

vehicles, screen prospective tenants for felony convictions and gang membership and not to rent to them, board up vacant units and file a trespass affidavit with the local Houston Police Department substation.

C. The parties agreed to the appointment of a receiver on March 26, 2013.

1. The Court, therefore, finds that a Receiver under Texas Civil Practice and Remedies Code § 125.046 to carry on all the duties of the Council, including providing for the maintenance and security at Le Promenade, is warranted to abate the common nuisance occurring at Le Promenade Townhomes.

2. The Court finds that this Order should be approved and that Gerald Womack of Womack Development Corp., 4412 Almeda, Houston, Texas 77004, should be appointed Receiver.

IT IS THEREFORE ORDERED AS FOLLOWS:

1.0 Appointment of Receiver; Oath and Bond

1.1 Gerald Womack (hereinafter the "Receiver" is hereby appointed Receiver of all Receivership Assets described herein.

1.2 The Receiver's bond is hereby set in the amount of One Thousand AND No/100 DOLLARS (\$ 1,000).

1.3 The Receiver shall maintain a bond in the amount set by the Court for the entire duration of the Receiver's service.

1.4 The Receiver shall file a report with the Clerk of this Court regarding any change in sureties or other changes to the bond, any lapse or forfeiture of a bond, and shall serve a copy of his report on all parties of record. The Receiver shall file such a report and serve copies on the parties immediately after he receives actual or constructive notice of the event requiring the

report, but in any event, no later than THREE (3) business days after actual or constructive notice to the Receiver.

2.0 Objectives of Receivership; General Duties of Receiver

2.1 The Receiver shall implement the principal objectives of the Receivership listed herein, perform such other duties as applicable law prescribes, and perform such other duties as the Court may from time to time prescribe.

2.2 The principal objectives of this Receivership shall be as follows:

- A. To secure and inventory all Receivership Assets;
- B. To ascertain the nature and extent of all assets and liabilities of Le Promenade Council of Co-Owners, Inc.;
- C. To ascertain what actions are needed to secure all assets and satisfy all liabilities of Le Promenade Council of Co-Owners, Inc.;
- D. To determine what actions are needed to maintain and secure the common areas at Le Promenade Townhomes;
- E. To determine how to fund the requirements set out in the Agreed Final Judgment and Injunction and continue to implement those security measures;
- F. To assess all Receivership Assets and periodically, as laid out herein, report to the Court on the financial ability of the Council to fund the security measure set out in the Agreed Final Judgment and Injunction, and to fund any needed maintenance on the property.

3.0 Tenure of Receiver, Duration of Receivership

3.1 Once qualified, the Receiver shall continue in his capacity as Receiver and shall perform his duties as Receiver for a period of one year. The Court may discharge the Receiver prior to the

one year period if a Successor Receiver is appointed by the Court for the remainder of the one year period and qualifies for the office by filing his bond and oath with the clerk of the Court.

4.0 Receivership Assets

The following assets, hereinafter referred to as Receivership Assets, are hereby placed in the custody and control of the Receiver:

4.1 All monies and other intangible assets owned by the Council, including without limitation, all bank accounts and all current accounts receivable, all future accounts receivable, all maintenance fees due and owing, and all checks for maintenance services in the possession or control of the Defendants;

4.2 All real property (whether held in fee, by lease, by easement or otherwise, held in the name of the Council;

4.3 All maintenance equipment that the Council has custody and control over;

4.4 All records and legal documents of the Council, including but not limited to the following:

A. All documents evidencing bills, payments and receipts for maintenance fees;

B. All bank statements

C. Income and property tax records including personal Form 1040 Schedule c or other tax forms reflecting income or expenses attributable to the Council;

D. Any general ledgers, income statements or balance sheets;

E. All records of maintenance fees paid by owners of Le Promenade Townhomes;

F. All records of any legal action or collection procedures taken by the Council or against the Council;

G. All recordations, memorandums, or notes of any board meetings of the Council

H. The By-Laws for the Le Promenade Townhomes;

I. All electronic or computer-based documents, tables, e-mails and other information relating to the Council that may be stored on computer hard drives, computer discs of any kind, data storage devices or other electronic data storage devices;

J. All instructions describing how to retrieve, organize, or display electronic or computer-based documents, tables, e-mails and other information relating to the Council, whether the instructions are in electronic or hard-copy format;

K. True and correct copies of all deeds, easements, rights of way, instruments, notes, deeds of trust, bills of sale, financing statements, and any other legal documents showing title to any real or personal property used in connection with the Council or any liens or encumbrances thereon.

5.0 Transition to Receivership – Information Defendant is to Provide to Receiver

5.1 Within THREE (3) business days after the Receiver takes the oath and files the oath and bond with the Court, the Receiver shall serve all counsel of record with a true and correct copy of the bond and oath as filed and signed. These copies will be presumed to have been received within THREE (3) calendar days of the date they were sent.

5.2 Immediately upon receipt of the copy of the bond and oath by counsel of record for the Defendants:

A. The Defendants shall immediately provide a copy of this Order to any of its agents, employees, or any person acting on its behalf, who:

1. has possession or control of any Receivership Assets; or
2. is receiving or collecting any fees, monies from owners at Le Promenade

Townhomes.

B. The Defendants, their agents, employees, or any person acting on their behalf, shall turn over exclusive possession and control of Receivership Assets to the Receiver.

C. The Defendants, their agent, employees, or any person acting on their behalf, shall immediately cease collecting any fees, monies from owners at Le Promenade Townhomes that are owed to the Council.

D. The Defendants, their agents, employees, or any person acting on their behalf, shall direct any owner at Le Promenade Townhomes who owes money to the Council to tender the money to the Receiver;

E. The Defendants, their agents, their employees, or any person acting on their behalf, shall forward any correspondence relating to the Council then in hand to the Receiver and shall forward any additional correspondence as it is received.

F. Within two weeks of his appointment, the Receiver will call a meeting of the Le Promenade Council of Co-Owners Inc. to introduce himself and explain his responsibilities and duties.

6.0 Authority of Receiver

6.1 Upon taking the required oath and filing it along with the required bond, the Receiver is authorized, subject to the control of the Court, to take any action necessary to lawfully and properly conduct the business of the Council, including the following:

A. Taking control of the Property.

B. Collecting and taking possession of the Receivership Assets, wherever they may be located;

C. Collecting all maintenance fees due from the Owners of the Property by check, money order, or other traceable form.

D. Making any repairs necessary to bring the property into compliance with minimum standards in local ordinances;

E. Making payments necessary for the maintenance or restoration of utilities to the Property.

F. Affirming, renewing, or entering into a new contract providing for insurance coverage on the property, if necessary;

G. Exercising all other authority that an owner of the Property would have except for the authority to sell the Property;

H. Ensuring the protection and preservation of Receivership Assets;

I. Providing continuous maintenance and security at the Property, including without limitation:

1. **Security**: Maintain at least two uniformed certified peace officer and two licensed security guards to secure the Property, and have one peace officer and one security guard at least once an hour patrol all parking lots, courtyards, breezeways, and other common areas at Le Promenade Townhomes in 8-hour shifts that are randomly assigned between 4 p.m. until 4 a.m. Monday through Saturday, and another mandatory shift from 6 a.m. until 10 a.m. Monday through Friday or as determined by the receiver; or as determined by the receiver

2. **Activity Log**: Have each peace officer complete an "Activity Log" documenting for each shift worked the following information:

a) start date, day, and time of shift; b) end date, day, and time of shift; officer names, badge numbers, and telephone contact information; d) any criminal or suspicious activity observed during the shift; e) contact information for all complainants; f) all information concerning any

repair or replacement; h) note any person of school age identifiable either because they are wearing a school uniform or is a purported student who is at the Property during Houston Independent School District (HISD) school hours and call the Le Promenade office manager at 713-541-5812 and an HISD security officer at 713-771-7215 and identify themselves and let them know that students are on the Property during school hours, and h) note on the log the time and date of any gang graffiti observed on the Property. The activity logs must be maintained by the Defendants at the Property until final judgment in this case and shall be provided to law enforcement upon request.

3. Video Surveillance: Maintain security cameras located at Le Promenade Townhomes and make sure they are operable and recording at all times throughout the Property for each building on the Property, including Buildings A through T, and C1 and C2, L1 and L2, and O1 and O2, and one camera for the courtyard next to each building. These cameras shall be accessible through the Internet and remotely through cell phones. Ensure that the Digital Video Recorder (DVR) has the ability to record and store streaming video for more than 30 days, has the capability to burn DVD's and capability to download video to a USB portable storage device. The Digital Video Recorder must record at all times, 24 hours a day/ 7 days a week. And all camera recordings shall display the date and time of the recording. Make the digital video recording available to law enforcement personnel upon request.

4. Defendants who rent their property must screen prospective renters, charge market rent for all rented units, and require renters to pay for their water use:

A. Screening renters: All defendant owners who rent their units must submit a copy of the lease to the Council. The lease must be a standard lease, substantially similar to those provided by the Texas Apartment Association (TAA), including the TAA condominium lease

agreement form K, L-1 or L-2, or the TAA apartment lease agreement form A, B-1 or B-2, or the Texas Association of Realtors residential lease, modified to include a provision that states that the owner will not lease to anyone convicted of any felony, violent crime, sex crime, narcotics offense, or has an association with any gang activity; and that all prospective tenants and occupants 18 years or older present a photo identification that can be issued from any country, and state the name and address of each person who will be occupying the condominium unit. Each defendant owner who rents a unit shall submit written proof to the Council that a background check has been run on each tenant. The documents submitted shall be kept in a Council file for review and made available to all parties to this suit through their counsel.

B. **Managing Renters**: All defendant owners who rent their units to require that all persons living in a unit be listed on the lease and that the occupancy limits for each unit as set out in the Le Promenade Townhomes By-Laws be followed. The Receiver is authorized to secure and lease abandoned units where owners cannot be found and offset costs against rents. Copies of all leases and documents required herein shall be forwarded to the Council and kept in a file that can be made available to all parties to this suit through their counsel.

C. **Market Rent**: The receiver shall immediately establish upon appointment a schedule of market rents for the property. All defendant owners shall be required to lease or release at an amount no less than the market rents as established by the receiver. Rent must be paid in a form that is documentable. Proof of payment of the monthly rent shall be copied and given to the Council for filing and kept in a file that can be made available to all parties to this suit through their counsel.

D. **Water Usage**: All defendant owners shall be required to charge their tenants a fee per unit, adjusted by number of bedrooms, as determined by the Receiver for water use. Payment of

the monthly water fee by the tenant must be by check or other documented form. A copy of the check or other written proof of payment of the monthly water fee must be kept by the Council and made available to all parties to this suit through their counsel.

5. **Council By-Laws**: Follow all the Council By-Laws, including requiring that three unrelated people be appointed to the Council's Board of Directors. and, if there is a vacancy, that person must be replaced within two weeks. The meeting of the Board of Directors shall be monthly or as needed as determined by the receiver.
6. **Gang Deterrence**: Inform security staff as soon as possible when they see gang activity, including gang members, lingering around the Property. Also inform security staff when they observe graffiti at the Property. Remove all graffiti from all areas of the Property within 24 hours of the first observation of the graffiti.
7. **Lighting**: Inspect the Property for any burnt out or missing lights, and any damaged or missing light fixtures and repair or replace them immediately, and to install and use lighting on the property to eliminate dark spaces in areas, including, but not limited to, parking lots, courtyards, trash receptacle areas, mailrooms, laundry rooms, and walkways; and illuminate building numbers.
8. **Fencing**: Maintain the 8-foot entrance gate at the Property so that it is operable and restricts entry into the Property for owners, and residents, or their guests only.
9. **Board up abandoned units, broken windows and remove abandoned vehicles**: Within one week of vacancy, board up any abandoned condominium units with broken windows and broken doors on the Property so those units do not cause a safety hazard to residents and so that vagrants or animals do not enter, and remove abandoned or junked vehicles that are inoperable or being dismantled for parts. Defendants who have units that are boarded up under this provision do so

only on a temporary basis. Defendants have three months from time of vacancy to make permanent repairs to the unit.

10. **Name Change:** Within 90 days the signing of the Agreed Judgment and Injunction by the Court the defendants shall legally change the name of the condominium complex at 7400 Bissonnet as displayed to the public and the tenants.

11. **Hiring specialized experts,** including, but not limited to plumbers, electricians, roofers, engineers, as necessary to assess maintenance needs at the complex to comply with City of Houston Code and all required codes. This includes hiring experts to investigate the causes for the high water bills at the Property.

12. **Accepting and Receiving funds** for providing maintenance and security at the Property.

13. **Receiving all payments** due and owing for maintenance and security at the Property as the bills become due and services are rendered.

7.0 Hiring Professions and Consultants:

7.1 The Receiver may hire accountants, attorneys, engineers, plumbers, roofers, consultants, or others as necessary to fulfill his duties relating to the Council and pay them out of income from the Council as bills come due and services are rendered:

7.2 The Receiver's authority to make any expenditures of the type described in Paragraph 7.1 is limited as follows:

A. The Receiver may not contract for, or incur attorney's fees in excess of TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500.00) in the aggregate for the duration of his receivership, unless otherwise approved by the Court.

B. The Receiver must receive prior court approval for any expenditure in excess of \$10,000 if making any repairs necessary to bring the property into compliance with minimum standards in local ordinances and purchasing materials necessary to accomplish repairs.

8.0 Sale or Transfer of Property:

8.1 Nothing contained herein shall be construed to authorize the Receiver to sell or transfer the Property.

9.0 Financial Limitations: Depositories:

9.1 The Receiver shall not incur expenses or make expenditures on behalf of the Council that are not reasonably necessary to accomplish his duties as outlined in this Order.

9.2 The Receiver shall not make expenditures not authorized by this Order unless specifically ordered by the Court upon a motion agreed to by the parties or upon notice and a hearing.

9.3 The Receiver shall hold all funds received on behalf of the Council in federally insured bank accounts in amounts that do not exceed federal insurance coverage limits for any account the Receiver maintains. The Receiver may pay the Council expenses authorized by this Order or subsequent orders of this Court from these bank accounts.

10.0 Receiver's Compensation:

10.1 The Receiver's compensation shall consist of a monthly fee of 10% of collected maintenance fees plus costs, subject to the following conditions:

10.2. The Receiver's compensation shall be paid monthly out of the Council's maintenance fee account. If the maintenance fee account does not have enough income to pay for the Receiver's compensation and the Receiver's duties under this Order, the Receiver shall immediately request a hearing before the Court, with three days notice to all parties of record.

10.3 Costs include reasonable travel expenses, postage, copying, faxing or incidental office expenses.

11.0 Inventories, Reports and Records

11.1 FILING AND SERVICE LIST: The Receiver shall file all reports described in paragraphs 11.2-11.4 below with the Clerk of this Court on or before the deadlines prescribed therein. The Receiver shall also serve copies on all parties of record.

11.2 INVENTORY AND SUPPLEMENTAL INVENTORIES: Within thirty (30) days after filing his oath, the Receiver shall file an inventory of all property of the Council. If the Council obtains additional property, the Receiver shall file a supplemental inventory nothing the acquisition as soon as practicable. The Receiver shall file the inventory and all supplemental inventories with the Clerk of this Court and serve a copy on each party of record.

11.3 MONTHLY REPORTS: The Receiver shall produce complete reports on all Council activities for each calendar month or portion of a calendar month during his tenure. Each monthly report shall be filed with the Clerk of this Court and a copy served on each party of record not later than the last day of the following month (for example, a report for January 2013 shall be filed and served on the parties not later than February 29, 2013). Each monthly report shall contain, at a minimum, records of all Council business transacted and the status of all accounts.

11.4 FOUR-MONTH STATUS REPORT: On or before the last day of the calendar month, four months following the day this Order is signed, the Receiver shall complete and file a report that contains at a minimum the following information:

A. the condition of the Council's finances and a statement of whether the Council's revenues are adequate to maintain and secure the Property as set out in Receiver's duties above.

B. a description of any repairs or replacements needed to the infrastructure of the common areas of the Property to be in compliance with all local codes and ordinances, and whether there are any water leaks, roofing leaks or plumbing problems that require immediate attention.

C. a description of any changes in Council business accounting and bookkeeping that were implemented by the Receiver and any additional changes that the Receiver recommends for the future.

D. a description and analysis of potential options for accomplishing the goals described in Paragraph 11.4A and 11.4B. Subject to limits on expenditures set forth in this Order, the Receiver is not limited as to the number or type of options he may analyze. The options may include, without limitation, the following:

(1) a description of what repairs or replacements of the infrastructure of the common areas at the Property that need to be made in order to bring it into compliance with local codes and regulations.

(2) an analysis of the income and expenses of the Council and how the Council could improve its bottom line so it can pay for the needed maintenance and security.

(3) an analysis of the crime committed at Le Promenade Townhomes and what tools could be used to reduce and ultimately abate the habitual criminal and gang activity.

11.5 PROFESSIONALS AND CONSULTANTS FOR FOUR-MONTH STATUS REPORT:

Subject to the terms and limitation stated herein, the Receiver may hire professionals and consultants, if they are reasonably needed to assist him in preparing the report required by

Paragraph 11.4. The expenses incurred in generating and filing the report required by Paragraph 11.4 shall not be included as part of the Receiver's regular compensation.

11.6 EXPENDITURE LIMIT ON ONE-YEAR STATUS REPORT:

Notwithstanding any other provisions in this Order, the total cost of generating and filing the report required by Paragraph 11.4 shall not exceed \$8,000 unless additional costs are approved by the Court.

11.7 FINAL ACCOUNTING: Prior to his discharge, the Receiver shall prepare a final accounting, including a summary of his activities, and a summary of all assets and liabilities of the Council subject to his control as receiver. A copy of the report will be served on all parties and must be approved by the Court.

11.8 RECORDS: The Receiver shall be responsible for maintaining all Council records. The Receiver may designate and compensate an agent to keep Council records on his behalf, so long as it does not unreasonably interfere with his ability to make records available as provide in Paragraph 11.9 hereof.

11.9 MAKING RECORDS AVAILABLE: Regardless of whether the Council records are in the Receiver's possession or in the possession of the Receiver's agent, the Receiver shall make the records readily available to counsel of record for any party to this lawsuit for inspection and copying during normal business hours, provided a written request is made and copies served on all other counsel of record.

12.0 Notification of Receiver

12.1 For the purpose of notice to or delivery of any item to the Receiver, the Receiver's address is 4412 Alameda. The Receiver's telephone number is 713-523-7402 and his fax number is

713-522-9940

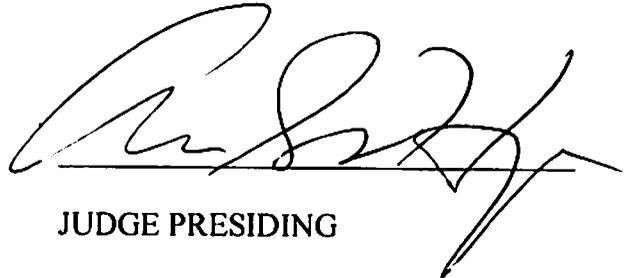
13.0 Miscellaneous:

13.1 Plaintiff is allowed such writs and processes as may be needed for the enforcement of this Order. The Receiver will post this Order at the property and no further service is required.

13.2 This Order may be executed in multiple parts, which together shall constitute a single original instrument. Any executed signature page to this Order may be transmitted by facsimile transmission to the other parties, which shall constitute an original signature for all purposes.

13.3 It is further ordered that the Defendants, the Receiver, and another on their behalf shall not make and this Court will not approve any claim against the State of Texas or any of its agencies, agents, servants, employees for any fees, costs, expunges, damages, or any other monetary claims incurred in relation to this receivership.

Signed on: March 26, 2013



JUDGE PRESIDING