

INITIAL RULES & REGULATIONS

Carriage House Condominium Association, Inc.

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Initial Rules & Regulations

Carriage House Condominium Association, Inc.

These Community Rules are established by Livingston/State Street, Ltd., Declarant, for the benefit of Carriage House Condominium Association, Inc. (the "Association"). These Community Rules are the "Rules" defined in Article I of the Declaration to be recorded in the real property records of Dallas County, Texas.

These Rules are in addition to the provisions of the declaration and bylaws. By owning or occupying a unit, each owner and resident agrees to abide by these Rules and to comply with the obligations of owners and residents under the declaration and bylaws of Carriage House Condominium.

Words and phrases defined in the declaration have the same meaning when used in these Rules. In the event of a conflict between Documents, the hierarchy of authority is as follows: Declaration (highest), Bylaws, and these Rules (lowest). The Association's board of directors is empowered to interpret, enforce, amend, and repeal these Rules.

A. COMPLIANCE

A-1. Compliance Each owner will comply with the provisions of these Rules, the other Documents, and policies adopted by the board to supplement these Rules, as any of these may be revised from time to time. Each owner, additionally, is responsible for compliance with the Documents by the occupants of his unit, and his or their respective relatives, invitees, tenants, agents, employees, or contractors. If a Rule requires or prohibits conduct by an "owner" or "resident," each of those terms are deemed to include the other, and applies to all persons for whom an owner or resident is responsible. Again, the owner is ultimately responsible for compliance by all persons using or related to his unit. An owner should contact the Association if he has a question about these Rules.

A-2. Additional Rules Each resident must comply with any rules and signs posted from time to time on the Property by the Association. Posted rules are incorporated in these Rules by reference. Each resident must comply with notices communicated by the Association, from time to time, in the nature of seasonal or temporary rules, or notice of a change affecting use of the Property. Temporary rules are incorporated in these Rules by reference.

A-3. Right to Enforce The Association has the right to enforce these Rules against any person on the Property.

A4. Waiver Circumstances may warrant waiver or variance of these Rules. To obtain a waiver or variance, an owner must make written application to the board. The board's approval of a waiver or variance must be in writing, and may be conditioned.

B. OBLIGATIONS OF OWNERS AND RESIDENTS

B-1. Safety Each resident is solely responsible for his own safety and for the safety, well-being, and supervision of his guests and any person on the Property to whom the resident has a duty of care, control, or custody.

B-2. Damage An owner is responsible for any loss or damage he causes to his unit,

other units, the personal property of other residents or their guests, or to the common elements and improvements.

B-3. Association Does Not Insure. A person assumes full risk and sole responsibility for placing his personal property in or on the Property. Each resident is solely responsible for insuring his personal property in the unit and on the Property, including his furnishings and vehicles. THE ASSOCIATION STRONGLY RECOMMENDS THAT ALL OWNERS AND RESIDENTS PURCHASE AND MAINTAIN INSURANCE ON THEIR PERSONAL BELONGINGS.

B-4. Risk Management. An owner may not permit anything to be done or kept in his unit or the common elements that is illegal or that may result in the cancellation of insurance on the Property.

B-5. Reimbursement. An owner must promptly reimburse the Association for any expense incurred by the Association to enforce the Documents against the owner, his unit, or persons for whom the owner is responsible. An owner must promptly reimburse the Association for the cost of damage to the Property caused by the negligent or willful conduct of the owner or persons for whom the owner is responsible.

B-6. No Garage Sales. Without the board's prior written permission, no person may conduct on the Property a sale or activity that is advertised or attractive to the public, such as "garage sales." This section does not apply to marketing the sale or rental of a unit, unless combined with a prohibited activity.

B-7. Supervision of Minors. For their own well-being and protection, persons who are legally incompetent or younger than 18 years must be under the general control and supervision of their parents or guardians at all times while on the Property. Persons who have not attained the chronological or mental age of 13 years must at all times be in the actual company of a person at least 13 years old who is responsible for their well being. A person under 13 years may not be left unattended in a unit at any time. After nightfall, unless accompanied by a parent or legal guardian, persons under 18 years may not be on the general common elements.

C. OCCUPANCY STANDARDS

C-1. Numbers. The maximum number of persons who may occupy a unit is 1 more than the number of bedrooms in the unit. Two persons per bedroom, however, may occupy a unit if the occupants qualify for familial status protection under the Fair Housing Act.

C-2. Minors. No person under the age of 18 years may occupy a unit unless he lives with a resident who is his parent, legal guardian, or a designee of his parent or legal guardian. Upon request by the Association, an owner will provide satisfactory proof of the ages and relationships among the occupants of his unit.

C-3. Danger. No unit may be occupied by a person who constitutes a direct threat to the health or safety of other persons, or whose occupancy would result in substantial physical damage to the property of others. [Fair Housing Act]

C-4. Occupancy Defined. Occupancy of a unit, for purposes of these Rules, means occupancy in excess of 30 continuous days or 60 days in any 12-month period.

C-5. Leases. A unit may be not be leased for hotel or transient purposes. Less than the entire unit may not be leased. Each lease must be in writing. At the Association's request, an owner must give the board a copy of each lease and lease renewal.

D. GENERAL USE AND MAINTENANCE OF UNIT

D-1. Residential Use. Each unit must be used solely for residential use, and may not be used for commercial or business purposes, except as permitted in the declaration. This restriction does not prohibit a resident from using his unit for personal, business, or professional pursuits, provided that: (a) the nonresidential use is incidental to the unit's residential use; (b) the use conforms to all applicable laws and ordinances; (c) there is no external evidence of the nonresidential use; and (d) the nonresidential use does not entail visits to the unit by the public, employees, suppliers, or clients.

D-2. Annoyance. A resident may not use his unit in a way that: (a) annoys occupants of neighboring units; (b) reduces the desirability of the Property as a residential community; (c) endangers the health or safety of other residents; or (d) violates any law or any provision of the Documents.

D-3. Maintenance. An owner, at his expense, will maintain his unit in good repair. A resident will maintain his patio, balcony, front porch, and yard area in a clean manner. A patio, balcony, porch, or yard may not be enclosed or used for storage purposes. If the board determines that a patio, balcony, porch, or yard is unsightly, the board may give the owner notice of the problem and a reasonable time period in which to correct it, after which the board may take corrective action at the owner's expense.

D-4. Glass. Each owner, at his expense, must promptly repair and replace any broken or cracked glass in his unit's windows and doors.

D-5. Air Conditioning Equipment. Each owner, at his expense, will maintain, repair, and replace the heating and cooling equipment/system serving his unit.

D-6. Combustibles. A resident may not store or maintain, anywhere on the Property -- including within a unit -- explosives or materials capable of spontaneous combustion.

D-7. Barbecue Grills. The board reserves the right to prohibit or restrict the use of all or certain outdoor cooking grills if, in the board's discretion, the grills constitute a fire hazard. If the use of outside grills is permitted, (a) open fires must be supervised at all times; (b) gas tanks must be properly used and maintained; (c) no flames may be higher than the cooking surface; and (d) a grill may not be used near combustible materials.

D-8. Report Malfunctions. An owner will immediately report to the board his discovery of any leak, break, or malfunction in any portion of the Property which the Association has a duty to maintain. An owner who fails to promptly report a problem may be deemed negligent, and may be liable for any additional damage caused by the delay.

D-9. Emergencies. In case of continuous water overflow, a resident should immediately turn off water and close the shut off valves behind the fixture or sink.

D-10. Cable. A resident who subscribes directly to cable service is solely responsible for maintaining that subscription and the appurtenant equipment. A resident who obtains cable service through the Association is responsible for the proper use, maintenance, and return of cable connections or equipment. No additional exterior cable lines may be connected to the unit.

D- 11. Fireplaces. Fireplaces are designed for "gas logs" only and are side vented. No combustible material may be used in any fireplace. Expressly prohibited is the use of wood, artificial, paper, or wax-impregnated logs. Fireplaces may not be used without the glass face in place.

D- 12. Utilities. A resident will try to conserve the use of utilities furnished through the Association, including water consumption within his unit.

D-13. Frozen Water Pipes. Because units are constructed with water lines in exterior walls, it is the duty of every owner and resident to protect the water lines from freezing during winter months. Between November 1 and March 25 of any year, no unit may be left unheated. During periods of anticipated below-freezing temperatures, water lines in exterior walls should be allowed to drip continuously, and cabinets enclosing plumbing lines should be left ajar. Dishwashers on exterior walls should not be used during and immediately after periods of extreme cold. Failure by an owner or resident to monitor the local weather and take appropriate precautions may be deemed negligence.

E. GENERAL USE & MAINTENANCE OF COMMON ELEMENTS

E-1. Intended Use. Every area and facility in the Property may be used only for its intended and obvious use. For example, sidewalks and driveways are used exclusively for purposes of access, not for social congregation or recreation.

E-2. Grounds. Unless the board designates otherwise, residents may not use or abuse the landscaped areas, lawns, beds, and plant materials on the common elements. The following are expressly prohibited: digging, planting, pruning, and climbing.

E-3. Abandoned Items. No item or object of any type may be stored, placed, or maintained anywhere on the general common elements, including driveways, sidewalks, and courtyards, except by the board or with the board's prior written consent. Items of personal property found on general common elements are deemed abandoned and may be disposed of by the board.

E-4. Fires. Except for barbecue fires as permitted by these Rules, there may not be any exterior fires on the Property.

E-5. Private Yards. The use of a yard area appurtenant to a unit as a limited common element is subject to the following. The board may specify types of plant material that may be installed or permitted to remain, and may require the removal of certain plants. An owner may not change the established drainage pattern without the board's prior approval. An owner must keep the yard area clean, free of debris, and attractive.

F. COMMUNITY ETIQUETTE

F-1. Courtesy. Each resident will endeavor to use his unit and the common elements in a manner calculated to respect the rights and privileges of other residents of the Property.

F-2. Annoyance A resident will avoid doing or permitting anything to be done that will annoy, harass, embarrass, or inconvenience other residents or their guests, or the Association's employees and agents.

F-3. Noise and Odors. Each resident must exercise reasonable care to avoid making or permitting to be made loud, disturbing, or objectionable noises or noxious odors that are likely to disturb residents of other units.

F-4. Reception Interference. Each resident will avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on the Property.

F-5. No Personal Service. The Association's employees and agents are not permitted or authorized to render personal services to residents. Each resident agrees that the Association is not responsible for any item or article left with or delivered to the Association's employees or agents on behalf of such resident.

G. ARCHITECTURAL CONTROL

G-1. Common Elements. Without the written approval of the board, an owner or resident may NOT change, remodel, decorate, destroy, or improve the common elements, nor do anything to change the appearance of the building exteriors or grounds, including without limitation the entry door, balcony or patio, garage, front porch, fences, and sidewalk appurtenant to the unit.

G-1 Prohibited Acts. A person may not:

a. Post signs, notices, or advertisements on the common elements or in a unit if the sign is visible from outside the unit.

b. Place or hang an object in, on, from, or above any window, interior window sill, balcony or patio that, in the sole opinion of the board, detracts from the appearance of the Property.

c. Hang, shake, or otherwise display linens, clothing, towels, rugs, shoes, mops, bedding, or other similar items from windows, doors, balconies, patios, or sidewalks.

d. Erect or install exterior horns, lights, speakers, aerials, antennas, or other transmitting or receiving equipment, or cause anything to protrude through an exterior wall or roof.

e. Place decorations on exterior walls or doors, or on the general common elements.

f. Enclose or cover a patio, deck, or yard area.

g. Install or construct a storage shed or any other improvement in a yard area if visible from another unit, a common element, or a street.

G-3. Window Treatments. An owner MAY install window treatments inside his unit, provided: (a) the window treatment, including drapes, blinds, shades, or shutters, must appear to be clear or white when viewed from outside the unit; (b) aluminum foil and reflective window treatments are expressly prohibited; and (c) window treatments must be maintained in good condition, and must be removed or

replaced if they become stained, torn, damaged, or otherwise unsightly in the opinion of the board.

G-4. Board Approval. To obtain the board's written consent for an alteration or modification, an owner must comply with the requirements of Article 10 of the Declaration. An applicant may not rely on verbal assurances of an Association manager, director, or officer.

H. VEHICLE RESTRICTIONS

H-1. Permitted Vehicles. To be permitted on the Property, a vehicle must be operable, and must display a current license tag and inspection sticker. For purposes of these Rules, vehicles include automobiles, motorcycles, motorized bikes, short bed passenger trucks, small vans, and similar passenger vehicles, all less than 19' in length. Parked vehicles may not extend to within two feet of the fire lane line. The following are not permitted on the Property without the board's consent: trailers, boats, recreational vehicles, buses, commercial trucks, industrial vehicles.

H-2. Speed. A speed limit of 10 miles per hour will be observed, unless posted differently.

H-3. Repairs. Washing, repairs, restoration, or maintenance of vehicles is prohibited on driveways and in off street parking areas, except for emergency repairs, and then only to the extent necessary to enable movement of the vehicle to a repair facility.

H-4. One Space. Each vehicle must be parked straight-in (not angled or sideways), so that it does not occupy more than one parking space. Parking spaces must be used for parking purposes only.

H-5. Proper Placement. No vehicle, including motorcycles, may be driven, parked, or placed anywhere on the Property except in designated areas. Motorcycles may not be chained to buildings, fences, or any other part of the Property, unless designated for that purpose.

H-6. Nuisances. Each vehicle must be muffled and must be maintained and operated to minimize noise, odor, and oil emissions. The use of car horns on the Property is discouraged. No vehicle may be kept on the Property if the board deems it to be unsightly, inoperable, inappropriate, or otherwise violative of these Rules.

H-7. Motorbikes. Motorcycles, motorbikes, or other motorized vehicles may not be operated on the Property except to provide transportation to and from a unit.

H-8. Private Fire lanes/Obstructions. All streets, roadways, and driveways in the Property are private fire lanes and utility easements on which parking of vehicles is prohibited at all times. No vehicle may be parked in a manner that impedes or prevents ready access to the Property, driveways, or parking spaces. No vehicle may obstruct the flow of traffic, constitute a nuisance, or otherwise create a safety hazard. No vehicle may be parked, even temporarily, in spaces reserved for others, in fire lanes, or in any area designated as "No Parking."

H-9. Garages. A resident may use his garage solely for the parking of operable vehicles. No garage may be enclosed or used for any purpose that prevents the

parking of maximum permitted size vehicle. Garage doors must be kept closed at all times, except when entering or exiting.

H-10. Visitor Spaces. Visitors must utilize one of the two spaces available to each unit or must park on the street.

H-11. Violations. A vehicle in violation of these Rules may be stickered, wheel-locked, towed, or otherwise removed from the Property by the board, at the expense of the vehicle's owner. The Association expressly disclaims any liability for damage to vehicles on which the Association exercises these remedies for Rules violations.

I. TRASH DISPOSAL

I-1. General Duty. Resident will endeavor to keep the Property clean and will dispose of all refuse in the receptacle provided by the Association for that purpose. Resident may NOT litter common elements.

I-2. Hazards. Resident may NOT store trash inside or outside his unit in a manner that may permit the spread of fire, odors, or seepage, or encouragement of vermin. Before discarding coals, ashes, logs, or other materials used in barbecue grills or fireplaces, resident will ensure that the debris is thoroughly cold.

I-3. Excess Trash. Resident will place trash entirely within a dumpster, and may NOT place trash outside, next to, or on top of dumpster. If a dumpster is full, resident should locate another dumpster or hold his trash. Boxes and large objects should be crushed or broken down before being placed in dumpster. Dumpster doors are to be closed at all times when not in use. Resident must arrange privately for removal of discarded furnishings or any unusually large volume of debris.

J. PETS

J-1. Subject to Rules. A resident may not keep or permit on the Property a pet or animal of any kind, at any time, except as permitted by these Rules and the Documents.

J-2. Permitted Pets. Subject to these Rules, a resident may keep in his unit not more than two house pets (two cats, or two dogs, or one cat and one dog) each of which, at maturity, may not exceed the greater of 20 inches in height at the shoulder or 25 pounds in weight. Permitted house pets include domesticated dogs, cats, caged birds, and aquarium fish.

J-3. Prohibited Animals. No resident may keep a dangerous or exotic animal, pit bull terrier, trained attack dog, or any other animal deemed by the board to be a potential threat to the well-being of people or other animals. No animal or house pet may be kept, bred, or maintained for any commercial purpose.

J-4. Indoors/Outdoors. A permitted pet must be maintained inside the unit, and may not be kept on patios or balconies or in fenced yard areas. No pet is allowed on general common elements unless carried or leashed. No pet may be leashed to a stationary object on the common elements.

J-5. Limited Dog Privilege. The board is the sole arbiter of what constitutes a disturbance or annoyance. If the board determines that a dog disturbs people, the board may permanently revoke the privilege of keeping the dog.

J-6. Disturbance. Pets must be kept in a manner that does not disturb another resident's rest or howl, whine, screech, or make other loud noises for extended or repeated periods of time.

J-7. Damage. Resident is responsible for any property damage, injury, or disturbance his pet may cause or inflict. Resident must compensate any person injured by his pet. A resident who keeps a pet on the Property is deemed to indemnify and agrees to hold harmless the board, the Association, and other owners and residents, from any loss, claim, or liability of any kind or character whatever resulting from any action of his pet or arising by reason of keeping or maintaining the pet on the Property.

J-8. Pooper Scooper. No resident may permit his pet to relieve itself on the Property, except in areas designated by the board for this purpose. Resident is responsible for the removal of his pet's wastes from the common elements. The board may levy a fine against a unit and its owner each time feces are discovered on the common elements and attributed to an animal in the custody of that unit's resident.

J-9. Removal. If a resident or his pet violates these Rules, or if a pet creates a nuisance, odor, unreasonable disturbance, or noise, the resident or person having control of the animal may be given a written notice by the board to correct the problem. If the problem is not corrected within the time specified in the notice (not less than 10 days), the resident, upon written notice from the board, may be required to remove the animal. Each resident agrees to permanently remove his violating animal from the Property within 10 days after receipt of a removal notice from the board.

K. MISCELLANEOUS

K-1. Security. The Association may, but is not be obligated to, maintain or support certain activities within the Property designed to make the Property less attractive to intruders than it otherwise might be. The Association, its directors, committees, members, agents, and employees, will not in any way be considered an insurer or guarantor of security within the Property, and may not be held liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures undertaken. Each owner, resident, guest, and invitee on the Property assumes all risk for loss or damage to his person, to his unit, to the contents of his unit, and to any other of his property on the Property. The Association expressly disclaims and disavows any and all representations or warranties, expressed or implied, including any warranty of merchantability or fitness for any particular purpose, relative to any security systems, equipment, or measures recommended, installed, or undertaken within the Property.

K-2. Right to Hearing. An owner may request in writing a hearing by the board regarding an alleged breach of these Rules by the owner or any person for whom the owner is responsible. The board will schedule a hearing within 30 days after receiving the owner's written request. At the hearing, the board will consider the facts and circumstances surrounding the alleged violation. The owner may attend the hearing in person, or may be represented by another person or written communication.

K-3. Mailing Address. An owner who receives mail at any address other than the address of his unit must maintain with the Association his current mailing address. Notifications of change of name or change of address should be clearly marked as such. All notices required to be sent to owners by the Documents may be sent to an owner's most recent address as shown on the records of the Association. If an owner

fails to provide a forwarding address, the address of that owner's unit is deemed effective for purposes of delivery.

K-4. Revision. These Rules are subject to being revised, replaced, or supplemented. Owners and residents are urged to contact the management office to verify the rules currently in effect on any matter of interest. These Rules will remain effective until 10 days after an owner of each unit has been given a notice of the amendment or revocation of these Rules.

K-5. Other Rights. These Rules are in addition to and in no way whatsoever detract from the rights of the Association under the other Documents and the laws of the State of Texas.

Effective Date. These Rules are effective on the date of execution.

SIGNED this 1st day of March, 2001

CARRIAGE HOUSE CONDOMINIUM ASSOCIATION, INC.,

a Texas Corporation,

By: Livingston/State Street, Ltd., a Texas Limited Partnership, its Declarant

By: Orion GP LLC, a Texas Limited Liability Company, its General Partner

By: _____
Joseph W. Dingman, its sole member