

DECLARATION
OF
DESSAU RIDGE LANE OFFICE CONDOMINIUMS
a Condominium Project

ARTICLE 1
SUBMISSION AND DEFINED TERMS

Section 1.1 Submission of Real Estate. **KB-KMC, Ltd.**, a Texas Limited Partnership (the “Declarant”), owner in fee simple of the real estate described in Section 2.2 located in Travis County, Texas, hereby submits the real estate, together with all easements, rights and appurtenances thereto and the buildings and improvements erected or to be erected thereon (collectively, the “Property”) to the provisions of Chapter 82 of the Property Code, known as the Texas Uniform Condominium Act (the “Act”).

Section 1.2. Defined Terms. Each capitalized term not otherwise defined in this Declaration or in the Plats and Plans shall have the meanings specified or used in the Act.

1.2.1. Unit. Unit shall mean an enclosed space consisting of one or more rooms occupying part of a floor of a building, which enclosed space is not owned in common with the Owners of other Units in the Project. The boundaries of a Unit shall be the interior surface of its perimeter walls, floors, and ceilings and shall include the portions of the Building so described and the air space thereby enclosed. All heating and air conditioning equipment, ducts, and lines, and all utility pipes, plumbing systems, lines, systems, and other fixtures that serve only one Unit shall also be included within the definition of a “Unit”, whether such items are located within the space enclosed by the boundaries of such Unit or not.

1.2.2 Association. Association shall mean Dessau Ridge Lane Office Condominiums, Inc., a Texas non-profit corporation to be created after the date hereof, the Members of which shall be the owners of the Units within the Project.

1.2.3 Board. Board shall mean the Board of the Association

1.2.4 Buildings. Buildings shall mean the buildings situated on the Land, all as more particularly described on Exhibit A hereto.

1.2.5 Bylaws. Bylaws shall mean the Bylaws of the Association.

1.2.6 Common Elements. Common Elements shall mean the Land, Buildings, and all other improvements located on the Land, except for those portions herein defined as Units or Limited Common Elements.

1.2.7 Developer. Developer shall mean KB Realty, Inc. a Texas corporation and any successors or assigns.

1.2.8 Land. The Land shall mean the real property described herein.

1.2.9 Maintenance Expense Charge, ("MEC"). The Maintenance Expense Charge or "MEC", shall mean the assessment levied for management and operation of the Project and the Association, including therein, repairs, replacement, maintenance, insuring, and operation of the Common Elements

1.2.10 Maintenance Fund. The Maintenance Fund shall mean any accumulation of the Maintenance Expense Charges, and interest, collected by the Association for the continued management and operation of the Project and the Association.

1.2.11 Member. Member shall mean a member of the Association as more particularly described herein.

1.2.12 Owner. Owner shall mean any person, firm, corporation or other legal entity authorized to do business in Texas, which owns, of record title, a Unit in the Project.

1.2.13 Parking Areas/ Spaces. Parking Areas or Parking Spaces shall mean the areas or spaces designated for parking on the attached Plat or Plans.

1.2.14 Percentage Interest. Percentage Interest shall mean the undivided interest in and to the Common Elements associated with each Unit as set forth on the Plat or Plans attached hereto.

1.2.15 Project. Project shall mean the Land, the Buildings, the Units, the Common Elements and the Association and the use of the term "Project" herein is intended to refer to the entire condominium regime hereby established.

1.2.16 Retail Sales. Retail Sales shall mean the sale from a Unit of goods or products, of any sort, to on site customers.

1.2.17 Rules and Regulations. Rules and Regulations shall mean the rules and regulations adopted and or amended from time to time by the Association concerning the management and administration of the Project for the use and enjoyment of the Owners.

ARTICLE 2.
NAMES AND DESCRIPTION OF REAL ESTATE

Section 2.1. Names.

2.1.1 Condominium. The name of the Project is Dessau Ridge Lane Office Condominiums.

2.1.2 Association. The name of the Association is Dessau Ridge Lane Office Condominium Association, Inc., a Texas non-profit corporation.

Section 2.2. Real Estate. The Condominium Project is located in Travis County, Texas. The real estate of the Condominium Project is described on Exhibit A.

ARTICLE 3.
THE ASSOCIATION

Section 3.1. Authority. The business affairs of the Condominium shall be managed by the Association, acting through its Board of Directors. The Association shall be governed by its Bylaws, as amended from time to time.

Section 3.2. Powers.

3.2.1 The Association shall have all of the powers, authority and duties permitted pursuant to the Act, necessary and proper to manage the business and affairs of the Condominium. The Association shall have the power to provide for the maintenance, repair, replacement, administration, insuring and operation of the Project as herein provided for. Without limiting the generality of the foregoing, the Association may enter into contracts with a management company concerning the professional management of the Project as a whole, the Common Elements, or the Buildings, as the Board deems reasonably necessary or appropriate in order to maintain the Project as a viable office condominium regime. Additionally, the Board shall have the right to grant utility and other easements for the uses the Board shall deem appropriate.

3.2.2 The Association may assign its future income, including its rights to receive Maintenance Expense Charges, only by the affirmative vote of Unit Owners of Units to which at least fifty-one percent (51%) of the votes in the Association are allocated, at a meeting called for that purpose.

Section 3.2.3 The Association acting through its Board may adopt rules governing the use and occupancy of the Units. The rules adopted may usurp, prohibit, or prevent preexisting conduct, even if such conduct was not prevented or prohibited by this Declaration or the pre-existing rules prior to the adoption of the new rules.

Section 3.3 Declarant Control. Subject to the provisions hereof, the Declarant, may appoint and remove the officers and members of the Board of Directors of the Association until, but not later than, the 120th day after fifty (50%) percent of the Units have been conveyed to persons other than Declarant; said period being the “Declarant Control Period”.

Section 3.4. Membership in the Association. Each Owner, including the Declarant, shall be a Member in the Association so long as it shall be an Owner, and such membership shall automatically terminate when such ownership ceases. Upon any transfer of ownership of a Unit, including a transfer achieved by foreclosure of a lien upon a Unit, the new Owner thereof shall, concurrently with such transfer, become a Member in the Association. If there are one or more Owners of an Unit, then such Owners shall designate one of their number, in writing to the Association, as the Owner upon whom the Association may rely as to all matters involving this Declaration, including voting. Absent such designation being received by the Association, none of such Owners shall have any vote, fractional or otherwise, in the Association.

Section 3.5. Voting of Members. The aggregate number of votes for all Members shall be forty-eight (48). Each Unit is hereby allocated one vote and any Owner shall have the number of votes per number of Units owned.

ARTICLE 4. UNITS

Section 4.1. Number of Units. The number of Units in the Condominium is 48.

Section 4.2. Identification of Units. The identification number of each Unit is shown on the Plats (hereafter defined) or Plans (hereafter defined) or both.

Section 4.3. Unit Boundaries. The boundaries of each Unit are located as shown on the Plats and Plans. The demising walls, the interior surface of the exterior walls, floors and the interior surface of the roof structure are designated as boundaries of a Unit.

ARTICLE 5. LIMITED COMMON ELEMENTS

Section 5.1. Limited Common Elements.

5.1.1 A “Limited Common Element” means a portion of the Common Elements, designated in this Declaration, or on the Plats and Plans, or by the Act, for the exclusive use of one or more but fewer than all of the Units.

5.1.2 There are, except as set forth in Section 14 herein, no areas designated as Limited Common Elements.

Section 5.2. Allocation of Reserved Limited Common Elements.

5.2.1 The Declarant reserves the right to allocate specified areas which constitute a part of these Common Elements as Limited Common Elements for the exclusive use of the Owners of Units to which these specified areas shall become appurtenant. The Declarant may assign such Common Elements as Limited Common Element areas pursuant to the provisions of Section 82.058 of the Act (i) by making such an allocation in a recorded instrument or (ii) in the deed to the Unit to which such Limited Common Element area shall be appurtenant or (iii) by recording an appropriate amendment to this Declaration. Such allocations by the Declarant may be to Units owned by the Declarant. Subsequent to the Declarant Control Period, the right of allocation pursuant to this Section shall pass from the Declarant to the Board and the Declarant may not thereafter exercise any such right.

Section 5.3. Allocation of Specified Common Elements. The Board may designate parts of the Common Elements from time to time for use by less than all of the Unit Owners or by nonowners for specified periods of time or by only those persons paying fees or satisfying other reasonable conditions for use as may be established by the Board. Any such designation by the Board shall not be a sale or disposition of such portions of the Common Elements.

ARTICLE 6.
PERCENTAGE INTERESTS

Section 6.1. Percentage Interests. The Percentage Interest per Unit in the Common Elements and the Common Expense liability, based on forty eight (48) Units, is 2.08333%.

ARTICLE 7.
RESTRICTIONS ON USE AND OCCUPANCY

Section 7.1. Use and Occupancy Restrictions. Each Owner shall use his Unit solely for business or professional offices and no residential use of any kind shall be permitted by any Owner. No Owner shall use his Unit for Retail Sales, including adult bookstore or adult video sales or rentals. No Owner shall use or permit such Owner's Unit, to be used for any purpose which would a) void any insurance in force with respect to the Project, or which would make it impossible or unreasonably expensive, (as determined by the Board in it's sole discretion), to obtain insurance required by this Declaration; b) constitute a public or private nuisance, (as determined by the Board in its sole discretion); c) constitute a violation of any applicable law, ordinance, rule or regulation of the Association; or, d) interfere unreasonably, (as determined by the Board in it's sole discretion) with the use and occupancy of the Project by other Owners. No animals of any kind shall be housed or kept in or about the Project.

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Section 7.2. Declarant Use. Regardless of any language to the contrary, the Declarant may use its Unit(s) for sales purposes or for a model office for display to the public until the last Unit in the entire Project is sold.

Section 7.3 Exterior. No Owner shall have the right to modify, alter, repair, decorate, redecorate, or improve the exterior of any Unit, or to take such action with respect to the Common Elements without the express written permission of the Board. Each Owner shall have the right to place reasonable (as determined by the Board in its sole discretion) signage for its business on the exterior of its Unit.

Section 7.4 Interior. Each Owner shall have the right to modify, alter, repair, decorate, redecorate, or improve the interior of such Owner's Unit, provided that such action does not impair the structural integrity, weaken the support, or otherwise adversely affect any of the Buildings or any Common Elements, and provided that all such action is performed with all necessary permits; is performed in a good and workmanlike manner; and, in accordance with the applicable Rules and Regulations of the Association. Each Owner shall maintain such Owner's Unit in good order and repair at all times. If any Owner shall fail to so maintain a Unit, or any portion thereof, the Association shall have the right but not the obligation, to perform such work as is necessary to put such Unit in good order and repair, and the cost thereof shall be deemed a debt of such Owner to the Association, payable on demand, and enforceable in the same manner as for Maintenance Expense Charges.

ARTICLE 8. LEASING OF UNITS

Section 8.1. Leasing of Units. If any Owner, including the Declarant, shall desire to lease or sublet such Owner's Unit, any such leasing agreement shall be in writing and shall expressly provide that the terms of the lease shall be subject in all respects to the provisions of this Declaration, Bylaws of the Association, and the Rules and Regulations adopted by the Board of Directors of the Association; and, that any failure by the Lessee thereunder to comply with the terms of such documents shall constitute a default under such lease.

ARTICLE 9. AMENDMENT OF DECLARATION

Section 9.1. Permitted Methods. The provisions hereof may only be amended by an instrument in writing, signed by Owners then entitled to vote, having not less than seventy-five (75%) percent vote, but no such amendment shall be effective until a written notice thereof is duly recorded in the office of the County Clerk of Travis County, Texas.

Section 9.2. Mortgagee Protection. Notwithstanding Section 9.1 above, unless One Hundred Percent (100%) of the Mortgagees, (based on one vote for one Mortgagee), and the Owners then entitled to vote, have given written approval, neither the Owners, the Declarant, nor the Association, shall be entitled to:

9.2.1. by act or omission, seek to abandon or terminate the condominium regime except for abandonment provided by statute in case of substantial loss to the Units or Common Elements; or

9.2.2 change the pro-rata interest or obligations of any Unit Owner pertaining to a Unit which has been conveyed by Declarant to a third party; or

9.2.3 by act or omission seek to abandon, encumber, sell or transfer the Common Elements, except for granting utility easements; or

9.2.4 partition or subdivide any Units or Common Elements.

ARTICLE 10. PLAT AND PLANS

Section 10.1. Plat and Plans. Attached to this Declaration as Exhibit B is the plat of the Condominium (the "Plat") and the Unit plans for the Condominium (the "Plans") are attached as Exhibit C.

ARTICLE 11. RECONSTRUCTION AFTER LOSS

Section 11.1. Obligation to Rebuild. In the event of a casualty to any portion of the Project, not owned by the Owners, but being a portion for which the Association is responsible, the Association shall rebuild or repair according to Section 82.111(i) of the Act as then in effect, or it's successor statute as then in effect.

ARTICLE 12. SPECIAL DECLARANT RIGHTS AND DEVELOPMENT RIGHTS

Section 12.1. Special Declarant Rights. The Declarant reserves the following Special Declarant Rights:

- (i) the right to complete or make improvements indicated on the Plats and Plans;
- (ii) the right to maintain sales offices, management offices, leasing offices, and models in Units or on the Common Elements;

- (iii) the right to maintain signs on the Condominium to advertise Units in the Condominium for sale;
- (iv) the right to use, and to permit others to use, easements through the Common Elements as may be reasonably necessary for the purpose of discharging the Declarant's obligations under the Act and this Declaration;
- (v) the right to appoint or remove any officer of the Association or any director consistent with the Act and the terms hereof;
- (vi) the right to allow Developer and other contractors whether working directly for the Developer or not, during construction of the Units, to store and maintain construction material on or about the Common Elements and to restrict access to said areas.

Section 12.2. Limitations on Special Declarant Rights. Unless sooner terminated by a recorded instrument signed by the Declarant, or the terms hereof, any Special Declarant Right may be exercised by the Declarant at any time prior to the expiration of thirty-six (36) months from the date hereof.

ARTICLE 13. INTEREST RATE

Section 13.1. Interest on Delinquent Assessments. In the event of default in the payment of any monetary obligation to the Association, an Owner shall be obligated to pay interest on the principal amount, from the due date, at a rate to be determined, from time to time, by the Board, not to exceed the maximum permitted by law.

ARTICLE 14. MAINTENANCE, REPAIR AND REPLACEMENT

Section 14.1. Limited Common Elements. The Owner of a Unit to which any parking space, doorstep, stoop, porch, balcony or patio is allocated shall be responsible for removal of leaves and debris therefrom.

Section 14.2. Expense Allocation. Any common expense associated with the maintenance, repair or replacement of a Limited Common Element shall be assessed equally against the Units to which the Limited Common Element is assigned.

ARTICLE 15.
COMMON EXPENSES AND ASSESSMENTS

Section 15.1. Common Expenses. Subject to Section 15.2, each Owner shall contribute to the Maintenance Fund a portion of the annual Maintenance Expense Charge for the expenses and administration of the Association, the Project and the Common Elements, which portion shall be in accord to the Owner's Percentage Interest. The Maintenance Expense Charge shall be assessed in accordance with the provisions hereinafter set forth. No Owner is, or shall be, exempt from such obligation to so contribute by waiver of use of the Common Elements, or because of any restriction of any uses by this Declaration, or decision of the Association.

Section 15.2 Payment by the Declarant during development. As a Special Declarant right, and subject to the term thereof, the Declarant shall pay to the Association, in lieu of any Maintenance Expense Charge or Special Assessment with respect to all Units which the Declarant continues to own, an amount, if any, by which the actual operating expenses incurred for any fiscal year of the Association exceed the aggregate of the Maintenance Expense Charges payable by other Owners of Units. The Declarant, by notice in writing to the Association, may waive the benefits of this section and in the event of such waiver, shall thereafter be bound to contribute to the Maintenance Expense Fund in proportion to the Percentage Interest attributable to the Units owned by the Declarant.

Section 15.3 Budgets; Establishment of Maintenance Expense Charge and Maintenance Fund. Upon recordation of this Declaration, the initial Board of Directors shall meet and establish a budget for the operation and maintenance of the Project and the Association for that portion of the calendar year then remaining, which budget shall set forth the Board's reasonable estimate of all expenses which the Association will incur in such operation and maintenance of the Project for the remainder of such year. Such budget, and all successive budgets, shall include a reasonable allowance for contingencies and reserves for maintenance, repairs, and replacements to Common Elements. Thereafter, annually, in the last calendar quarter of each year, the Board shall meet and establish such a budget for the next succeeding calendar year. After each such budget is adopted by the Board, the Board shall determine the Maintenance Expense Charge required for the operation of the Project and the contingencies and reserves for maintenance, repairs, and replacements for the calendar year and the portion thereof allocable to each Owner, and each Owner shall be obligated to pay monthly, in advance, one-twelfth (1/12) of the portion of the Maintenance Expense Charge so allocated to such Owner.

Section 15.4. Special Assessments. If the Board at any time determines that the Maintenance Expense Charge assessed for any period is insufficient to provide for the expenses of the Association or the maintenance, repair or replacement of the Common Elements, then the Board shall have the authority to levy such special assessments as it shall deem necessary to provide for such continued maintenance and operation. Without limiting the generality of the foregoing, such special assessment may be assessed because of casualty, condemnation, or other loss to any part of the

Common Elements or to make up for any deficiencies caused by nonpayment of Maintenance Expense Charges by Owners. No special assessments shall be effective until the same is approved by Members holding at least a majority of the votes in the Association. Any such special assessment shall be payable, and enforced, in the manner herein specified for the payment and enforcement of Maintenance Expense Charges and any lien resulting from non-payment of special assessments shall be inferior to a purchase money mortgage.

Section 15.5. Payment of Maintenance Expense Charges. The Board of Directors shall decide in preparing a budget, whether the Maintenance Expense Charge assessed against each Owner shall be due and payable for the upcoming year, in full on the first day of said year, or the Board may allow payments to be made through the year on a monthly, quarterly or semi-annual basis.

Section 15.6. Security for Collection. In order to secure collection of the Maintenance Expense Charges, the vendor's lien and superior title to each Unit shall be and is hereby reserved to the Association, which lien shall be enforceable by foreclosure through appropriate judicial proceedings by the Association. In any such foreclosure, the Owner shall be required to pay the costs and expenses of such proceedings, the costs and expenses for filing notice of claim of lien by the association in the office of the County Clerk of Travis County, Texas and all reasonable attorney fees. The Association shall have the power to bid in the Unit at foreclosure sale and to acquire and hold, lease, mortgage and convey same.

Section 15.7. Subordination to Mortgage. The vendor's lien and superior title herein reserved shall be subordinate in all respects to a Purchase Money Mortgage. A third party acquiring title to a Unit through foreclosure by such Purchase Money Mortgagee shall acquire title to such Unit free of any claim for Maintenance Expense Charges or special assessments that predate such acquisition and shall not be liable for any Maintenance Expense Charges or special assessments arising prior to such acquisition, attributable to the Unit in question. No sale or transfer however shall relieve such new Unit Owner thereof, from liability for all Maintenance Expense Charges and special assessments thereafter becoming due or from the lien therefore.

Section 15.8. Utilities. Each Owner of a Unit shall be individually responsible for and shall pay for all telephone, electricity and all other utility services furnished to said Unit which are separately metered or billed by the respective utility companies or other party furnishing same. Utilities not separately metered or billed to the individual Unit shall be paid by the Association as part of the Maintenance Expense Charge for the operation of the Project. In the event that electricity or other utility service utilized or constructed in connection with the Common Elements have been or are connected for the sake of convenience in such manner that the cost of such service is separately metered or billed to an individual Unit Owner, the Association shall reimburse such Unit Owner for the additional charges incurred in connection with such services.

ARTICLE 16
MISCELLANEOUS

Section 16.1. Enforcement. The Board, or any Owner, shall be entitled but not obligated, to enforce any of the terms and provisions hereof by action at law or in equity, or both. Failure by the Board or any owner to so enforce the terms hereof shall not be deemed a waiver of any breach or failure to adhere to any of the terms and provisions.

Section 16.2. Arbitration. At the option of the Association, any dispute between the Association and any Owner shall be resolved through binding arbitration.

Section 16.3. Rules and Regulations. The Rules and Regulations with respect to the day-to-day maintenance, operation, and enjoyment of the Common Elements and the Project may be created if needed, and thereafter amended from time to time by the Board of Directors. The Rules and Regulations are of equal dignity with, and shall be enforceable in the same manner as, the provisions of this Declaration, but in the event of a conflict, this Declaration shall control. Each Owner, by accepting conveyance of a Unit, agrees to comply with and abide by the Rules and Regulations, as the same may be amended from time to time.

IN WITNESS WHEREOF, the Declarant has caused this Declaration to be executed this _____ day of _____, 2007.

KB-KMC Ltd., a Texas Limited Partnership

By: KB Realty Inc. a Texas Corporation, as
General Partner

By: _____
Mark S. Burton, President

STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

This instrument was acknowledged before me on the ____ day of _____, 2007 by Mark S. Burton, President of KB Realty, Inc., a Texas Corporation, General Partner of KB-KMC Ltd., a Texas Limited Partnership, on behalf of said corporation and said limited partnership.

Notary Public of Texas

CONSENT OF MORTGAGEE

_____, as the owner and holder of indebtedness secured by a Deed of Trust covering the Property of record in the Real Property Records of Travis County, Texas does hereby join in the execution of this DECLARATION OF DESSAU RIDGE LANE OFFICE CONDOMINIUMS, a CONDOMINIUM, for the purpose of evidencing its consent hereto.

Executed this _____ day of _____, 2007.

X _____

By: _____
_____, Vice president

STATE OF TEXAS §
 §
COUNTY OF WILLIAMSON §

This instrument was acknowledged before me on the ____ day of _____, 2007, by _____, Vice President of _____, on behalf of said bank.

Notary Public of Texas

My Commission expires: