

Villages of Westcreek Owners' Association, Inc.
Administrative Resolution No. 27

VILLAGES OF WESTCREEK OWNERS ASSOCIATION
RESOLUTION OF THE BOARD OF DIRECTORS
REGARDING ACCEPTANCE OF LOAN FROM
COMMUNITY NATIONAL BANK

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

WHEREAS, The Villages of Westcreek Subdivision (hereinafter the "Subdivision") is a residential subdivision located in Bexar County, Texas; and,

WHEREAS, the Subdivision is subject to mandatory deed restrictions, being the Declaration of Covenants, Conditions and Restrictions for The Villages of Westcreek, executed on January 23, 1987, recorded in Volume 3921, Page 1961, Official Public Records of Real Property of Bexar County, Texas, as amended (hereinafter the "Declaration"); and,

WHEREAS, pursuant to the Declaration, a Texas non-profit corporation known as The Villages of Westcreek Owners Association, Inc. (hereinafter the "Association") was formed to serve as the mandatory membership organization for owners of land within the Subdivision; and,

WHEREAS, the affairs of the Association are further governed by the Bylaws of The Villages of Westcreek Owners Association (hereinafter the "Bylaws"); and,

WHEREAS, pursuant to the Declaration and Bylaws, the Association's management is vested in the Board of Directors elected by the members of the Association (hereinafter the "Board") and,

WHEREAS, Article VII, Section 7.13 of the Bylaws of the Association states that the Board may do all such acts and things on behalf of the Association except those which by law, by the Bylaws or by the Declaration of Covenants, Conditions, and Restrictions may not be delegated to the Board of Directors; and,

WHEREAS, Article VII, Section 7.14(f), of the Bylaws provides that the Board has the power and duty "to borrow funds to pay any costs of operation as the Board may determine to necessary and appropriate"; and,

WHEREAS, the Association has purchased a 24.98 acre parcel of land in Phase II of the Subdivision from the developer, Sowell Property Partners-Westcreek, L.P., for additional common area for the purpose of constructing a community center and an additional swimming pool to serve

existing residents and anticipated residents of the 1200 plus homes to be constructed in Phase II of the Subdivision; and,

WHEREAS, COMMUNITY NATIONAL BANK, Post Office Box 1609, Castroville, Texas 78009 (hereinafter the "Lender") has committed to lend to the Association the amount of \$1,600,000.00 for the construction of a community center and an additional swimming pool to serve existing residents and future residents of the Subdivision, to include the remaining cost of the 24.98 acre parcel of land, at the interest rate of 8% per annum for a period of 21 years (first year interest only), and thereafter for a 20 year term, in monthly installments, of Thirteen Thousand, Three Hundred Eighty-Three and 20/100 Dollars (\$13,383.20) through a Letter of Commitment dated August 31, 2005 (hereinafter the "Loan"); and,

WHEREAS, there is a requirement by the Lender for the existing 18.9 acres of the Sports Park of the Subdivision and all permanent improvements thereon to be included, along with the 24.98 acre parcel and all permanent improvements being purchased and located thereon, to be used as collateral for the Loan; and,

WHEREAS, there is a requirement by the Lender for the Association to grant to Lender a security interest in all homeowners' association dues and assessments levied on the property of owners of the Villages of Westcreek Owners' Association, Inc., and an assignment of all rents, revenues and profits from any income generated by the contemplated improvements on the Property that will be pledged as security for the Loan, and,

WHEREAS, there is a requirement by the Lender for the Board to covenant with the Lender that the annual assessments that the Association collects from the Members/Property Owners of the Association will be now and hereafter sufficient to pay the debt incurred by the loan and authorizing Lender to collect said assessments in the event the Association is either unable to collect said assessments or becomes in default on said loan,

NOW, THEREFORE, BE IT AND IT IS HEREBY RESOLVED THAT:

1. The Villages of Westcreek Owners' Association, Inc. shall borrow the sum of ONE MILLION SIX HUNDRED THOUSAND AND NO/100 DOLLARS (\$1,600,000.00) from COMMUNITY NATIONAL BANK for the construction of a community center and an additional swimming pool to serve existing residents and future residents of the Subdivision, to include the remaining cost of the 24.98 acre parcel of land, at the interest rate of Eight Percent (8%) per annum for a period of 21 years (first year interest only), and thereafter for a 20 year term, in monthly installments, of Thirteen Thousand, Three Hundred Eighty-Three and 20/100 Dollars (\$13,383.20), the terms and conditions of which are contained in the Letter of Commitment dated August 31, 2005; and,

2. In connection with the Loan, the annual assessments that the Association collects from the Members/Property Owners of the Villages of Westcreek Owners' Association, Inc. will be now and hereafter sufficient to pay the debt incurred by the Loan, and authorizes Lender to collect said assessments in the event Villages of Westcreek Owners' Association, Inc. is either unable to collect said assessments or becomes in default on said loan

By signing below, we certify that this resolution was approved by at least a majority of the Association's directors at a properly called meeting or by written unanimous consent.

SIGNED this ____ day of September, 2005.

VILLAGES OF WESTCREEK
OWNERS ASSOCIATION

By: _____
Duane Larkin, President

ATTEST:

Garrett Doyle, Secretary

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

I hereby certify that the foregoing instrument was acknowledged before me, the undersigned Notary, by the person whose name and signature appears above, on the date of execution set forth above.

Notary Public, State of Texas

AFTER RECORDING RETURN TO:

Richard Wesley Russell
1313 Lorenzo, No. 1
Castroville, TX 78009