of the Person who was the Owner of the Condominium at the time the assessment fell due, and in the case of joint ownership of a Condominium, the liability of the Co-Owners shall be joint and several. No Owner may exempt himself from liability for assessments by waiver of the use and enjoyment of the Common Elements or by abandonment of such Owner's Unit. An Owner's personal obligation to pay assessments shall not pass to successors in title or interest of the Owner unless expressly assumed or required by law. Upon sale or conveyance of a Condominium, all unpaid assessments with respect to such Condominium may, at the option of the Association, be collected out of the proceeds of sale to the extent permitted by law.

4.5 COLLECTION OF DELINQUENT ASSESSMENTS. Any regular or special assessment which is not paid by its due date, as specified by the Board or by this Declaration, shall be deemed delinquent. Any assessment which is not paid by the fifth day after its due date shall, at the option of the Board, bear interest at the maximum rate then allowed by law from the date originally due until paid in full.

A. Acceleration. If any regular monthly assessment is not paid to the Association within thirty (30) days after its due date, the Board may mail a notice of delinquency to the defaulting Owner and to any First Mortgagee which has requested such notice. The notice shall specify (i) the fact that the assessment is delinquent; (ii) the amount of the delinquent assessment, including any interest; (iii) a date, not less than thirty (30) days from the date of the notice, by which such delinquent assessment and accrued interest shall be paid; and (iv) that failure to make payment by the specified date may result in acceleration of the balance of such Owner's annual assessment for the current fiscal year. If the delinquent monthly assessment and any interest thereon is not paid in full by the date specified in the notice, the Board at its option may declare the entire unpaid balance of such Owner's annual assessment for the current fiscal year immediately due and payable, and may enforce collection of such amount in any manner authorized by law or by this Declaration.

B. Collection Remedies. The Association may enforce collection of delinquent or accelerated assessments against an Owner or Co-Owners personally

by appropriate judicial proceedings; and the expenses incurred by the Association in collecting unpaid assessments, including court costs and reasonable attorney's fees, shall be chargeable to the Owner in default. The Association may also temporarily suspend the Association membership rights of any Owner who is in default in the payment of any assessment, including the right to vote at meetings of the Members of the Association and the right to use recreational facilities located on the Condominium Project, for any period during which the assessment remains delinquent. Any such suspension shall not constitute a waiver or discharge of the defaulting Owner's obligation to pay assessments as provided in this Declaration. Each of the remedies described herein may be exercised by the Association without foreclosing or waiving its liens described in Section 4.6 below.

4.6 ASSESSMENT LIENS. The obligation of each Owner to pay his proportionate share of the assessments is part of the purchase price consideration for such Owner's Condominium. The Developer hereby reserves and assigns to the Association, without recourse, a vendor's lien against each Condominium to secure the payment of any regular or special assessments which may be levied against the Owner of such Condominium pursuant to the Condominium Documents. Such vendor's lien may be enforced by appropriate judicial proceedings, and shall additionally secure payment of any expenses incurred in connection with its enforcement, including court costs and reasonable attorney's fees. Further, each Owner, upon request of the Association, shall execute a deed of trust covering his Condominium to secure the payment of assessments levied by the Association, and any such deed of trust may be foreclosed in the manner provided by law for mortgages on real property. All Association liens shall relate only to the individual Condominiums and not to the Condominium Project as a whole.

A. Subordination of Association Liens. All vendor's liens and deeds of trust in favor of the Association shall be subordinate and inferior to (i) assessments, liens and charges in favor of the State of Oklahoma and any political subdivision thereof, for taxes due and unpaid on the respective Condominium, and (ii) amounts due under any duly recorded First Mortgage covering the respective Condominium. The subordination provided for in this Section 4.6A shall include all fees, late charges, fines and interest which may be levied by the Association in connection with unpaid assessments, to the extent permitted by applicable law.

B. Transfer Pursuant to Foreclosure. The sale or transfer of any Condominium pursuant to foreclosure by a First Mortgagee, or by deed or other transfer in lieu of foreclosure, shall extinguish the Association's subordinate lien for any unpaid assessments which became due prior to such sale or transfer. However, no such sale or transfer of a Condominium shall relieve the purchaser or transferee from liability, or release the Association's lien, for any assessment thereafter becoming due. Any unpaid assessments extinguished pursuant to this Section 4.6B shall be deemed to be Common Expenses collectible from all Owners, including the new Owner of the Condominium sold or transferred.

C. Voluntary Sale or Transfer. Voluntary sale or transfer of a Condominium (other than a deed of conveyance to a First Mortgagee in lieu of foreclosure) shall not affect the Association's lien. The grantee of such Condominium shall be jointly and severally liable with the grantor of such Condominium for all unpaid assessments levied by the Association up to the time of the grant or conveyance, without prejudice to the grantee's right to recover from the grantor any amounts paid by the grantee to the Association on account of such unpaid assessments.

D. Statement of Unpaid Assessments. Any Owner, mortgagee or prospective mortgagee or grantee of an Owner, shall be entitled upon request to a statement from the Association or the Management Agent, as the case may be, setting forth the amount of any unpaid assessments then due and owing to the Association by such Owner. Such statements shall be conclusive upon the Association, and no Condominium shall be conveyed subject to a lien for any unpaid assessments becoming due prior to the date of such statement in excess of the amount set forth in the statement. However, the Condominium may be conveyed subject to a lien for any unpaid assessments becoming due after the date of the statement. If the Association fails to furnish a statement within ten (10) days after receiving a request for such statement in connection with the proposed sale or mortgage of a Condominium, any lien for unpaid assessments which became due prior to the date of such request shall be waived as to the Condominium being sold or mortgaged.

4.7 PURCHASE BY ASSOCIATION AT FORECLOSURE. In the event of foreclosure of the Association's lien against a Condominium, the Association shall have the authority, subject to Section 10.13(3) of this Declaration, to bid for and purchase such Condominium at foreclosure sale. Any such purchase may be made from the working capital of the Association, or if such funds are insufficient, the Association may levy a special assessment for the purpose of making the purchase, as a Common Expense of the Condominium Project. In its discretion, the Association may borrow money to finance the acquisition of such Condominium, which financing may not be secured by any property other than such Condominium. Upon acquisition of a Condominium at foreclosure sale, the Association may hold, lease, vote the votes appurtenant to, convey or otherwise dispose of such Condominium, for the benefit of all Owners. The Association shall have authority to bring an action for forcible entry and detainer in order to secure occupancy of any Unit acquired at foreclosure sale, and any Person occupying such Unit after completion of the foreclosure sale shall be required to pay the reasonable rental value of such Unit to the Association during the period of continued occupancy. The expenses of maintaining, repairing and operating such Condominium shall be a Common Expense of the Condominium Project. During the period in which the Association holds title to any Condominium, the voting rights appurtenant thereto shall be suspended and may not be exercised or counted for quorum purposes at meetings of the Members of the Association.

ARTICLE V.

DUTIES AND POWERS OF THE ASSOCIATION

5.1 DUTIES AND POWERS. In addition to the duties and powers enumerated in the Bylaws and the Articles or provided for elsewhere in this Declaration, the Association shall, without limitation, have the following duties and powers:

A. Maintenance of Condominium Project. The Association shall repair, replace, restore, operate, manage and maintain in good condition all of the Common Elements and all property that may be acquired by the Association, and the costs of such maintenance shall be a Common Expense of the Condominium Project. The Association's obligations shall not extend to any portion of the Common Elements required to be repaired or maintained by an individual Owner under the Condominium Documents. All costs of work performed by the Association which is the responsibility of an individual Owner shall be charged as a special assessment against such Owner, which assessment may be enforced in the same manner as provided in this Declaration for the enforcement of other assessments.

B. Books and Records. The Association shall keep or cause to be kept books and records with detailed accounts of all income, receipts and expenditures affecting the Condominium Project and its administration, itemizing the maintenance and repair expenses with regard to the Common Elements and any other expenses incurred by or on behalf of the Condominium Project or the Association. Such books, and the vouchers supporting the entries therein, shall be available for inspection by all Owners, mortgagees, and insurers and guarantors of First Mortgages, during regular business hours of the Association which hours shall be set and announced for general knowledge. All records shall be kept in accordance with generally-accepted accounting principles, and shall be audited at least once a year by an independent auditor. The Association shall also keep current copies of all Condominium Documents and amendments thereto, and shall make the same available for inspection by Owners, mortgagees, and insurers and guarantors of First Mortgages, upon request, during regular business hours of the Association.

C. Employment of Management Agent. The Association, through its Board of Directors, shall have authority to employ a professional Management Agent, and may delegate to such Management Agent any duties with respect to management, repair and maintenance of the Condominium Project as are not by law or the Condominium Documents required to be performed by or have the approval of the Owners. The Management Agent, its representatives, agents and employees, shall have the right of ingress and egress over and access to such portions of the Condominium Project as may be necessary or desirable to enable the Management Agent to adequately perform its duties. The term of any agreement for professional management may not exceed one year, renewable by agreement of the parties for successive one-year terms, and shall be terminable by the Association without cause or payment of penalty upon thirty (30) days' written notice. The compensation paid to such Management Agent shall be established by

the Board and shall be a Common Expense of the Condominium Project.

D. Rules and Regulations. The Board of Directors of the Association shall adopt reasonable and uniform Rules and Regulations not inconsistent with the Condominium Documents, relating to the use of the Common Elements and the conduct of the Owners and Occupants of Units thereon. The initial Rules and Regulations shall be promulgated by the first Board of Directors prior to the initial annual meeting of the Members of the Association. Thereafter, the Rules and Regulations may be amended from time to time upon the affirmative vote of a majority of the members of the Board of Directors. All Rules and Regulations adopted by the Board shall be binding on all Owners and Occupants of Units, and their respective family members, tenants and guests. The Board shall furnish each new Owner with copies of all current Rules and Regulations, and shall notify each Owner of any amendments to the Rules and Regulations immediately upon their adoption.

E. Acquisition of Common Personal Property. The Association may acquire and hold, for the use and benefit of all Owners, any tangible or intangible personal property necessary or desirable for the operation of the Condominium Project, such personal property shall be included in the General Common Elements of the Condominium Project. The beneficial interest in such property shall be owned in common by all Owners, in proportion to their respective Common Interests, and each Owner's Interest shall not be transferred except in connection with a transfer of such Owner's Condominium. Any personal property taxes assessed against such property shall be treated as Common Expenses of the Condominium Project.

5.2. ASSOCIATION ACCESS. For the purpose of performing any maintenance, repair or replacement authorized by this Declaration or for any other purpose reasonably related to the performance by the Association of its responsibilities under the Condominium Documents, the Association or its agents, employees and representatives shall have a non-exclusive easement over and onto all portions of the Common Elements. The Association or its agents, employees and representatives shall also have the right, upon reasonable notice to the Owner and at reasonable hours, to enter any Unit for such purposes, and to enter any Unit without notice at any time in order to make emergency repairs or to prevent damage to the Common Elements or other Units. Upon receipt of at least seven days' advance notice from the Association, an Owner shall vacate his Unit in order to accommodate the Association in the performance of necessary maintenance and repairs, and the cost of temporary relocation shall be the responsibility of the individual Owner. Each Owner shall furnish to the Board a duplicate key to each entrance to his Unit upon request, and shall furnish a new duplicate key upon any change of locks on any such entrance. No diminution, abatement or reduction in assessments shall be claimed or allowed for the interruption of an Owner's right of occupancy or for inconvenience or discomfort resulting from any repairs made to a Unit or the Common Elements pursuant to the Condominium Documents or any law.

5.3. DAMAGE CAUSED BY REPAIRS. Damage to the interior or any part of a Unit resulting from the maintenance, repair or replacement of any of the Common Elements, or as a result of emergency repairs within another Unit at the instance of the Association, shall be a Common Expense of the Condominium Project. However, if such damage is the result of the neglect, misuse or negligence of an Owner, then such Owner shall be responsible and liable for the cost of repairing such damage. All damaged improvements shall be restored to substantially the same condition in which they existed prior to the damage.

ARTICLE VI

UTILITIES

6.1. OWNER OBLIGATIONS. Each Owner shall pay for the cost of utilities which are separately metered and billed to his Unit by the respective Utility companies, or submetered and billed to his Unit by the Association. Any such utility expenses billed to a Unit by the Association shall be deemed to be a special assessment against the Owner of such Unit, and may be enforced in the same manner as provided in this Declaration for the enforcement of other assessments. Utility expenses which are not metered or submetered and separately

billed shall be part of the Common Expenses, and each Owner shall pay his pro-rata share of such expenses as in the case of other Common Expenses.

6.2 ASSOCIATION OBLIGATIONS. The Association shall maintain all utility installations located in the Common Elements except for those installations maintained by utility companies, whether public, private or municipal. The Association shall pay all charges for utilities supplied to the Condominium Project except those metered or submetered and charged separately to the Units, including necessary utility services furnished to the recreational facilities and landscaped Common Elements.

6.3 UTILITY EASEMENTS. Whenever sanitary sewer, water, electric, gas, cable or master television antenna lines, telephone lines or connections, heating or air conditioning conduits, ducts or flues (such items being hereinafter collectively called "the connections") are located or installed within the Condominium Project and lie in or upon more than one Unit, the Developer reserves for the use and benefit of the Association the right and easement to enter upon the Units or to have the utility companies enter upon the Units in which the connections lie, to repair, replace and generally maintain such connections as and when reasonably necessary. However, the exercise of such easement rights shall be in a manner reasonably calculated to cause minimal interference with the continued use of the Units by the Owners and Occupants thereof, while still adequately serving the purposes for which they are granted. The Developer also reserves for the use and benefit of the Association such permits, licenses and easements over and under the Property and the Common Elements for the installation, repair and maintenance of such connections, and for the maintenance and repair of drainage facilities, roads, walkways and landscaping, as are shown on the Condominium Plan or as may be hereafter necessary or useful for the proper operation and maintenance of the Condominium Project, together with the right to grant and transfer the same.

ARTICLE VII.

USE RESTRICTIONS

7.1 SINGLE-FAMILY PURPOSE. No Unit in the Condominium Project shall be used for any purpose other than as a single-family residence by its Owners and Occupants, and their respective family members, tenants and guests. The foregoing restriction shall not, however, be construed to prohibit an Owner or Occupant from maintaining his personal professional library, keeping personal business or professional records or accounts, or handling business or professional telephone calls or correspondence. Such uses are expressly declared incidental to the principal residential use and not in violation of the residence restrictions.

7.2 MODIFICATION OF UNITS. No Owner shall make structural alterations or modifications to his Unit or to any of the Common Elements, or paint or decorate the exterior of his Unit, or erect any exterior antennas, aerials, screening, awnings, any reflective or other material in the windows of the Unit (other than interior draperies), security devices, or other exterior attachments, without the written approval of the Board. Plans and specifications showing the nature, location and materials to be used in any alterations or improvements shall be submitted to the Board (or any committees designated by the Board for such purpose) for approval as to such matters as quality of workmanship and compatibility with existing structures. The Board shall not approve any alterations, decorations or modifications which would jeopardize or impair the soundness, safety or appearance of the Condominium Project. Should the flooring in any Unit situated on the upper floor of a Building be modified, remodeled or removed, the Owner of the Unit shall be required to replace the flooring with sound insulation that equals or exceeds the sound insulation which existed at the time the Owner purchased the Unit. During the Development Period, the Developer shall have the sole right to approve or reject any proposed alterations, modifications or erections submitted for consideration by an Owner.

7.3 LEASE OF UNIT. An Owner may lease his Unit for terms of not less than six months for single-family residential purposes only. Any lease must be in writing, and shall provide that the terms of the lease are subject in all respects to the terms of the Condominium Documents and that any failure by the lessee to comply with the terms of such Documents shall be a default.

under the lease. No Owner may lease less than his whole Unit, nor shall any Owner be permitted to lease his Unit for transient or hotel purposes (which is defined as a lease for a period of thirty (30) days or less), with the exception of a First Mortgagee in possession of a Unit following foreclosure, or deed or assignment in lieu of foreclosure. A copy of each lease of a Unit in the Condominium Project shall be furnished to the Board. The Board may provide a standard form lease for use by Owners.

7.4 IMPROPER ACTIVITIES. No unlawful or offensive activities shall be carried on in any Unit or in any part of the Condominium Project, nor shall anything be done which may be or become an annoyance or a nuisance to the other Owners. No Owner shall do, permit, keep or allow to be kept in his Unit or on the Common Elements anything that will increase the rate of insurance on the Condominium Project or cause such insurance to be cancelled, or which will impair the structural integrity of any Building. No Owner shall store any dangerous explosive or inflammable liquids or similar materials in his Unit or upon the Common Elements. Outdoor drying of clothes shall not be permitted on any part of the Condominium Project.

7.5 SIGNS. No signs or other advertising devices shall be displayed which are visible from the exterior of any Unit or on the Common Elements, including "For Sale" and "For Rent" signs, without written permission from the Board.

7.6 PETS. No animals (including birds or fish) shall be kept except household pets, and in no event shall animals of any kind be kept or bred for commercial purposes. All pets shall be subject to such care and restraint as not to be obnoxious or offensive on account of noise, odor or unsanitary conditions, and no savage or dangerous animals shall be kept. The Board of Directors may determine, in its sole discretion, whether a particular animal, fish or bird is a household pet, and the Board may limit the size and weight of any household pets allowed. No pets may be permitted upon any part of the Common Elements, except in areas specifically designated for such purpose in the Rules and Regulations issued by the Board. Any Owner who causes any animal to be brought or kept upon the premises of the Condominium Project shall indemnify and hold the Association harmless against any loss, damage or liability which the Association may sustain as a result of the presence of such animal on the premises, whether or not the Association has given its permission therefor.

7.7 MAINTENANCE BY OWNERS. Each Owner shall, at his sole expense, maintain and repair his Unit, including the windows, interior surfaces of the walls, ceilings, floors and doors, fireplaces, all fixtures and appliances installed within his Unit, and all heating and cooling equipment serving only his Unit. However, no bearing walls, ceilings, floors or other structural portions of a Building shall be pierced, altered or repaired without the prior written approval of the Board (or a committee designated by the Board for that purpose). Each Owner shall also, at his sole expense, perform routine cleaning, maintenance and repair of any balcony or patio appurtenant to his Unit, but no Owner shall be responsible for the periodic structural repair, resurfacing or replacement of patio or balcony components unless the same is made necessary by the willful misconduct or negligent acts of such Owner or his family members, tenants and guests. Any repairs to a balcony or patio appurtenant to an Owner's Unit shall require the prior written approval of the Board. Each Owner, at his sole expense shall have the exclusive right to paint, plaster, panel, tile, wax, paper or otherwise refinish and decorate the interior surfaces of the walls, ceilings, floors, windows and doors bounding his Unit, including any storage area which is part of his Unit. In the event an Owner fails to maintain his Unit in a manner which the Board deems necessary to protect the Common Elements or preserve the appearance and value of the Condominium Project, the Board may notify such Owner of the work required and request that it be done within sixty (60) days from the date of such notice. In the event such Owner fails to complete the work within this period, the Board may cause such work to be done and may levy a special assessment against such Owner for the cost of the work, which assessment may be enforced in the same manner as provided in this Declaration for the enforcement of other assessments.

7.8 VEHICLE RESTRICTIONS. No trailer, camper, mobile home, recreational vehicle, commercial vehicle, truck (other than standard-size pickup trucks),

inoperable automobile, boat or similar equipment shall be permitted to remain upon any area within the Condominium Project (other than temporarily for purposes of loading and unloading of passengers or personal property), unless in an area specifically designated for such purpose by the Board. Commercial vehicles shall not include sedans or standard-size pickup trucks which are used both for business and personal use, provided that any signs or markings of a commercial nature on such vehicles shall be unobtrusive and inoffensive as determined by the Board. No noisy or smoky vehicles shall be permitted to remain within the Condominium Project. Motorcycles, motorbikes and similar vehicles shall not be operated within the Condominium Project except for the purpose of transportation directly from a parking space to a point outside the Condominium Project, or from a point outside the Condominium Project directly to a parking space. No parking space shall be used for any purpose other than as a parking space, nor shall anything be stored in a parking space so as to prevent the parking of a vehicle therein.

7.9 GARBAGE AND REFUSE DISPOSAL. All rubbish, trash and garbage shall not be allowed to accumulate thereon except in sanitary containers located and maintained in accordance with the Rules and Regulations adopted by the Board. All equipment, garbage cans, woodpiles or storage piles shall be kept screened and concealed from view of other Units, streets and the Common Elements, unless necessary to make the same available for garbage collection and then only for the shortest time necessary to effect such collection.

7.10 POWER EQUIPMENT AND CAR MAINTENANCE. No large power equipment, workshops or car maintenance of any nature whatsoever shall be permitted on the Condominium Project, except with the prior written approval of the Board. In deciding whether to grant approval, the Board shall consider the effects of noise, air pollution, dirt or grease, fire hazard, interference with radio or television reception and similar conditions. However, the provisions of this Section 7.10 shall not apply to emergency vehicle repairs of short duration.

7.11 MECHANICS' LIENS. Subsequent to the completion of the construction of the Condominium Project, no labor performed or materials or services furnished and incorporated within a Unit with the consent or at the request of an Owner (or his agent, contractor or subcontractor) shall be the basis for the filing of a lien against the Common Elements or the Unit of any other Owner not expressly consenting to or requesting the same. Each owner shall indemnify and hold harmless all other Owners from and against any and all liability arising from claims or mechanics' or materials' liens filed against the Units of indemnifying Owner's Unit at his request. The Association may require each Owner to procure and deliver to the Board such lien waivers and contractor's affidavits as may be requested to protect the Common Elements from Mechanics' and materials' liens which may arise in connection with work performed on such Owner's Unit. The Association, in its discretion, may discharge any mechanics' or materials' lien which, in the opinion of the Board, may constitute a lien against the Common Elements, and the Owner or Owners responsible shall be liable for the amount necessary to discharge such lien, and for all costs, expenses and attorney's fees incurred by reason of such lien.

7.12 DAMAGE TO COMMON ELEMENTS. Each Owner shall be responsible for the costs (to the extent such costs are not otherwise covered by insurance maintained by the Association) of any reconstruction, repair or replacement of the Common Elements necessitated by the willful or negligent act of such Owner, or his family members, tenants or guests. The Association is hereby authorized to repair any such damage, and the cost of such repair shall be paid to the Association by the defaulting Owner, upon demand. If the defaulting Owner fails to pay the cost of repairs upon demand, then after due notice and hearing the Association may levy a special assessment against such Owner in an amount equal to the cost of correcting the damage, which assessment may be enforced in the same manner as provided in this Declaration for the enforcement of other assessments. The provisions of Section 11.4 with respect to casualty damage which is covered by policies of insurance maintained by the Association.

ARTICLE VIII.

RESERVATION OF RIGHT OF EXPANSION AND ANNEXATION

8.1 RESERVATION BY DEVELOPER. For a period of four years from the date

of recordation of this Declaration, the Developer reserves the right, option, authority and power, without limitation, to expand the Condominium Project to include all or part of the two tracts of adjoining land described in Exhibits "F" and "G", for the purpose of constructing, establishing and annexing two additional phases. Each such condominium phase shall consist of additional Units and Common Elements, which shall be annexed into and form a part of the total Condominium Project, and the Common Elements of such additional phases shall be owned in pro-rata undivided interests by all Owners of Units within the expanded Condominium Project. The real property described in the attached Exhibits "F" and "G" shall hereinafter be collectively referred to as "Convertible Real Property," and the two additional condominium phases shall be referred to as "Phase II" and "Phase III", respectively. The Condominium Project as presently existing shall be sometimes referred to in this Article VIII. as "Phase I". Should the Developer fail to exercise all or any part of the option herein reserved prior to the expiration of four years from the date of recordation of this Declaration, then the unexercised option shall lapse and expire on such date.

A. Phase II. Phase II shall include the real property described in the attached Exhibit "F". The improvements to be constructed in Phase II shall consist of (i) six (6) multi-family residential Buildings containing a total of 120 separately designated Units; (ii) Limited Common Elements of the same general type and size as those appurtenant to existing Units in Phase I; and (iii) General Common Elements of the type described in Section 2.3A of this Declaration. The improvements in Phase II shall be substantially completed prior to annexation. Phase II may be constructed and annexed to the Condominium Project prior to, or simultaneously with, the construction and annexation of Phase III. However, the Developer's exercise of its right to annex Phase II shall not mandate or require the annexation of Phase II or otherwise obligate the Developer to undertake the annexation of that Phase.

B. Phase III. Phase III shall include the real property described in the attached Exhibit "G". The improvements to be constructed in Phase III shall consist of (i) three (3) multi-family residential Buildings containing a total of 76 separately designated Units; (ii) Limited Common Elements of the same general type and size as those appurtenant to existing Units in Phase I; and (iii) General Common Elements of the type described in Section 2.3A of this Declaration. The improvements in Phase III shall be substantially completed prior to annexation. Phase III may be constructed and annexed to the Condominium Project prior to, or simultaneously with, the construction of Phases I and II.

8.2. COMPATIBILITY OF PHASES. Each of the Units in Phases II and III shall be subject to all of the restrictions and limitations contained in this Declaration affecting the use, occupancy and transfer of Units. The Limited Common Elements constructed within Phase II and III will be of the same general type and size as those existing within Phase I, and the proportion of Limited Common Elements to Units within Phases II and III will be approximately equal to the proportion existing within Phase I. The improvements to be constructed in Phases II and III shall be compatible with the existing improvements in Phase I in terms of number, size, architectural style, quality of construction and materials used. Also, the number of Units contained in the total expanded Condominium Project will be adequate to support the Common Elements and will not overload their capacity. A site plan setting forth the location of the real property and improvements to be contained in the three additional Phases is attached as Exhibit "E" to this Declaration.

8.3. MODIFICATION OF COMMON INTEREST. Upon the annexation of an additional Phase to the Condominium Project, the Common Interests shall be reallocated so that each Owner shall have an undivided interest in the Common Elements of the expanded Condominium Project. Each Owner's percentage of Common Interest, of his Unit bears to the combined area of all Units in all existing Phases of the Condominium Project. A statement of the extent to which the Common Interest appurtenant to each Unit in Phase I may be altered upon the annexation of Phase II, which will be figured from the exact number of square footages of Units set out in the Developer's plans and specifications for Phase II. A statement of the extent to which the

Common Interest appurtenant to each Unit in Phases I and II may be altered upon the annexation of Phase III, which will be figured from the exact number of square footages of Units set out in the Developer's plans and specifications for Phase III.

8.4 METHOD OF ANNEXATION. The Developer shall effect the annexation of a Phase by preparing and executing an amendment to this Declaration, and by recording such amendment in the Condominium Records of Tulsa County, Oklahoma. The amendment shall contain (i) the legal description of the real property; the improvements constructed on the annexed real property; (ii) a statement of the reallocation of the Common Interest among all Units in the expanded Condominium Project; and (iv) any other information required by the Act or which may be necessary to effectuate the intent of this Article VIII. The amendment shall also have, as an exhibit thereto, site and unit plans showing the location and boundaries of the real property to be annexed, the location of each Building designated by letter, a general description of each Unit in the Phase showing its square footage, Building location, floor and Unit number, and the location and general description of the Common Elements in such Phase.

8.5 LIENS ON CONVERTIBLE REAL PROPERTY. Until annexation of the Convertible Real Property, the Developer shall be liable for real estate taxes assessed against the Convertible Real Property and all other expenses or charges incurred in connection with such real property. Neither the Association nor any Owner (other than the Developer) shall be subject to a claim for the payment of such taxes or expenses. Any liens arising in connection with the construction of improvements on the Convertible Real Property shall not affect the rights of Owners or the priority of First Mortgagees in the existing Condominium Project, and shall be paid or otherwise satisfactorily provided for by the Developer prior to annexation. This Declaration, including this Article VIII, does not presently create any interest in or to the Convertible Real Property described in Exhibits "F" and "G", and this Declaration is filed in accordance with Section 8.4 above.

8.6 EFFECT OF ANNEXATION. Upon the recordation of an amendment as described in Section 8.4 above, this Declaration shall apply to and affect all of the additional real property and improvements described in such amendment, and shall bind all Owners of Condominiums located in such additional real property with the same effect as though such Condominiums were originally subject to and described in this Declaration. All Owners of Condominiums within the annexed Phase shall thereupon become Members of the Association, and the powers and responsibilities of the Association and the Board shall extend to all property included within the expanded Condominium Project. The rights, obligations and duties of each Owner upon the recordation of the amendment shall be identical to the rights, obligations and duties of all Owners prior to such recordation, except to the extent that an existing Owner's Common Interest may be modified pursuant to Section 8.3 of this Declaration. The Association shall continue to maintain a Maintenance Fund and a Reserve Fund for the operation, maintenance, repair and replacement of the expanded Condominium Project, and such account shall be funded by assessments against all Condominiums in the expanded Condominium Project in the manner set out in Article IV of this Declaration. Regular monthly assessments shall commence as to all Condominiums in each annexed Phase on the first day of the month following the conveyance by deed of the first Condominium in such Phase.

8.7 DEVELOPER AS ATTORNEY-IN-FACT. Acceptance by each Owner of a deed to a Condominium in the Condominium Project shall constitute an irrevocable appointment of the Developer as such Owner's true and lawful attorney-in-fact to perform all acts necessary to effect the annexation of the two additional Phases described in this Article VIII. Without limitation on the generality of the foregoing, the Developer as said attorney-in-fact shall have full power and authority to make, execute and record, on behalf of all Owners, any amendments to this Declaration required by law or by the foregoing Section 8.4, to act on behalf of all Owners in complying with all municipal or other regulations concerning the platting and replatting of subdivisions, and to execute such other documents, plats or instruments as may be necessary to effect the annexation contemplated by this Article VIII.

MORTGAGE PROVISIONS

9.1 CONDOMINIUM MORTGAGES. Any Owner shall have the right from time to time to mortgage or encumber his interest in a Condominium by deed of trust, mortgage or other security instrument. A First Mortgage shall be one which has first and paramount priority under applicable law. An Owner may create and grant a second or inferior mortgage or deed of trust against his interest in a Condominium; provided, however, that any such inferior mortgage or deed of trust shall always be subordinate to all of the terms, conditions, covenants, restrictions, uses, limitations, easements, obligations and liens for Common Expenses and other payments created by the Condominium Documents.

9.2 RIGHTS OF FIRST MORTGAGEES. No breach of any of the covenants, conditions and restrictions contained in the Condominium Documents, nor the enforcement of any lien provided in this Declaration, shall render invalid the lien of any First Mortgagee on any Condominium made in good faith and for value. However, all of said covenants, conditions and restrictions shall be binding upon and effective against any Owner whose title is derived through foreclosure, trustee's sale or deed or transfer in lieu of foreclosure, unless otherwise provided in this Declaration.

9.3 LIST OF MORTGAGEES. Any Owner who mortgages his Condominium shall, within ten (10) days after the execution of such mortgage, notify the Association in writing of the name and address of the mortgagee and the amount secured by the mortgage. The Association shall maintain such information in a book entitled "Mortgages of Units", together with any written notices received from the mortgagees in accordance with Section 9.4 below. Each Owner shall in the same manner notify the Association of any release or discharge of a mortgage covering his Condominium.

9.4 MORTGAGEE RIGHTS. The Association shall provide all First Mortgagees with the following notices, information and access to information:

A. Notices. Upon filing an appropriate written request with the Association, all First Mortgagees (and insurers and governmental guarantors of a First Mortgage) shall be entitled to receive the following notices in writing from the Association:

- (1) Notice of any proposed material change in the Condominium Documents, which notice shall be given thirty (30) days prior to the effective date of such change;
- (2) Notice of any unpaid assessments due from the Owner of any Condominium subject to a First Mortgage (the beneficial interest in which is held, insured or guaranteed by the Person requesting the notice) which is delinquent by sixty (60) days or more, or any other default by such Owner in the performance of obligations under the Condominium Documents, which default is not cured within sixty (60) days after receipt by the Owner of a written notice from the Association specifying the default;
- (3) Notice of any condemnation, damage or destruction to any Unit subject to a First Mortgage (the beneficial interest in which is held, insured or guaranteed by the Person requesting the notice), or any condemnation, damage, or destruction to a material portion of the Common Elements. Such notice shall be given immediately upon the Board's obtaining knowledge of such condemnation, damage or destruction;
- (4) Notice of all meetings of the Association, which meetings may be attended by a designated representative of any First Mortgagee;
- (5) Notice of any proposed action which would require the consent of all or a specified percentage of First Mortgagees; and

(6) Notice of any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association.

All written requests for notices should identify the name and address of the First Mortgagee, insurer or guarantor, and the respective Unit address or number.

B. Examination of Records and Audit. All First Mortgagees (and insurers and guarantors of First Mortgages) shall have the right to examine the books and records of the Association and the Board upon request during normal business hours. In addition, copies of all audited financial statements made pursuant to Section 5.12 of this Declaration shall be made available to all First Mortgagees (and insurers and guarantors of First Mortgages) upon request, but in no event later than ninety (90) days following the end of any fiscal year of the Association.

ARTICLE X.

CHANGES REQUIRING MORTGAGEE AND OWNER APPROVAL

10.1 APPROVAL REQUIRED. In order to effect any of the changes set out in this Article X., approval must first be obtained from the Owners and First Mortgagees. Approval by the Owners shall be obtained either by written consent or by a vote in person or by proxy at an Association meeting duly called for such purpose. Except where approval by First Mortgagees is required by this Article X. to be in writing, a First Mortgagee shall be deemed to have approved a change if it does not post or deliver a negative response within thirty (30) days after receiving a written notice from the Association requesting such First Mortgagee's approval.

A. Unanimous Approval. None of the following may occur unless there is first obtained the unanimous prior approval of all Owners and all First Mortgagees, such approval to be evidenced by a written instrument signed and acknowledged by all Owners and First Mortgagees and recorded in the Condominium Records of Tulsa County, Oklahoma:

(1) Vacation, waiver, revocation, abandonment or termination of THE WILLOWS CONDOMINIUMS as a Condominium regime, except for abandonment or termination provided by the Act in the event of condemnation proceedings or substantial casualty loss to the Units and Common Elements;

(2) Modification of the Common Interest (and pro rata interests or obligations resulting therefrom) originally assigned to any Unit, except as provided in the following Sections of this Declaration: (i) Section 12.6, with respect to condemnation of Units; (ii) Section 8.3, with respect to expansion and annexation; and (iii) Section 3.2, with respect to unsold Units;

(3) Partition or subdivision of any Unit in the Condominium Project, except as provided in Section 13.2 of this Declaration with respect to unsold Units. However, nothing contained herein shall be construed to prohibit judicial partition by sale of a single Condominium owned by two or more Persons as Co-Owners and division of the net sales proceeds, but such partition shall not affect any other Condominiums;

(4) Abandonment, partition, subdivision, encumbrance, sale or transfer of any of the Common Elements. However, nothing contained herein shall prevent the granting of easements for public utilities or other public purposes consistent with the intended use of the Common Elements by the Condominium Project; or

(5) Use of hazard insurance proceeds for any purpose other than the repair, replacement or reconstruction of the Condominium Project, except as provided by the Act in the case of substantial loss or as otherwise provided in this Declaration.

B. Percentage Approval. None of the following may occur unless there is first obtained the prior approval of Owners of at least 67% of the undivided Common Interest and at least 51% of the First Mortgagees (based on one vote per mortgage owned):

(1) Levy by the Association of any special assessment for construction of capital improvements included in the Common Elements, or for any purpose if the total amount of such special assessment exceeds 10% of the budgeted Maintenance Fund of the Association for the current fiscal year, unless required for emergency repair, protection or operation of the Condominium Project;

(2) Termination of professional management of the Condominium Project and establishment of self-management by the Association; or

(3) Acquisition of a Condominium by purchase at foreclosure sale, as provided in Section 4.7 of this Declaration.

10.2 AMENDMENT OF DECLARATION. The provisions of this Declaration may be modified, amended or supplemented upon obtaining the prior approval of Owners of at least 75% of the undivided Common Interest, except that any material amendment (as defined in Section 10.2A below) shall also require the approval of 51% of the First Mortgagees, based on one vote per mortgage owned. In no event shall the provisions of this Declaration be amended, modified or rescinded so as to conflict with the provisions of the Act.

A. Material Amendment. A material amendment to the Declaration shall be any amendment which affects provisions of the Declaration establishing, governing or regulating any of the following:

- (1) Voting;
- (2) Assessments, assessment liens or subordination of such liens;
- (3) Reserves for maintenance, repair and replacement of the Common Elements;
- (4) Insurance or fidelity bonds;
- (5) Rights to use the Common Elements;
- (6) Responsibility for maintenance and repair of the several portions of the Condominium Project;
- (7) Merger, expansion or contraction of the Condominium Project or the addition, annexation or withdrawal of property to or from the Condominium Project, except as provided in Article VIII of this Declaration;
- (8) Boundaries of any Unit;
- (9) The interests in the General or Limited Common Elements, except a reallocation of the Common Interests occurring pursuant to annexation of an additional phase;
- (10) Convertibility of Units into Common Elements or of Common Elements into Units;
- (11) Leasing of Units;
- (12) Imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey his Condominium; and
- (13) Any provisions which are for the express benefit of First Mortgagees or eligible insurers or guarantors of First Mortgagees.

An addition or amendment to the Declaration shall not be considered material if it is for the purpose of correcting technical errors or for clarification only.

B. Method of Amendment. Any amendment of this Declaration shall

be set forth in a written instrument signed and acknowledged by the Owners of at least 75% of the undivided Common Interest. Such instrument shall be accompanied by an affidavit of the Secretary of the Association certifying that all First Mortgagees have been notified by mail of the proposed amendment. In the case of a material amendment (as defined in Section 10.2 above), the affidavit shall also certify that at least 51% of the First Mortgagees have approved such amendment, based on one vote per mortgage owned. An amendment shall be effective upon the recordation of the appropriate instrument and affidavit in the Condominium Records of Tulsa County, Oklahoma.

C. Amendment by Developer. Notwithstanding any language to the contrary contained in this Declaration, the Developer may, at any time prior to the first annual meeting of the Members of the Association, amend the Declaration with the written consent of any First Mortgagee of any Condominium which would be affected, but without the consent of any Owner. So long as there is a valid letter of approval of the Condominium Project in effect issued by any governmental purchaser, insurer or guarantor of home loans, any amendment by the Developer shall also require the written approval of such governmental agency. The purposes for which such amendments may be made by the Developer shall include, but not be limited to, any amendment necessary to (i) accomplish the purposes set forth in Article VIII. of this Declaration; (ii) conform this Declaration with the requirements of any government authority in connection with the purchase or guarantee of home loans by such entities; (iii) resolve or clarify any ambiguities or conflicts, or correct any misstatements, errors or omissions; or (iv) accomplish the purposes set forth in Section 13.2 of this Declaration.

ARTICLE XI.

INSURANCE

11.1 ASSOCIATION INSURANCE. The Association shall obtain and continue in effect at all times insurance policies issued by reputable insurance companies authorized to do business in the State of Oklahoma, covering the following risks and containing the following provisions:

A. Public Liability Insurance. The Association shall maintain a comprehensive policy of public liability insurance covering the Common Elements, public ways and commercial spaces, if any, in the Condominium Project. The scope of the coverage must include, without limitation, legal liability for property damage, bodily injury and death in connection with the use, operation and maintenance of the Common Elements, legal liability arising out of lawsuits related to employment contracts of the Association and such other risks as are customarily covered with respect to projects similar in construction, location and use. However, such insurance shall not insure against loss caused by injuries to Owners or their family members, tenants or guests occurring within their own Units. Coverage shall be in any amount deemed prudent by the Board, but in no event less than \$1,000,000.00 per single occurrence for personal injury and/or property damage. Such liability insurance policy shall include, if obtainable, a "cross-liability" or "severability of interest" endorsement for the benefit of the Owners, the Association and any Management Agent, insuring each insured against liability to each other insured and precluding the insurer from denying coverage to one insured because of the negligence of another insured. Such policy shall provide for the issuance of certificates or such endorsements evidencing the insurance as may be required by any First Mortgagee.

B. Master Hazard Insurance. Additionally, the Association shall obtain and continue in effect a master insurance policy of multi-peril insurance on the Condominium Project ("the Master Policy"), affording protection against loss and damage by fire and other hazards covered by the standard extended coverage endorsement, as well as cost of demolition, vandalism and malicious mischief and such other risks as are customarily covered with respect to projects similar in construction, location and use. The Master Policy shall insure all Buildings, Common Elements and improvements on the Condominium Project, including common personal property belonging to the Association, and shall provide separate protection for each Unit and its fixtures and equipment (as defined and described in Section 2.2A of this Declaration), excluding personal property of individual Owners and customized items. The Master Policy shall be in an amount equal to the maximum insurable replacement value

A of the Condominium Project (excluding land, foundation and excavation costs), as determined annually by the Board of Directors. The Master Policy shall identify the interest of each Owner and shall contain a standard mortgagee endorsement naming each First Mortgagee. All Owners and First Mortgagees shall be beneficiaries of the Master Policy, even though not named, in the percentages of Common Interest set forth in Exhibit "D" attached to this Declaration. Evidence of the Master Policy shall be issued to each Owner and First Mortgagee, and any First Mortgagee requiring a certified copy of the Master Policy shall be issued to each Owner and First Mortgagee, and any First Mortgagee requiring a certified copy of the Master Policy shall be furnished one upon request.

C. Special Provisions. The insurance required under Sections 11.1A and 11.1B of this Declaration shall contain the following provisions:

(1) The named insured under such policies shall be the Association, for the use and benefit of the Owners and First Mortgagees. The policies may also be issued in the name of any authorized representative of the Association, including any insurance trustee designated by the Association pursuant to Section 11.5 of this Declaration.

(2) None of the insurance to be obtained by the Association shall prejudice the right of any Owner to obtain insurance covering the same loss. Insurance obtained by the Association shall be primary, and shall not be reduced by any individual Owner's insurance in the event of duplication of coverage.

(3) The insurer shall waive its rights of subrogation as to any claims against the Association, the Owners, and the respective tenants, servants, agents and guests of the Association and the Owners.

(4) The coverage of the insurance obtained by the Association shall not be prejudice by any act or neglect of any Owner which is not within the control of the Association, or by any failure of the Association to comply with any warranty or condition regarding any portion of the Condominium Project over which the Association has no control.

(5) Despite any provisions in the Master Policy giving the insurer the right to elect to restore damage in lieu of a cash settlement, such option may not be exercised without the prior written approval of the Association, nor may such option be exercised when in conflicts with the provisions of any insurance trust agreement to which the Association may be a party or with any requirement of law.

D. Directors' Liability Insurance. Each director, officer and employee of the Association, whether present or former, shall be insured by the Association against expenses actually and necessarily incurred by him and any amount paid in satisfaction of judgments or settlements in connection with any action, suit or proceedings, whether civil or criminal in nature, in which he is made a party by reason of being or having been such a director, officer or employee (whether or not a director, officer, or employee at the time such costs or expenses are incurred by or imposed upon him), except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for gross negligence, unlawful conduct or willful misconduct in the performance of duty. The aggregate limits of such insurance shall be in such amounts as shall be determined annually by the Board of Directors.

E. Fidelity Insurance Coverage. The Association shall also maintain adequate fidelity insurance coverage to protect against dishonest acts by officers, directors, trustees and employees of the Association and any other persons who are responsible for handling funds belonging to or administered by the Association. If the Association has delegated some or all of the responsibility for handling funds to a Management Agent, such

Management Agent shall obtain fidelity insurance for its officers, employees and agents handling or having responsibility for funds belonging to or administered by the Association. All fidelity insurance required by this Section 11.1E shall name the Association as insured, and shall provide coverage at all times in an amount at least equal to the estimated maximum of funds in the custody of the Association or the Management Agent, as the case may be, including replacement reserves. In no event shall the total amount of fidelity insurance coverage be less than a sum equal to three months' aggregate assessments on all Units in the Condominium Project, plus reserve funds. All fidelity insurance policies shall contain a waiver by the insurer of any defense based upon the exclusion from the definition of "employee" of persons serving without compensation, if the policy does not otherwise cover volunteers.

F. Additional Association Insurance. The Board may, in its sole discretion, elect to carry such other insurance as it may deem necessary, including, without limitation, worker's compensation insurance to the extent required by law for employees of the Association. Such additional insurance shall be with such carriers and in such amounts as the Board deems desirable.

11.2 PAYMENT OF INSURANCE PREMIUMS. All premiums upon insurance purchased by the Association pursuant to this Declaration shall be a Common Expense to be included in the assessments levied by the Association. However, after due notice and hearing, the amount of any increase in premiums which is directly attributable to the use, misuse, occupancy or abandonment of a Unit or the Common Elements by an Owner shall be assessed against such individual Owner, and such special assessment may be enforced in the same manner provided in this Declaration for the enforcement of other assessments. The Association may allow a credit against an Owner's monthly assessments for any portion of the premiums which is collected into an escrow account by such Owner's First Mortgagee, and the Association is authorized to collect such amounts from the First Mortgagee for remittance to the insurance company. The acquisition of insurance by the Association shall be without prejudice to the right of any Owner to obtain additional insurance for his own benefit, at his sole expense. However, no Owner shall be excused from payment of his proportionate share of the premiums attributable to insurance maintained by the Association as a result of such Owner having acquired additional or duplicate insurance.

11.3 CANCELLATION OF INSURANCE. All insurance policies required by this Article XI. must contain a provision that such policies cannot be cancelled or substantially modified without at least thirty (30) days' prior written notice to any and all insureds, including the Association and each First Mortgagee. Further, such policies may not be cancelled without prior demand that the Association cure any defect and a reasonable opportunity to cure the same.

11.4 ANNUAL REVIEW OF COVERAGE. The Board of Directors shall review the limits and coverage of all insurance policies maintained by the Association at intervals of not less than one year, and shall make such adjustments as the Board may deem necessary and prudent to provide adequate coverage and protection for the Condominium Project. Among other things, the Board shall determine maximum replacement value under the Master Policy of hazard insurance at least annually, based upon one or more written appraisals. To assist the Board in this respect, each Owner shall promptly notify the Board of all improvements made to such Owner's Unit which increase the value of such Unit by \$1,000.00 or more.

11.5 WAIVER OF SUBROGATION. The Association hereby waives its right of recovery against any Owner for damages caused by fire, explosion or other peril to any property owned by the Association, to the extent that recovery is made by the Association under insurance policies in effect at the time of loss. Acceptance by each Owner of a deed to a Condominium in the Condominium Project shall likewise constitute a waiver of such Owner's right of recovery against the Association or against any other Owner for damage caused by fire, explosion or other peril to any property owned by such Owner, to the extent that recovery is made by such Owner under insurance policies in effect at the time of loss. Nothing contained in this Section 11.5 shall extend or apply to any loss or damage not covered by insurance policies in effect at the time of such loss or damage.

11.6 INSURANCE TRUSTEE. The Association may enter into an insurance trust agreement designating a trustee to act as authorized representative of the Association. Such representative may be named as insured, on behalf of the Association, in any or all policies of insurance maintained by the Association pursuant to this Article XI. Any such trustee, or its successor, shall have exclusive authority on behalf of the Association to negotiate losses under any such policy, and to receive, hold and distribute proceeds of insurance in trust for the Owners and their respective First Mortgagees, as their interests may appear. All insurance policies obtained by the Association shall provide for recognition of any such insurance trust agreement.

11.7 ASSOCIATION AS ATTORNEY-IN-FACT. Acceptance by each Owner of a deed to a Condominium in the Condominium Project shall constitute an irrevocable appointment of the Association, or any trustee designated by the Association pursuant to Section 11.6 of this Declaration, as such Owner's true and lawful attorney-in-fact to act in connection with all matters concerning the maintenance and administration of the Association insurance. Without limitation on the generality of the foregoing, the Association as said attorney-in-fact shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefore, to receive, hold and distribute proceeds of insurance in trust for the Owners and their respective First Mortgagees (subject to the provisions of the Act and the Condominium Documents), as their interests may appear, to negotiate losses and execute releases of liability, and to execute all documents and to do all things on behalf of the Owners and the Condominium Project as shall be necessary or convenient to the accomplishment of such purposes. Any insurer may deal exclusively with the Association or its designated trustee in regard to such matters. Whenever repair or reconstruction of the Condominium Project shall be required by this Declaration, any insurance proceeds received by the Association under the Master Policy shall be applied to such reconstruction and repair, and the Association shall have full authority and power, as attorney-in-fact, to cause any such repair and restoration.

11.8 OWNER INSURANCE. The Association shall not be responsible for the procurement or maintenance of any insurance covering the contents, personal property or customized improvements belonging to an Owner and located within any Unit or elsewhere on the Condominium Project, or covering the liability of any Owner for occurrences within his Unit not caused by or connected with the Association's operation, maintenance or use of the Condominium Project. Each Owner shall be responsible for obtaining such insurance at his own expense for his own benefit, and any such policy shall contain a waiver of subrogation clause. An Owner may also obtain, at his own expense, separate individual hazard, public liability or other insurance in addition to that maintained by the Association. Any Owner who obtains individual insurance policies covering any portion of the Condominium Project, other than personal property belonging to such Owner, shall file a copy of such policy with the Association within thirty (30) days after the purchase of such insurance, and shall likewise provide written notice to the Association in the event of cancellation or modification of such policy. The existence of such additional insurance policies shall not alter the obligation of the Association to obtain insurance coverage as provided in this Declaration.

ARTICLE XII.

REPAIR, RECONSTRUCTION AND TERMINATION

12.1 DETERMINATION OF EXTENT OF DAMAGE. In the event of fire, casualty or other disaster involving substantial damage to the Condominium Project, within ten (10) days following determination of the amount of insurance proceeds available to the Association, the Association shall cause notice to be given of a special meeting of Members to be held not less than twenty (20) nor more than fifty (50) days from the date of such notice. Such notice shall specify the amount of insurance proceeds available and the estimated cost of restoration of the Condominium Project. At the meeting of the Members, the extent of the destruction shall be determined by the vote or written consent of a majority of Owners, in the exercise of their sole discretion.

A. Two-Thirds or Less Destruction. If no more than two-thirds (2/3)

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of the Condominium Project (as determined by the Owners) is destroyed or substantially damaged by fire or any other disaster, then the Condominium Project shall be rebuilt or repaired. However, if all Owners and all First Mortgagees elect not to repair such damage by unanimous written consent, then the Condominium Project shall be disposed of as provided in Section 12.7 of this Declaration.

B. More Than Two-Thirds Destruction. If more than two-thirds (2/3) of the Condominium Project (as determined by the Owners) is destroyed or substantially damaged by fire or any other disaster, repair and reconstruction shall not be compulsory without the unanimous written consent of all Owners and all First Mortgagees. In the event such unanimous written consent is not received by the Association within ninety (90) days from the date of the Association meeting described in Section 12.7 of this Declaration.

12.2 REPAIR AND RECONSTRUCTION. In the event it should be decided pursuant to Section 12.1 of this Declaration to repair and reconstruct the Condominium Project, then the Association shall apply the insurance proceeds and cause such repair and reconstruction to be performed in accordance with the following provisions:

A. Contract Bids. Prior to commencement of any repair or reconstruction, the Association shall obtain bids from at least two reputable contractors. The Association shall not be authorized to award the contract until it has sufficient funds, whether from insurance proceeds, collection of special assessments or other sources, with which to pay the cost of repair and reconstruction as reflected in the bid to be accepted by the Association. In the event the accepted bid is in excess of \$5,000.00, the Association shall require the successful bidder to furnish a performance bond written by a surety company acceptable to the Association. The Association, upon awarding a contract, shall thereafter be authorized to disburse funds to the contractor in accordance with the contract. The Association shall take all steps necessary to insure the commencement and completion of the reconstruction at the earliest possible date.

B. Reconstruction Plan. Any reconstruction or repair of the Condominium Project or any Unit located therein shall be performed substantially in accordance with this Declaration and the original plans and specifications for the Condominium Project, unless other action is approved by at least 51% of the First Mortgagees (based upon one vote per mortgage owned) and by a majority of the Owners. In the event reconstruction or repair varies substantially from the original plans and specifications for the Condominium Project, the Association shall execute and record an amended Condominium Plan reflecting the changes.

C. Repair of Condominium Project. The Association shall arrange for and supervise the prompt repair and reconstruction of the Common Elements. Each Owner shall be responsible for the reconstruction, repair or replacement of the interior of his Unit, including, but not limited to, any floor coverings, window shades, draperies, furniture, furnishings, decorative light fixtures or other improvements and additions to his Unit, and all appliances located therein (irrespective of whether or not such appliances are "built-in"). No Owner shall be responsible for the reconstruction, repair and replacement of interior walls, fixtures, installations or additions comprising a part of the Building within his Unit, to the extent such items are covered by insurance maintained by the Association. In the event damage to all or any held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of such damage upon receipt of the insurance proceeds or any portion thereof from the Association, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair. In the event damage to all or any part of the interior of an Owner's Unit is not covered by insurance held by the Association for the benefit of such Owner, then such Owner shall begin reconstruction or repair of his Unit within sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair.

D. Application of Insurance Proceeds. As soon as possible after the occurrence of a casualty which causes damage to any part of the Condominium Project for which the Association has insurance coverage (hereinafter referred to as "the casualty"), the Association shall obtain reliable and detailed cost

estimates of (i) the cost of restoring all damage caused by the casualty to the Common Elements (hereinafter referred to as "the Common Element Costs"); and (ii) the cost of restoring that part of the damage caused by insurance held by the Association without regard to the policy limits of such insurance (hereinafter referred to as "the Unit Costs"). All insurance proceeds available to the Association with respect to the Common Element Costs, and the balance thereof, if any, shall thereafter be applied to the payment of the actual Unit Costs. However, if the insurance proceeds are not sufficient to cover such estimated costs, then an assessment shall be made by the Association in the following manner:

(1) All Owners shall be assessed on the basis of their Common Interest for the payment of the estimated Common Elements Costs not otherwise paid for by insurance held by the Association. However, if the damage to the Common Elements was caused by the negligence or misuse of an Owner, or that of his family members, tenants or guests, then such deficiency shall be specially assessed solely against such Owner, in accordance with Section 7.12 of this Declaration.

(2) Each Owner of a damaged Unit shall be assessed an amount equal to his estimated Unit Cost less a sum calculated by multiplying the amount, if any, of the remaining insurance proceeds held by the Association with respect to the casualty by a fraction, the numerator of which is his estimated Unit Cost and the denominator of which is the total of all of the estimated Unit Costs.

If actual costs exceed estimated costs, then an additional assessment shall be made by the Association in the same manner based upon actual costs. All special assessments provided for in this Section 12.2 shall be enforced in the same manner as provided in this Declaration for the enforcement of other assessments.

12.3 CONDEMNATION PROCEEDINGS: In the event all or any part of the Condominium Project is taken or threatened to be taken by eminent domain, or sale or other transfer in lieu thereof, the Association shall represent the Owners in any condemnation proceedings, negotiations, settlements and agreements with the condemning authority, as attorney-in-fact for the Owners in accordance with Section 12.8 of this Declaration. The Association shall give prompt notice to each Owner of all such condemnation proceedings, and each Owner shall be entitled to participate in such proceedings at his own expense. The Association is specifically authorized to obtain assistance from attorneys, appraisers, architects, engineers, expert witnesses and such other Persons as the Association deems necessary or advisable to advise it in matters relating to condemnation proceedings, and the cost of obtaining such advice and assistance shall be a Common Expense. All condemnation awards or proceeds attributable to such taking shall be payable to the Association or any trustee designated by the Association, for the use and benefit of the Owners and their First Mortgagees, as their respective interests may appear, and shall be applied as provided in the following Sections of this Declaration.

12.4 CONDEMNATION OF COMMON ELEMENTS. In the event of a taking of all or any part of the Common Elements in the Condominium Project, the Owners and First Mortgagees shall determine whether to rebuild or replace the Common Elements or to take such other action as they may deem appropriate. Such determination shall be made upon the affirmative vote of a majority of the Owners at an Association meeting duly called for such purpose, and upon the written consent of at least 51% of the First Mortgagees (based upon one vote per mortgage owned).

A. Replacement or Restoration. If it is determined that the Common Elements should be replaced or restored, then the condemnation award or proceeds of settlement attributable to the taking of the Common Elements shall be applied to such replacement or restoration. If the actual cost of such work exceeds the amount of the award, then a special assessment shall be made against the Owners on the basis of their respective Common Interests, for payment of the deficiency. If a reallocation of Common Interest has occurred in accordance with Section 12.6A or Section 12.6B of this Declaration, then

the assessment shall be made against the Owners on the basis of their respective Common Interests after such reallocation. If the Common Elements are replaced or restored by obtaining other land or building additional structures, the Association shall execute and record an amended Declaration and an amended Condominium Plan reflecting such changes.

B. Division of Condemnation Award. If all or any portion of the condemnation award or settlement proceeds is not used for restoration or replacement of the Common Elements, then such portion shall be divided among the Owners and their First Mortgagees, as their interests may appear, in proportion to their respective Common Interests before the taking. However, any portion of the award which is attributable to the taking of a Limited Common Element must be equally divided among the Owners of the Units to which the Limited Common Element was appurtenant prior to the taking, and their First Mortgagees, as their respective interests may appear.

12.5 CONDEMNATION OF UNITS. In the event of a taking of all or any part of one or more Units in the Condominium Project, the Association shall cause notice to be given of a special meeting of Members to be held not less than thirty (30) days from the date of such taking. If all or any portion of the Common Elements has also been taken, such meeting may be held simultaneously with a meeting called pursuant to Section 12.4 of this Declaration. At such meeting, the Association shall determine, upon the vote or written consent of a majority of Owners, which of the remaining Units may practically be used for residential purposes, taking into account the nature of the Condominium Project and the reduced size of any damaged Units.

A. Two-Thirds or Less Condemnation. If the Association determines that no more than two-thirds (2/3) of the total original number of Units in the Condominium Project have been taken, or are so damaged that they cannot practically be repaired and used for residential purposes, then the condominium regime shall continue and the condemnation award or settlement proceeds shall be applied as provided in Section 12.6 below. However, if all Owners and all First Mortgagees elect to terminate the condominium regime by unanimous written consent, then the Condominium Project shall be disposed of as provided in Section 12.7 of this Declaration.

B. More Than Two-Thirds Condemnation. If the Association determines that more than two-thirds (2/3) of the total original number of Units in the Condominium Project have been taken, or are so damaged that they cannot practically be repaired and used for residential purposes, then reconstruction shall not be compulsory without the unanimous written consent of all Owners and all First Mortgagees. If such unanimous consent is not received by the Association within ninety (90) days after the date of such determination, then the Condominium Project shall be disposed of as provided in Section 12.7 of this Declaration.

12.6 APPLICATION OF UNIT CONDEMNATION PROCEEDS. In the event it is decided pursuant to Section 12.5 of this Declaration to continue the condominium regime after the taking of one or more Units, then the Association shall determine, upon the vote or written consent of a majority of Owners, the amount of the condemnation award or settlement proceeds attributable to the taking of each Unit. Such award or proceeds shall be applied as follows:

A. Divestiture. If so much of a Unit is taken that it may not practically be used for residential purposes, as determined by the Association, then the Owner of such Unit and his First Mortgagee shall be entitled to receive the entire condemnation award or settlement proceeds attributable to such taking, as their respective interests may appear. Upon acceptance of such condemnation award or settlement proceeds, the Owner of his First Mortgagee shall be divested of all interest in the Condominium Project. The Common Interest appurtenant to such Unit shall be equitably reallocated among the remaining Units, and the Association shall execute and record an amended Declaration reflecting such reallocation of the Common Interest. A remnant of a Unit remaining after such divestiture shall thereafter be a General Common Element.

B. Restoration. If a Unit is only partially taken and may still be practically used for residential purposes, as determined by the Association, then the condemnation award or settlement proceeds attributable to such taking

shall be applied by the Association to repair and reconstruct the Unit so that it is rendered tenantable, and the balance, if any, shall be paid to the Owner of the Unit and his First Mortgagee, as their respective interests may appear. If after reconstruction and repair the Unit is reduced from its original size, then the Common Interest appurtenant to such Unit shall be reduced in proportion to the reduction in size of the Unit, and the portion of the Common Interest divested from such reallocation of the Common Interest.

12.7 TERMINATION OF CONDOMINIUM REGIME. If it should be decided pursuant to Section 12.1 or Section 12.5 of this Declaration that the Condominium Project should not be repaired or reconstructed after casualty or condemnation damage to the Condominium Project, then the condominium regime shall be deemed to have been waived and the Association shall take all action required to regroup and merge the filial estates with the principal property, pursuant to Section 11 of the Act. Upon such regrouping and merger, the Condominium Project shall be deemed to be owned in common by the Owners, and each Owner's undivided interest shall be a percentage equal to the Common Interest previously owned by such Owner. Any liens on a Condominium shall be deemed to have been transferred in accordance with their existing priorities to the undivided interest of the Owner of such Condominium. The Condominium Project shall thereupon be sold by the Association, as attorney-in-fact for the Owners in accordance with Section 12.8 of this Declaration. The net sales proceeds, together with the net proceeds of any insurance on the Condominium Project or any condemnation award or settlement proceeds, shall be collected by the Association into one fund, and shall be divided among all Owners in percentages equal to their previous respective Common Interests, after first paying out of the respective share of each Owner any and all liens on such Owner's undivided interest.

12.8 ASSOCIATION AS ATTORNEY-IN-FACT. Acceptance by each Owner of a deed to a Condominium in the Condominium Project shall constitute an irrevocable appointment of the Association, or any trustee designated by the Association, as such Owner's true and lawful attorney-in-fact for the purpose of dealing with the Condominium Project upon its destruction, condemnation, or termination. As attorney-in-fact, the Association shall have full power and authority to cause repair and reconstruction in accordance with the provisions of this Article XII, and to make, execute and deliver any contract, deed or other instrument relating to the interest of each Owner which may be necessary or appropriate to effect such repair, reconstruction or termination.

12.9 MORTGAGE PRIORITY. Notwithstanding any language to the contrary contained in this Declaration or the other Condominium Documents, no Owner or other party shall have priority over any rights of any First Mortgagee pursuant to its mortgage in the case of a distribution of insurance proceeds or condemnation award for damage to or taking of all or a portion of the mortgaged Unit or the Common Elements.

ARTICLE XIII.

LIMITATION OF RESTRICTIONS ON DEVELOPER

AND TRANSFER OF CONTROL

13.1 LIMITATION OF RESTRICTIONS. The Developer is undertaking the construction of the Property into individual Condominiums. The completion of that work and the sale, rental or other disposition of Condominiums is essential to the establishment of the Property as a residential community. In order that such work may be completed and the Property established as a fully-occupied residential community as rapidly as possible, the following general and specific limitations on restrictions contained in this Declaration shall apply to the Developer during the entire Development Period, as defined in Section 1.16 of this Declaration.

A. General Limitations. Nothing in this Declaration shall be understood or construed to prevent the Developer, its contractors, subcontractors or representatives, from doing on the Condominium Project or in any Unit owned by the Developer whatever is necessary or advisable in connection with the completion of the construction, the establishment of a plan of residential ownership and the disposition of the Property in Condominiums by

sale, lease or otherwise. In this connection, the Developer shall not be prevented from erecting, constructing, improving and maintaining on any part of the Property such structures and facilities as may be reasonable and necessary to accomplish its purposes stated above, nor shall the Developer be prevented from conducting all or any part of its business on the Property. For these purposes, the Developer shall have unrestricted access to and use of the recreational facilities and driveway areas located on the Condominium Project, and shall not be required to pay rental to the Association in return for its use of any of the Common Elements during the Development Period.

B. Specific Limitations. Notwithstanding any language to the contrary contained in this Declaration, during the Development Period the Developer shall have the right, without limitation, to do the following:

(1) Retain one or more unsold Units for use as sales models, sales offices or any other commercial use related to the Condominium Project. The Developer may also engage employees, agents or independent contractors to effectuate sales or business related to the Condominium Project, and may allow such Persons to reside in and/or conduct business from Units owned by the Developer;

(2) Rent or lease unsold Units for single-family residential purposes until their initial transfer to a third party, for such terms and upon such conditions as the Developer may deem appropriate. However, any such lease shall be subject to all of the applicable terms and conditions of the Condominium Documents.

(3) Place signs, billboards or other advertising materials in or around the Common Elements for public view.

13.2 PARTITION BY DEVELOPER. Notwithstanding any language to the contrary contained in this Declaration, during the Development Period the Developer shall have the right to make certain changes in Units owned by the Developer, so long as such changes do not alter or diminish the existing Common Elements or the Common Interest appurtenant to other Units not owned by the Developer. In this respect, the Developer shall have the right to partition or subdivide any Unit owned by the Developer into two or more Units, Common Elements or a combination of Units and Common Elements; physically combine the space or parts of the space within one Unit owned by the Developer with the space or parts of the space within one or more adjoining Units owned by the Developer; modify or remodel one or more Units owned by the Developer into larger or smaller Units or any combination thereof; re-determine the Common Interests of the Units affected; and amend the Declaration and Condominium Plan to include such changes.

13.3 RESERVATION OF EASEMENTS. Notwithstanding the transfer of the ownership of the Common Elements to the Owners as tenants-in-common, the Developer hereby reserves unto itself and to the Association or its designated agents an easement over and onto the Common Elements for the purpose of completing improvements on the Condominium Project (including any improvements contained in additional Phases) and for the performance of necessary repair work. The Developer further reserves unto itself and to the Association or its designated agents the right to establish easements, reservations, exceptions and exclusions consistent with the ownership of the Condominium Project and in the best interest of the Owners and the Association.

13.4 AMENDMENT OF CONDOMINIUM PLAN. The Developer reserves unto itself the right, during the Development Period, to amend the Condominium Plan so as to conform it to the actual location of any of the improvements on the Property, to establish easements for the installation, maintenance and repair of utilities, to assign parking spaces and designate corresponding Unit numbers, and to show any other changes in the physical layout of the Condominium Project which are made during the Development Period. Any such changes made by the Developer shall be limited to those authorized by this Declaration, including Section 13.2 hereof.

13.5 PERIOD OF DEVELOPER CONTROL. For the benefit and protection of

the Owners and First Mortgagees, and in order to insure a complete and orderly development of the Condominium Project (including any additional Phases), the Developer will retain control of the Condominium Project until the initial conveyance by the Developer of 75% of the Condominiums in the Condominium Project (including those Condominiums created or to be created in any additional Phases), or until, in the sole opinion of the Developer, the Condominium Project becomes self-supporting and operational, whichever occurs earliest (hereinafter called "the Control Period"). However, in no event shall the Control Period exceed a maximum term of five years from the date of recordation of this Declaration. Should the Developer elect not to exercise its right to annex additional property to the Condominium Project in accordance with Article VIII. of this Declaration, then the Control Period shall extend no longer than three years from the date of recordation of this Declaration. For the purposes of this Section 13.5, the term "control" shall mean the right of the Developer to control the Association, the Board, the Condominium Project and the Owners in any manner except through votes allocated to Condominiums owned by the Developer on the same basis as votes allocated to Condominiums owned by Persons other than the Developer. It is expressly understood that the Developer will not use its control during the Control Period for any advantage over the Owners by way of retention of residual rights or interests in the Association or through the creation of management agreements or other contracts with a term longer than one year.

13.6 TEMPORARY MANAGEMENT AGENT. During the Control Period, the Developer may employ on behalf of the Association a temporary professional Management Agent, who shall have and possess all of the rights, functions and duties which may be specified in the contract of employment and which are consistent with the terms and provisions of this Declaration, including Article 5.1C hereof. The Developer may pay such temporary Management Agent a reasonable compensation for the services rendered, which compensation shall constitute a Common Expense of the Condominium Project.

13.7 TRANSFER OF CONTROL BY DEVELOPER. Control of the Association and the Condominium Project shall be relinquished by the Developer at the first annual meeting of the Members of the Association. Such meeting shall be called by the Developer through the Board of Directors of the Association and shall be held no later than thirty (30) days after the expiration of the Control Period. At this meeting, the Developer shall furnish the Association an accounting of all assessments, fees and reserve funds available for the operation of the Condominium Project, along with all books, records and accounts necessary to its continued operation. The Developer shall also execute and deliver to the Association a bill of sale transferring all items of personal property located on the Condominium Project which were furnished by the Developer and intended for the Common use and enjoyment of the Owners and Occupants of the Condominium Project.

13.8 CAPITAL FUND. A working capital fund ("the Capital Fund") shall be established for the initial months of operation of the Condominium Project in an amount equal to at least two months' estimated regular assessments for each Condominium. The purpose of the Capital Fund is to insure that the Board will have cash available to meet unforeseen expenditures or to acquire additional equipment or services deemed necessary or desirable by the Board. Each Condominium's contribution to the Capital Fund shall be collected and transferred to the Association at the time of closing of the sale of such Condominium, and shall be maintained in a segregated account for the use and benefit of the Association. Amounts paid into the Capital Fund are not to be considered as advance payments of regular assessments. The contribution to the Capital Fund for each unsold Condominium shall be paid to the Association by the Developer within sixty (60) days after the date of the conveyance of the first Condominium in the Condominium Project. However, the Developer shall have a right of reimbursement from the Capital Fund for amounts contributed by the Developer with respect to an unsold Condominium, which reimbursement may be made to the Developer at the time of closing of the sale of such Condominium to a third party. Upon the expiration of the Control Period, the Capital Fund shall contain an amount equal to at least two months' estimated regular assessments for each Condominium.

13.9 PAYMENT OF ASSESSMENTS BY DEVELOPER. So long as the Developer owns one or more Condominiums in the Condominium Project, the Developer shall be subject to the provisions of this Declaration, including the payment of as-

assessments. However, the Developer shall not be required to pay any such assessments until the expiration of the Control Period. During the Control Period, any expenses of operation which exceed the regular monthly assessments received from the Owners shall be the binding responsibility and obligation of the Developer. Thereafter, upon expiration of the Control Period, the Developer shall pay the regular monthly assessment and special assessments for each Condominium owned by the Developer.

13.10 TRANSFER OF DEVELOPER'S RIGHTS. At any time after the expiration of the Control Period, the Developer may transfer all of the remaining unsold Condominiums owned by the Developer to another Person for the purpose of resale to the general public. Any such grantee of the Developer shall succeed to the Developer's rights under the Condominium Documents, provided that (i) the Condominiums sold to such grantee are not occupied as a residence by the grantee; and (ii) a written instrument transferring the Developer's rights is executed by the Developer and its grantee and recorded in the Condominium Records of Tulsa County, Oklahoma. In no event shall more than one Person act as developer with respect to the Condominium Project at any one time.

ARTICLE XIV

COMPLIANCE, ENFORCEMENT AND INTERPRETATION

14.1 COMPLIANCE WITH CONDOMINIUM DOCUMENTS. The Association and all present and future Owners and Occupants of Condominiums, their family members, tenants and guests shall be subject to and comply with the provisions of the Condominium Documents, as they may be amended from time to time. The acceptance of a deed or conveyance, the execution of a lease or the mere act of occupancy of any Condominium shall constitute an agreement that the provisions of the Condominium Documents are accepted and ratified by such Owner or Occupant. The provisions of the Condominium Documents shall be covenants running with the land and shall bind any Person having at any time any interest or estate in a Condominium, as if such provisions were recited at length in each and every deed, conveyance or lease of a Condominium.

14.2 BOARD DETERMINATION OF OWNER DISPUTES. In the event of any dispute or disagreement between any Owners relating to the Condominium Project, or any questions of interpretations or application of the provisions of the Condominium Documents, such dispute or disagreement shall be submitted to the Board. The determination of such dispute or disagreement by the Board shall be binding on all Owners, subject to the right of the Owners to seek other remedies as provided by law or by this Declaration after such determination by the Board.

14.3 ENFORCEMENT OF CONDOMINIUM DOCUMENTS. The Association (acting by and through its Board of Directors) and any Owner shall have the right to enforce, through judicial proceedings or otherwise, all of the restrictions, covenants, conditions, reservations, easements, liens or charges now or hereafter imposed on any part of the Condominium Project by the Condominium Documents.

A. Legal Actions. The failure of any Owner or Occupant of any Condominium to comply with the provisions of the Condominium Documents or with any decision or resolution of the Association or the Board made pursuant to authority granted in the Condominium Documents, shall be deemed to be a substantial default in the performance of the duties of the Owner of such Condominium, giving rise to a cause of action in the Association and any aggrieved Owner, including, but not limited to, the recovery of damages or injunctive relief, or any combination of remedies. However, an individual Owner shall have no right to enforce the collection of any assessment levied against any other Owner pursuant to this Declaration, and the Association shall have sole authority to bring all foreclosures or other actions at law for the collection of delinquent assessments. The Association shall have authority to expend funds of the Association in the enforcement of the Condominium Documents, including, without limitation, the employment of legal counsel and the commencement and prosecution of legal actions. In any proceeding arising out of any alleged default by an Owner or by the Association, the successful party shall be entitled to recover court costs and reasonable attorney's fees set by the court, and such expenses shall be charged to the unsuccessful party.

B. Methods of Enforcement. Subject to the procedural limitations set forth in Section 14.3C below, the Association, through its Board of Directors or Management Agent, shall have the right, in addition to any other rights or remedies conferred by law or by this Declaration, to enforce the Condominium Documents through any one or more of the following means:

(1) Entry upon any part of the Condominium Project for the purpose of summarily abating or removing any Person, structure or condition which may exist therein in violation of the Condominium Documents. In so doing, the Board or Management Agent shall not be deemed guilty of any manner of trespass and shall not be liable to prosecution or damages. All expenses incurred by the Board or the Management Agent in connection with such action shall be charged to and specially assessed against the defaulting Owner;

(2) Exclusion of any defaulting Owner or Occupant from use of the recreational facilities on the Condominium Project, and/or suspension of the Association voting rights of a defaulting Owner. Any such suspension or exclusion shall be for a period not exceeding sixty (60) days, unless the violation is a continuing one, in which case the suspension shall continue for so long as the violation continues; and

(3) Levy and collection of reasonable and uniformly applied fines and penalties, established in advance by the Board and included in the Rules and Regulations, from any Owner in default of any terms of the Condominium Documents (except default in the payment of regular or special assessments). Such fines and penalties shall be payable upon demand therefor by the Board. If a defaulting Owner fails to make payment within thirty (30) days from the date of demand, such fines and penalties shall be specially assessed against the Condominium of the defaulting Owner, and such assessment may be enforced in the same manner as provided in this Declaration for the enforcement of other assessments.

C. Administrative Procedures. The Association shall not impose a fine, suspend voting rights, enforce summary abatement or infringe upon any other rights of an Owner for violation of the Condominium Documents, unless and until the following procedure is observed:

(1) Written demand to cease and desist from an alleged violation shall be served upon the alleged violator by the Board of Directors, specifying (i) the alleged violation; and (ii) the action required to abate the violation; and (iii) a time period, not less than ten (10) days, during which the violation may be abated without further sanction, if such violation is a continuing one, or a statement that any further violation of the same rule may result in the imposition of sanction after notice and hearing, if the violation is not a continuing one.

(2) If the violation continues past the period allowed in the notice or if the same rule is subsequently violated, the Board of Directors shall serve the violator with written notice of a hearing to be held by the Board (or by a committee designated by the Board for this purpose). The notice shall specify (i) the nature of the alleged violation; (ii) the time and place of the hearing, which time shall be not less than ten (10) days from the date of the notice; (iii) an invitation to attend the hearing and produce any statement, evidence and witnesses on the violator's behalf; and (iv) the proposed sanction to be imposed.

(3) A hearing shall be held pursuant to this notice, at which the violator shall be afforded a

reasonable opportunity to be heard. In order for any sanction imposed by the Board to be effective, proof that the required notice was given shall be placed in the minutes of the meeting. Such proof shall be deemed adequate if a copy of the notice, together with a statement of the date and manner of delivery, is entered by the officer or director who delivered such notice. The notice requirement shall be deemed satisfied if the violator appears at the meeting. The minutes of the meeting shall contain a written statement of the results of the hearing and the sanction, if any, imposed.

14.4 SEVERABILITY. Each provision of this Declaration shall be independent and severable from every other provision herein. Should any provision of this Declaration be declared invalid or in conflict with any law of the jurisdiction in which the Condominium Project is situated, the validity of all other provisions shall remain unaffected and in full force and effect.

14.5 OMISSIONS. In the event of omission from this Declaration of any word, sentence, clause or provision which is necessary for the accomplishment of the intent and purposes hereof, or any part hereof, then such omitted matter shall be supplied by inference or by reference to the Act.

14.6 CONFLICT OF PROVISIONS. In the event any provision in any of the Condominium Documents shall conflict with the provisions of the Act, then the Act shall govern. In the event the provisions of any other Condominium Document shall be inconsistent with any provision of this Declaration, then this Declaration shall be controlling. Thereafter, priorities shall be given to Condominium Documents in the following order: Condominium Plan; Articles; Bylaws; and Rules and Regulations.

14.7 NO WAIVER. The failure of any Person to enforce any right, provision, covenant or condition which may be granted by the Condominium Documents shall not constitute a waiver of the right of such Person to enforce such right, provision, covenant or condition in the future. A waiver of any such right may only be made pursuant to an instrument in writing signed by the Person to be charged with such waiver, and shall be limited to the particular right, provision, covenant or condition specifically set forth in such instrument as waived.

14.8 RIGHTS CUMULATIVE. All rights, remedies and privileges granted to the Association or any Owner pursuant to the terms, provisions, covenants or conditions of the Condominium Documents shall be deemed to be cumulative, and the exercise of any one or more shall not be deemed to constitute an election of remedies, nor shall it preclude the Person exercising the same from exercising such other additional rights, remedies or privileges as may be available to such Person at law or in equity.

14.9 CAPTIONS. The Table of Contents and captions contained in this Declaration are intended only as a matter of convenience and for reference and in no way define, limit or describe the scope of this Declaration or the intent of any provision hereof.

14.10 GENDER. The use of the masculine gender in this Declaration shall be deemed to refer to the feminine and neuter genders and the use of the singular shall be deemed to refer to the plural, and vice-versa, whenever the context so requires.

IN WITNESS WHEREOF, the Developer has caused this Declaration to be executed this 4 day of March, 1983.

PATRICK H. MATTHEWS COMPANY

By: Bill Bernier
DEVELOPER