

**CONDOMINIUM
INFORMATION
STATEMENT**

LAS PALMAS

ISSUED April 24, 2008

LAS PALMAS
CONDOMINIUM INFORMATION STATEMENT

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1. DECLARANT

AVENIDA DE PALMAS, LTD., a Texas limited partnership, is the developer or "Declarant" of the Las Palmas community ("Las Palmas"). The principal office and mailing address of both the Declarant and Las Palmas is 8201 Lockheed Drive, El Paso, Texas 79925.

2. CONDOMINIUM OWNERSHIP; THE ASSOCIATION

Las Palmas will utilize the condominium form of ownership. A "Master Declaration", the Declaration of Condominium Regime for Las Palmas Master Condominiums, recorded as Document No. 20080023857 in the Official Public Records of El Paso County, Texas (the "Master Declaration"), will govern the property as a whole. The Master Declaration establishes "Master Units" within the Property, with each Master Unit including two (2) or more individual condominium units ("Units") therein. The Master Units may then be further submitted to a "Subordinate Declaration" for the purpose of subdividing the Master Units described therein into individual condominium units. Each such Subordinate Declaration will be substantially in the form attached hereto as Exhibit "B".

Declarant presently contemplates the community will be divided into four phases (A, B, C, and D), with the Master Units in each such phase to be submitted incrementally to a separate Subordinate Declaration. Exhibit "C" depicts the current phasing plan for the Property. However, Declarant's development plans may change over time, and Declarant expressly reserves the right to re-define the boundaries of each phase.

The terms and provisions of each Subordinate Declaration will be subordinate, in certain respects, to the terms and provisions of the Master Declaration in the sense that the Master Declaration will establish rights, duties, and obligations associated with each Master Unit, and each Subordinate Declaration will subdivide the Master Units submitted thereto into individual Units and will establish rights, duties, and obligations associated with each individual Unit subject to the Subordinate Declaration.

A single condominium association established pursuant to the Master Declaration, the Residential Owners Association of Las Palmas, Inc. (the "Association"), will administer all "Common Elements" within Las Palmas (whether created pursuant to the Master Declaration or a Subordinate Declaration).

During the "Declarant Control Period" (as defined in the Master Declaration), Declarant will retain certain rights regarding operation and administration of the Association, namely the right to appoint and remove all directors and officers of the Association. The Master Declaration, each Subordinate Declaration and the Texas Uniform Condominium Act provide for a two-step transition process to resident control of the Association. The first step occurs within one-hundred and twenty (120) days after fifty percent (50%) of the Master Units that may be created under the Master Declaration have been conveyed by Declarant. Within this one-hundred and twenty (120) day period, the current Board of Directors of the Association (the "Board") will call a meeting of all Owners other than Declarant. At this meeting, the Owners will elect one (1) Board member out of a three person Board. Declarant will retain the right to appoint and remove two Board members. The second step occurs within one-hundred and twenty (120) days after seventy-five percent (75%) of the Master Units that may be created under the Master Declaration have been conveyed by Declarant. Within this one-hundred and twenty (120) day period, the current Board will call a meeting of all Owners, including Declarant. At this meeting, the

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Owners, including Declarant, will elect the entire Board. The Declarant Control Period is described further in the Declaration.

3. PROPERTY; UNITS

The property (the "Property") to be initially submitted to the terms of the Master Declaration will include a 54.320 acre parcel situated within the corporate limits of the City of El Paso, El Paso County, Texas, between Montana Avenue, Saul Kleinfeld Drive and Turner Road, as more particularly described on Attachment 1 to the Master Declaration .

No assurance is given as to the dispersion of Units, total number of Units, or the size of Units to be created.

4. FLOOR PLANS; SQUARE FOOTAGE OF UNITS

The Units will be more particularly described in the plats and plans attached to each Subordinate Declaration.

All references to and definitions of square footage, sizes, and floorplans on any website, in marketing literature, or elsewhere are based on pre-construction drawings and estimates.

BOUNDARIES OF UNIT

The legal boundaries of each Unit will be established by the Subordinate Declaration and the plats and plans attached thereto. However, a Unit may be measured and depicted in a manner which differs from its legal boundaries. For example, the Unit may be measured or depicted differently for tax purposes, appraisal purposes, sales purposes, and for purposes of carpeting and paint. No single measurement is definitive for all purposes. Measurements may be of the air conditioned space, gross area, rentable area, or the area within the Unit's legal boundaries.

5. WORKING CAPITAL CONTRIBUTION; ADVANCE ASSESSMENT CONTRIBUTION

Each Subordinate Declaration will require that each purchaser of a Unit contribute two (2) months of monthly Regular Assessments to the Association's working capital fund. An estimate of the initial monthly Regular Assessment is included on Exhibit "F". Contributions to the working capital fund are not advance payments of Regular Assessments and are not refundable. Declarant will not use working capital funds to cover operational expenses of the Association until Declarant control of the Association terminates.

6. EASEMENTS; RESTRICTIONS; LIENS; LEASES OR ENCUMBRANCES

Title to each Unit and all Common Elements will be subject to all easements, restrictions, liens, leases and encumbrances recorded against the Property and easements established by the Master Declaration and Subordinate Declaration. A description of the recorded easements, restrictions, liens, leases and encumbrances may be found on Attachment 1 to the Master Declaration. These instruments should also be listed in Schedule B of the title commitment that you may receive in connection with your

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purchase. You may ask the title company handling your closing to provide you with copies of all the recorded instruments affecting title to your Unit and appurtenant Common Elements. You are encouraged to review the title instruments before closing.

7. WARRANTY

The builder of your home within Las Palmas may provide a limited warranty in connection with your purchase and acquisition of a Unit. Please consult your builder to determine whether such a warranty will be provided.

8. NO JUDGMENTS OR SUITS

Declarant has no actual knowledge of any unsatisfied judgments against the Property nor of any pending suits to which the Association is a party, or which are material to the land title and construction of the project.

9. FEES OR CHARGES FOR USE OF COMMON ELEMENTS

The Association may, from time to time, charge owners and/or occupants for the use of certain Common Elements within the Property.

10. INSURANCE

Declarant, for the benefit of the Association, will obtain a master insurance policy from an insurance carrier chosen by Declarant. The effective date of the coverage will be on or before the date Declarant first conveys a unit to a third party and will expire one year after its effective date. The following information was provided by Melanie Stinson, Richard Hernandez/Nationwide Insurance (915-591-3339).

- a. PROPERTY EXPOSURE TO LOSS: The Association will not insure individual Units, but will obtain property insurance on the insurable Common Elements within Las Palmas, to the extent reasonably available. Each Owner of a Unit will be obligated to maintain property insurance on such Owner's Unit, including any betterments and Improvements installed within such Unit by the current or previous Owner, in an amount sufficient to cover one-hundred percent (100%) of the replacement cost of any repair or reconstruction in event of damage or destruction from any insured hazard. The Association strongly recommends that each Owner and occupant purchase and maintain insurance on such Owner's or occupant's personal belongings.
- b. LIABILITY EXPOSURE TO LOSS:
 - (1) Commercial General Liability.
 - (a) Bodily Injury and Property Damage Liability – Minimum of \$2,000,000 combined single limit per occurrence.
 - (b) Personal Injury Liability & Advertising Injury Liability -- \$1,000,000.
 - (c) Fire Damage Legal Liability – \$633,800 limit per any one fire.
 - (d) Medical Payment – \$1,000,000 limit per person.

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This policy contains an aggregate limit of liability of \$2,000,000 bodily injury and property damage combined, covering the common property.

THE ASSOCIATION WILL NOT PROVIDE LIABILITY COVERAGE FOR ACCIDENTS OR OCCURRENCES THAT OCCUR WITHIN THAT PORTION OF THE PREMISES WHICH IS RESERVED FOR A UNIT OWNER'S EXCLUSIVE USE AND OCCUPANCY. EACH UNIT OWNER IS REQUIRED TO OBTAIN AND MAINTAIN GENERAL LIABILITY INSURANCE ON HIS UNIT.

- c. ADDITIONAL AREAS NOT COVERED: Because of the exclusions in the master policy, you should consult with your own agent about purchasing a policy to cover the following exposures:
- (1) Value of household and personal property.
 - (2) Additional living expense.
 - (3) Personal injury.
 - (4) Loss assessment coverage.
 - (5) Value of jewelry, furs, silverware, and fine art.
 - (6) Business interruptions.
 - (7) Value of betterments and improvements made or acquired at the expense of an individual unit owner.

Should a situation occur where you would like to present a claim under the master policy, or if you have any questions regarding your insurance coverage, please contact the Subordinate Association or the Agent.

11. BUDGET

- a. Budget. The projected budget for the first fiscal year of the Association is attached as Exhibit "F".
- b. Preparer. The budgets were prepared by Dana Properties.
- c. Assumptions About Occupancy. The projected budget is based on the assumption that all Units are occupied for all or most of the budget year.
- d. Assumptions About Inflation. All budgets are based on a one-hundred percent (100%) net collection rate and the estimates are in current dollars unadjusted for possible inflation.

12. DEVELOPMENT RIGHTS AND SPECIAL DECLARANT RIGHTS

Declarant has reserved certain development rights as more particularly described in the Master Declaration and each Subordinate Declaration. Many of these rights expire upon expiration of the "Development Period", which means the seven (7) year period beginning on the date the Master Declaration is recorded in the Official Public Records of El Paso County, Texas, unless such period is earlier terminated by Declarant' recordation of a notice of termination in the Official Public Records of El Paso County, Texas. Certain additional rights expire upon expiration of the Declarant Control Period.

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The following list includes a summary of the rights reserved by Declarant until expiration of the Development Period or the Declarant Control Period, as applicable. Please refer to the Subordinate Declaration and/or the Master Declaration for a complete description of such rights.

- a. Annexation. During the Development Period, Declarant may annex additional property into Las Palmas.
- b. Creation of Units. During the Development Period, Declarant may create additional Master Units and Units.
- c. Architectural Control. During the Development Period, Declarant has the absolute right to review and approve all improvements constructed within the Property.
- d. Transfer Fees. During the Development Period, Declarant will not pay transfer-related and resale certificate fees.
- e. Subordinate Declaration. To file Subordinate Declarations for the subdivision and administration of Master Units established under the Master Declaration.
- f. Statutory Development Rights. As permitted by the Texas Uniform Condominium Act, Declarant has reserved the right: (i) to add real property to Las Palmas; (ii) to create Units, General Common Elements, and Limited Common Elements; (iii) to subdivide Units and convert Units into Common Elements; and (iv) to withdraw any portion of the real property marked on the Plat and Plans as "Development Rights Reserved" or "Subject to Development Rights," provided that no Unit in the portion to be withdrawn has been conveyed to an owner other than Declarant.
- g. Amendment. Declarant has reserved the right to amend each Subordinate Declaration and/or the Master Declaration, without consent of other owners or any mortgagee, for the following purposes: (i) to meet the requirements, standards, or recommended guidelines of an underwriting lender to enable an institutional or governmental lender to make or purchase mortgage loans on the Master Units; (ii) to correct any defects in the execution of the Subordinate Declaration and/or the Master Declaration or the other Documents; (iii) to add real property to Las Palmas; (iv) to create Units, General Common Elements, and Limited Common Elements within the Subordinate Declaration and/or the Master Declaration; (v) to subdivide, combine, or reconfigure Units or convert Units into Common Elements; (vi) to resolve conflicts, clarify ambiguities, and to correct misstatements, errors, or omissions in the governing documents; (vii) to exercise any development right, as defined in Section 82.003(12) of the Act, not otherwise described in the Master Declaration and the Subordinate Declaration; and (viii) for any other purpose, provided the amendment has no material adverse effect on the rights of any Owner.
- h. Additional Rights. As permitted by the Act, Declarant has reserved the following rights: (i) to complete all improvements indicated on the Plat and Plans; (ii) to exercise any development right as defined in Section 82.003(12) of the Act; (iii) to make Las Palmas part of a larger condominium or planned community; (iv) to maintain sales, management, and leasing offices, signs advertising Las Palmas, and models; and (v) to use easements through the Common Elements for the purpose of making improvements within Las Palmas or within real property that may be added to Las Palmas.

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- i. Appointment of Association Directors and Officers. During the Declarant Control Period, the right to appoint or remove any Declarant-appointed officer or director of the Association, subject to the terms and provisions of the Master Declaration and each Subordinate Declaration.
- j. Additional Easements and Rights. Declarant has reserved the following easements and rights, exercisable at Declarant' sole discretion, for the duration of the Development Period: (i) an easement and right to erect, construct, and maintain on and in the Common Elements and Units owned or leased by Declarant whatever Declarant determines to be necessary or advisable in connection with the construction, completion, management, maintenance, and marketing of the Property; (ii) the right to sell or lease any Unit owned by Declarant; (iii) the right of entry and access to all Units to perform warranty-related work, if any, for the benefit of the Unit being entered, other Units, or Common Elements; (iv) an easement and right to make structural changes and alterations on Common Elements and Units used by Declarant as models and offices, as may be necessary to adapt them to the uses permitted herein; (v) an easement over the entire Property, including the Units, to inspect the Common Elements and all improvements thereon and related thereto to evaluate the maintenance and condition of the Common Element improvements; and (vi) the right to correct and inspect the Association accounts.

13. EXHIBITS

The exhibits include documents that will be recorded or filed. Because this Condominium Information Statement is issued before those documents have completed the recording process, executed or file-marked copies of those documents may be included as exhibits. At any time after recording, Declarant may but is not obligated to replace executed or file-marked documents with copies of recorded documents. The following exhibits are included with this Condominium Information Statement and are incorporated by reference:

EXHIBIT "A"	Master Declaration
EXHIBIT "B"	Form of Subordinate Declaration
EXHIBIT "C"	Phasing Plan
EXHIBIT "D"	Rules and Regulations for Las Palmas
EXHIBIT "E"	Certificate of Formation of Residential Owners Association of Las Palmas, Inc.
EXHIBIT "F"	Proposed Budget for Residential Owners Association of Las Palmas, Inc.

14. DOCUMENTS TO BE SIGNED AT CLOSING

Except for the items listed below, at closing Declarant does not require purchasers to sign documents other than loan-related documents if the purchase is financed.

- Acknowledgement of Receipt of Condominium Information Statement, if not previously signed (located at the front of this Condominium Information Statement)

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15. GENERAL INFORMATION

The exhibits which follow this narrative portion provide a more detailed description of Las Palmas and the rights and obligations of the Owner of a Unit. The purchaser should carefully consider the exhibits, as well as this narrative portion of the Condominium Information Statement. If the purchaser does not understand any aspect of this Condominium Information Statement, the sales contract, and any other materials provided in connection with the sale of Units, the purchaser should consult with competent legal counsel.

DECLARANT RESERVES THE RIGHT TO AMEND, IN WRITING, THE TERMS OF THIS CONDOMINIUM INFORMATION STATEMENT. IF THE CHANGE MAY ADVERSELY AFFECT A PURCHASER UNDER CONTRACT WHO HAS RECEIVED A CONDOMINIUM INFORMATION STATEMENT BUT WHO HAS NOT YET CLOSED, DECLARANT SHALL FURNISH A COPY OF THE AMENDMENT TO THAT PURCHASER BEFORE CLOSING. THIS CONDOMINIUM INFORMATION STATEMENT MAY NOT BE CHANGED OR MODIFIED ORALLY.

By signing below, Declarant certifies that it is the preparer of the narrative portion of this Condominium Information Statement within the meaning of Section 82.152 of the Act. Declarant has no actual knowledge of any false or misleading statement or any omission of material fact in any portion of this Condominium Information Statement, including the exhibits hereto.

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Dated: _____, 2008.

AVENIDA DE PALMAS, LTD., a Texas limited partnership

By: Montana/Palmas, LLC, a Texas limited liability
company, its General Partner

By: _____

Printed Name: _____

Title: _____

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EXHIBIT "A"
MASTER DECLARATION