



**DECLARATION OF CONDOMINIUM
FOR
THE PALMS AT COVE VIEW, A CONDOMINIUM**

September 5, 2007

AFTER RECORDING RETURN TO:

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RECORD AND RETURN TO
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Exhibit List

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Part II - Bylaws
- Exhibit "B" Condominium Plan
Part I - Legal Description of Land
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Part III - Plan of Each Building (including Units)
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Part V - Parking (Garage/Parking Space) Assignments
(Limited Common Elements)
- Exhibit "C" Easements and Licenses

**DECLARATION OF CONDOMINIUM
FOR
THE PALMS AT COVE VIEW, A CONDOMINIUM**

This Declaration of Condominium (this "**DECLARATION**") is made and executed this 5th day of September, 2007, by The Palms at Cove View LP, a Texas limited partnership ("Declarant"), pursuant to and in accordance with the provisions of the Texas Uniform Condominium Act, as now existing or hereafter amended, the same being Chapter 82 of the Property Code, Vernon's Texas Code Ann. (the "Act"), for the purpose of submitting the hereinafter described real property and the improvements located or to be located thereon to a condominium regime.

WITNESSETH

WHEREAS, Declarant is the owner of certain real property (the "Land") and the improvements constructed thereon ("The Palms at Cove View" or the "Condominium"), situated in the County of Galveston, State of Texas, consisting of seventeen (17) buildings containing 208 individual residential units therein, one clubhouse building, and certain other improvements located thereon more particularly described in the Condominium Plan (hereinafter defined), and

WHEREAS, Declarant desires by recording this Declaration to establish a condominium under the provisions of the Act with respect to the Condominium, and has on or about the date hereof caused to be formed, a Texas non-profit corporation known as The Palms at Cove View Condominium Association, Inc.;

NOW, THEREFORE, Declarant does upon the recording hereof establish **THE PALMS AT COVE VIEW, A CONDOMINIUM** as a condominium and does declare that The Palms at Cove View, a Condominium shall, after such establishment, be held, conveyed, hypothecated, encumbered, leased, rented, occupied, improved and in any other manners utilized, subject to the provisions of the Act and to the covenants, conditions, restrictions, uses, limitations and affirmative obligations set forth in this Declaration, all of which shall be deemed to run perpetually with all or any portion of The Palms at Cove View, a Condominium unless terminated as provided herein and shall be a burden and a benefit to, and binding on, Declarant and any persons or entities acquiring or owning any interest in The Palms at Cove View, a Condominium, and their respective heirs, devisees, legal and personal representatives, successors and assigns. In furtherance of the establishment of the Condominium, it is provided as follows:

1. Definitions. Unless the context otherwise specifies or requires, the following words and phrases when used herein shall have the following meanings:

A. *Act* shall have the meaning set forth in the introductory section of this Declaration.

B. *Assessment.* A share of the funds required for the payment of Common Expenses which from time to time are assessed against any Owner, including Regular Assessments, additional Assessments (as set forth in Section 11C hereof), Special Assessments, Individual Purpose Assessments, dues, fees, charges, interest, late fees, fines, collection costs, service charges, administrative fees, attorneys fees, and any other amounts due to the Association by the Owner or levied against the Unit by the Association.

C. *Association.* The Palms at Cove View Condominium Association, Inc., a nonprofit corporation organized pursuant to the Texas Non-Profit Corporation Act, its successors and assigns, of which all Owners shall be members, which corporation shall be the governing and administrative body for all Owners for the protection, preservation, upkeep, maintenance, repair, operation and replacement of the common elements, and the government, operation and administration of the Condominium and the Condominium hereby established.

D. *Balcony.* Those area(s) shown on the Condominium Plan for the use of certain Unit(s) assigned to such Unit(s) as a Limited Common Elements. Not all Units have a Balcony.

E. *Board or Board of Directors.* The Board of Directors of the Association, as established in the Articles and the Bylaws.

F. *Building(s)* The term "Building" in the singular shall be a reference to one of the seventeen (17) residential buildings situated on the Land and the term "Buildings" shall be a reference to all of the residential buildings as shown on the Condominium Plan.

G. *Bylaws.* The Bylaws of the Association attached hereto as Exhibit "A", Part II, and incorporated herein by reference for all purposes, which shall govern the administration of the Association, as such Bylaws may be from time to time hereafter lawfully amended.

H. *Casualty.* A fire, storm, earthquake, flood, natural disaster or other occurrence of any kind or nature which causes damage or destruction to any part of the Condominium.

I. *Certificate of Formation* means the Certificate of Formation - Non-Profit Corporation of the Association, and all amendments thereto. A copy of the Certificate, as filed (or which will be filed) in the office of the Secretary of State, is attached hereto as Exhibit "A", Part I.

J. *Common Element Costs* shall have the meaning set forth in Section 14.B hereof.

K. *Common Elements.* Shall constitute all of the General Common Elements and all of the Limited Common Elements of the Condominium, exclusive of the Units, as more particularly described in Section 3 hereof.

L. *Common Expenses.* Expenses incurred after the date the first Deed conveying a Unit is recorded in the Real Property Records of Galveston County, Texas, for the improvement, maintenance, repair, operation, management and administration of the Condominium; expenses declared Common Expenses either by the provisions of this Declaration or the Bylaws; and all sums lawfully assessed against the Common Elements by the Board. Common Expenses shall include sums assessed to maintain a Replacement Reserve Fund for the repair and replacement of the Common Elements.

M. *Common Expense Fund* shall mean the fund into which Regular Assessments for Common Expenses are collected, and out of which Common Expenses are paid

N. *Condominium Documents:* (i) this Declaration, (ii) the Certificate of Formation; (iii) the Bylaws; (iv) the Rules and Regulations and (v) the Condominium Plan.

O. *Condominium Plan.* The plans or plats of the Condominium attached hereto as Exhibit "B", comprised of the following parts:

- (i) Part I - a legal description of the Land;
- (ii) Part II - a plat of the Condominium showing the location of the Buildings and related improvements;
- (iii) Part III - a plat of each of the Buildings showing, among other matters, each Unit in each Building, its boundaries (horizontal and vertical), area, floor and Unit number; and
- (iv) Part IV - Percentage ownership interests allocated to each Condominium Unit.
- (v) Part V - Parking (Garage/Parking Space) Assignments (Limited Common Elements).

P. *Condominium.* The Palms at Cove View, a Condominium as a Condominium established in conformance with the provisions of the Act, including the Land, and improvements (including the Buildings), buildings, structures, facilities, fixtures and equipment constructed, placed or erected therein or thereon and to be renovated, and all easements, rights, hereditaments and appurtenances thereto in any wise belonging or appertaining thereto, subject to the reservations herein contained.

Q. *Condominium Unit.* A Unit together with the undivided share of or ownership interest in the Common Elements appurtenant thereto which interest in

General Common Elements corresponds to its Percentage of Common Interest Ownership as more particularly described in Section 6.E. hereof, together with the rights of that Unit in any Limited Common Elements designated for that Unit, whether exclusively or in conjunction with one or more of the Units.

R. *Declarant.* The Palms at Cove View LP, a Texas limited partnership its successors and assigns (insofar as any rights or obligations of Declarant are expressly assigned by it in whole, in part or by operation of law), including, but not limited to, a person, firm, corporation, limited liability company, partnership, association, trust or other legal entity, or any combination thereof, who or which acquires all or substantially all of the Units then owned by Declarant, together with its rights hereunder, by conveyance or assignment from Declarant, or by judicial or nonjudicial foreclosure, for the purpose of selling such Units to the public.

S. *Declaration.* This Declaration of Condominium.

T. *Deed.* Each Deed by which Units are conveyed by Declarant to Owners other than Declarant.

U. *Development Rights* shall mean the Development Rights reserved by the Declarant as set forth in Section 2, Paragraph B hereof.

V. *Director.* A member of the Board.

W. *Eligible Mortgagee.* A Mortgagee holding a mortgage on a Unit, which has submitted a written request that the Association notify it on any proposed action requiring the consent of a specified percentage of Eligible Mortgagees.

X. *First Mortgage* shall mean a mortgage, deed of trust, or other security interest on a Condominium Unit which has priority over all other mortgages, deeds of trust, or security interests on the Condominium Unit.

Y. *First Mortgagee* shall mean and refer to any person named as a mortgagee or beneficiary under any First Mortgage, or any successor to the interest of any such person under such First Mortgage.

Z. *Garage* shall mean an enclosed one car or two car garage which is/are either (i) attached to and made a part of a Unit as shown on the Condominium Plan, or (ii) assigned to a Unit as a Limited Common Element as shown on the Condominium Plan.

AA. *General Common Elements* shall mean the Land and all buildings and other improvements thereon except the Units and Limited Common Elements, and shall include, without limiting the generality of the foregoing, all of these items described or referenced in Section 3 hereof.

BB. *Land*. A fee simple tract or parcel of land containing approximately 5.600 acres being described in Exhibit B, Part I.

CC. *Limited Common Elements* shall mean those Common Elements which are either limited to and reserved for the exclusive use of one Owner, or limited to and reserved for the common use of more than one, but fewer than all, of the Owners, and shall include, but not be limited to, all of those items described or referenced in Section 3 hereof.

DD. *Majority of Unit Owners* means the Owner or Owners of Units whose aggregate undivided Percentages of Common Interest Ownership in the Common Elements is in excess of fifty percent (50%).

EE. *Managing Agent* shall mean any professional manager (whether a person or firm) who contracts with the Board to manage the Condominium for an agreed compensation.

FF. *Master Policy*. The master insurance policy maintained by the Association pursuant to Section 13 hereof.

GG. *Mortgagee*. A bank, savings and loan association, insurance company, mortgage company, real estate investment trust, recognized institutional-type lender or its loan correspondent, agency of the United States government, person, corporation, limited liability company, partnership, association, trust corporation or other legal entity (including, without limitation, Declarant) which owns, holds, is the beneficiary of or collateral assignee of the beneficiary of a mortgage, deed of trust or security interest encumbering a Condominium Unit.

HH. *Owner*. A person or persons (or their estate(s), firm, corporation, limited liability company, partnership, association, trust or other legal entity, or any combination thereof) who or which jointly or collectively own aggregate fee simple record title to one (1) or more Units, including, without limitation, Declarant, but does not include a person or entity having an interest in a Unit solely as security for an obligation, or a person or entity having an equitable interest in a Unit by virtue of, without limitation, an installment land contract, a contract for deed, a lease with an option to purchase, or purchase option.

II. *Patio* means a patio appurtenant to a Unit, as depicted on the Condominium Plan. Any such Patio shall be deemed to constitute a Limited Common Element appurtenant to the Unit. Not all Units have a Patio.

JJ. *Percentage of Common Interest Ownership*. The percentage of common interest ownership assigned to each Unit pursuant to Section 6.E. hereof.

KK. *Person*. A natural individual, corporation, limited liability company, partnership, trustee, association, personal representative or other legal entity capable of holding title to real estate.

LL. *President.* The President of the Board.

MM. *Record of Mortgages* shall have the meaning set forth in Section 18 A.

NN. *Regular Assessments.* Assessments which are described in Section 11.A hereof.

OO. *Replacement Reserve Fund* shall constitute the fund, funded by a portion of the Common Expenses and/or by purchasers of Units as provided in Paragraph 11C hereof, for the purpose of replacing those Common Elements which must be replaced on a periodic basis

PP. *Rules and Regulations.* The Rules and Regulations of the Association, the initial version of which are attached to the Bylaws as Schedule "A", as from time to time amended by the Board in accordance with the provisions of this Declaration and the Bylaws, concerning the use by Owners of the Common Elements and the administration of the Condominium.

QQ. *Secretary.* The Secretary of the Board.

RR. *Special Assessments* Assessments other than those described in Section 11.A hereof.

SS. *The Palms at Cove View, a Condominium.* The Condominium.

TT. *Unit.* One of the separate and individual units of space into which the Buildings are divided for individual and separate use and ownership, as provided for in the Act and described in this Declaration and the plats attached hereto, including the air space encompassed by the boundaries of the Units, and interior surfaces contained within the demising walls, closed doors and closed windows of the Unit and the structural floor and ceiling of such Unit as shown on the Condominium Plan, also including all fixtures and improvements therein contained, but not any of the structural components of the Buildings, and certain other construction and elements thereof or therein which are to be individually and separately owned, as hereinafter defined, described and established in this Declaration. As to those Units which have an enclosed Garage on the first floor (ground floor) which is attached to the Unit, such Garage shall be part of the Unit. As to two Units which have an enclosed storage space, such enclosed storage space shall be part of the Unit.

UU. *Unit Costs* shall have the meaning ascribed thereto in Section 14.B. hereof.

2. The Condominium, Development Rights.

A. *Units.* The individual Units, more particularly described in Section 6 hereof, are to be used only for the purposes permitted in Section 15 hereof. Each Owner shall own title in fee simple to his or her Unit and shall have the exclusive right to the use and occupancy of his or her Unit, subject to the provisions of this Declaration. There shall be appurtenant to each Unit:

- (i) An undivided share of the General Common Elements corresponding to its Percentage of Common Interest Ownership and the exclusive right to use such Limited Common Elements as are appurtenant to such Unit; and
- (ii) Membership of the Owner in the Association.

B. *General Development Rights.* Subject to the provisions of Paragraph 6.F., the Declarant reserves the right to (i) create Units, Common Elements, or Limited Common Elements within the Condominium, (ii) subdivide Units, combine Units or convert Units into Common Elements, and (iii) convert common elements into Units.

3. Common Elements. The Common Elements of the Condominium are as follows:

A. *General Common Elements.* The General Common Elements consist of:

- (i) The Land, including all drives, driveways, sidewalks, outside walkways, controlled access facilities, landscaping and parking areas;
- (ii) The foundations, main, common and bearing walls, girders, slabs, beams and columns (excluding any windows, doors, door frames, thresholds, and garage doors therein constituting fixtures appurtenant to, or serving the individual units), exterior walls to interior of studs, structural and supporting parts of the Buildings, roofs, ceilings, floors, halls, mechanical rooms, areas used for storage of maintenance and janitorial equipment and materials, thoroughfares such as stairways, entrances, exits or communications ways, storage areas, service easements and any other portion of the Buildings not included within any Unit or designated hereby as a Limited Common Element;
- (iii) Utilities and, in general, all devices or installations existing for common use by the Owners;
- (iv) Parking spaces, if any, open or surface parking, which are not designated as portions of a Unit or Limited Common Elements in this Declaration or on the Condominium Plan;

- (v) The premises, facilities and tangible personal property, if any, used for the common storage, maintenance, operation or repair of the Condominium;
- (vi) Personal property, facilities and equipment, if any, used for the maintenance, operation, or repair of the Condominium, or used for the purpose of providing any services to the Condominium, the Units, or to the Owners.
- (vii) The fire protection system, controlled access system, and other mechanical or other systems, and components relating thereto installed by the Declarant or the Association for the benefit of all Owners;
- (viii) To the extent that they serve more than one Unit: cable or satellite receivers, other telephone, cable, video and fiber optic facilities and all equipment appurtenant thereto (if any) installed by the Declarant or the Association for the benefit of all or more than one of the Owners;
- (ix) The components or installation of equipment and materials comprising central services such as electrical power, gas, water, reservoirs, waste collection, water tanks and pumps, fire sprinkler system components, and all similar devices and installations which serve more than one Unit installed by the Declarant or the Association for the benefit of all or more than one of the Owners;
- (x) The individual water meters, if any, serving each unit (and the water lines providing service to each meter);
- (xi) All other elements necessary to the existence, upkeep and safety of the Condominium including any portion of the Buildings and the Land not specifically a Unit, appurtenant to a Unit or a Limited Common Element;
- (xii) All other structures, facilities and equipment not part of or serving the Unit(s) and located in the Condominium; and
- (xiii) All replacements and additions to any of the foregoing.

B. *Limited Common Elements.* The Limited Common Elements, being those Common Elements which are hereby designated as reserved for the use by specified Owners to the exclusion of others, consist of the following:

- (i) If any: air handlers, pipes, ducts, electrical wiring, communication equipment, conduits, chutes, flues, ducts, wires, plumbing fixtures,

that portion of the fire sprinkler system constituting valves and heads serving only one Unit, smoke/fire detection alarms, bearing walls, bearing columns or other fixtures either partially within and/or partially outside the designated boundaries of a Unit, that portion serving only that Unit is a Limited Common Element allocated solely to that Unit, and that portion serving more than one Unit or the Common Elements is a part of the General Common Elements;

- (ii) Attic spaces, if any, directly above each Unit;
- (iii) Balcony areas, if any, if shown on the Condominium Plan, appurtenant to a Unit;
- (iv) Patio areas, if any, if shown on the Condominium Plan; and appurtenant to a Unit;
- (v) Garage, if any, if shown on Exhibit B, Part V, as having been assigned to a Unit as a Limited Common Element, appurtenant to a Unit; and
- (vi) Parking spaces, if any, if shown on Exhibit B, Part V as having been assigned to a Unit as a Limited Common Element, appurtenant to a Unit.

A parking space or Garage (assigned as a Limited Common Element) may be reallocated by amendment to this Declaration, executed by the Owners whose use of such parking space or Garage (assigned as a Limited Common Element) is or may be directly affected by the reallocation, and without the consent or joinder of any other Owner not directly affected by such reallocation. The Owners executing the amendment shall deliver it to the Association, which shall record it at the expense of the reallocating Owners. The Declarant shall evidence the assignment of parking spaces or Garage (assigned as a Limited Common Element) as being appurtenant to specific units in any of the following manners: (i) reflecting such assignment in the initial conveyance deed from the Declarant to the initial purchaser of a Unit, and/or (ii) by showing such assignment on the Condominium Plans, and/or (iii) by filing one or more amendments to the Declaration to list such assignments.

C. *Use of the Common Elements.* Each Owner shall have the right and non-exclusive easement to use and enjoy the Common Elements, in common with all other Owners, for the purposes for which they are intended and as may be required for the purposes of access and ingress and egress to and the use and occupancy and enjoyment of the respective Units owned by such Owners without hindering or encroaching upon the lawful rights of other Owners; provided, however, that the Association may temporarily suspend an Owner's rights under the easement granted herein, other than for ingress and egress, for the failure to pay Assessments or to abide by the Rules and Regulations for use of the Common Elements. Such right to use and

enjoy the Common Elements shall extend to each Owner, the members of his and/or her immediate family, the tenants or other lawful occupants of each Unit and their guests, visitors, invitees or permittees, and all such other persons as may be invited or permitted by the Board or its representative to use or enjoy the Common Elements or any part thereof. Such right to use the Common Elements shall be subject to and governed by the provisions of the Act and the Condominium Documents. The Common Elements are not subject to partition and any purported conveyance, judicial sale or other voluntary or involuntary transfer of an undivided interest in the Common Elements without the Unit to which such interest is allocated is void. Each Owner shall be deemed to have an easement in the interest of all other Owners in the Common Elements for the installation, maintenance, repair or replacement of all individually owned fixtures, equipment and appliances which are in any way affixed to, supported by or located in any space or structure constituting part of the Common Elements, and the cost of such installation, maintenance, repair or replacement shall be borne by such Owner.

Parking spaces, and Garages (assigned as a Limited Common Element) shall be Limited Common Elements for the exclusive use of the Owner of the Unit to which they are appurtenant pursuant to this Declaration but only as and to the extent indicated in the Condominium Plan and/or each Deed. Any conveyance or encumbrances of a Unit shall be deemed to convey or encumber such Unit and all limited common elements appurtenant thereto without specifically or particularly referring to any such appurtenances. Parking spaces, or Garages (other than Garages forming a part of Units) if any, designated as guest parking spaces on the Condominium Plan or unassigned as limited common elements shall be under the control of the Declarant during the Declarant Control Period, and thereafter, by Association, which acting through the Board, which shall have the authority to promulgate rules and regulations for the use thereof. Until all of the Units have been conveyed by Declarant, Declarant expressly reserves the right at any time, and from time to time, to prohibit the use of any parking spaces or Garages appurtenant to unsold Units, and to assign parking spaces or Garages as limited common elements appurtenant to Units. After all of the Units have been conveyed by Declarant, the Association, acting by and through its Board shall have the authority to make any unassigned parking spaces or Garages (i.e. which are neither part of a Unit or assigned as limited common element) available for the exclusive use of Unit owners by means of lease agreements, license agreements, or otherwise for such amount(s) and on such term(s) as the Association shall reasonably determine.

D. *Transfer of Interest in Common Elements.* Unless otherwise provided herein, any conveyance, encumbrance, judicial sale or other transfer (voluntary or involuntary) of an individual interest in the Common Elements will be void unless the Unit to which that interest is allocated is also transferred as part of the transaction.

4. Maintenance Responsibilities.

A. Owners' Responsibilities.

- (i) Each Owner shall bear the cost of maintenance, repair and replacement of the following items within such Owner's Unit: Any and all lath, furring, wallboard, sheetrock, plasterboard, plaster, paneling, tiles, wallpaper, paint, or other materials constituting a part of the interior surfaces of the perimeter walls and ceilings; interior surfaces of all structural or load bearing interior walls; interior surfaces of all floors (including carpeting, tile, finished flooring, wood flooring, and all other portions of the floors constituting a part of the finished surfaces); nonstructural or non-load-bearing interior walls; as to the "townhouse style" Units: all flooring components of the floors between the first and second floor and between the second and third floor, including all trusses, beams, and supports which serve only the individual Unit and including all plywood decking and any and all lightweight concrete surfacing on such decking, and any other components constituting such flooring which serves only the individual Unit; heating, cooling and ventilation systems; garbage disposals, ranges, refrigerators, dishwashers and any and all other appliances of any nature whatsoever; interior and exterior doors (including any and all thresholds, and framing); garage doors, interior and exterior window fixtures (including any and all framing and window frames); interior glass surfaces, exterior glass surfaces, window panes, mullions and light bulbs; plumbing and other fixtures of any nature whatsoever from the point at which the plumbing or other fixtures commence service to the individual Unit; heating and air-conditioning equipment both inside the Unit and those integral mechanical components located outside the Unit; any utility installation and equipment (including electricity, water, sewage, gas, water heaters, heating and air conditioning equipment, television antennas, etc.) serving only the individual Unit (without regard to whether the installation or equipment is located wholly or partially outside of the designated boundary of the Unit); "built-in" features; and any decorative features. Provided, however, that the exteriors of the exterior doors, garage doors, all glass in windows and doors, and all balconies, patios and walls and fences surrounding same shall remain in conformity with the original installation. Further provided, that the Association shall be responsible to paint the exteriors of the exterior doors and garage doors on each Unit. Should an Owner fail to maintain or repair his/her/their/its Unit or any portion of the Limited Common Elements appurtenant to such Unit for which the Owner has responsibility to maintain or repair, the Board may effectuate same

and assess the Owner for the cost thereof, plus a service charge equal to ten percent (10%) of the cost.

- (ii) Within thirty (30) days after the date of acquiring an interest in a Unit, the Owner shall provide the Association with: (a) the Owner's mailing address, telephone number and driver's license number, if any; (b) the name and address of the holder of any lien against the Unit and any loan number; (c) the name and telephone number of any Person occupying the Unit other than the Owner or Owners; and (d) the name, address and telephone number of any Person managing the Unit as agent for the Owner and (e) the license plate no(s). for all vehicles utilizing the Unit's appurtenant parking space(s). An Owner shall notify the Association within thirty (30) days after the Owner has notice of a change of any of the information set forth in (a) through (e) above, and shall provide that information on request by the Association from time to time.

B. *Common Elements.* The Common Elements shall be maintained in good condition by the Association, subject to reasonable wear and tear and Casualty. The costs and expense for the upkeep and maintenance of the Common Elements shall be a Common Expense of the Owners, and shall be included in the Assessments for the usual and ordinary costs and expenses for the maintenance, repair, upkeep and operation of the Common Elements, and each Owner shall pay his or her pro-rata share thereof. In particular, the Association shall have performed the inspections recommended in any maintenance manual(s) for the property for which the Association is responsible for maintenance, and all necessary maintenance when recommended as a result of these inspections. The Association shall indemnify, defend and hold harmless Declarant, its contractors and subcontractors, and design consultants and sub-consultants with respect to all claims made concerning the property as to which such inspections are not timely performed, or as to which maintenance is recommended if the recommendations for maintenance are not implemented.

C. *Utilities/Services.* Each Owner shall bear the cost of any utility service or Service for his or her Unit which is individually metered and billed directly by the utility company furnishing such service to such Owner, or which is individually sub-metered or otherwise allocated and billed by the Association or on behalf of the Association to the Owner. Initially, and until such time as the Association directs otherwise, the cost of water and trash removal shall be billed directly to each Owner on a basis reasonably allocated or determined by the Association, and such cost shall be paid separately from, and in addition to, the Assessments. The Association may enter into contract(s) with third parties to allocate such costs, invoice same directly to the Owners and collect same directly from the Owners. Telephone and electricity, shall be made available to each Unit and shall be individually metered. Each Unit shall be pre-wired by the Declarant for television, and until or unless the Association, acting through the Board, provides cable or satellite television services to the Owners as a Common Expense, the cost of such television service shall be the expense of the individual Owner, and billed directly to each Owner by the provider of the television service. The cost of any other

utility or service not individually metered or sub-metered or otherwise allocated by the Association, in its sole discretion, shall be a Common Expense. In the event that any utility service (including water and/or trash removal) which is invoiced separately to the Owner is not paid by the Owner and the Association advances sums to pay same, such cost(s) shall be levied against such Owner and his/her Unit as an Individual Purpose Assessment due by any Unit Owner. With the exception of common ownership with other Owners, no Owner shall be deemed to own the utilities which run through his or her Unit and serve one or more other Units.

5. Easements and Licenses. In addition to the easements and licenses recited in Exhibit "C" hereto, the ownership of each Condominium Unit shall be subject to the easements and licenses which are described in this Section 5.

A. *For Owners.* Each Owner shall have the following easements to, through and over the Common Elements to the extent necessary for such Owner's maintenance responsibilities:

- (i) to paint, remove and replace any finish on the interior surface of any Common Element within his or her Unit;
- (ii) to install, repair, maintain, remove and/or replace any plumbing, heating, cooling, lighting, cooking or other fixture or equipment which is a part of his or her Unit or which would become a part thereof when installed in any bearing wall, floor, ceiling or roof, provided, however, that such installation, repair, maintenance, removal and/or replacement shall not impair the structural integrity of the Building, nor shall it adversely affect any adjacent Unit, nor shall it alter the external appearance of the Building, nor shall it be visible from the outside of the Building, nor shall it be performed on the roof of the Condominium without the written permission of the Association; and
- (iii) to drive and remove nails, screws, bolts and the like into and from bearing walls, floors, ceiling and roof; provided, however, that such action shall not impair the structural integrity of the Building, nor shall it adversely affect any adjacent Unit, nor shall it alter the exterior appearance of the Building, nor shall it be performed on the roof of the Condominium without the written permission of the Association.

An Owner has an unrestricted right of ingress and egress, subject to the reasonable rules and regulations promulgated by the Board, to his or her Unit. Such right of ingress and egress is perpetual and passes with the transfer of ownership of the Unit.

B. *For Utilities.* Municipalities and authorized public utilities (or private companies) furnishing services, lines, pipes, wires, conduits, facilities and equipment to the Condominium for common use such as water, electricity, gas, cable television or

similar services, and/or telephone shall have access to the Common Elements and each Unit as may be necessary or desirable for the installation, repair, maintenance, removal and/or replacement of such services, subject to the prior approval of the Declarant during the period of Declarant Control, and thereafter, by the Association. Any costs incurred in opening and repairing any wall of the Condominium to install, repair, maintain, remove or replace such authorized services (except as otherwise provided herein) for common use shall be a Common Expense. However, installed utility lines, public or private, shall be considered to be located in a valid easement and may remain in the installed location and be repaired and/or replaced in such location.

C. *For the Declarant and the Association.* Declarant and the Association (and their duly authorized representatives and agents) shall have a reasonable right of entry into any Unit to (i) make emergency repairs, (ii) enforce the terms of the Condominium Documents, (iii) protect the property rights and welfare of other Owners, (iv) do other work reasonably necessary for the proper maintenance or operation of the Condominium, (v) perform any of the duties and obligations of Declarant and the Association which are set forth in the Condominium Documents, (vi) prevent or terminate waste of water purchased by the Association as a Common Expense, and (vii) perform maintenance and repairs of the Unit that, if not performed, may result in increased damage by water to components of the Condominium that the Association maintains. Except in the event of an emergency, or in the event the Board or its agents are unable to contact any Owner or occupant of a Unit after reasonable effort, such right of entry shall be exercised only in the presence of the Owner or other occupant of the Unit entered. Such right of entry shall be exercised in a manner as to avoid unreasonable interference with the possession, use or enjoyment of the Unit and shall, whenever reasonably possible, be preceded by reasonable notice to the Owner or occupant thereof. The Association shall have the right to grant permits, licenses and easements on, over, under and across the Common Elements for utility, access and other purposes reasonably necessary or useful for the proper maintenance, enjoyment and operation of the Condominium.

D. *For Encroachments.* If any portion of the Common Elements shall be situated or encroach upon any Unit, or if any Unit shall actually encroach upon any portion of the Common Elements, as the Units and Common Elements actually and physically exist, or as shown by the Condominium Plan, then there shall be deemed to be mutual valid easements for such encroachments and for the maintenance of same so long as such encroachments exist; provided, however, such easement or easements shall not relieve an Owner of liability in case of the Owner's willful misconduct or failure to adhere to the Condominium Plan. In the event the Building or other structure is totally or partially damaged or destroyed and then repaired, restored or rebuilt, the Owners agree that all encroachments of or upon the Common Elements due to repair or reconstruction shall be permitted and that all valid easements for such encroachments and maintenance thereof shall exist.

6. Units.

A. *Designation and Percentage Ownership of Units.* On the Condominium Plan, the Units located in the Buildings are numbered by Unit number, and the percentage ownership attributable to each such respective Unit is shown. Generally, the percentage ownership attributable to each such respective Unit is based upon the total gross square footage area as to each Unit, as same relates to the total gross square footage of the areas of all Units, all as shown on the Condominium Plan. The method of measurements as to the Units to establish such area for the sole purpose of establishing such percentage ownership is generally as follows: Calculations are measured from the outside face of the perimeter exterior wall to the interior face of common corridor studs and from the centerline of demising walls between Units. Square footage of any Balcony(ies), Patio(s) and/or enclosed Garages is excluded from such measurement., Square footage of any enclosed storage space serving any Unit is included within such measurement.

B. *Description of Units.* Each Unit shall consist of the following portions of the Building: (i) the interior surface of each Unit's perimeter walls; (ii) the interior surface of the ceiling of the topmost floor of each Unit; (iii) the upper surface of the floor of the first level of each Unit; (iv) the interior surface (including all glass or glass substitutes) of the windows, and doors set in each Unit's perimeter walls; (v) any and all lath, furring, wallboard, plasterboard, plaster, paneling, tiles, wallpaper, paint, finished flooring and other materials constituting part of the interior surfaces of (i) through (iv) above; (vi) the air space enclosed within the area described and delineated in (i) through (iv) above; (vii) any and all walls, ceilings, floors, partitions, dividers, fixtures and improvements wholly within such air space (but excluding any pipes, ducts, wires, cables, conduits, bearing beams or supports contained within such walls, ceilings, floors, partitions and dividers, or between chase walls or within such air space as per Section 3.A. hereof); and (viii) all plumbing, heating, ventilating, air conditioning, lighting, cooking and other fixtures and equipment either wholly within a Unit and serving only such Unit (exclusive of pipes, ducts, wires, cables or conduits located within such air space as per Section 3.B. hereof) or outside the boundaries of such Unit and serving any such Unit.

In the event that there is any ambiguity, dispute, or disagreement as to the physical location of the boundaries of the Unit or any part thereof, the Declarant, during the Declarant Control Period, and thereafter the Association, acting by and through its Board of Directors, shall have the authority to determine and establish the physical location of the Unit boundary as to any specific unit and such determination shall be binding upon the Unit Owner. Provided, however, that such determination shall not result in or require any change in the measurement of any such Unit or adjustment to the Percentage of Common Ownership Interest as to such Unit.

C. *Approximate Measurements.* It is expressly stipulated, and each and every Owner, his or her heirs, devisees, legal and personal representatives, and successors and assigns accepting title to a Condominium Unit subject to this Declaration acknowledges that the square footage, size and linear dimensions of each Unit (as

shown on the Condominium Plan), and each area constituting any part of the Common Elements as set out and shown in this Declaration or the plans and documents attached hereto, are approximate and are shown for descriptive purposes only and do not necessarily reflect or represent the precise percentage of square footage of any specific portion of the Condominium, and that Declarant does not warrant, represent or guarantee that any Unit actually contains the square footage, size and linear dimensions and elevation reflected thereon or herein. Each Owner further acknowledges that he or she shall have had full opportunity and is under a duty to inspect and examine his or her Unit prior to the purchase thereof and agrees that the Unit is purchased as actually and physically existing, and expressly waives any claim or demand of any kind which he or she may have against Declarant or any person whomsoever by reason of any difference, shortage or discrepancy between such Owner's Unit as actually and physically existing and as reflected on the Condominium Plan, and further waives any requirement for adjustments to the percentage ownership of interest shown in the Condominium Plan unless approved by the requisite percentage of Owners and Mortgagees.

D. *Boundaries of Units.* In interpreting deeds, mortgages, deeds of trust and other instruments for any purpose whatsoever or in connection with any matter, the existing physical boundaries of the Units or of any Unit reconstructed in substantial accordance with the original plans thereof shall be conclusively presumed to be the boundaries, regardless of settling, rising, or lateral movement of the Building, and regardless of variances between the boundaries shown on the Condominium Plan and those of the Building.

E. *Percentages of Common Interest Ownership.* The Percentage of Common Interest Ownership assigned to each Unit is set forth in Part IV of the Condominium Plan attached hereto as Exhibit "B"; and shall be determinative of the weight assigned to such Owner's vote at meetings of the Association and the proportionate share of each respective Owner in: (i) the General Common Elements, (ii) the proceeds of any Condemnation distributable pursuant to Section 14 hereof, and (iii) the apportionment of the Assessments.

Each Percentage of Common Interest Ownership in the Common Elements so allocated pursuant to the foregoing paragraph was assigned by Declarant to the designated Unit solely for purposes of this Declaration and, regardless of any other matter, such Percentage of Common Interest Ownership shall remain fixed and constant and, except as provided herein, the same cannot be changed except by the written consent of each and every Owner and Mortgagee of all Units, duly executed, acknowledged and filed for record as a partial amendment to this Declaration. The ownership interests in the Common Elements shall be undivided interests and the Common Elements shall remain undivided and shall not be the object of an action for partition or division of the ownership, so long as such ownership interests are suitable in the context of a condominium; and, in any event, all Mortgagees must be paid prior to the bringing of an action for partition, or the consent of all Mortgagees to such action must be obtained. The percentage of the Common Elements allocated to each Unit shall not be separated from such Unit or separately sold, conveyed, encumbered or

otherwise separately disposed of, and each interest in the Common Elements shall follow the respective Unit to which it is allocated, and shall be deemed to be conveyed and/or encumbered with its respective Unit to which it is allocated even though the description in the instrument of conveyance or encumbrance shall refer only to the Unit.

THE PERCENTAGE OF COMMON INTEREST OWNERSHIP IN THE COMMON ELEMENTS SO ALLOCATED PURSUANT TO THIS PARAGRAPH 6 HAS BEEN CALCULATED BY THE DECLARANT AS SET FORTH IN PARAGRAPH 6A BASED UPON THE RESPECTIVE SQUARE FOOTAGE OF EACH UNIT COMPARED WITH THE TOTAL OR AGGREGATE SQUARE FOOTAGE OF ALL OF THE UNITS, CALCULATED IN THE MANNER DESCRIBED HEREIN ABOVE, ALL OF SUCH UNITS BEING MEASURED FOR PURPOSES OF SUCH CALCULATING SUCH SQUARE FOOTAGE ON THE SAME OR IDENTICAL BASIS. THE DIMENSIONS OF SUCH UNITS UTILIZED BY THE DECLARANT IN CALCULATING SUCH SQUARE FOOTAGE FOR THE PURPOSES OF ALLOCATING SUCH PERCENTAGE OF COMMON INTEREST OWNERSHIP MAY OR MAY NOT BE, AND NEED NOT BE IN ACCORDANCE WITH THE DIMENSIONS OF THE UNITS RESULTING FROM OR BASED UPON THE UNIT BOUNDARIES AS MAY BE DESCRIBED IN PARAGRAPH 1 TT, PARAGRAPH 6B, AS OTHERWISE MAY BE SHOWN IN THIS DECLARATION, OR AS MAY HAVE BEEN SHOWN IN ANY PROMOTIONAL OR MARKETING MATERIAL(S) UTILIZED IN THE SALE OF THE UNITS.

F. *Maximum Units.* The maximum number of Units that Declarant reserves the right to create within the Condominium shall be 208.

7. Membership in the Association. Membership in the Association and voting by Owners shall be in accordance with Bylaws of the Association.

8. Association Administration and Management.

A. *Books and Records.* The Association or Managing Agent shall keep or cause to be kept detailed books and records showing all expenditures and receipts of the administration of the Condominium which shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and the Owners. Such books and records shall be open for inspection by Owners as set forth in the Bylaws, and shall be audited annually by qualified independent auditors in accordance with generally accepted accounting principles within ninety (90) days after the end of any fiscal year of the Condominium, or as soon thereafter as practicable. Unless the Board shall determine otherwise, the fiscal year of the Association shall be the calendar year. The cost of such audit shall be an expense of the administration of the Condominium, and copies of any such audit shall be made available to all Owners.

B *Mortgagee Access to Books and Records.* A Mortgagee shall, upon written request, be entitled to. (i) inspect the Condominium Documents and the books and records of the Condominium, (ii) receive, an annual financial statement of the Condominium, as soon as the same is available to the Owners, (iii) receive written notice of all meetings of the Association and (iv) be permitted to designate a representative to attend all meetings of the Association.

C. *Association Records.* In addition to the financial records described in Section 8A., the Association or Managing Agent shall keep or cause to be kept: (i) the plans and specifications used to build the Condominium, to the extent furnished by the Declarant; (ii) the condominium information statement and any amendments thereto, (iii) the name and address of each Owner, (iv) voting records, proxies and correspondence relating to amendments to the Declaration, and (v) minutes of meetings of the Association and the Board of Directors. All financial and other records of the Association shall be available at its principal office for examination during normal business hours by an Owner and/or the Owner's authorized agent, and holders, insurers and guarantors of any First Mortgages.

D. *Association Costs and Expenses.* All costs incurred by the Association, including, but not limited to, any costs (including attorneys' fees) incurred in satisfaction of any liability arising herein, caused by or in connection with the Association's operation, maintenance or use of the Condominium, shall be an Association expense. All sums received by the Association, including, but not limited to, all sums received as proceeds of, or pursuant to, any policy of insurance carried by the Association, shall be the receipts of the Association.

E *Bylaws.* The governance and administration of the Condominium shall be in accordance with the Bylaws which have been initially adopted by Declarant as sole Owner of the Condominium, and which are attached hereto as Exhibit "A, Part II". The Bylaws may be amended by Declarant as hereafter provided and from time to time by the Association in accordance with the provisions thereof.

F. *Administration by Association/Managing Agent.* The affairs of The Palms at Cove View, a Condominium shall be administered by the Association. Unless otherwise expressly stated in this Declaration or the Bylaws, the Association, acting through its board of directors, may:

- (i) adopt and amend budgets for revenues, expenditures, and replacement reserves, and collect Assessments from Owners;
- (ii) borrow money, and grant liens or security interests in properties owned by the Association (which excludes Common Elements and/or Units unless such Units are owned by the Association) as security therefor, including the Association's right to future income from common expense assessments;

- (iii) hire and terminate Managing Agents and other employees, agents, and independent contractors, provided that any agreement for professional management of the Condominium, or any other contract providing for services of the Declarant, may not exceed three years and must provide for termination by either party without cause and without payment of a termination fee on 90 days or less prior written notice;
- (iv) institute, defend, intervene in, settle, or compromise litigation or administrative proceedings in its own name on behalf of itself or two or more Owners on matters affecting the Condominium;
- (v) make contracts and incur liabilities relating to the operation of the Condominium;
- (vi) regulate the use, maintenance, repair, replacement, modification, and appearance of the Condominium;
- (vii) adopt and amend rules regulating the use, occupancy, leasing or sale, maintenance, repair, modification, and appearance of Units and Common Elements, to the extent the regulated actions affect Common Elements or other Units;
- (viii) cause additional improvements to be made as a part of the Common Elements;
- (ix) acquire, hold, encumber, and convey in its own name any right, title, or interest to real or personal property, except Common Elements;
- (x) acquire, lease, encumber, exchange, sell, or convey a Unit;
- (xi) grant easements, leases, licenses, and concessions through or over the Common Elements;
- (xii) impose and receive payments, fees, or charges for the use, rental or operation of the Common Elements and for services provided to Owners;
- (xiii) impose interest and late charges for late payments of assessments, returned check charges, and, if notice and an opportunity to be heard are given, reasonable fines for violations of the Declaration, Bylaws, and Rules and Regulations;
- (xiv) adopt and amend rules regulating the collection of delinquent Assessments and the application of payments;

- (xv) adopt and amend rules regulating the termination of utility service to a Unit, the Owner of which is delinquent in the payment of an Assessment that is used, in whole or in part, to pay the cost of that utility;
- (xvi) impose reasonable charges for preparing, recording, or copying declaration documents, resale certificates, or statements of unpaid Assessments;
- (xvii) enter a Unit for bona fide emergency purposes when conditions present an imminent risk of harm or damage to the Common Elements, another Unit, or the occupants;
- (xviii) assign its right to future income, including the right to receive Regular Assessments, but only to the extent this Declaration so provides;
- (xix) suspend the voting privileges of or the use of certain Common Elements by an Owner delinquent for more than thirty (30) days in the payment of Assessments;
- (xx) purchase insurance and fidelity bonds it considers appropriate or necessary;
- (xxi) exercise any other powers conferred by this Declaration, the Articles or Bylaws;
- (xxii) exercise any other powers that may be exercised in the State of Texas by a corporation of the same type as the Association; and
- (xxiii) exercise any other powers necessary and proper for the government and operation of the Association.

Any of the duties, powers and functions of the Board may be delegated to the Managing Agent.

G. *Board of Directors.* The affairs of the Association shall be managed by a Board of Directors, subject to the provisions in Section H below, providing for a period of Declarant control of the Association. At or as soon as convenient after the First Meeting of the Association, the Association shall elect the first Board of Directors which shall consist of not less than three (3) members, all of whom shall serve without pay or compensation (except as provided in the Bylaws), for such term as specified in the Bylaws.

H. *Declarant Control of the Association.* There shall be a period of Declarant control of the Association during which the Declarant, or persons designated by the Declarant, may appoint and remove the officers and members of the Board of

Directors. During such period of Declarant control, the members of the Board shall serve at the pleasure of the Declarant. The period of Declarant control terminates not later than the earlier of the 120th day after conveyance of seventy-five percent (75%) of the Units that may be created to Owners other than the Declarant or three (3) years after the first Unit is conveyed. No later than the 120th day after conveyance of fifty percent (50%) of the Units that may be created to Owners other than the Declarant, not less than one-third of the members of the Board of Directors must be elected by Owners other than the Declarant. Not later than the termination of the period of Declarant control, the Owners including Declarant shall elect a Board of Directors of at least three (3) members (which may include the Declarant), all of whom shall be Owners. If any Unit is owned by a partnership or corporation, any officer, partner or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be an Owner for purposes of the preceding sentence. The Board of Directors shall elect the officers of the Association before the 31st day after the date the period of Declarant control terminates. The persons elected shall take office on election.

I. *Termination of Contracts and Leases of Declarant.* The Association may terminate, without penalty, contracts or leases between the Association and the Declarant or an affiliate of Declarant if:

- (i) the contract or lease is entered into by the Association when the Association is controlled by the Declarant;
- (ii) the Association terminates the contract or lease before the first anniversary of the date a Board of Directors elected by the Owners takes office; and
- (iii) the Association gives at least ninety (90) days' notice of its intent to terminate the contract or lease to the other party.

J. *Management Certificate.* The Association shall record in the Office of the County Clerk of Galveston County, Texas, a certificate, signed and acknowledged by an officer of the Association, stating: (i) the name of the Condominium, (ii) the name of the Association, (iii) the location of the Condominium, (iv) the recording date of this Declaration, and (v) the mailing address of the Association, or the name and mailing address of the Managing Agent. The Association shall record an updated management certificate within thirty (30) days after the date the Association has notice of a change in any of the information set forth in (i) through (v) above as set forth in the recorded management certificate.

K. *Resale Certificate.* In connection with the sale of any Unit (other than a sale by Declarant), the Association shall furnish to the selling Owner or the Owner's agent, within ten (10) days after the date of receiving a written request from the Owner, a resale certificate containing the following information: (i) the current operating budget of the Association; (ii) any right of first refusal or other restraint contained in the Declaration that restricts the right to transfer a Unit; (iii) the amount of the periodic Regular Assessments and the unpaid Regular Assessments or Special

Assessments currently due and payable by the selling Owner; (iv) other unpaid fees or amounts payable to the Association by the selling Owner; (v) capital expenditures, if any, approved by the Association for the next twelve (12) months; (vi) the amount of reserves, if any, for capital expenditures and of portions of those reserves designated by the Association for a specified project; (vii) any unsatisfied judgments against the Association; (viii) the nature of any pending suits against the Association; (ix) insurance coverage provided for the benefit of unit owners; (x) whether the Board of Directors has knowledge that any alterations or improvements to the Unit or the Limited Common Elements assigned to that Unit violate the Declaration, the Bylaws or the Rules and Regulations; (xi) whether the Board of Directors has received notice from a governmental authority concerning violations of health or building codes with respect to the Unit, the Limited Common Elements assigned to that Unit, or any other portion of the Condominium; (xii) the remaining term of any leasehold estate that affects the Condominium and the provisions governing an extension or renewal of the lease; (xiii) the name, mailing address, and telephone number of the Managing Agent, if any; and (xiv) such other information as the Association may deem appropriate. The Association and its managing agent shall not be liable to a selling Owner or such Owner's prospective purchaser for delay or failure to furnish a resale certificate, and an officer or agent of the Association is not liable for a delay or failure to furnish a resale certificate unless the officer or agent willfully refuses to furnish the resale certificate or is grossly negligent in not furnishing the resale certificate.

In the event that a properly executed resale certificate incorrectly states the total of delinquent sum owed by the selling Owner to the Association, the purchaser shall not be liable for payment of additional delinquencies that are unpaid on the date the resale certificate is prepared and that exceed the total sum stated in the resale certificate; provided, however, in no event shall a resale certificate affect: (i) the Association's right to recover debts, claims, or amounts that are due by the selling Owner which became due prior to the date the certificate was prepared, regardless of whether the resale certificate correctly stated the total of the delinquent sum owed by the selling Owner to the Association; (ii) the Association's right to recover debts or claims that arise or become due after the date the certificate is prepared; or (iii) the Association's lien on a Unit securing payment of future Assessments.

L. *Restrictions on Alienation of Common Elements.* Notwithstanding any other provision of this Declaration, the Association may not seek to abandon, partition, subdivide, encumber, sell or transfer the Common Elements, or any part thereof, by act or omission, without first receiving the prior written approval thereof by Owners holding at least sixty-seven percent (67%) of the Common Interest Ownership (other than that held by the Declarant) or First Mortgagees holding sixty-seven percent (67%) of the First Mortgages (based on one vote for each First Mortgage held). Nothing in this Section 8.M. shall limit the authority of the Association to grant an easement for the use of any public utility(ies) or for any other public purpose(s) consistent with the intended use of the Common Elements by the Condominium

9. Meetings of Owners.

A. *First Meeting.* The First Meeting of Owners shall be held not later than the earlier of (i) one hundred twenty (120) days following the conveyance by Declarant of more than seventy-five percent (75%) of the Units created, to Owners other than Declarant or (ii) three (3) years after the first Unit is conveyed by Declarant. Until the first meeting of Owners, the affairs of the Association shall be managed by the first Board named in the Articles or their successors, and during such period it shall have the right to exclusively represent, act as and constitute the Board of Directors, and shall have the right to exclusively exercise and perform all of the rights, powers, authority, functions and duties herein or in the Act or Bylaws given to the Association or the Board. Notwithstanding the foregoing, not later than one hundred twenty (120) days following the conveyance by Declarant of more than fifty percent (50%) of the Units, not less than one-third of the members of the Board of Directors shall be elected by Owners other than the Declarant at a meeting called for such limited purpose. No other business may be conducted at such limited purpose meeting, and the calculation of the quorum requirement shall be made so as to exclude the then existing unsold units owned by Declarant; the votes associated therewith being considered "ineligible".

B. *Annual Meetings.* Following the First Meeting of Owners, there shall be an annual meeting of Owners at which the Board, or a portion thereof, shall be elected, and other meetings as provided for herein or in the Bylaws. Special meetings of Owners shall be called by the President, a majority of the Directors or Owners having twenty percent (20%) of the Percentages of Common Interest Ownership entitled to be cast at such special meeting. Notice of time, place and subject matter of all meetings shall be personally delivered, delivered electronically, or mailed to each Owner or to the individual representative designated by such Owner at the last address given by such Owner to the Association. If any Owner shall fail to give an address to the Association for the mailing of notices, all notices shall be personally delivered or mailed to the Unit of such Owner, and such Owner shall be deemed to have been given notice of any such meeting irrespective of the actual receipt of the same.

10. Directors.

A. *Number of Directors.* The initial number of Directors has been set by the Articles at three (3) and such Directors shall continue in office until the First Meeting of Owners after the expiration of the Declarant Control Period. Thereafter there shall be five (5) Directors. Any expansion or subsequent contraction (to not less than three (3)) of the number of Directors shall be effected by an amendment to the Bylaws. Each Director must be an Owner with the exception of the first Board (and any replacement Directors selected by Declarant prior to the first meeting of Owners) designated in the Articles, which Board and any replacement Directors selected by Declarant may remain or be reelected as Directors following the first meeting of Owners. If any Unit is owned by a partnership, corporation, limited liability company, or trust, any officer, partner, trustee, or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be an Owner for purposes of the preceding sentence. Notwithstanding anything contained herein to the contrary, this Section 10 may not be amended without

the prior written consent of Declarant, until one hundred twenty (120) days following the conveyance by Declarant of more than seventy-five percent (75%) of the Units.

B. *Terms of Directors.* At the First Meeting of Owners after the expiration of the Declarant Control Period, five (5) Directors shall be elected to serve until the first Annual Meeting. At the first Annual Meeting, five (5) Directors shall be elected as follows: two (2) Directors shall be elected for a term of three (3) years, two (2) Directors shall be elected for a term of two (2) years and one (1) Director shall be elected for a term of one (1) year. Thereafter, at the annual meeting of Owners, the Owners shall elect Directors to serve for a term of three (3) years to fill the position of the Director or Directors whose term or terms expired at the time of the annual meeting.

C. *Election of Officers.* The officers of the Association shall be elected by the Board.

D. *Indemnity of Board.* The Association shall indemnify each member of the Board, and each of its officers against expenses and liabilities (including the cost and expenses of defending against any such alleged liability) as and to the extent set forth in the Bylaws. Such rights of indemnification and reimbursement shall not be deemed exclusive of any other rights to which a Director, officer, or employee may be entitled by law or under any Bylaw, agreement, vote of members or otherwise.

E. *Contracts.* The Board may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association whether or not a Director or such officer is interested in the transaction (as and to the extent set forth in the Bylaws). Such authority may be general or confined to specific instances. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Association shall be signed by such officer or agent of the Association and in such manner as shall, from time to time, be determined by resolution of the Board. All funds of the Association shall be deposited, from time to time, to the credit of the Association in such banks, trust companies or other depositories as the Board may select.

11. Assessments.

A. *Regular Monthly Assessments for Common Expenses.* There shall be monthly assessments (the "Regular Assessments") of each Owner for payments to the Common Expense Fund. Both Regular Assessments, any additional Assessments described in Section 11C, and Special Assessments shall be computed on the basis of the individual Owner's Percentage of Common Interest Ownership. The Regular Assessments shall commence as to each Owner on the date of delivery of a Deed to the Condominium Unit from the Declarant to the purchaser thereof until the end of the month, which amount shall be paid at the Closing, and Regular Assessments shall be due on the first (1st) day of each subsequent calendar month thereafter, without notice.

B. *Common Expenses, Assessments.* Each Owner shall be bound and obligated and agrees to pay, as assessments therefor are made during his tenure of ownership, (i) his or her pro-rata part and share of the utilities and the expenses of administration, maintenance, repair, upkeep, protection, replacement, and operation of the Common Elements, (ii) Assessments made by the Board of Directors and/or the Association, and (iii) any other expenses lawfully agreed to by the Association or the Board, as authorized by the Act, this Declaration or the Bylaws, all of which expenses are included in the term "Common Expenses." The Board of Directors shall be responsible for levying and collecting Special Assessments, additional Assessments, and Regular Assessments for the Common Expenses.

C. *Reserves for Assessments.* The Board shall establish an annual budget in advance for each fiscal year and such budget shall project all Common Expenses for the forthcoming year which may be required for the proper operation, management and maintenance of the Condominium, together with a reasonable allowance for contingencies and replacement reserves. Such reserves shall include, without limitation, an adequate Replacement Reserve Fund for the maintenance, repair and replacement of those Common Elements that must be replaced on a periodic basis, and shall be payable in regular installments fixed by the Board rather than by Special Assessments. The Assessments for each year shall be established by the adoption of an annual budget by the Board. Copies of the budget shall be made available to each Owner, although the delivery of a copy of the budget to each Owner shall not affect the liability of any Owner for any existing or future Assessments. Should the Board at any time determine, in the sole discretion of the Board, that the Assessments levied are or may prove to be insufficient to pay the costs of operation and management of the Condominium in any fiscal year (including a deficiency resulting from the nonpayment of Assessments by certain Owners) or in the event of a casualty loss, then the Board shall have the authority at any time and from time to time to levy an additional Assessment in an amount it shall deem to be necessary for that purpose. Upon purchasing a Unit, the purchaser will deliver to the Association an amount, which shall be non refundable, equal to two (2) month's Assessments, which will be added to the Replacement Reserve Fund; provided, however, that payment shall not be required in connection with a sale where a working capital fund payment has been collected (pursuant to Article 18G hereof).

D.1. *Special Assessments.* Special Assessments may be made by the Board at any time, and from time to time, to meet needs or requirements of the Association and the Condominium other than as set forth in paragraphs A, B, or C above, including, but not limited to, costs of capital improvements. However, any Special Assessment of more than twenty-five percent (25%) of the annual budget, whether in one sum or in total, during any calendar year (except for repair or replacement following casualty, as contemplated in Section 14.B. (iv), or repair or replacement of existing Common Elements, as to which no Owner approval shall be necessary), shall not be levied without the prior approval of more than fifty percent (50%) of the Percentages of Common Interest Ownership of the Owners present in person or by proxy at a special meeting of the Owners called for such purpose. Notice of Special Assessments shall be sent by the Association to each Owner. The due date and method and manner of

payment of any Special Assessments shall be determined by the Board, provided, however, that such due date shall in no event be less than thirty (30) days subsequent to the date such Special Assessment was levied.

2. *Individual Purpose Assessments.* In addition to Regular and Special Assessments as hereinabove provided for, the Association may, at any time, and from time to time, determine, levy and collect assessments against any one or more, but fewer than all, of the Units, for any matters of maintenance of repair, replacement or improvement reasonably applicable only to such Units (or Limited Common Elements appurtenant exclusively to such Units) and not all the Units; or to reimburse the Association for all or portions of the Association's insurance deductible applicable to such Unit(s); or to defray the cost of any maintenance and repair caused by the acts, omissions, negligence, or neglect of the Owner; or to reimburse the Association for any costs of utilities or other services separately allocated to the Unit, the cost of which was advanced by the Association on behalf of such Owner. Such individual purpose assessments are not subject to the twenty-five percent (25%) limitation set forth above for Special Assessments and may be levied against individual Units to pay or reimburse the Association for any costs, expenses, fees, and other charges, incurred or reasonably anticipated to be incurred by the Association, for maintenance, repair, replacement and improvement, or any other purpose, of or with respect to the Unit against which such individual purpose assessment is levied which are not applicable to all the Units. The amounts determined, levied and assessed pursuant to this section shall be due and payable as determined by the Association provided that written notice setting forth the amount of such individual purpose assessment for each Unit and the due date(s) for payment thereof shall be given to the Owners of the affected Units not less than thirty (30) days prior to the due date. All individual purpose assessments shall be considered Assessments for purposes of the other provisions of this Declaration.

In the event that the Association sub-meters or allocates any utility or other service and invoices each Unit Owner directly for same (including, without limitation, water, cable, trash collection, etc.), any such separate billing or invoicing shall be deemed an Individual Purpose Assessment as to such Unit and Owner.

E. *Assessments as Capital Contributions.* Assessments levied by the Association against each Owner pursuant to this Section 11 which are expended on capital expenditures, or which are set aside as a reserve for future repairs or improvements within the Condominium (whether or not such repairs or improvements would otherwise be considered capital in nature pursuant to Section 263 of the Internal Revenue Code of 1986, as amended, the "Code"), shall be treated as capital contributions by such Owner to the Association and shall be shown on the books of the Association as such. The provisions of this Section 11.E. may be amended by a majority of the Board if, in the sole discretion of the Board, such action is necessary to conform to any change in the Code, or any Treasury regulation or ruling promulgated thereunder. Notwithstanding anything contained in this Declaration to the contrary, any amendment to this Section 11.E. duly authorized by the Board shall not require the consent of any Owner or Mortgagee.

F. *Computation and Apportionment of Assessments.* Except as otherwise provided in this Declaration, all Assessments levied against Owners to cover expenses of the Association and the Condominium shall be computed and apportioned among and paid by Owners as follows:

- (i) In accordance with the Percentage of Common Interest Ownership assigned to such Owner's Unit without increase or decrease for the existence of any rights with respect to the use, existence or lack of existence of Limited Common Elements appurtenant to such Unit; and
- (ii) In addition, each Unit which has a two (2) car garage which forms a part of the Unit or which is assigned as a Limited Common Element appurtenant to such Unit shall contribute an additional \$15.00 a month toward the Assessments allocated to such Unit; and each Unit which has a one (1) car garage which forms a part of such Unit or which is assigned as a Limited Common Element appurtenant to such Unit shall contribute an additional \$10.00 a month toward the Assessments allocated to such Unit. These additional contributions shall constitute a portion of the Assessments due and payable by such Unit as to such Unit, and shall increase by a like percentage increase at such time, and from time to time, as the Common Expenses attributable to such Unit increase, effective on the date of any such increase in the Common Expense.

The amount of Common Expenses assessed against each Unit shall be a personal debt and obligation of the Owner of said Unit at the time the Assessment is made, and the subsequent transfer of his or her ownership of said Unit shall not terminate the outstanding obligation. Assessments shall be due and payable at such times as the Association shall determine, commencing (as to Owners other than Declarant) on the date of delivery of a Deed to a Condominium Unit from Declarant to the purchaser thereof. From and after the termination of the period of Declarant control as set forth in Section 8.H Declarant shall bear all Assessments levied against Units owned by Declarant in accordance with the aggregate Percentage of Common Interest Ownership assigned thereto.

G. *Payments by Declarant in Lieu of Assessments.* From the date of the initial Assessment until the period of Declarant control terminates, as set forth in Section 8.H the Declarant shall periodically pay to the Association either (i) the amount equal to all Actual Operating Expenses (as hereinafter defined) of the Association, less the Actual Operating Expense portion of the Assessments paid by Owners other than Declarant, or (ii) the Common Expense liability allocated to each Unit owned by the Declarant; provided, however, Declarant shall be reimbursed upon conveyance of a Unit for those operating expenses that it has prepaid (e.g. insurance for the benefit of the Unit). For purposes of this Section 11.G., the term "Actual Operating Expenses" shall mean those expenses reasonably necessary for the normal maintenance and operation of the

Condominium in order to provide the level and quality of services set forth in the budget initially prepared by Declarant and shall include capital expenditures, prepaid items, inventory items or similar expenses to the extent attributable to periods after such fiscal year, or any increase in the level and/or quality of services set forth in such initial budget prepared by Declarant.

H. *Default for Failure to Pay Assessments.* An Owner shall be in default for failure to pay any Assessment or Individual Purpose Assessment, if the same, or any part thereof, is not paid to the Association in full on or before ten (10) days after the due date for such payment, and such Owner shall be subject to a late fee as determined by the Board, which shall not be less than \$25.00. In addition, any Assessment or Individual Purpose Assessment in default shall bear interest at the lesser of the maximum lawful rate or the rate of eighteen percent (18%) per annum from the date due until paid. Each Owner shall be, and remain, personally liable for the payment of all Assessments, Special Assessments, and/or any Individual Purpose Assessment which may be levied against such Owner by the Association in accordance with the Condominium Documents, and any unpaid Assessments, Special Assessments, or Individual Purpose Assessments, together with late fees and accrued interest thereon, owed with respect to a Condominium Unit may, at the option of the Association, be collected out of the sale proceeds of such Condominium Unit in accordance with the Act. No successor in title to a Unit shall be deemed to have assumed personal liability for any obligation to pay Assessments or Special Assessments or Individual Purpose Assessments which were due and owing at the time of conveyance to such successor unless such successor agreed to assume such obligation, but this shall not affect or impair the validity of the lien hereinafter provided for.

The personal obligation of an Owner to pay the Assessments levied by the Association (Regular, additional, Special, Individual Purpose or otherwise) shall be and is secured by a continuing lien on such Owner's Unit and on the rents and insurance proceeds received by an Owner relating to such Owner's Unit, such continuing lien being created and reserved herein in accordance with Section 82.113 of the Texas Property Code in favor of the Association, and being reserved by the Declarant and granted and assigned to the Association without recourse. The Association's lien for assessments is created by the recordation of this Declaration, which constitutes record notice and perfection of the lien. No other recordation of a lien or notice of a lien shall be required. The lien in favor of the Association may be enforced by power of sale as provided in Section 51.002 of the Texas Property Code, and the expenses incurred in connection therewith, including late fees, interest, costs and attorneys' fees, shall be chargeable to the Owner in default. In no event shall the Association foreclose a lien securing the payment of Assessments consisting solely of fines. Each Owner, by acceptance of the Deed to his or her Condominium Unit, agrees that the Association and its designated agents have the authority, right and power to enforce the above-described liens for Assessments by all legal methods available for the enforcement of liens, including non-judicial foreclosure pursuant to Section 51.002 of the Texas Property Code, as amended. By acceptance of the Deed to his or her Condominium Unit, an Owner grants to the Association a power of sale in connection with the Association's lien. By written resolution, the Board may appoint, from time to time, an officer, agent, trustee, or attorney of the Association to

exercise the power of sale on behalf of the Association. The Association shall exercise its power of sale pursuant to Section 51.002 of the Texas Property Code. Such liens shall be subordinate, secondary and inferior to: (i) assessments, liens and charges in favor of the State of Texas and any political subdivision thereof for taxes that are due and unpaid on such Condominium Unit; (ii) any First Mortgage filed for record prior to the date payment of such Assessment for Common Expenses became due and payable provided they become due and payable prior to the date the holder of the First Mortgage acquires title to the Condominium Unit; and (iii) all liens securing any loan (including loans made by Declarant) made to a purchaser for any part of the purchase price of any Unit when such Unit is purchased from Declarant. The Board or Managing Agent may, but shall not be obligated to, elect to prepare and execute a notice of assessment (a "Notice of Assessment") which sets forth the amount of the unpaid indebtedness, the name of the Owner, and a description of the Condominium Unit, and may record the Notice of Assessment in the Real Property Records of Galveston County, Texas. Notice of an unpaid Assessment, Special Assessment, or Individual Purpose Assessment and such lien in favor of the Association, may be recorded in the Official Records of Galveston County, Texas.

The lien herein provided for may be enforced by the Association by non-judicial foreclosure of and on the Condominium Unit owned by the defaulting Owner, without prejudice and subject to the aforesaid prior and superior liens, in the same manner as non-judicial foreclosures under mortgages on real property located in the State of Texas; provided, however, at any time prior to the foreclosure sale, the Owner of the Condominium Unit to be sold at such foreclosure sale may avoid foreclosure by paying all amounts due to the Association. No foreclosure suit or sale thereunder shall affect or impair any of the prior liens above mentioned. The Board of Directors or any person authorized by it, acting on behalf of the Association, shall have power to bid on the Condominium Unit being foreclosed at the foreclosure sale, and to acquire, hold, lease, mortgage or convey the same on behalf of the Association. All funds realized from any foreclosure sale shall be applied first to the costs and expenses of filing and prosecuting the foreclosure, including all trustee's and attorneys' fees, and then towards payment of the indebtedness, and the remainder, if any, shall be paid over to the Owner or Owners as their interest may appear. Upon the foreclosure by the Association of the lien provided for herein, the Owner shall be deemed to constitute a tenant at sufferance of the purchaser of the Unit at such foreclosure sale, and such purchaser shall be entitled to pursue the eviction of such Owner by virtue of forcible entry and detainer proceedings if such Owner fails or refuses to vacate the Unit upon demand. In the event the proceeds realized from the foreclosure sale, applied as aforesaid, shall be insufficient to pay off and discharge the whole amount of the Assessments sued on, then the purchaser acquiring title to such Condominium Unit at such foreclosure sale, whoever he or she may be, other than the Owner sued, shall not be liable for the deficiency, but such deficiency shall be deemed a Common Expense, collectible from all Owners, including the purchaser at the foreclosure sale, on a pro-rata basis as in the case of other Common Expenses. The defaulting Owner shall remain personally liable to the Association, on behalf of the other Owners paying such deficiency, and the Association may pursue recovery of such deficiencies from the defaulting Owner.

I. *Right of Redemption.*

- (i) *Association as Purchaser:* The Owner of a Condominium Unit purchased by the Association at the foreclosure sale may redeem the Condominium Unit within ninety (90) days after the date of the foreclosure sale in accordance with Section 82.113(g) of the Act, or same may be amended or re-codified from time to time.
- (ii) *Third party as Purchaser:* Further provided, and to the extent not expressly prohibited by applicable law, the Owner of a Condominium Unit may redeem the Condominium Unit within ninety (90) days of the foreclosure sale irrespective whether the purchaser was the Association or a third party. To redeem the Unit purchased at the foreclosure sale by a person other than the Association, the Unit Owner: (a) must pay to the Association: any unpaid portion of all amounts due the Association at the time of the foreclosure sale, interest from the date of foreclosure to the date of redemption at the rate provided in this Declaration for delinquent assessments, reasonable attorneys fees and costs incurred by the Association in foreclosing the lien, and any unpaid assessments levied against the Unit by the Association after the foreclosure sale to the date of redemption; and (b) must pay to the person who purchased the Unit at the foreclosure sale: any assessments levied against the property by the Association after the date of foreclosure sale and paid by the purchaser; the purchase price applicable to the Unit paid by the purchaser at the foreclosure sale; and any reasonable costs incurred by the purchaser at the foreclosure sale as Owner of the Unit until the date of redemption, including the costs of maintenance and leasing, any ad-valorem taxes paid by such purchaser (not including any taxes not yet due and payable), and any debt service (whether principal or interest) paid by such purchaser on any lien or encumbrance in existence on the date of such foreclosure. If a Unit Owner redeems the Unit under this paragraph, the purchaser of the Unit at foreclosure shall immediately execute and deliver to the Owner a deed transferring the property to the redeeming Unit Owner, free and clear of any encumbrances other than those which existed as of the date such purchaser purchased the Unit or those created by the Unit Owner. If a purchaser fails to comply with this paragraph, the Unit Owner may file a cause of action against the purchaser and may recover reasonable attorneys fees from the purchaser if the Unit Owner is the previously party in the action.

A Unit that is redeemed remains subject to all liens and encumbrances on the Unit before foreclosure. Any lease entered into by the purchaser of a Unit at a sale foreclosing an assessment lien is subject to the right of redemption provided by this Section and the Unit Owner's right to re-occupy the Unit within a reasonable time (at least 30 days) after the redemption. A purchaser of a Unit at such foreclosure sale may not transfer ownership of the Unit during the redemption period to a person other than the redeeming Owner.

J. *Additional Remedies.* The Association may, in addition to its rights under Section 11.H. above and the Act, enforce collection of delinquent Assessments by suit at law for a money judgment, and the expenses incurred in collecting unpaid Assessments, including interest, costs and attorneys' fees shall be chargeable to the Owner in default. The Board may resolve that an Owner in default shall not be entitled to vote at any meeting of the Association so long as such default is in existence, unless otherwise provided in the Act.

K. *No Exemptions From Liability for Common Expenses.* No Owner may be exempt from liability for his or her contribution toward the Common Expenses of the Association and the Condominium by waiver of the use or enjoyment of any of the Common Elements or any part thereof, by reason of any grievance against the Association, Declarant, or any other Owner, or by the abandonment of such Owner's Condominium Unit or his or her interest therein.

L. *Statement of Assessments.* The Association, or its managing agent, or its representative shall, upon payment to the Association, its managing agent, or its representatives of a reasonable fee as set by the Board from time to time, furnish to any prospective purchaser or Mortgagee of any Unit, at the written request of the Owner, a written statement as to the amount of the Assessments for Common Expenses which have become due and are unpaid up to a given date with respect to the Unit to be sold or mortgaged. In the case of a sale, the purchaser shall not be liable nor shall the Unit purchased be subject to any lien for any unpaid Assessment which has become due and is not shown on such statement for the period of time covered thereby; however, the selling Owner shall remain liable for same.

M. *Common Expense Fund.* The Common Expense Fund shall be based upon the aggregate sum which the Board shall from time to time determine is to be paid by all of the Owners (including Declarant) to pay the estimated Common Expenses.

N. *Failure to Provide Notice of Regular Assessments.* In the event of a failure of the Board to issue the annual notice setting forth the amount of the Regular Assessments, the Regular Assessments then in effect shall continue until the Board issues a new notice of Regular Assessments, and said failure shall not be deemed a waiver of any of the provisions of this Section 11 nor shall it operate to release any Owner from his or her obligations to pay the Assessments provided for hereunder.

O. *Notice to Owners.* Notwithstanding anything to the contrary contained in this Declaration, before the Association may charge an Owner for property damage for which such Owner is liable, or levy a fine for violation of this Declaration, the Bylaws or Rules and Regulations, the Association shall give such Owner a written notice that:

- (i) describes the violation or property damage and states the amount of the proposed fine or damage charge;

- (ii) states that not later than the 30th day after the date of the notice, the Owner may request a hearing before the Board to contest the fine or damage charge; and
- (iii) allows the Owner a reasonable time, by a specified date, to cure the violation and avoid the fine, unless the Owner was given notice and a reasonable opportunity to cure a similar violation within the preceding year.

The above described notice may be given by the Association delivering a copy of the notice to an occupant of the Unit. In addition, the Association shall give notice of a levied fine or damage charges to the Owner within thirty (30) days after the date of levy.

12. Obligations of Owners and Owner Action. Without limiting the obligations of an Owner, each Owner shall: (i) pay all Assessments, late fees, interest, and other charges properly levied by the Association against the Owner or the Owner's Unit, and shall pay all Regular Assessments without demand by the Association; (ii) comply with this Declaration, the Bylaws, the Rules and Regulations, and any amendments thereto; (iii) pay for damage to the Condominium caused by the negligence or willful misconduct of the Owner, an occupant of the Owner's Unit, or the Owner's or occupant's family, guests, employees, contractors, agents or invitees; (iv) pay for damage to the Condominium or any other Unit resulting from the failure or malfunction of any component or item within or forming a part of such Unit, whether constituting a fixture (whether plumbing, electrical, etc.) appliance, or any item of personal property irrespective of negligence, and (v) be liable to the Association for violations of the Declaration, the Bylaws, the Rules and Regulations, and any amendments thereto, by the Owner, an occupant of the Owner's Unit, or the Owner's or occupant's family, guests, employees, agents, or invitees, and for costs incurred by the Association to obtain compliance, including attorneys' fees, whether or not suit is filed.

Without limiting the other legal rights of any Owner or the Association, legal action may be brought by an Owner or the Association, in its sole discretion, on behalf of two (2) or more Owners as their respective interests may appear with respect to any cause of action relating to the Common Elements appurtenant to more than one Condominium Unit. All costs incurred by the Association as a result of such legal action shall be borne in their entirety by the Association unless or until such costs are recovered.

13. Insurance.

A. *Owner's Insurance.* Each Owner shall be responsible, at his or her cost and expense, for his or her own personal insurance on the contents of his or her Unit (specifically including glass and windows appurtenant to the Unit) and his or her additions and improvements thereto, and his or her decorations and furnishings and personal property therein to the extent not covered by the insurance obtained by the Association, as well as his or her personal liability to the extent not covered by the

liability insurance for all of the Owners which may be obtained by the Association as a Common Expense.

B. *Association's Insurance.* The Association shall purchase and maintain policies of insurance and fidelity bond coverage in accordance with the requirements of the Act and the requirements of the Federal National Mortgage Association, as they may be amended from time to time. To the extent not inconsistent with the foregoing, the Association shall obtain and continuously keep in effect, to the extent reasonably available, the Master Policy of fire and extended coverage, vandalism, malicious mischief and liability insurance, and, if required by law or deemed necessary or desirable by the Board, worker's compensation insurance, with respect to the Condominium and the Association's administration thereof in accordance with the following provisions:

- (i) *Parties Covered.* The Master Policy shall be purchased by the Association for the benefit of the Association, Managing Agent (if any), and each and every Owner and their respective Mortgagees, as their interests may appear (subject to the provisions of the Condominium Documents and the Act), the cost of which shall be a Common Expense, and provision shall be made for the issuance of appropriate mortgagee endorsements to Mortgagees.
- (ii) *Coverage.*
 - (a) To the extent such insurance is reasonably available, the Building and all Common Elements shall be insured against fire, vandalism and malicious mischief, and other perils covered by a standard extended coverage endorsement (with appropriate endorsement to cover fixtures, installations or additions comprising a part of the Building within the unfinished interior surfaces of the perimeter walls, floors and ceilings of individual Units initially installed, or replacements thereof, in accordance with the original plans and specifications for the Condominium, specifically referring to and including the interior walls of each Unit), in an amount equal to the replacement cost thereof, excluding the costs of excavations, foundations and footings, as determined annually by the Board. The Board may obtain an appraisal in determining insurable value and the cost thereof shall be an expense of the Association. The Association may, in its sole discretion, elect to carry insurance to cover such other perils as from time to time shall be customarily covered with respect to buildings and improvements similar in construction, location and use

- (b) The Association shall also maintain, to the extent reasonably available, commercial general liability insurance, including medical payments insurance, in an amount determined by the Board of Directors, covering all occurrences commonly insured against for death, bodily injury, and property damage arising out of or in connection with the use, ownership or maintenance of the Common Elements and shall contain, if available, cross-liability endorsements or appropriate provisions for the benefit of Owners, individually and as a group, Directors, and Managing Agent (if any) insuring each insured against liability to each other insured
 - (c) If the property insurance and/or the liability insurance described above is not reasonably available, the Association shall cause notice of that fact to be delivered or mailed to all Owners and Mortgagees.
 - (d) The property and liability insurance policies obtained by the Association shall provide that: (i) each Owner is an insured Person under the policy with respect to liability arising out of such Owner's Percentage of Common Interest Ownership or membership in the Association; (ii) the insurer waives its right to subrogation under the policy against an Owner or the Association and Managing Agent and Mortgagee; (iii) no action or omission of any insured, unless within the scope of the Owner's or Managing Agent's authority on behalf of the Association, will void the policy or be a condition to recovery under the policy; (iv) if, at the time of a loss under the policy, there is other insurance in the name of an Owner covering the same property covered by the policy, the Association's policy shall provide the primary insurance; and (v) the insurer issuing the policy may not cancel or refuse to renew the policy less than thirty (30) days after written notice of the proposed cancellation or non-renewal has been mailed to the Association.
 - (e) The Association shall also carry, if available, fidelity coverage against dishonest acts on the part of Directors, Owners, the Managing Agent (if any), employees (if any), and any other person (including volunteers, with an appropriate endorsement if required) handling funds belonging to or administered by the Association. Such fidelity coverage shall be in the amount of not less than \$100,000.
- (iii) *Premiums.* All premiums upon insurance purchased by the Association shall be included in the Association's budget in accordance with Section 11.C. hereof, except that the amount of

increase over such premiums occasioned by the use, misuse, occupancy or abandonment of a Unit or the Common Elements by an Owner shall be assessed only against such Owner.

- (iv) *Proceeds of Insurance.* Proceeds of all insurance policies owned by the Association shall be payable to the Association, shall be deposited by the Association in a federally insured bank, shall be held in a separate account and shall be distributed to the Association, Owners and their Mortgagees (subject to the provisions of the Condominium Documents and the Act) as their interests may appear; provided, however, whenever repair or reconstruction of the Condominium shall be required as provided in Section 14 hereof, the proceeds of any insurance received by the Association as a result of any loss requiring repair or reconstruction under this Declaration shall be administered by the Association and shall be applied to such repair or reconstruction.
- (v) *Appointment of Attorney-in-Fact.* Each Owner, by acceptance of a deed or other instrument of conveyance from Declarant or from any Owner or grantor resulting in ownership of a Condominium Unit, shall be deemed to appoint the Association as his or her true and lawful attorney-in-fact (which shall be deemed to be an irrevocable power of attorney coupled with an interest and not voidable due to the incapacity or disability of an Owner) to act in connection with all matters concerning the maintenance of the Master Policy and the destruction, repair or obsolescence of the Condominium, in whole or in part. Without limiting the generality of the foregoing, the Association, by and through its President or Vice President, shall have full power and authority to purchase and maintain such insurance, to collect and remit the premiums therefor, to collect proceeds, to institute and prosecute litigation or arbitration, to pay all costs associated with its activities as Common Expenses (to the extent the proceeds received from such insurance are not adequate to pay such costs), to administer the distribution of such proceeds in connection with any reconstruction or repair, to distribute any remaining proceeds to Owners and their Mortgagees (subject to the provisions of the Condominium Documents and the Act) as their interests may appear, to execute releases of liability, and to execute all documents and to do all things on behalf of the Owners and the Condominium as shall be necessary or convenient to accomplish the foregoing; and any insurer may deal exclusively with the Association in regard to such matters (other than exercising any voting rights in determining whether to repair or reconstruct). The Association shall not be responsible for procurement or maintenance of any insurance covering the contents or the interior of any Unit (except to the extent available by endorsement as herein provided) or covering the liability of any

Owner for occurrences not caused by or connected with the Association's operation, maintenance or use of the Condominium.

- (vi) *Priority as to Proceeds.* Notwithstanding anything contained herein to the contrary, no provision contained herein or in the Condominium Documents shall give an Owner or any other party priority over any Mortgagee with respect to the distribution of proceeds of insurance to which such Owner or other party would not otherwise be entitled.
- (vii) *Waiver of Subrogation.* The Association and the Owners shall use their best efforts to see that all insurance carried by an Owner or the Association shall contain appropriate provisions whereby the insurer waives its right of subrogation as to any claims against Owners or the Association or the Managing Agent or Mortgagees and their respective tenants, servants, agents, and guests, as the case may be, and the Association and the Owners, by their acceptance or recordation of a Deed, hereby waive any and all claims and rights of subrogation against each other to the extent of any damage or injury for which insurance is required to be maintained under this Declaration.
- (viii) *Deductible.* In certain circumstances, an Owner may be liable for payment of all or portion of the deductible as may be determined in accordance with this Declaration, the Rules, or policies adopted by the Board.

14. Termination of Condominium; Reconstruction or Repair; Condemnation

A. Termination of Condominium Project.

- (i) The Condominium shall continue indefinitely unless and until it is terminated as provided in this Declaration or by agreement of the Owners holding at least eighty percent (80%) of the votes in the Association (other than those held by the Declarant, or successor to Declarant), and First Mortgagees holding eighty percent (80 %) of the First Mortgages (based on one vote for each First Mortgage held). The agreement of the Owners and First Mortgagees to terminate (and, if the Condominium is to be sold, the terms of sale) must be evidenced by their execution of a Termination Agreement (or a ratification thereof) in the same manner as a deed, by the requisite number of Owners and First Mortgagees. The Termination Agreement and all ratification thereof must be recorded in the Real Property Records of the County of Galveston and will be effective only upon recordation. After the recording of the Termination Agreement, the Condominium may be sold, and the Association, on behalf of the Owners, may contract for such

sale, on the terms set forth in the Termination Notice. The Association has all power necessary and appropriate to affect the sale and until the sale has concluded and the proceeds have been distributed, the Association continues in existence with all the powers it had before termination. Proceeds of the sale must be distributed to the Owners and Mortgagees as their interest may appear, in accordance with the provisions set forth below. Unless otherwise specified in the Termination Agreement, until title to the Condominium has been transferred pursuant to a sale, each Owner and its successors in interest have an exclusive right to occupancy of the portion of the real estate that formerly constituted the Unit. During the period of that occupancy, each Owner and the Owner's successors in interest remain liable for all assessments and other obligations imposed upon the Owners by the Act or this Declaration. Following termination of the Condominium, the proceeds of any sale of real estate, together with any insurance proceeds (if the termination occurs in connection with a damage or destruction) and the assets of the Association are held by the Association as trustee for the Owners and Mortgagees as their interest may appear. If the Condominium is not to be sold following termination, on termination title to the Condominium vests in the Owners as tenants in common in proportion to their respective interests, and liens on the Units shift accordingly. While the tenancy in common exists, an Owner and the Owner's successors in interest have an exclusive right to occupy the portion of the Condominium that formerly constituted the Owner's Unit.

- (ii) The respective interests of the Owners are as follows:
 - (a) except as provided in subsection (b) immediately below, the respective interests of the Owners are the fair market values of their Units, interest in the General Common Elements, and any Limited Common Elements before termination, as determined by one or more independent appraisers selected by the Association. The decision of the independent appraisers shall be distributed to the Owners and becomes final unless disapproved within 30 days after distribution by Owners holding at least 25% of the total votes in the Association. The proportion of any Owner's interest to that of all Owners is determined by dividing the fair market value of that Owner's Condominium Unit and Common Elements interest by the total fair market values of all Condominium Units and Common Elements;
 - (b) if any Unit or any Limited Common Element is destroyed to the extent that an appraisal of the fair market value thereof prior to destruction cannot be made, the proportionate

interest of each Owner shall be such Owner's Common Interest Ownership immediately before termination.

- (iii) The proceeds available for distribution to the holders of interests in the Condominium Units after a termination shall be allocated to each Condominium Unit in accordance with its proportionate interest as provided above and each Condominium Unit's share of such proceeds shall be deposited into a separate account identified by the Condominium Unit designation and the name of the Owner and First Mortgagee thereof. From each separate account, the Association, as attorney-in-fact, shall forthwith use and disburse the total amount of such account, without contribution from one account to another, toward payment of the liens encumbering the Condominium Unit represented by such separate account, in the following order: (a) for the payment of taxes and special assessment liens in favor of any assessing entity; (b) for the payment of any Association common expense Assessments which take priority over the lien of a First Mortgage pursuant to Section 11.H. of this Declaration and the Act; (c) for the payment of the lien of any First Mortgage; (d) for the payment of unpaid Association common expense assessments, other assessments, charges and fees, and all cost, expenses and fees incurred by the Association, including customary expenses of sale; (e) for payment of junior liens and encumbrances in the order of and to the extent of their priority; and (f) the balance remaining, if any, shall be paid to the Owner(s) of the Condominium Unit.

B. *Damage or Destruction.* "Repair and Reconstruction" of the improvements, as used in the succeeding subsections, means restoring the Improvement(s) to substantially the same condition in which they existed prior to their damage or destruction, with each Condominium Unit and the General and Limited Common Elements having substantially the same vertical and horizontal boundaries as before, and all improvements being reconstructed or repaired in substantial conformance with the Condominium's original architectural plan and scheme, to the extent then reasonably and economically feasible. The proceeds of any insurance collected shall be available to the Association for the purpose of repair, reconstruction, restoration, or replacement, in accordance with the provisions hereinafter set forth:

- (i) Any loss covered by the property insurance policy maintained by the Association must be adjusted with the Association, and the insurance proceeds will be paid to the Association or an insurance trustee designated for such purpose and not to the Mortgagees. The insurance trustee or the Association shall hold such insurance proceeds in trust for the Owners and Mortgagees as their interest may appear. Subject to the provisions of subsection (ii) immediately below, the proceeds must be disbursed first to the repair or restoration of the damaged property, and then to the

Association. Owners and Mortgagees shall not be entitled to receive payment of any portion of the proceeds unless there is a surplus of proceeds after the property has been completely repaired or restored or the Condominium is terminated in accordance with Section 14.A, in either of which events the surplus shall be distributed as provided in Section 14.A.iii. The Association may adopt and establish written nondiscriminatory policies and procedures relating to the submission of claims, and such other matters of claims adjustment. The Association shall have full authority, right and power as attorney-in-fact to cause the repair and reconstruction of the improvements. Assessments for common expenses shall not be abated during the period of insurance adjustments and repair and reconstruction.

- (ii) Any portion of the Condominium for which insurance is required under this Declaration must be repaired or replaced promptly by the Association unless (a) the Condominium is terminated in accordance with Section 14.A., in which case the provisions of that Section apply; or (b) repair or replacement would be illegal under any state or local statute or ordinance governing health or safety.
- (iii) *Estimates.* As soon as possible after the occurrence of a casualty which causes damage to any part of the Condominium for which the Association has insurance coverage, the Association shall obtain reliable and detailed cost estimates of the following:
 - (a) The cost of restoring all damage caused by the casualty to the Common Elements (collectively, the "Common Element Costs"); and
 - (b) The cost of restoring that part of the damage caused by the casualty to each Unit which is or would be covered by insurance held by the Association, without regard to the policy limits of such insurance (collectively, the "Unit Costs").
- (iv) If the insurance proceeds are insufficient to repair and reconstruct the improvements, such damage or destruction shall be promptly repaired and reconstructed by the Association as attorney-in-fact, using the proceeds of insurance and the proceeds of a Special Assessment. Such Special Assessment (to be known as an "Allocation Assessment") shall be assessed against all Condominium Units in accordance with Section 11.D hereof. The Association shall have full authority, right and power, as attorney-in-fact, to cause the repair, replacement or restoration of the improvements, using all of the insurance proceeds for such purpose, notwithstanding the failure of an Owner to pay the

aforesaid Allocation Assessment Notwithstanding the foregoing, the Association shall have authority to assess negligent Unit Owners causing any loss all deductibles paid by the Association and any amount by which the insurance proceeds are insufficient to pay the costs of repair and reconstruction, as further set forth in the second sentence of Section 14.B.(v).

- (v) Owner's Responsibilities. Each Owner shall be responsible for the reconstruction, repair or replacement of the interior of his or her Unit, including, but not limited to, furniture, furnishings, floor coverings, wall coverings, window shades, draperies, interior walls, decorative light fixtures, all appliances located therein, and other items of personal property within the Unit, unless such item(s) are covered by the Association's insurance policy. Each Owner shall also be responsible for the costs not otherwise covered by insurance carried by such Owner or the Association for any reconstruction, repair or replacement of any portion of the Condominium necessitated by his or her negligence or misuse, or the negligence or misuse by his or her family, tenants, guests, agents, servants, employees or contractors, as determined by the Board, in its sole discretion (whether or not a Special Assessment is made against other Owners initially to cover such costs). In the event damage to all or any part of the interior of an Owner's Unit is covered by insurance held by the Association for the benefit of such Owner, then the Association shall, subject to the provisions of subsection (iv) immediately above, begin construction or repair of such damage upon receipt of the insurance proceeds or any portion thereof; the Association reserving the right to allow such Owner to perform all or portions of such work, subject to the rights of the Association and such Unit's First Mortgagee to supervise, approve or disapprove such reconstruction or repair during the course thereof. In the event damage to all or any part of the interior of any Owner's Unit is not covered by insurance held by the Association for the benefit of such Owner, then such Owner shall, subject to the provisions of subsection (iv) immediately above, begin reconstruction or repair of his Unit within sixty (60) days after the date of such damage, subject to the right of the Association to supervise, approve or disapprove such reconstruction or repair during the course thereof.

C. *Obsolescence.* Owners holding at least eighty percent (80%) of the votes in the Association (other than those held by the Declarant, or any successor to the Declarant) or First Mortgagees holding eighty percent (80%) of the First Mortgages (based on one vote for each First Mortgage held) may agree that the Common Elements are obsolete and adopt a plan for the renewal and reconstruction thereof. If a plan for renewal or reconstruction is adopted, notice of such plan shall be recorded in Real Property Records of Galveston County, Texas, and the expenses of renewal and

reconstruction shall be payable by all of the Owners as a Common Expense, whether or not they have previously consented to the plan of renewal and reconstruction. The aforesaid Common Expense assessment for the renewal and reconstruction of the Common Elements shall be a debt of each Owner and a lien on its Condominium Unit, and may be enforced and collected as provided in Section 11 hereof.

D. *Condemnation.* If at any time during the continuance of condominium ownership pursuant to this Declaration, all or any part of the Condominium shall be taken or condemned by any public authority, or sold or otherwise disposed of in lieu of or in avoidance thereof, the provisions of this Section 14.D. shall apply:

- (i) All compensation, damages or other proceeds therefrom, the sum of which is hereafter called the "Condemnation Award" shall be payable to the Association.
- (ii) In the event that the entire Condominium is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership pursuant to this Declaration shall terminate. The Condemnation Award shall be apportioned among the Owners by the Board the same as if there had been a termination of the Condominium under Section 14.A.; provided, however, that if a standard different from the value of the Condominium as a whole is employed as the measure of the Condemnation Award in the negotiation, judicial decree or otherwise, then in determining such shares the same standard shall be employed to the extent it is relevant and applicable. The Association shall, as soon as practicable, determine the share of the Condemnation Award to which each Owner is entitled. Such shares shall be paid into separate accounts and disbursed, as soon as practicable, in the same manner as provided in Section 14.A. hereof.
- (iii) Subject to the rights of First Mortgagees provided in this Declaration, in the event that less than the entire Condominium is taken, condemned, sold or otherwise disposed of in lieu of or in avoidance thereof, the condominium ownership hereunder shall not terminate. Each Owner shall be entitled to a share of the Condemnation Award, to be determined in the following manner: As soon as practicable, the Association shall reasonably, and in good faith, allocate the Condemnation Award between compensation, damages or other proceeds and shall apportion the amounts so allocated among the Owners, as follows. (a) the total amount allocated to taking of or injury to the Common Elements (less any portion used for restoration or repair of the remaining Common Elements) shall be apportioned among the Owners in accordance with the Common Interest Ownership assigned to each Unit (but the portion of the award attributable to the acquisition of

a Limited Common Element shall be equally divided among the Owners of the Units to which that Limited Common Element was allocated at the time of acquisition); (b) the total amount allocated to severance damages shall be apportioned to those Units which were not taken or condemned and which in the sole judgment of the Association were damaged; (iii) the respective amounts allocated to the taking of or damage to a particular Unit, and to the improvements an Owner has made within his Condominium Unit, shall be apportioned to the particular Unit involved; and (iv) the total amount allocated to consequential damages and any other takings or injuries shall be apportioned as the Association determines to be equitable in the circumstances, or as determined by the judicial decree. Notwithstanding anything to the contrary contained in this Declaration except the preceding sentence, the allocation of the Condemnation Award to each affected Unit shall be based on the comparative values of the affected Units as they existed immediately prior to the condemnation, using such evidence of the appraised values as is then available, including, but not limited to, recent MAI appraisals of the affected property or comparable property. If the allocation of the Condemnation Award is already established in negotiations, judicial decree or otherwise, then in allocating the Condemnation Award, the Association shall employ such allocation to the extent it is relevant and applicable. Apportioned proceeds shall be disbursed, as soon as practicable, in the same manner as provided in Section 14.B. hereof.

- (iv) Any reconstruction and repair necessitated by condemnation shall be governed by the procedures specified in Section 14.B. hereof.
- (v) If a Unit is acquired by eminent domain or part of a Unit is acquired by eminent domain leaving the Owner with a remnant which may not practically or lawfully be used for any purpose permitted by the Declaration, the Owner(s) thereof shall automatically cease to be a member(s) of the Association, shall cease to hold any right, title or interest in the remaining Common Elements, and shall execute any and all documents necessary to accomplish the same and the award will include compensation to the Owner for that Unit and its undivided interest in the Common Elements whether or not any Common Elements are acquired. The Condemnation Award as to each such completely taken Condominium Unit shall be paid into a separate account and disbursed, as soon as practicable, to the Owner of such Condominium Unit and its First Mortgagee in the same manner as provided in Section 14.A. hereof. Upon acquisition, unless the decree otherwise provides, that Unit's undivided interest in the Common Elements shall be reallocated to the remaining Units in proportion to the respective Common Elements of those Units before the taking. Any remnant of a Unit

remaining after a part of a Unit is taken pursuant to this subsection (v) is thereafter a Common Element.

- (vi) Except as provided in subsection (v) above, if part of a Unit is acquired by eminent domain, the award must compensate the Owner for the reduction in value of the Unit and its undivided interest in the Common Elements whether or not any Common Elements are acquired. Upon acquisition, unless the decree otherwise provides, the Unit's interest in the Common Elements shall be reduced and determined by dividing the square footage of the remainder of the Unit by the total square footage of all Units in the Condominium after the taking, but the Unit's vote and share of assessments for common expenses shall remain the same.
- (vii) The reallocation of Common Elements pursuant to Section 14D. shall be confirmed by an amendment to this Declaration prepared, executed and recorded by the Association.

E. *Notice to First Mortgagees* In the event of substantial damage to or destruction of any Unit or any part of the Common Elements, any First Mortgagee shall be entitled to timely written notice of any such damage or destruction at the address appearing in the Record of Mortgages, and no provision hereof shall entitle an Owner or any other party to the priority granted to such First Mortgagee with respect to the distribution of any insurance proceeds attributable thereto. In the event any Unit or portion thereof, or the Common Elements or any portion thereof, is made the subject matter of any condemnation or eminent domain proceedings or is otherwise sought to be acquired by a condemning authority, any First Mortgagee shall be entitled to timely written notice of any such proceeding or proposed acquisition at the address appearing in the Record of Mortgages, and no provision hereof shall entitle an Owner or any other party to the priority granted to such First Mortgagee with respect to the distribution of the proceeds of any award or settlement attributable thereto.

15. Restrictions on Use. The Board may and is authorized to, from time to time, institute, invoke, amend, and terminate nondiscriminatory Rules and Regulations which the Board may deem necessary or convenient to insure compliance with the general guidelines of this Declaration.

In that regard, the following restrictions, covenants and conditions are placed upon each Unit in the Condominium as a general plan or scheme of restrictions for the benefit of each Unit.

A. *Permitted Uses of Units*

- (i) **Residential Use.** After the initial sale or transfer by Declarant, the primary use of each Unit shall be single-family residence purposes; provided, however, the Owner, Owners or tenants of a Unit may use such Unit for a limited business purpose consistent with the

Rules and Regulations. Consistent with the Rules and Regulations, no Owner shall allow any activity that causes noises such that any other Unit is unreasonably disturbed as determined solely by the Association. In addition, consultation with clients or customers at a Unit shall not be permitted, nor shall any visible signs of the limited business activity be displayed, and no employees, contractors, or vendor's shall be permitted to regularly visit the Unit. Notwithstanding anything contained to the contrary in this Section 15.A, the use of a Unit for the maintenance of a personal or professional library; for the keeping of personal, business or professional records of accounts; or for the handling of personal business or professional telephone calls or correspondence shall not be deemed to be a violation of these provisions.

- (ii) Use by Declarant. Notwithstanding the generality of the foregoing, so long as Declarant owns any of the Units which are for sale, Declarant and its employees, representatives and agents may maintain establish or relocate business, leasing and/or sales offices, sales models and other sales facilities within any Unit, (or portion thereof) of the Condominium or within any Limited or Common Element (e.g. club house) as Declarant shall deem appropriate.
- (iii) Maximum Occupancy. Rules and Regulations governing maximum occupancy are set forth in the Rules and Regulations of the Association, the initial version of which are attached to the Bylaws as Schedule "A", and as may be from time to time amended by the Board in accordance with the provisions of the Declaration and Bylaws

B. *Alterations, Additions and Improvements.* No alterations of any portion of the Common Elements or additions or improvements thereon shall be made by any Owner without the prior written approval of the Board of Directors or the Association. Further, no alteration (including painting, change of color, etc.) shall be made on the exterior of any door or garage door, window, Patio, Garage, or Balcony, without the prior written approval of the Board of Directors of the Association. No Owner shall make any structural modification or substantial improvement to or alteration of or to his or her Unit (including, without limitation, the Patio, Garage, or Balcony), or any Limited Common Elements, except in a manner authorized in writing by the Board or the Association. In that respect, to the extent deemed necessary by the Board, all payment and performance bonds required by the Association or Declarant, names of all contractors, subcontractors and other parties which will be involved therewith, plans, specifications, mechanical and engineering drawings and renderings for any proposed structural modification or substantial alteration, improvement to or modification of a Unit must be submitted, no less than thirty (30) days prior to the date of commencement of such work, by such Owner to the Board for review and approval. The Board may impose such specifications and requirements as it may reasonably deem necessary in connection therewith, including, without limitation, the right to require

(but having no duty to so require) that the Owner provide assurances that the alterations, additions, improvements, and modifications comply with all applicable governmental requirements. Further, the Board has the right to approve or deny any of such alterations, additions, modifications or improvements, or the contractors, subcontractors or other personnel performing same, so that, among other reasons, the quality, integrity and safety of the Condominium can be promoted and in order to ensure that the alterations, additions, improvements and modifications (i) are consistent and compatible with the existing Building, and (ii) do not encourage or involve a violation of the Condominium Documents. In the event any Owner constructs or causes to be constructed any alteration, addition, improvement or other modification to his or her Unit which encroaches on any Common Element or any other Unit, the Board may require such Owner, at his or her sole cost and expense, to remove such encroachment and to restore and repair any damage caused by same or attributable thereto. No approval by the Board of any such alterations, additions, modifications or improvements, or the plans, specifications, mechanical and engineering drawings and renderings, or the contractors, subcontractors or other personnel performing same, will be or constitute any representation or warranty by the Board as to the adequacy or sufficiency thereof, or of the compliance of same with any applicable laws, codes or ordinances. All alterations, additions, modifications or improvements must be performed in a prompt, diligent and professional manner, must comply with the plans, specifications, mechanical and engineering drawings and renderings submitted to and approved by the Board (with any requisite changes, additions, modifications or alterations thereto, which may be imposed by the Board), and must comply with all applicable codes, ordinances, laws and regulations applicable thereto.

No Owner shall erect antenna(s), aerials, or satellite dish(es), in the windows of a Unit or on the Patio, Garage, or Balcony except as expressly provided herein. Over the air reception devices expressly permitted by Section 207 of the Telecommunication Act of 1996 (47 C.F.R. Section 1.4000) shall be permitted subject to such rules, regulations, requirements, and conditions promulgated by the Board, as allowed by such Telecommunication Act; provided however, that such devices shall not be installed on any Common Element without the prior written approval of the Board. Further, no Owner shall erect or place any awnings or other exterior attachments, or place any reflective material in the windows of a Unit, Patio, Garage, or Balcony thereof except as expressly provided herein. No Unit shall be altered, remodeled, subdivided or converted into more than one dwelling unit. All draperies, blinds or shutters installed in a Unit shall be subject to the Rules and Regulations. No Owner shall install colored lights or light fixtures presenting the same effect which are visible from outside the Building. No Owner shall make any alteration or modification involving plumbing, electricity and fire protection systems, and/or heating, ventilating, air conditioning systems, or the mechanical or structural systems within such Owner's Unit or the Common Elements, without first ensuring that any proposed alteration or modification complies with all applicable governmental requirements, submitting plans and specifications therefor and the name, address and telephone number of any contractor to the Association and securing the prior written approval of the Association. Such prior written approval is required to ensure that the alterations or modifications: (i) are consistent and compatible with the existing Buildings, and (ii) do not encourage or involve a violation

of the Condominium Documents. No Owner shall enclose or make any alteration or modification of any nature whatsoever to such Owner's Patio, Garage or Balcony which shall alter the external appearance of the Patio, Garage, or Balcony. The furnishings on each Patio, Garage, or Balcony shall be subject to the approval of the Association so as to insure a uniform appearance of the Buildings. No objects or things shall be stored on a Patio, Garage, or Balcony and no item shall be placed temporarily on or hung from a Patio, Garage, or Balcony which shall impair the uniform appearance of the Buildings. No outside clothes or drying lines shall be installed or permitted to be installed on, in, or from a Patio, Garage, or Balcony or the Common Elements. No Owner may alter the floor or interior stairwell assembly, which is designed to mitigate sound transmission, without approval of the Board and, in the Board's sole discretion, certification by a qualified engineer that such alternative floor or stairwell system has equal or greater sound transmission mitigation properties (as measured by the STC Rating of the alternative floor system). Any wood, tile or other hard surface flooring within a Unit shall have such sub-flooring as the Association may require to ensure that such wood, tile or other hard surface flooring shall not create a nuisance or disturbance to other Owners. Provided, however, that all interior stairwells shall be at all times covered with carpeting or carpet runners so as to mitigate sound transmission to adjoining units and shall not have any uncovered tile, wood, or other hard surfaces.

No attic space nor any garage may be converted into living or recreational space.

Within a reasonable time (not to exceed thirty days) after receipt of notice from the Association, an Owner shall be required to replace any door, garage door, or window serving such Owner's Unit at such Owner's expense should the Association determine that such fixture is damaged, deteriorated, or is otherwise in such condition that it cannot be repaired or maintained. Alternatively, the Association shall have the right, but not the obligation, to replace any such fixture and levy the cost of such repair against the Owner as an Individual Purpose Assessment; provided, however, that any replacement exterior fixture must be of comparable style, quality, and material as the existing fixtures, and the Association must approve, in writing, any change to any such fixture. Any such fixture once installed shall be maintained and painted by the Association.

C. *Leases.*

(i) Rules and Regulations for Leasing.

Prior to the leasing of any Unit, each Owner must comply with the provisions of this Section.

(ii) Form and Content of Proposed Lease Agreements.

Any and all lease or rental agreements must be in writing

Units may be leased only in their entirety; no fraction or portion may be leased

No subleases or subleasing shall be allowed.

Each Lease shall specify, by name, those persons intending to occupy the Unit pursuant to the Lease.

Any lease of a Unit in the Condominium shall be deemed to contain the following provisions, whether or not expressly therein stated, and each Owner covenants and agrees that any lease of a Unit shall contain the following language and agrees that if such language is not expressly contained therein, then, such language shall be incorporated into such lease by virtue of the existence of this covenant. Any lessee, by occupancy in a Unit, agrees to the applicability of this covenant and incorporation of this covenant and the following language into the lease:

- "(a) Lessee acknowledges that certain promises made to Lessor are made for the benefit of The Palms at Cove View Condominium Association, Inc. (the "Association") relating to Lessee's compliance with the Declaration of Condominium ("Declaration"), Bylaws of the Association ("Bylaws") and Rules and Regulations of the Association ("Rules"). In order to enforce the provisions of this Agreement made for the Association's benefit, Lessee agrees and acknowledges, and Lessor authorizes, that in the event of Lessee's breach or violation of any of the provisions of the Declaration, Bylaws, or Rules, as they may be amended from time to time, such breach shall constitute a breach or violation of the Lease and the Lessee shall be in default thereunder, and the Association shall be authorized, without joinder or authorization from the Owner of the Unit, to take any and all action against the Lessee available at law or equity, including, but not limited to, all remedies available to a landlord upon breach or default of a lease agreement by the Lessee, including the eviction of the Lessee by forcible entry and detainer action brought by the Association. Failure by the Association to enforce any of its rights shall in no event be deemed a waiver of the right to do so thereafter.

- (b) Lessee shall comply strictly with all provisions of the Declaration, By-Laws and Rules as any of the foregoing may be lawfully amended from time to time. Lessee shall control the conduct of his or her family and guests in order to assure compliance with the foregoing and shall indemnify and hold Lessor and the Association harmless for any such person's failure to comply. Lessee acknowledges that the violation by Lessee or any of the parties above described for whose conduct Lessee is responsible to control of any provision of the Declaration, By-Laws or Rules shall constitute a default under this lease."

It shall be the obligation of the Owner to provide the lessee of such Owner's Unit with copies of the Declaration, Bylaws and Rules prior to entry into any lease covering such Unit; such copies to be made available to such Owners and Lessees for such purpose by the Association for reproduction cost.

(iii) Term of Leases. Rules and Regulations governing the term (length of time) of leases are set forth in the Rules and Regulations of the Association, the initial version of which are attached to the Bylaws as Schedule "A", and as may be from time to time amended by the Board in accordance with the provisions of the Declaration and Bylaws

(iv) Remedies of the Association.

The Owner of the Unit shall be jointly and severally liable with the lessee of his Unit for any and all violations of the Declaration, Bylaws and Rules, for any fines levied against any such lessee by the Association, for any attorneys fees, costs, court costs, or other amounts incurred as a result of any violation and for any damages to the Condominium including, without limitation, the Common Elements or Building, caused by such lessee; provided, however, that an Owner shall not be liable for, or responsible for any criminal acts of such lessee.

Further, in the event the Association proceeds to evict a lessee, any costs, including attorney's fees and court costs, associated with the eviction shall be specially assessed against the Unit and the Owner thereof, such being deemed hereby as an expense which benefits the leased Unit and the Owner thereof.

The Association shall have the authority to enforce any violations of the Declaration, or Rules and Regulations by appropriate judicial relief, including injunctions and suit for damages. In any such lawsuit, the Association shall be entitled to reasonable attorney's fees and costs.

D. Offensive Activities. No unlawful, noxious or offensive activity shall be conducted or carried on in any Unit, or upon the Common Elements or anywhere else in the Condominium, nor shall anything be done therein or thereon which may be or become an annoyance or a nuisance to other Owners or the neighborhood or cause

unreasonable noise or disturbance to others, or which shall interfere in any manner with any Owner's quiet enjoyment of his or her Unit. No Owner shall do or permit anything to be done or keep anything or permit anything to be kept in his or her Unit or on the Common Elements that would increase the rate of or invalidate the coverage afforded by insurance on the Condominium. No Owner shall store any environmentally hazardous, dangerous, explosive or inflammable liquids or other like materials either in his or her Unit or upon the Common Elements.

E. *Signage.* No signs or other advertising devices which are visible from the exterior of any Unit or upon the Common Elements shall be displayed on any portion of the Condominium or any portion of any Unit, including "For Sale" signs, except signs erected by the Association identifying all or a portion of the Condominium or providing information to Owners or their invitees; provided, however, that nothing contained herein shall be deemed to prohibit or restrict in any manner the right of Declarant to construct and maintain such promotional signs and other sales aids on any portion of the Condominium (other than Units which have been sold) which, in the reasonable judgment of Declarant are necessary or helpful for its sales program.

F. *Pets/Animals* Rules and Regulations governing Pets/Animals are set forth in the Rules and Regulations of the Association, the initial version of which are attached to the Bylaws as Schedule "A", and as may be from time to time amended by the Board in accordance with the provisions of the Declaration and Bylaws.

G. *Storage/Refuse/Obstructions.* The Common Elements shall not be used for storage of supplies, personal property, garbage or refuse of any kind (except common garbage receptacles provided and/or maintained by the Association). Entrances, sidewalks, drives and parking areas shall not be obstructed in any way nor shall unauthorized persons or animals play therein or thereon or use such areas for other than their intended purposes. In general, no activities shall be conducted nor conditions maintained by any Owner either in his or her Unit or upon the Common Elements which detracts from the uniform appearance of the Condominium.

H. *Maintenance.* Each Owner shall maintain his or her Unit and any Limited Common Elements appurtenant thereto in a clean, safe and sanitary condition. As to Limited Common Element Patio, as shown on the Condominium Plan, no planting of trees, shrubs, or vegetation may be made which adversely affects or may, with the passage of time, adversely affect the Building(s) (whether foundations, walls, etc.); and the Association shall at all times have the right, in the absolute and sole discretion of the Board of Directors, to remove or otherwise abate any and all vegetation, trees, or shrubs which adversely affect or may adversely affect such Building(s). Each Owner shall also use due care to avoid damaging any of the Common Elements, including, but not limited to, telephone, water, gas, cable, television, plumbing, power or other utility systems throughout the Condominium and each Owner shall be responsible for his or her negligence or misuse of any of the Common Elements or his or her own facilities resulting in damage to the Common Elements.

I. *Compliance with Laws.* Each Owner shall promptly and fully comply with all applicable laws, rules, ordinances, statutes, regulations, or requirements or any governmental agency or authority with respect to the occupancy and use of his or her Unit.

J. *No Right of First Refusal.* Any Owner (including Declarant) may sell, transfer or otherwise convey such Owner's Condominium Unit free from, and such sale, transfer or other conveyance shall not be subject to, any right of first refusal or any similar restriction in favor of the Association.

K. *Vehicles.* Vehicles not in operating condition shall not be parked, repaired or stored (on blocks or otherwise) anywhere in the Condominium. Without limitation, vehicles shall be deemed not to be in operating condition if same have expired or missing license tags and/or inspection stickers, or are incapable of being driven due to mechanical condition of any kind. Boats, trailers, campers, motor homes, recreational vehicles, commercial vehicles, trucks (other than standard-size pick-up trucks), and the like shall not be parked anywhere in the Condominium except within an enclosed garage, if any, constituting part of a Unit or appurtenant to a Unit as a Limited Common Element. No noisy or smoky vehicles may be operated within the Condominium. No garage shall be converted for living, recreational or business purposes, nor shall anything be stored in any garage which would prohibit the parking of vehicles (one vehicle for a one car garage; two vehicles in a two car garage). Except for pedestrian or vehicular ingress or egress into a garage, garage doors must remain closed. Owners are required to park their vehicles in their enclosed garages.

L. *Fireworks.* The use or discharge of firearms, firecrackers or fireworks is expressly prohibited within or from the Condominium.

M. *Guest Parking.* Parking for guests of any Owner or Unit occupant shall be within such areas designated for "guest parking" on the Land, subject to rules and regulations adopted by the Board from time to time.

N. *Business and Sales Office.* None of the restrictions contained in this Section 15 shall apply to the business, management, sales and/or leasing office or offices, sales and/or leasing model Units, other commercial activities, or signs or billboards, if any, of Declarant during the sales and/or leasing period of the Condominium (it being understood that Declarant may maintain a sales/leasing office on the Condominium and one or more sales/leasing model Units in the Condominium during such period and the number, size, location and relocation of such offices and models shall be entirely within the discretion of Declarant) or of the Association in furtherance of its power and purposes set forth herein and in the Condominium Documents, as the same may be amended from time to time, including, without limitation, the power of the Association to own a Unit for the use and enjoyment of a resident manager of the Condominium

16. Sale and Ownership.

A. *Condominium.* The elements of each Condominium Unit shall be inseparable, and may be sold, assigned, leased, devised or encumbered only as a single Condominium Unit.

B. *Deed/Description of Unit.* Every deed, lease, mortgage, deed of trust, will or other instrument may legally describe a Condominium Unit by its identifying Unit number followed by the words "The Palms at Cove View, a Condominium", and reference to the volume and beginning page number of the Condominium Records of Galveston County, Texas, in which this Declaration and any amendments thereto are recorded. Every such description shall be good and sufficient for all purposes to sell, convey, transfer, encumber or otherwise affect not only the Unit but also the Common Elements appurtenant thereto. The initial Deeds conveying each Condominium Unit to each Owner may contain reservations, restrictions, exceptions and exclusions which Declarant deems to be consistent with and in the best interests of all Owners (including Declarant) and the Association.

C. *Capacity of Owners.* A Condominium Unit may be held and owned by more than one person in any real property relationship recognized under the laws of the State of Texas.

17. Uniform Applicability of Condominium Documents. In general, each Owner shall be subject to all the rights and duties assigned to Owners in general under the terms of the Condominium Documents. To the extent there are unsold Units owned by Declarant, Declarant shall enjoy the same rights and assume the same duties as any other Owner would as they relate to each individual unsold Unit unless otherwise provided herein. So long as Declarant owns one or more Units, Declarant shall be subject to the provisions of the Condominium Documents.

18. Mortgages and Mortgagee Protections.

A. *Record of Mortgages.* Any Owner who mortgages his or her interest in a Condominium Unit shall, within ten (10) days after the execution of such mortgage, give notice to the Association in writing of the name and address of his or her Mortgagee and of any eligible insurer, guarantor, or collateral assignee of his or her Mortgagee, and the amount secured by the mortgage, and the Association shall maintain such information in its records (the "Record of Mortgages") entitled "Mortgages of Condominium Units." The Record of Mortgages shall be separately maintained by the Association or by a person designated by the Association. Each Owner shall, in the same manner, notify the Association as to the release or discharge of any such mortgage.

B. *Notices to Mortgagees.* The Association shall, at the written request of any Mortgagee, insurer, guarantor, or collateral assignee of a Mortgagee appearing in the Record of Mortgages, provide such Mortgagee, insurer, guarantor, or collateral assignee of a Mortgagee with the following information: (i) the amount of any unpaid

assessments due from the Owner of such Condominium Unit to the Association, and (ii) the name of each company insuring the Condominium under the Master Policy and the amounts of the coverages thereunder, and of any lapse, cancellation or material modification thereof. The Association shall at the written request of a mortgagee, insurer, guarantor, collateral assignee of any Mortgagee appearing in the Record of Mortgagee, provide notice of: (i) any monetary default by an Owner, (ii) any proposed action that requires the consent of a specified percentage of Eligible Mortgagees, and (iii) any casualty to, or taking of, either a material portion of the Condominium or the Condominium Unit securing its loan.

C. *Effect on Mortgagees.* Any First Mortgagee, upon foreclosure of its lien on a Condominium Unit, or upon acceptance of a deed in lieu of foreclosure thereon, shall not be required to pay any unpaid assessments owing thereon which accrue after the date of recordation of its First Mortgage and prior to the acquisition of title to such Condominium Unit by any such First Mortgagee, but shall be liable for such unpaid assessments accruing from and after the date that such First Mortgagee or its assignee acquires title to such Condominium Unit. Any assessment lien created or claimed hereunder as to any Condominium Unit shall be subject and subordinate to the rights of any holder of any duly recorded First Mortgage upon such Condominium Unit made in good faith and for value as to assessments due and payable after the date of recordation of such mortgage and prior to the date such First Mortgagee acquires title to such Condominium Unit. Except as expressly set forth herein, no lien created under the provisions of this Declaration shall in any way defeat, invalidate or impair the rights of any First Mortgagee under any such duly recorded First Mortgage unless such First Mortgagee thereunder shall expressly subordinate its interest, in writing, to such lien.

D. *Binding on Mortgagees.* No breach of any provision of this Declaration shall impair or invalidate the lien of any duly recorded mortgage or deed of trust made in good faith and for value encumbering one (1) or more Condominium Units; provided, however, that all the covenants, conditions, restrictions, limitations, reservations, grants of easements, rights, rights-of-way, liens, charges and equitable servitude contained in this Declaration shall be binding upon and effective against any person who acquires title to or any beneficial interest in any Condominium Unit by way of foreclosure or otherwise.

E. *Financial Statements.* To the extent the Association does not have an audited financial statement, any First Mortgagee shall have the right to have an audited financial statement prepared at its own expense.

F. *Working Capital Requirements.* Declarant shall establish a working capital fund to meet unforeseen expenditures or to purchase any additional equipment or services. The initial working capital fund established by Declarant shall be in an amount that is at least equal to two (2) months of estimated Common Expenses for each Unit. Each Unit's share of the working capital fund may be collected from each Owner either at the time the sale of the Unit is closed or when control of the Condominium is transferred to the Owners, whichever is earlier. Any amounts paid into the working capital fund shall not be considered as advance payments of regular Common Expense

assessments. The working capital fund shall be transferred to the Association for deposit to a segregated fund when control of the Association is transferred to the Owners.

Declarant shall not use working capital funds to defray any of its expenses, reserve contributions, or construction costs or to make up any budget deficits while it is in control of the Association. Upon the sale of any unsold Unit, Declarant shall be entitled to reimburse itself for any funds it paid to the Association for any unsold Unit's share of the working capital fund by using funds collected at closing when the Unit is sold.

19. Boundaries. In the event that any portion of a Unit or a Common Element changes boundaries and thereby encroaches upon another Unit or Common Element due to the shifting, settling or moving of the Building, such changed boundaries shall be deemed to constitute the boundaries of the Units and the Common Elements so affected. Such change will not affect the Percentage of Common Ownership Interest assigned to the Units affected by the change.

20. Amendments and Modifications.

A. *Amendments.* No purported amendment of any Condominium Document or any action or inaction of the Association shall:

- (i) vacate, waive, revoke, abandon or terminate (other than by fire or other casualty or a taking of all Units by condemnation) the Condominium or the Declaration;
- (ii) be deemed to have changed the Percentage of Common Interest Ownership assigned to any Unit, except as provided in Sections 14 or 20.B. or D. hereof, or the dimensions or boundaries of any Unit (including, without limitation, any change resulting from subdivision or partition), except pursuant to Section 19 hereof; or
- (iii) be deemed to have changed or amended any material provision of the Condominium Documents (with the express exception of the provisions of the Bylaws which may be amended in accordance therewith or unless such change or amendment is done pursuant to Sections 20.B. or 20.D.) including, but not limited to, voting rights, Assessments, reserves, insurance or fidelity bonds, rights to use of or interests in, or sale or transfer (apart from the Units to which they relate), abandonment, partition, subdivision or encumbrance of, the Common Elements (the granting by the Association of easements for public utilities or other public purposes consistent with the intended use of the Common Elements not being deemed a transfer within the meaning of the foregoing) responsibility for the maintenance and repair of the Condominium, expansion or contraction of the Condominium or the addition, annexation or

withdrawal of property to or from the Condominium, convertibility of Units into Common Elements or vice versa, leasing of Units, imposition of any right of first refusal or similar restriction on the right of an Owner to sell, transfer or otherwise convey such Owner's Condominium Unit, or any other provision which is for the express benefit of any Mortgagee, insurer or guarantor of any first mortgage or deed of trust secured by a lien on any Condominium Unit, including, without limitation, provisions concerning the disposition of insurance proceeds and condemnation awards; unless:

(a) as to item (ii) above, all Owners or Eligible Mortgagees vote pursuant to Section 6.E., above, for such action at a meeting of the Association duly called and reflected in an instrument to such effect duly recorded in the Real Property Records of Galveston County, Texas; or

(b) as to items (i) and (iii) above, Owners (other than Declarant) holding in the aggregate at least eighty percent (80%) (as to item (i) above) and sixty-seven percent (67%) (as to item (iii) above) of the Percentages of Common Interest Ownership assigned to all Units (other than those owned by Declarant) and Eligible Mortgagees which represent at least eighty percent (80%) (as to item (i) above) and sixty-seven percent (67%) (as to item (iii) above) of the votes of Units that are subject to mortgages held by Eligible Mortgagees vote or otherwise agree to such action at a meeting of the Association duly called and reflected in an instrument to such effect duly recorded in the Real Property Records of Galveston County, Texas; provided, however, unanimity of each Owner and each Eligible Mortgagee shall be required to the extent set forth in the Act and that no amendment shall discriminate against any Owner or against any Unit or against any group or class of Owners or Units without the prior written consent of such Owners, nor shall any amendment make any change in the provisions herein, relating to insurance and/or repair or reconstruction in the event of casualty or damage without the prior written consent of all Eligible Mortgagees secured by a lien upon one (1) or more of the Units affected. In addition, the Limited Common Elements and the provisions of this Declaration relating to the right to use the Limited Common Elements may not be altered without the consent of each affected Owner and the Eligible Mortgagee, if any, holding a mortgage lien on such Unit.

Any other amendment to the Declaration (other than those described in I, II, or III above or 20B or D hereof) may be made by a vote or agreement of the Owners to which at least 67 percent of the votes of the Association are allocated, and may be adopted (a) by written ballot that states the exact wording or substance of the

amendment and that specifies the date by when a ballot must be received to be counted, or (b) at a special meeting of the members of the Association after written notice of the meeting has been delivered to the Owners setting forth the purpose of the meeting and the proposed amendment in the manner set forth in the Bylaws.

B. *Subdivision of Units.* Except as provided in Section 20.D. hereof, no Unit shall be subdivided or partitioned unless: (i) the Owner of such Unit, (ii) the Eligible Mortgagee, if any, holding a mortgage lien on such Unit, and (iii) the Association agree to such subdivision by an instrument to such effect duly recorded in the Real Property Records of Galveston County, Texas. In the event of a subdivision pursuant to this Section 20.B., the Owner so dividing a Unit shall bear all costs and expenses of amending this Declaration to reflect the same. The Association may not subdivide or partition any Unit unless it otherwise has a legal right to subdivide or partition said Unit and the Association has received the approval of Owners holding at least sixty-seven percent (67%) of the Common Interest Ownership assigned to all Units (other than those owned by the Declarant, or that of Mortgagees holding sixty-seven percent (67%) of the First Mortgagees (based on one vote for each First Mortgage held).

C. *Approval by Mortgagees of Amendments.* In the event the approval of a Mortgagee is required, any Mortgagee who receives by certified or registered mail, with a "return receipt" requested, a written request to approve an amendment, modification or supplement hereto, and who does not deliver or post to the Association a negative response within thirty (30) days thereafter, shall, to the extent permitted by the Act, be deemed to have approved such request.

D. *Amendments by Declarant.* Notwithstanding the generality of the foregoing, and notwithstanding anything in this Declaration to the contrary, Declarant expressly retains the right and shall at all times have the right, to the extent permitted by the Act, to amend this Declaration without the consent or approval of any other person in order to:

- (i) correct survey or other errors made herein prior to the first meeting of Owners;
- (ii) change the Percentage of Common Interest Ownership assigned to, and the dimensions of, Units owned by Declarant so long as, except as permitted by the Declaration, such changes do not affect the Percentage of Common Interest Ownership assigned to, or the dimensions of, the Units not owned by Declarant;
- (iii) make this Declaration comply with the mandatory provisions of the Act, if it be deficient in any such respect, or, as long as Declarant owns any Unit which has not been occupied, conform this Declaration to the requirements of the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Federal Housing Administration or the Veterans Administration, with respect to condominium documentation;

- (iv) amend the Declaration in any way deemed necessary or desirable to reflect the subdivision, combining, remodeling or other modification of Units which shall change the Percentage of Common Interest Ownership of all Units as a result thereof. Notwithstanding any contrary provision in this Declaration, the right of Declarant to amend the Declaration under this section (v) which amendment will result in a change in the Percentage of Common Interest Ownership of any Unit other than the combined, divided, modified or remodeled Units, may not be exercised after seven (7) years from the date the Declaration is recorded in the Real Property Records of Galveston County, Texas.

Declarant expressly retains the right to make such amendments without permission of the Association or any other person or entity, whether said amendment or amendments occur before or after the Association takes over administration of the Condominium. Each Owner, by acceptance of a Deed covering his or her Unit, authorizes and empowers Declarant, as such Owner's agent and attorney-in-fact for said purposes only, to execute, deliver and record any such amendment or amendments either in the name of Declarant, or in the name and as the act of such Owner and all other Owners, and this power and authorization shall be irrevocable.

21. Taxation

A. *Of Units After Separate Assessment.* Each Unit shall be assessed and taxed for all purposes as a separate parcel of real estate entirely independent of the Building, and independent of the Condominium or the Common Elements thereof, and each Owner shall be solely responsible for the payment of all taxes, municipal claims, charges and assessments of any nature whatsoever assessed against such Unit. The valuation of the General Common Elements and the Limited Common Elements shall be assessed separately to each Owner in accordance with his or her Percentage of Common Interest Ownership in the Common Elements. Such payment shall be made prior to the due date of such taxes, municipal claims, charges and assessments.

B. *Of Units Prior to Separate Assessment.* Prior to the time the respective taxing authorities shall have assessed and taxed each Unit as a separate parcel of real estate as provided above, any such taxes, municipal claims, charges and assessments assessed against the Condominium as a whole shall be an expense of the then existing Owner(s) of the Condominium (including Owners of Units then conveyed), apportioned among such Owners on the same basis as the percentage of Common Interest Ownership of the Common Elements, and pro-rated among such Owners to reflect their respective period of ownership for which such tax levy is effective.

22. Remedies.

In the event any default is made by any Owner under the Act, this Declaration, the Bylaws, or the Rules or Regulations, the Board or the Association or their

representatives shall have all of the rights and remedies which may be provided by the Act, this Declaration, or the Bylaws, or which may be available at law or in equity, and may prosecute any action or other proceeding against any defaulting Owner and/or Owners for enforcement of any lien or to enforce compliance with the matter with respect to which default has been made, by injunctive relief or otherwise, or for the collection of any sums, debts, or damages in default or arising from any default. The Board or its authorized representatives shall be further empowered and authorized to correct and cure any matter in default and to do whatever may be necessary for such purpose. All expenses incurred in connection with any such action or proceeding shall be a part of the Common Expenses of this Condominium and collectible from each Owner as in the case of other Common Expenses. The provisions of this Section shall not limit the right or obligation of any Owner from prosecuting any action or other proceeding against any other Owner or Owners to enforce any provision of the Act, this Declaration, the Bylaws, or the Rules and Regulations.

23. Miscellaneous.

A. *Effect of Accordance or Recordation of a Deed.* The acceptance or recordation of a Deed to a Condominium Unit or the entering into occupancy of a Unit shall constitute an agreement by the Owner and his or her tenants, servants, visitors or occupants that: (i) this Declaration and the Condominium Documents, as they may be amended from time to time, and all items affecting title to the Land are accepted, agreed to and ratified by the Association and each such Owner, tenant, visitor, servant or occupant, and their respective heirs, executors, administrators, successors, legal representatives, assigns, purchasers, grantees, mortgagees and all others having or claiming an interest in any Unit, and all of such provisions shall be deemed to be covenants running with the Land to bind any person having at any time any interest or estate in such Condominium Unit, as though such provisions were cited and stipulated in each and every Deed to a Condominium Unit, and (ii) violations of the terms of the Condominium Documents by any such person shall be deemed to be a substantial violation of the duties of the Owner.

B. *Severability, Interpretation.* If any provision of this Declaration or the Bylaws, or any section, sentence, paragraph, clause, phrase or word, or the application thereof in any circumstance shall be invalid or unenforceable, the validity or enforceability of the remainder of the Condominium Documents and the application of any such provisions, section, sentence, paragraph, clause, phrase, or word in any other circumstance shall not be affected thereby. If anything in the Condominium Documents shall be susceptible to two or more interpretations, then the interpretation which shall most nearly be in accord with the intent of the Act, and the general purposes and intent of the Condominium Documents, shall govern.

C. *No Waiver.* No provision contained in this Declaration shall be deemed to have been abrogated or waived by reason of any failure to enforce the same, irrespective of the number of violations or breaches which may occur.

D. *Separation of Estates.* The separate and common estates created by this Declaration shall continue until this Declaration is terminated in the manner and to the extent as is provided herein.

E. *No Gift or Dedication.* Nothing contained in this Declaration shall be deemed to be a gift or dedication of all or any part of the Land or the Building to the public or for any public use.

F. *Mechanic's and Materialman's Liens.* No labor performed or materials furnished and incorporated in a Unit with the consent or at the request of an Owner or his or her agent or his or her contractor or subcontractor shall be the basis for the filing of a lien against the Condominium or the Unit of any other Owner not expressly consenting to or requesting the same, or against the Common Elements. Each Owner shall indemnify and hold harmless the Condominium and each of the other Owners from and against any loss, cost or expense in connection with construction performed or for labor, materials, services or other products incorporated in the Owner's Unit at such Owner's request

G. *Security.* **THE TERM "DECLARANT" AS USED IN THIS SECTION 23G SHALL HAVE THE MEANING SET FORTH IN SECTION 1 "DEFINITIONS" HEREOF AND SHALL FURTHER INCLUDE, WITHOUT LIMITATION, THE DECLARANT, ITS GENERAL PARTNER(S), PARTNERS, DIRECTORS, MANAGERS, OFFICERS, EMPLOYEES, AGENTS, CONTRACTORS, SUB-CONTRACTORS, DESIGN CONSULTANTS, ARCHITECTS, ADVISORS, DEVELOPMENT CONSULTANTS, BROKERS, SALES PERSONNEL, AND MARKETING AGENTS. THE TERM "ASSOCIATION" AS USED IN THIS SECTION 23G SHALL HAVE THE MEANING SET FORTH IN SECTION 1 "DEFINITIONS" HEREOF AND SHALL FURTHER INCLUDE, WITHOUT LIMITATION, THE ASSOCIATION, ITS DIRECTORS, OFFICERS, MANAGERS, EMPLOYEES, AND AGENTS. THE DECLARANT AND THE ASSOCIATION SHALL NOT IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF SECURITY WITHIN THE CONDOMINIUM. NEITHER SHALL THE DECLARANT OR THE ASSOCIATION BE HELD LIABLE FOR ANY LOSS OR DAMAGE BY REASON OF FAILURE TO PROVIDE ADEQUATE SECURITY OR INEFFECTIVENESS OF SECURITY MEASURES UNDERTAKEN. THE DECLARANT AND THE ASSOCIATION DO NOT REPRESENT OR WARRANT THAT ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES, OR OTHER SECURITY SYSTEMS (IF ANY ARE PRESENT) WILL PREVENT LOSS BY FIRE, SMOKE, BURGLARY, THEFT, HOLD-UP OR OTHERWISE, NOR THAT FIRE PROTECTION, BURGLAR, ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS WILL IN ALL CASES PROVIDE THE DETECTION OR PROTECTION FOR WHICH THE SYSTEM IS DESIGNED OR INTENDED. THE DECLARANT AND THE ASSOCIATION ARE NOT AN INSURER AND EACH OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST AND INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR LOSS OR DAMAGE TO PERSONS, TO UNITS AND TO THE CONTENTS OF UNITS AND ACKNOWLEDGES THAT THE**

DECLARANT AND THE ASSOCIATION HAVE MADE NO REPRESENTATIONS OR WARRANTIES NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, RELATIVE TO ANY FIRE PROTECTION, BURGLAR ALARM SYSTEMS, ACCESS CONTROL SYSTEMS, PATROL SERVICES, SURVEILLANCE EQUIPMENT, MONITORING DEVICES OR OTHER SECURITY SYSTEMS RECOMMENDED OR INSTALLED OR ANY SECURITY MEASURES UNDERTAKEN WITHIN THE CONDOMINIUM. NOTHING IN THIS PARAGRAPH SHOULD BE INTERPRETED TO IMPLY THAT THE DECLARANT AND/OR THE ASSOCIATION HAS ANY OBLIGATION TO PROVIDE ANY OF THE SECURITY MEASURES REFERRED TO IN THIS PARAGRAPH.

Without limitation of any other provision of this Declaration, each Owner and their occupants, family, guests and invitees, covenant and agree with respect to any and all security services, systems and facilities provided directly or indirectly by the Declarant and/or Association as follows:

1. Security is the sole responsibility of local law enforcement agencies and individual Owners, their occupants, and their respective guests and invitees. It is acknowledged that the Declarant and Association have no obligation whatsoever to provide security. Security services, systems and facilities, if any, may be provided at the sole discretion of the Board of Directors. The providing of any security services, systems and facilities at any time shall in no way prevent the Board thereafter electing to discontinue or temporarily or permanently remove such security service, systems and facilities or any part thereof.
2. Any third party providers of security services (including those providing maintenance and repair of security systems and facilities) shall be independent contractors, the acts or omissions of which shall not be imputed to the Declarant, Association or its officers, directors, committee members, Manager, agents or employees.
3. Providing of any security services, systems and facilities shall never be construed as an undertaking by the Declarant and Association to provide personal security or as a guarantee or warranty that the presence of any security service, systems or facilities will in any way increase personal safety or prevent personal injury or property damage due to negligence, criminal conduct or any other cause.

EACH OWNER, BY HIS ACCEPTANCE OF A DEED TO A UNIT, SHALL BE DEEMED TO HAVE WAIVED, ON BEHALF OF SUCH OWNER AND SUCH OWNER'S OCCUPANTS, AND THEIR RESPECTIVE FAMILY MEMBERS, GUESTS, TENANTS AND INVITEES, ANY AND ALL CLAIMS, NOW OR HEREAFTER ARISING AGAINST THE DECLARANT AND THE ASSOCIATION ARISING OUT OF OR RELATING TO ANY INJURIES, LOSS OR DAMAGES

WHATSOEVER, INCLUDING, WITHOUT LIMITATION ANY INJURY OR DAMAGES CAUSED BY THEFT, BURGLARY, TRESPASS, ASSAULT, VANDALISM OR ANY OTHER CRIME, TO ANY PERSON OR PROPERTY ARISING, DIRECTLY OR INDIRECTLY, FROM THE PROVIDING OR FAILURE TO PROVIDE ANY SECURITY SERVICES, SYSTEMS AND FACILITIES, OR THE DISCONTINUATION, DISRUPTION, DEFECT, MALFUNCTION, OPERATION, REPAIR, REPLACEMENT OR USE OF ANY SECURITY SERVICES, SYSTEMS AND FACILITIES, WHETHER CAUSED OR ALLEGEDLY CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE DECLARANT OR THE ASSOCIATION.

To the extent the release in this Paragraph 23G is not deemed effective as to any occupant, or any family member, guest or invitee of an Owner or occupant of a Unit, the Owner of each Unit hereby indemnifies and agrees to defend and hold harmless the Declarant and the Association, and their respective officers, directors, committee members, Manager, managing agents, and employees from and against any and all claims, actions, suits, judgments, damages, costs and expenses (including attorney fees and court costs) arising from bodily injury (including, without limitation, mental anguish, emotional distress and death) and/or loss or damage to property suffered or incurred by any such occupant of such Unit, or any family member, guest or invitee of the Owner or occupant of such Unit, as a result of criminal activity within or in the vicinity of the Property, WHETHER CAUSED OR ALLEGEDLY CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OF THE DECLARANT, THE ASSOCIATION OR THEIR RESPECTIVE OFFICERS, DIRECTORS, COMMITTEE MEMBERS, AGENTS, CONTRACTORS OR EMPLOYEES.

Any obligation or liability of the Association which is borne by the Association because of an Owner not abiding by such waiver, release and indemnity obligations under this Article shall be assessed by the Association against the Unit of the Owner who failed to perform such obligation giving rise to such liability, as an Assessment against such Unit and its Owner. Nothing herein shall make any Owner of a Unit liable to the Association or any other Unit Owner for any bodily injury (defined above) and/or loss or damage to property of the occupant, family member, guest or invitee of any other Unit Owner.

H. *Indoor Air Quality And Environmental Conditions.* **THE TERM "DECLARANT" AS USED IN THIS SECTION 23 (MISCELLANEOUS), SHALL HAVE THE MEANING SET FORTH IN PARAGRAPH SECTION 1 (DEFINITIONS), HEREOF AND SHALL FURTHER INCLUDE, WITHOUT LIMITATION, THE DECLARANT, ITS GENERAL PARTNER(S), PARTNERS, DIRECTORS, MANAGERS, OFFICERS, EMPLOYEES, AGENTS, CONTRACTORS, SUB-CONTRACTORS, DESIGN CONSULTANTS, ARCHITECTS, ADVISORS, BROKERS, SALES PERSONNEL AND MARKETING AGENTS. THE TERM "ASSOCIATION" AS USED IN THIS SECTION SHALL HAVE THE MEANING SET FORTH IN SECTION 1 (DEFINITIONS), HEREOF AND SHALL FURTHER INCLUDE, WITHOUT LIMITATION, THE ASSOCIATION, ITS DIRECTORS, MANAGERS, EMPLOYEES, AND AGENTS. THE DECLARANT AND THE ASSOCIATION SHALL NOT IN ANY WAY BE CONSIDERED AN INSURER OR GUARANTOR OF ENVIRONMENTAL CONDITIONS OR INDOOR AIR QUALITY WITHIN THE CONDOMINIUM. NEITHER SHALL THE DECLARANT OR THE**

ASSOCIATION BE LIABLE FOR ANY LOSS OR DAMAGE FOR FAILURE TO PROVIDE ADEQUATE INDOOR AIR QUALITY OR BY REASON OF THE EXISTENCE OF ANY ADVERSE ENVIRONMENTAL CONDITION. THE DECLARANT AND THE ASSOCIATION DO NOT REPRESENT OR WARRANT THAT ANY CONSTRUCTION MATERIALS, AIR FILTERS, MECHANICAL, HEATING, VENTILATING OR AIR CONDITIONING SYSTEMS AND CHEMICALS NECESSARY FOR THE CLEANING OR PEST CONTROL OF THE CONDOMINIUM WILL PREVENT THE EXISTENCE OR SPREAD OF BIOLOGICAL ORGANISMS, COOKING ODORS, ANIMAL DANDER, DUST MITES, FUNGUS, MOLD, POLLEN, TOBACCO SMOKE, DUST OR THE TRANSMISSION OF INTERIOR OR EXTERIOR NOISE LEVELS. THE DECLARANT AND THE ASSOCIATION ARE NOT AN INSURER AND EACH OWNER AND OCCUPANT OF ANY UNIT AND EACH TENANT, GUEST OR INVITEE OF ANY OWNER ASSUMES ALL RISKS FOR INDOOR AIR QUALITY AND ENVIRONMENTAL CONDITIONS AND ACKNOWLEDGES THAT THE DECLARANT AND THE ASSOCIATION, HAVE MADE NO REPRESENTATIONS OR WARRANTIES REGARDING INDOOR AIR QUALITY OR ENVIRONMENTAL CONDITIONS WITHIN THE CONDOMINIUM, NOR HAS ANY OWNER, OCCUPANT, TENANT, GUEST OR INVITEE RELIED UPON ANY SUCH REPRESENTATIONS OR WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, RELATIVE TO THE INDOOR AIR QUALITY OR ENVIRONMENTAL CONDITIONS WITHIN THE CONDOMINIUM.

1 *Claims against Declarant.* Each Owner, by acceptance of his/her/its deed to a Condominium Unit, expressly agrees that any dispute, controversy, claim or other matter in question between such Owner (or the Association acting on behalf of any Owner on matters affecting the Condominium) and Declarant (including its general partner(s), partners, directors, managers, officers, employees, agents, contractors, sub-contractors, design consultants, architects, advisors, brokers, sales personnel and marketing agents) arising out of or related in any way to such Owner's acquisition of such Condominium Unit, this Declaration (or any amendment hereto), to any alleged act or omission of the Declarant (including its general partners, partners, directors, managers, officers, employees, agents, contractors, subcontractors, design consultants, architects, advisors, brokers, sales personnel and marketing agents) shall be resolved and settled only through binding Arbitration, in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association then currently in effect. Notice of demand for arbitration shall be filed in writing with the other party and with the American Arbitration Association. A demand for arbitration shall be made within a reasonable time after the claim has arisen and in no event shall it be made after the expiration of any applicable statute of limitations period. No arbitration arising out of or relating to this paragraph shall include, by consolidation, joinder or in any other manner, any person or entity other than Owner and Declarant or contractor, unless it is shown at the time the demand for arbitration is filed that (1) such person or entity is substantially involved in a common question of fact or law, (2) the presence of such person or entity is required if complete relief is to be accorded in arbitration, and (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

A party who files a notice of demand for arbitration must assert in the demand all claims then known to that party. When a party fails to include a claim through oversight, inadvertence or excusable neglect, or when a claim has matured or been acquired subsequently, the arbitrator may permit amendment.

This agreement to arbitrate shall be specifically enforceable under applicable law in any court having jurisdiction thereof. The award rendered by the arbitrator shall be final and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

J. *Exhibits.* All exhibits, attachments, annexed instruments and addenda referred to herein shall be considered a part hereof for all purposes with the same force and effect as if copied verbatim herein.

K. *Notices.* Notices provided for in the Act, this Declaration or the Bylaws shall be in writing and shall be addressed to the Board or the Association at the address of the Board, the Association or their respective representatives which may be established from time to time and of which the Owners shall be notified. Notice to the Owners may be sent to the mailing address of their respective Units or to such other address which any Owner may in writing designate by notice thereof to the Board, the Association or their respective representatives. Any notice which is required to be sent, given or delivered pursuant to the terms of this Declaration, the Bylaws or the Rules and Regulations shall be deemed sent, given and delivered on the earlier of (i) the date actually received or (ii) three (3) business days after deposit for delivery by the U.S. Postal Service, postage prepaid, certified mail, return receipt requested.

L. *Omissions.* In the event of the omission from the Condominium Documents of any word, sentence, clause, provision or stipulation which shall be necessary for the accomplishment of the intent and purposes hereof or any part hereof, then such omitted matter shall be applied by inference and/or by reference to the Act.

M. *Captions and Exhibits.* Captions used in the various articles and sections of this Declaration are for convenience only and they are not intended to modify or affect the meaning of any of the substantive provisions hereof.

N. *Use of Number and Gender.* Wherever used herein and unless the content shall otherwise provide, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall include all genders.

O. *Conflicting or Inconsistent Provisions.* If at any time, a provision of the Rules and Regulations, Bylaws, as then existing, Articles of Incorporation or community policies promulgated by the Board conflicts with or is inconsistent with the provisions of this Declaration, the hierarchy of authority shall be as follows: Declaration (highest), Articles of Incorporation, Bylaws, Rules and Regulations, the community policies promulgated by the Board (lowest).

P. *Governing Law.* **THE CONDOMINIUM DOCUMENTS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF TEXAS. VENUE FOR ANY ACTION BROUGHT IN CONNECTION WITH THE CONDOMINIUM SHALL BE IN GALVESTON COUNTY, TEXAS.**

Q: *Use of Names, Proprietary Information.* The names "The Palms at Cove View" "The Palms at Cove View, a Condominium" as used within this document and related documents referenced herein which relate to the Condominium are proprietary to Declarant and may not be used by any person or entity for any commercial use, pecuniary gain, or profit, and may not be used for any personal use whatsoever, including, without limitation, the creation, publication, or distribution of newsletters, publications, internet websites, or other methods or manner of communication without the prior written consent or authorization of the Declarant. The violation of the foregoing provisions shall be subject to injunctive relief. Similarly, the use of the name The Palms at Cove View Condominium Association, Inc. shall be proprietary to the Association and may not be used by any person or entity for any commercial use whatsoever, including, without limitation, the creation, publication, or distribution of newsletters, publications, internet websites or other methods or manner of communication without the prior consent of or authority of the Association. The violation of the foregoing shall be subject to injunctive relief.

IN WITNESS WHEREOF, Declarant has caused this Declaration to be executed the day and year first written above

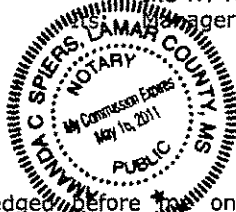
DECLARANT

THE PALMS AT COVE VIEW LP, a Texas limited partnership

By: The Palms at Cove View GP LLC, Its General Partner

By: *Ike W. Thrash*
Ike W. Thrash
Manager

STATE OF Mississippi §
COUNTY OF Lamar §



This instrument was acknowledged before me on the 5TH day of September, 20007, by Ike W. Thrash, Manager of The Palms at Cove View GP LLC, the Sole General Partner of The Palms at Cove View LP, a Texas limited partnership, on behalf of said Partnership.

Amanda Sini
Notary Public - State of MS


SUBORDINATION

The undersigned, International Bank of Commerce, a Texas banking corporation, the Owner and holder of a deed of trust lien pursuant to that certain Deed of Trust, Assignment of Rents, Security Agreement and Financing Statement dated October 23, 2006, executed by Robert P Barnwell, Jr. and Wanda Barnwell, which Deed of Trust is filed of record in the Official Public Records of Galveston County, Texas at File No 2006073280 against the property described in the foregoing attached Declaration of Condominium for the Palms at Cove View, a Condominium, hereby subordinates all liens and security interests held by International Bank of Commerce to said Declaration of Condominium for the Palms at Cove View, a Condominium, but does not subordinate its deed of trust lien and security interests to any other liens or security interests.

INTERNATIONAL BANK OF COMMERCE
By: [Signature]
Name: Richard A. Bothe, Jr.
Title: President

STATE OF TEXAS §
 §
COUNTY OF Calhoun §

This instrument was acknowledged before me on 7th day of Sept., 2007, by Richard A. Bothe, Jr., President of International Bank of Commerce, on behalf of said Texas banking corporation.

[SEAL] 
My Commission Expires: 10/5/07

[Signature]
Notary Public - State of Texas
Rachel Bonuz
Printed Name of Notary

EXHIBIT "A"
(to the Declaration)

PART I: CERTIFICATE OF FORMATION - NON PROFIT CORPORATION

CERTIFICATE OF FORMATION – NON-PROFIT CORPORATION

OF

THE PALMS AT COVE VIEW CONDOMINIUM ASSOCIATION, INC.

The undersigned, a natural person over the age of eighteen years, acting as organizer of The Palms at Cove View Condominium Association, Inc. (the "Association") under the Texas Business Organizations Code (the "BOC"), does hereby adopt the following Certificate of Formation (this "Certificate") for the Association:

ARTICLE I

Condominium Association

The Association shall be, mean, and constitute a unit owners' association organized under Section 82.101 of the Uniform Condominium Act (Texas Property Code, Chapter 82) (the "Condominium Act") as more specifically described in the Declaration of Condominium for The Palms at Cove View, a Condominium, as recorded in or to be recorded in the Real Property Records of Galveston County, Texas, as amended from time to time (the "Declaration"), with respect to certain real property located in the City of Galveston, Galveston County, Texas, and described in the Declaration.

ARTICLE II

Name

The name of the Association is The Palms at Cove View Condominium Association, Inc

ARTICLE III

Nonprofit Corporation

The Association is a nonprofit corporation.

ARTICLE IV

Duration

The duration of the Association shall be perpetual.

ARTICLE V

Purposes

The purposes for which the Association is formed are the following:

1. To provide an organization consisting of the owners of units in The Palms at Cove View, a Condominium, as described in the Declaration (the "Condominium");
2. To provide for the management, maintenance, preservation, and architectural control of the Condominium;
3. To exercise all of the powers and privileges and to perform all of the duties and obligations of the Association as set forth in the Declaration and Bylaws of the Association;
4. To fix, levy, collect, and enforce payment of any charges or assessments as set forth in the Declaration and to pay all expenses in connection with such charges or assessments, all office expenses and all other expenses incidental to the conduct of the business of the Association, including all licenses, taxes, or governmental charges levied or imposed against the property of the Association, if any;
5. To acquire (by gift, purchase, or otherwise), own, hold, improve, build on, operate, maintain, convey, sell, lease, transfer, dedicate for public use, or otherwise dispose of real or personal property in connection with the affairs of the Association;
6. To borrow money, to mortgage, to pledge, to deed in trust, or to hypothecate any or all of the Association's real or personal property as security for money borrowed or debts incurred;
7. To act in the capacity of principal, agent, joint venturer, partner or otherwise; and notwithstanding any of the above statements of purposes, the Association shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the primary purposes of the Association.

ARTICLE VI

Powers

In furtherance of its purposes, the Association shall have the following powers which, unless otherwise provided in this Certificate, the Declaration, the Bylaws, or the laws of the State of Texas, may be exercised by the board of directors:

1. All rights and powers conferred upon nonprofit corporations by the laws of the State of Texas in effect from time to time;
2. All rights and powers conferred upon condominium associations by the laws of the State of Texas, including the Condominium Act, as amended from time to time; and

3. All powers necessary, appropriate, or advisable to perform any purpose or duty of the Association as set out in this Certificate, the Declaration, the Bylaws, or the laws of the State of Texas.

ARTICLE VII

Membership

The Association shall be a non-stock membership corporation. The members of the Association shall consist solely of the owners of units of the condominium created by the Declaration. The Declaration and Bylaws shall determine the number and qualifications of members of the Association; the classes of membership, if any; the voting rights and other privileges of membership; and, the obligations and liabilities of members. Cumulative voting is not allowed.

ARTICLE VIII

Management by Board of Directors

The management and affairs of the Association shall be vested in the board of directors, except for those matters expressly reserved to the members in the Declaration and Bylaws. The Bylaws shall determine the number and qualifications of directors; the term of office of directors; the methods of electing, removing, and replacing directors; and, the methods of holding board meetings and obtaining consents.

ARTICLE IX

Limitations on Liability

An officer or director of the Association shall not be liable to the Association or any unit owner for monetary damages for an act or omission in the officer's or director's capacity as an officer or director, except that this Article IX does not eliminate or limit the liability of an officer or director to the extent the officer or director is found liable for: (1) a breach of the officer's or director's duty of loyalty to the Association; (2) an act or omission not in good faith that constitutes a breach of duty of the officer or director to the Association or an act or omission that involves intentional misconduct or a knowing violation of the law; (3) a transaction from which the officer or director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the officer's or director's office; or (4) an act or omission for which the liability of the officer or director is expressly provided by statute.

If the Condominium Act, or the BOC is amended after the date of adoption of this Article IX to authorize action further eliminating or limiting the personal liability of officers or directors, then the liability of an officer or director of the Association shall be eliminated or limited to the fullest extent permitted by such statutes, as so amended. Any repeal or modification of the foregoing paragraph shall not affect adversely any

right of protection of an officer or director of the Association existing at the time of such repeal or modification.

ARTICLE X

Amendment of Articles

This Certificate may be amended in accordance with the requirements of the BOC; *provided however*, that:

1. An amendment shall not conflict with the Declaration or the Condominium Act, and
2. An amendment shall not impair or dilute a right granted to a person by the Declaration, without that person's written consent.

ARTICLE XI

Amendment of Bylaws

The Bylaws of the Association shall be amended or repealed according to the amendment provision of the Bylaws, which may reserve those powers to the members, exclusively.

ARTICLE XII

Dissolution

The Association may be dissolved only as provided in the Declaration, the Bylaws, and the laws of the State of Texas. On dissolution, the assets of the Association shall be distributed in accordance with the Declaration provision for distribution upon termination, if the Declaration has no such provision, then in accordance with the termination provision of the Condominium Act.

ARTICLE XIII

Action By Non-Unanimous Consent Without Meeting

Unless otherwise restricted by law, this Certificate, or the Bylaws, any action required or permitted to be taken at any meeting of the members, directors, or members of a committee of the board of directors may be taken without a meeting if a consent in writing, setting forth the action to be taken, is signed by a sufficient number of members, directors, or members of a committee of the board of directors as would be necessary to take that action at a meeting at which all of the members, directors, or members of a committee of the board of directors were present and voted. Such written consent shall bear the date of the signature of each member, director, or committee member who signs the consent, and such written consent shall not be effective unless, within sixty (60) days after the date of the earliest dated consent, a

consent or consents signed by the required number of members, directors, or committee members is delivered to the Association. Delivery shall be by hand or certified or registered mail, return receipt requested. Prior notice of the proposed action shall be given to all members, directors, or committee members who would be able to vote in the proposed action. Prompt notice of the taking of any action by members, directors, or committee members without a meeting by less than unanimous written consent shall be given to all members, directors, or committee members who did not consent in writing to the action.

ARTICLE XIV

Use of Names, Proprietary Information

The names "The Palms at Cove View" and "The Palms at Cove View, a Condominium", as used within this document and related documents referenced herein which relate to the Condominium are proprietary to Declarant named in the Declaration and may not be used by any person or entity for any commercial use, pecuniary gain, or profit; and may not be used for any personal use whatsoever, including, without limitation, the creation, publication, or distribution of newsletters, publications, internet websites, or other methods or manner of communication without the prior written consent or authorization of the Declarant named in the Declaration. The violation of the foregoing provisions shall be subject to injunctive relief. Similarly, the use of the name The Palms at Cove View Condominium Association, Inc. shall be proprietary to the Association and may not be used by any person or entity for any commercial use whatsoever, including, without limitation, the creation, publication, or distribution of newsletters, publications, internet websites or other methods or manner of communication without the prior consent of or authority of the respective Association. The violation of the foregoing shall be subject to injunctive relief.

ARTICLE XV

Initial Board of Directors

The number of directors constituting the board of directors of the Association and their qualifications shall be fixed or determined by, or in the manner provided in, the Bylaws of the Association; *provided, however*, that the number of directors may never be less than three (3). In the absence of a bylaw providing for the number of directors, or should the Association fail to determine the number of directors in the manner provided in the Bylaws, the number of directors constituting the board of directors shall be three (3). The number of directors constituting the initial board of directors is three (3), and the names and addresses of the persons who are to serve as the initial directors of the Association are:

Name	Address
Ike Thrash	59 98 Place Blvd. Hattiesburg, MS 39402

Joseph Thrash

59 98 Place Blvd.
Hattiesburg, MS 39402

Tracey Ross

1064 Conley Circle
Ocean Springs, MS 39564

ARTICLE XVI

Initial Registered Office and Registered Agent

The address of the initial registered office of the Association is 808 Travis Street, Suite 2600, Houston, Texas 77002, and the name of the initial registered agent at such address is Richard C. Lievens.

ARTICLE XVII

Organizer

The name and street address of the Organizer are as follows:

Richard C. Lievens
808 Travis Street, Suite 2600
Houston, Texas 77002

I execute this Certificate of Formation on this 7th day of September, 2007.

Richard C. Lievens

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

7th BEFORE ME, the undersigned Notary Public, do hereby certify that on this the 7th day of September, 2007, personally appeared before me Richard C. Lievens, who being by me first duly sworn, declared that he is the person who signed the foregoing documents as incorporator, and that the statements therein are true.

Given under my hand and seal of office, this 7th day of September, 2007.



Notary Public in and for the State of Texas

EXHIBIT "A"
(to the Declaration)

PART II: BYLAWS

BYLAWS
OF
THE PALMS AT COVE VIEW CONDOMINIUM ASSOCIATION, INC.
(a Texas nonprofit corporation)

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BYLAWS
OF
THE PALMS AT COVE VIEW CONDOMINIUM ASSOCIATION, INC.
(a Texas nonprofit corporation)

ARTICLE I

Purposes; Defined Terms

Section 1.1 *Purposes of Association.* The Palms at Cove View Condominium Association, Inc., a Texas nonprofit corporation and condominium association (the "**Association**"), is organized exclusively to exercise the rights and powers and to perform the duties and obligations of the Association in accordance with the Declaration of Condominium for The Palms at Cove View, a Condominium, to be recorded in the Real Property Records of Galveston County, Texas (the "**Declaration**"), the Certificate of Formation - Non Profit Corporation of the Association (the "**Certificate**"), these bylaws (these "**Bylaws**"), and the laws of the State of Texas, as each may be amended from time to time.

Section 1.2 *Purpose of Bylaws.* These Bylaws provide for the governance of the Condominium known as THE PALMS AT COVE VIEW, A CONDOMINIUM located in the City of Galveston, Galveston County, Texas, subject to and more fully described in the Declaration.

Section 1.3 *Offices.* The principal office of the Association shall be located at c/o Gulf Coast Concierge, 8910 Seawall Blvd., Suite C, Galveston, Texas 77554. The Association shall have and continuously maintain in the State of Texas a registered office, and a registered agent whose office is identical with such registered office, as required by the Texas Non-Profit Corporation Act. The registered office may, but need not, be identical with the principal office of the Association in the State of Texas, and the registered office and registered agent may be changed from time to time by the Board of Directors. The Association may have such other offices, either within or outside of the State of Texas, as the Board of Directors may determine or as the affairs of the Association may require from time to time. The Board of Directors may change the location of any office of the Association.

Section 1.4 *Definitions.* Capitalized terms not defined herein or in the Declaration shall have the meaning specified or used in the Uniform Condominium Act (Texas Property Code, Chapter 82) (the "Act").

ARTICLE II

Members

Section 2.1 *Membership.* Upon becoming an Owner, each Owner shall automatically become a member ("Member") of the Association, and shall remain a Member thereof until such time as his or her ownership ceases for any reason, at which time his or her membership in the Association shall also automatically cease, and no other person or entity shall be entitled to membership in the Association, except as expressly provided herein or in the Declaration. No Owner shall be required to pay any consideration whatsoever solely for his or her membership in the Association. Upon any transfer of ownership of any Unit, the new Owner acquiring or succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association. The share of an Owner in the funds and assets of the Association cannot be assigned, pledged, or transferred in any manner except as an appurtenance to his or her Unit. Upon any transfer of ownership of any Unit, the new Owner acquiring or succeeding to such ownership interest shall likewise automatically succeed to such membership in the Association.

Section 2.2 *Annual Meeting.* An annual meeting of the Members of the Association shall be held at a location in Galveston, Texas designated by the Board of Directors within 120 days of the end of the fiscal year of the Association, or at such other time and place as the Board of Directors of the Association shall determine. At annual meetings, the Members shall elect directors of the Association ("Directors") in accordance with these Bylaws and may also transact such other business of the Association as may properly come before them.

Section 2.3 *Special Meetings.* Except as otherwise provided by law or the Declaration, a special meeting of the Association may be called by the President, by a majority of the members of the Board of Directors, or by Owners having in the aggregate at least twenty percent (20%) of the Percentages of Common Interest Ownership entitled to be cast at such meeting. Such meeting shall be held within 30 days after being called. No more than one special meeting may be held during any 90-day period. Business transacted at any special meeting of Members shall be limited to the purposes stated in the notice of the meeting given in accordance with the terms of Section 2.5.

Section 2.4 *Open Meetings, Place of Meetings.* All meetings of the Members shall be open to all Owners, and shall be held at the Condominium or at a suitable place convenient to the Members, as determined by the Board of Directors.

Section 2.5 *Notice of Meetings; Waiver.* Notice of each meeting of Members, stating the place, day, and hour of any meeting and, in case of a special meeting of Members, the purpose or purposes for which the meeting is called, shall be given at least ten (10) days but not more than 60 days prior to such meeting. Notices shall also set forth any other items of information deemed appropriate by the Board of Directors. If a Unit is owned by more than one person, notice to one Co-Owner shall be deemed notice to all Co-Owners. Notice may be given either personally, by facsimile

transmission, electronically by "E-Mail", or by mail, by or at the direction of the persons calling the meeting, to each Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the Member at the address shown on the Association's records. If transmitted electronically or by facsimile, notice shall be deemed delivered on successful transmission of the notice. Whenever any notice is required to be given to a Member, a written waiver of the notice, signed by the person or persons entitled to such notice, whether before or after the time stated in the notice, shall be equivalent to the giving of such notice. Attendance by a Member, whether in person or by proxy, at any meeting of the Association shall constitute a waiver of notice by such Member of the time, place, and purpose of such meeting. If all Members are present at any meeting of the Association, no notice shall be required and any business may be transacted at such meeting.

Section 2.6 *Ineligibility.* The Board of Directors may determine that no Member may (i) vote at meetings of the Association or (ii) be elected to serve as a Director if the Member's financial account with the Association is in arrears on the record dates provided below, provided each ineligible Member shall be given notice of the arrearage and an opportunity to become eligible. The Board of Directors may specify the manner, place, and time for payment for purposes of restoring eligibility.

Section 2.7 *Record Dates.*

- (a) *Determining Voting Eligibility.* The Board of Directors shall fix a date as the record date for determining the Members entitled to vote at a meeting of the Association. The record date may not be more than sixty (60) days before the date of a meeting of the Association at which Members will vote.
- (b) *Determining Rights Eligibility.* The Board of Directors shall fix a date as the record date for determining the Members entitled to exercise any rights other than those described in the preceding section. The record date may not be more than sixty (60) days before the date of the action for which eligibility is required, such as nomination to the Board of Directors.
- (c) *Adjournments.* A determination of Members entitled to notice of or to vote at a meeting of the Association is effective for any adjournment of the meeting unless the Board of Directors fixes a new date for determining the right to notice or the right to vote. The Board of Directors must fix a new date for determining the right to notice or the right to vote if the meeting is adjourned to a date more than 90 days after the record date for determining Members entitled to notice of the original meeting.

Section 2.8 *Voting Members List.* The Board of Directors shall prepare and make available a list of the Association's voting Members in accordance with Art. 1396-2.1 1B of the Texas Non-Profit Corporation Act.

Section 2.9 *Quorum*. At any meeting of the Association, the presence in person or by proxy of Members entitled to cast and eligible to vote at least 30 percent of the Percentages of Common Interest Ownership that may be cast shall constitute a quorum. Members present at a meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal, during the course of the meeting, of Members constituting a quorum.

Section 2.10 *Votes*. Each Member shall be entitled to a vote, the value of which shall equal the total of the Percentages of Common Interest Ownership assigned to the Units owned by such Owner as set forth in the Declaration; *provided, however*, that a Member shall not be entitled to a vote if such Member is determined to be ineligible to vote by the Board of Directors pursuant to Section 2.6 of these Bylaws. Provided, however, that any Owner attending a meeting of the Association (whether in person or by proxy) not entitled to vote pursuant to the terms of this paragraph shall be counted toward, and shall be included for quorum purposes. The vote of a majority of the Percentages of Common Interest Ownership entitled to be cast by Members present, whether in person or by proxy, at a meeting at which a quorum is present shall be binding upon all Members for all purposes, unless the vote of a greater number is required by the Declaration, these Bylaws or by law. The right of a Member to vote at any meeting of the Association is subject to the following limitations:

- (a) *Co-Owned Units*. If only one of the multiple Owners of a Unit is present at a meeting of the Association, that person may cast the vote or votes allocated to that Unit, and such vote shall be binding on such Owners who are not present at such meeting unless written notice to the contrary has been received by the Association in which case the unanimous action of all such Owners (in person or by written proxy) shall be required to cast their vote as Owners. If more than one of the multiple Owners is present, the vote or votes allocated to that Unit may be cast only in accordance with the Owners' unanimous agreement. Multiple Owners are in unanimous agreement if one of the multiple Owners casts the votes allocated to a Unit and none of the other Owners of the Unit makes prompt protest to the person presiding over the meeting.
- (b) *Corporation-Owned Units*. If a Unit is owned by a corporation, the vote appurtenant to that Unit may be cast by any officer of the corporation in the absence of express notice of the designation of a specific person by the board of directors or bylaws of the owning corporation. The vote of a partnership may be cast by any general partner of the owning partnership in the absence of express notice of the designation of a specific person by the owning partnership. The person presiding over a meeting or vote may require reasonable evidence that a person voting on behalf of a corporation or partnership is qualified to vote.
- (c) *Association-Owned Units*. Votes allocated to a Unit owned by the Association may not be cast.

Section 2.11 *Proxies*. Votes allocated to a Unit may be cast in person or by written proxy. To be valid, each proxy shall (i) be signed and dated by a Member or his or her attorney-in-fact; (ii) identify the Unit to which the vote is appurtenant; (iii) name the person in favor of whom the proxy is granted, such person having agreed to exercise the proxy; (iv) identify the purpose or meeting for which the proxy is given; (v) not purport to be revocable without notice; and (vi) the original (or, an original delivered by legible facsimile transmission) must be delivered to the Secretary or to the person presiding over the Association meeting for which the proxy is designated. Unless the proxy specifies a shorter or longer time, it shall terminate one year after its date. To revoke a proxy, the granting Member must give actual notice of revocation to the person presiding over the Association meeting for which the proxy is designated. A proxy bearing a later date shall be deemed to be a revocation of any prior proxy. Unless revoked, any proxy designated for a meeting which is adjourned, recessed, or rescheduled shall be valid when such meeting reconvenes.

Section 2.12 *Conduct of Meetings*. The President, or any person designated by the Board of Directors, shall preside over meetings of the Association. The Secretary shall keep, or cause to be kept, the minutes of the meeting which shall record all resolutions adopted and all transactions occurring at the meeting, as well as a record of any votes taken at the meeting. The person presiding over the meeting may appoint a parliamentarian. The then-current edition of Robert's Rules of Order shall govern the conduct of all meetings of the Association when not in conflict with the Condominium Documents. Votes shall be tallied by tellers appointed by the person presiding over the meeting.

Section 2.13 *Order of Business*. Unless the notice of meeting states otherwise, the order of business at meetings of the Association shall be as follows:

- (1) Determine votes present by roll call or check-in procedure
- (2) Announcement of quorum
- (3) Proof of notice of meeting
- (4) Consideration of minutes of preceding meeting
- (5) Reports
- (6) Election of Directors (when required)
- (7) New business as may properly come before the meeting
- (8) Special Business (if any)
- (9) Adjournment

Section 2.14 *Adjournment of Meeting*. At any meeting of the Association, the vote of a majority of the Percentages of Common Interest Ownership entitled to be cast by Members present, whether in person or by proxy, at a meeting at which a quorum is present, may adjourn the meeting to another time.

ARTICLE III

Board of Directors

Section 3.1 *Powers and Duties.* The Board of Directors shall have all the powers and duties necessary for the administration of the Association and for the operation and maintenance of the Condominium. The Board of Directors may do all such acts and things except those which, by law or the Condominium Documents, are reserved to the Members and may not be delegated to the Board of Directors.

Section 3.2 *Number and Term of Office.* During the period of Declarant Control, as set forth in Article XI hereof, the number of Directors shall be three (3) and shall serve at the pleasure of Declarant. At the First Meeting of Owners after expiration of the Declarant Control Period, the Owners shall elect the Board of Directors consisting of five (5) members who shall serve until the first Annual Meeting of the Association. At the first Annual Meeting of the Association, the Owners shall elect five (5) Directors, as follows: two (2) Directors shall be elected for a term of three (3) years, two (2) Directors shall be elected for a term of two (2) years, and one (1) Director shall be elected for a term of one (1) year, respectively. Such initial three (3) year terms, two (2) year terms, and one (1) year term shall be determined based upon, and in the order of those Directors receiving the highest number of votes. Thereafter, at the successive annual meetings of Owners, the Owners shall elect Director(s) to serve a term of three (3) years to fill the position of the Director(s) whose term or terms has/have expired at the time of the annual meeting. A Director takes office upon the adjournment of the meeting or balloting at which he or she is duly elected or appointed and, absent death, ineligibility, resignation, or removal, will hold office until his or her successor is duly elected or appointed. The number of Directors may be changed by amendment of these Bylaws, but shall not be less than three. It shall be permissible to combine the First Meeting of the Owners with the first Annual Meeting of the Owners provided that the combined meeting is so noticed.

Section 3.3 *Qualification.* No person shall be eligible for election or appointment to the Board of Directors unless such person is a Member. If any Unit is owned by a partnership, corporation, limited liability company, or trust, any officer, partner, trustee, or employee of that Owner shall be eligible to serve as a Director and shall be deemed to be an Owner for purposes of the preceding sentence. Co-Owners of a single Unit may not serve on the Board of Directors at the same time. Co-Owners of more than one Unit may serve on the Board of Directors at the same time, provided the number of Co-Owners serving at one time does not exceed the number of Units they co-own. No Member may be elected or appointed as a Director if any assessment against the Member or such Member's Unit is delinquent at the time of election or appointment. No Member may continue to serve as a Director if any assessment against the Member or such Member's Unit is delinquent more than sixty (60) days.

Section 3.4 *Nomination.* Nomination for election to the Board of Directors shall be made by a Nominating Committee. The Nominating Committee shall make as many nominations for election to the Board of Directors as it shall, in its discretion,

determine. Elections may also be held by mail in such other manner as the Board may determine.

Section 3.5 Election. Election to the Board of Directors shall be by written ballot at the annual meeting of the Members or by mail conducted prior to the annual meeting of members.

Section 3.6 Vacancies. Vacancies on the Board of Directors caused by any reason, except the removal of a Director by a vote of the Association, shall be filled by a vote of the remaining Directors, even though less than a quorum, at any meeting of the Board of Directors. Each Director so elected shall serve out the remaining term of his or her predecessor.

Section 3.7 Removal of Directors. At any annual meeting or special meeting of the Association, any one or more of the Directors may be removed with or without cause by the vote of at least seventy-five percent (75%) of the Percentages of Common Interest Ownership entitled to be cast by Members present, whether in person or by proxy, at such meeting at which a quorum is present, and a successor shall immediately (before any other business is conducted) be elected to fill the vacancy thus created. Any Director whose removal has been proposed by the Members shall be given an opportunity to be heard at the meeting.

Section 3.8 Annual Organizational Meeting of the Board Of Directors. An annual organizational meeting of the Board of Directors shall be held each year following the annual meeting of the Members, including following the first such annual meeting, at the place of such annual meeting of Members, for the purpose of electing officers and the transaction of such business as may be properly be brought before it. No notice of an annual meeting need be given to either old or new members of the Board of Directors.

Section 3.9 Regular Meetings of the Board of Directors. Regular meetings of the Board of Directors may be held at such time and place as shall be determined, from time to time, by the Board of Directors; however, such meetings shall be held at least quarterly. No notice of regular meetings of the Board of Directors is required other than a resolution of the Board of Directors adopted at a duly called meeting of the Board of Directors stating the time and place of the regular meetings.

Section 3.10 Special Meetings of the Board of Directors. Special meetings of the Board of Directors may be called by the President or, if he or she is absent or refuses to act, the Secretary, or by any Director. At least three days' notice shall be given to each Director, personally or by telephone, electronically, or written communication, which notice shall state the place, time, and purpose of such meeting.

Section 3.11 Conduct of Meetings. The Board of Directors, at each organizational meeting, shall appoint one of their number as Chairperson of the Board of Directors and President of the Association. The Chairperson of the Board of Directors shall preside over all meetings of the Board of Directors and the Secretary shall keep, or cause to be

kept, a record of all resolutions adopted by the Board of Directors and a record of all transactions and proceedings occurring at such meetings. When not in conflict with law or the Condominium Documents, the then-current edition of Robert's Rules of Order shall govern the conduct of the meetings of the Board of Directors.

Section 3.12 *Quorum*. At all meetings of the Board of Directors, a majority of Directors shall constitute a quorum for the transaction of business, and the acts of the majority of the Directors present at a meeting at which a quorum is present shall be the acts of the Board of Directors. The Directors present at a duly called or held meeting at which a quorum is present may continue to transact business even if enough Directors leave the meeting so that less than a quorum remains. However, no action may be approved without the vote of at least a majority of the number of Directors required to constitute a quorum. If less than a quorum is present at any meeting of the Board of Directors, the majority of those present may adjourn the meeting from time to time. At any such reconvened meeting at which a quorum is present, any business which might have been transacted at the meeting as originally called may be transacted without further notice. Directors may not designate a proxy to attend and participate in their respective behalf at board meetings.

Section 3.13 *Presumption of Assent*. Any Director of the Association who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting and unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.14 *Open Meetings*. Regular and special meetings of the Board of Directors shall be open to Members of the Association, but Members who are not Directors may not participate in any deliberations or discussions unless the Board of Directors expressly so authorizes such participation at the meeting. The Board of Directors may adjourn any meeting and reconvene in closed executive session to discuss and vote upon actions involving personnel, pending or threatened litigation, contract negotiations, enforcement actions, matters involving the invasion of privacy of individual Owners, or matters that are to remain confidential by request of the affected parties and agreement of the Board of Directors. The nature of any and all business to be considered in closed executive session shall first be announced in open session.

Section 3.15 *Ex-officio Directors*. The Board of Directors may designate any one or more persons as ex-officio members of the Board of Directors. A person designated as an ex-officio member of the Board of Directors shall be entitled to notice of and to attend meetings of the Board of Directors. The ex-officio member shall not be entitled to vote unless otherwise provided in the Declaration or these Bylaws.

Section 3.16 *Void or Voidable Contracts*. No contract or other transaction between the Association and any Director, or between the Association and any corporation, firm or association (including Developer) in which any Director has a pecuniary or other interest (including, without limitation, any management contract), is either void or voidable because any such Director is present at the meeting of the Board of Directors which authorizes or approves the contract or transaction, or because his or her vote is counted for such purpose, if (i) the fact of the common interest is disclosed or known to a majority of the Board of Directors or noted in the minutes and the Board of Directors authorizes, approves, or ratifies such contract or transaction in good faith by a vote sufficient for the purpose; (ii) the fact of the common interest is disclosed to at least a majority of the Members and the Members approve or ratify the contract or transaction in good faith by a vote sufficient for the purpose; or (iii) the contract or transaction is commercially reasonable to the Association at the time it is authorized, approved, ratified, or executed. Any interested Director may be counted in determining the presence of a quorum of any meeting of the Board of Directors which authorizes, approves, or ratifies any contract or transaction and may vote with like force and effect as if such Director was not so interested

ARTICLE IV

Committees

Section 4.1 *Appointment of Committees*. The Board of Directors may, by resolution passed by a majority of the entire Board of Directors, establish one or more committees, delegate specified authority to a committee, and appoint or remove members of a committee. Unless otherwise provided in the Declaration, each committee of the Association shall consist of one (1) or more Directors, and such other persons appointed from among the Owners as the Board of Directors may determine. The establishment of a committee or the delegation of authority to it shall not relieve the Board of Directors, or any individual Director, of any responsibility imposed by these Bylaws or otherwise imposed by law. Any such committee shall have and may exercise all of the delegated authority of the Board in the management of the business and affairs of the Association, except where action of the full Board is required by statute or by the Condominium Documents. All committees shall keep regular minutes of their proceedings and shall report the same to the Board when requested to do so.

Section 4.2 *Nominating Committee*. One of the committee(s) of the Association shall be the Nominating Committee. The Nominating Committee shall consist of two (2) or more Members, one of whom shall be a Director of the Association. The Nominating Committee shall be appointed by the Board of Directors prior to each annual meeting of the Members, to serve from the close of such annual meeting until the close of the next annual meeting, and such appointment shall be announced at each annual meeting. The Nominating Committee shall have the duties and functions described in these Bylaws.

ARTICLE V

Officers

Section 5.1 *Designation.* The principal officers of the Association shall be the President, the Vice President, the Secretary, and the Treasurer. The Board of Directors may appoint one or more Vice Presidents and such other officers and assistant officers as it deems necessary. All officers must be Directors. Any two offices may be held by the same person, except the offices of President and Secretary. If an officer is absent or unable to act, the Board of Directors may appoint a Director to perform the duties of that officer and to act in place of that officer, on an interim basis.

Section 5.2 *Election of Officers.* The officers shall be elected no less than annually by the Directors and shall hold office at the pleasure of the Board of Directors. The President shall be elected from among the members of the Board of Directors. Except for resignation or removal, officers shall hold office until their respective successors have been designated by the Board of Directors.

Section 5.3 *Removal and Resignation of Officers.* A majority of Directors may remove any officer, with or without cause, at any regular meeting of the Board of Directors or at any special meeting of the Board of Directors called for that purpose. A successor may be elected at any regular or special meeting of the Board of Directors called for that purpose. An officer may resign at any time by giving written notice to the Board of Directors. Unless the notice of resignation states otherwise, it is effective when received by the Board of Directors and does not require acceptance by the Board of Directors. The resignation or removal of an officer who is also a Director does not constitute resignation or removal from the Board of Directors.

Section 5.4 *President.* As the chief executive officer of the Association, the President shall: (i) preside at all meetings of the Association; (ii) have all the general powers and duties which are usually vested in the office of President of a corporation organized under the laws of the State of Texas; (iii) have general supervision, direction, and control of the business of the Association, subject to the control of the Board of Directors; (iv) be an *ex-officio* member of all standing committees; and (v) see that all orders and resolutions of the Board of Directors are carried into effect.

Section 5.5 *Vice President.* In the absence of the President, or in the event of his or her inability or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice Presidents in order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any action taken by a Vice President in the performance of the duties of the President shall be conclusive evidence of the absence or inability of the President to act at the time such action was taken. Any Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

Section 5.6 *Secretary*. The Secretary shall: (i) keep or cause to be kept, the minutes of all meetings of the Board of Directors and of the Association; (ii) have charge of such books, papers, and records as the Board of Directors may direct; (iii) maintain or cause to be maintained, a record of the names and addresses of the Members for the mailing of notices; and (iv) in general, perform all duties incident to the office of Secretary.

Section 5.7 *Treasurer*. The Treasurer shall: (i) be responsible for Association funds; (ii) keep or cause to be kept, full and accurate financial records and books of account showing all receipts and disbursements; (iii) cause an annual audit of the Association's books to be made by a certified public accountant; (iv) prepare or cause to be prepared all required financial data and tax returns; (v) deposit all monies or other valuable effects in the name of the Association in such depositories as may from time to time be designated by the Board of Directors; (vi) prepare or cause to be prepared the annual and supplemental budgets of the Association; (vii) review the accounts of the managing agent on a monthly basis in the event such managing agent is responsible for collecting and disbursing Association funds; and (viii) perform all the duties incident to the office of Treasurer.

Section 5.8 *Authorized Agents*. Except when the Condominium Documents require execution of certain instruments by certain individuals, the Board of Directors may authorize any person to execute instruments on behalf of the Association. In the absence of Board of Directors designation, the President and the Secretary shall be the only persons authorized to execute instruments on behalf of the Association.

ARTICLE VI

Rules

Section 6.1 *Rules*. The Board of Directors shall have the right to establish and amend, from time to time, reasonable rules and regulations for: (i) the administration of the Association and the Condominium Documents; (ii) the maintenance, management, operation, use, conservation, and beautification of the Condominium; and (iii) enhancing the lifestyle of the occupants of Units, whether or not any such occupant is an Owner (each such occupant, a "Resident"); *provided, however*, that such rules may not be in conflict with law or the Condominium Documents. The initial Rules as adopted by the initial Board are attached hereto as Schedule "A". The Board of Directors shall, at all times, maintain the then-current and complete rules in a written form which can be copied and distributed to the Members.

Section 6.2 *Adoption and Amendment*. Any rule may be adopted, amended, or terminated by the Board of Directors, *provided* that the rule and the requisite Board of Directors approval are properly recorded as a resolution in the minutes of the meeting of the Board of Directors

Section 6.3 *Notice and Comment.* The Board of Directors shall give written notice to an Owner of each Unit of any amendment, termination, or adoption of a rule as required by Section 82.070 of the Texas Property Code, as may be amended from time to time. The Board of Directors may, but shall not be required, to give similar notice to Residents who are not Members.

Section 6.4 *Distribution.* Upon request from any Member or Resident, the Board of Directors shall provide a current and complete copy of rules at the cost of the requesting party. Additionally, the Board of Directors shall, from time to time, distribute copies of the current and complete rules to an Owner of each Unit and, if the Board of Directors so chooses, to non-Member Residents.

Section 6.5 *Initial Rules.* The initial Rules of the Association adopted by the initial Board of Directors are attached hereto as Schedule "A".

ARTICLE VII

Enforcement

Section 7.1 *Enforcement.* The violation of any provision of the Condominium Documents shall give the Board of Directors the right, after notice and hearing, except in case of an emergency, in addition to any other rights set forth in the Condominium Documents:

- (a) to enter the Unit or Limited Common Element in which, or as to which, the violation or breach exists and to summarily abate and remove, at the expense of the defaulting Owner, any structure, thing, or condition (except for additions or alterations of a permanent nature that may exist in that Unit) that is existing and creating a danger to the Common Elements contrary to the intent and meaning of the provisions of the Condominium Documents. The Board of Directors shall not be deemed liable for any manner of trespass by this action;
- (b) to enjoin, abate, or remedy by appropriate legal proceedings, either at law or in equity, the continuance of any breach; or
- (c) to impose fines after notice and hearing.

ARTICLE VIII

Obligations of the Owners

Section 8.1 *Proof of Ownership.* Except for those Owners who initially purchase a Unit from Declarant, any person, on becoming an Owner of a Unit, shall furnish to the Board of Directors evidence of ownership in the Unit, in form and substance as may be required by the Board of Directors from time to time and acceptable to the Board of

Directors, which evidence shall remain in the files of the Association. A Member shall not be deemed to be in good standing nor be entitled to vote at any annual or special meeting of the Association unless this requirement is first met.

Section 8.2 *Owners' Addresses.* Not later than the 30th day after the date of acquiring an interest in a Unit, the Owner shall provide the Association with: (i) the Owner's mailing address, telephone number, and driver's license number, if any; (ii) the name and address of the holder of any lien against the Unit, and any loan number; (iii) the name and telephone number of any person occupying the Unit other than the Owner; and (iv) the name, address, and telephone number of any person managing the Unit as agent of the Owner. An Owner shall notify the Association not later than the 30th day after the date the Owner has notice of a change in any of the foregoing information, and shall provide the information on request by the Association from time to time. If an Owner fails to maintain a current mailing address with the Association, the address of that Owner's Unit shall be deemed to be his or her mailing address.

Section 8.3 *Registration of Mortgagees.* An Owner who mortgages his or her Unit shall furnish the Board of Directors with the name and mailing address of his or her mortgagee.

Section 8.4 *Assessments.* As more fully provided in the Declaration, each Member is obligated to pay to the Association Regular Assessments and Special Assessments and Individual Purpose Assessments together with such late charges and interest thereon and costs of collection thereof as provided in the Declaration, which shall be a charge on the Unit and shall be a continuing lien upon each Unit against which each such Assessment is made and shall also be the continuing personal obligation of the Owner of such Unit at the time when the Assessment became due. Any Assessments which are not paid when due shall be delinquent. If any Assessment or part thereof, late charge or service charge is not paid when due, the unpaid amount of such Assessment, late charge or service charge shall bear interest from and after the date when due at the rate which is the lesser of eighteen percent (18%) per annum or the highest lawful rate, and the Association may, at its election, retain the services of an attorney for collection, and there shall also be added to the amount of such unpaid Assessment, late charge or service charge, any and all collection costs incurred hereunder by the Association, including reasonable attorney's fees. No Owner may waive or otherwise escape liability for the Assessments provided for in the Declaration by the non-use of the Common Elements or by the abandonment of his or her Unit. A Member shall be deemed to be in good standing and entitled to vote at any meeting of the Association if he or she is current in the Assessments made or levied against him or her and his or her Unit.

Section 8.5 *Compliance With Condominium Documents.* Each Owner shall comply with the provisions and terms of the Condominium Documents, and any amendments thereto. Further, each Owner shall always endeavor to observe and promote the cooperative purposes for which the Condominium was established.

ARTICLE IX

Association Records

Section 9.1 *Records*. The Association shall use its best efforts to keep the following records:

- (a) Minutes or a similar record of the proceedings of meetings of the Association.
- (b) Minutes or a similar record of the proceedings of meetings of the Board of Directors.
- (c) The name and mailing address of each Member, the currency and accuracy of the information being the responsibility of the Members
- (d) The name and mailing address of each mortgagee, the supply of, and the currency and accuracy of, the information being the responsibility of each Member and such Member's mortgagee.
- (e) Financial records and books of account for the Association that comply with generally accepted accounting principles and that are sufficiently detailed to enable the Association to prepare a resale certificate as provided for in the Act. Such financial records and books of account shall specify the maintenance and repair expenses of the Common Elements and any other expenses incurred by or on behalf of the Association and Owners.
- (f) The plans and specifications used to build the Condominium.
- (g) The plans and specifications acquired by the Association over time for improvements to the Condominium as provided to the Association by the Declarant or the Owners.
- (h) The Condominium Information Statement and any amendments thereto.
- (i) Copies of income tax returns prepared for the Internal Revenue Service.
- (j) Copies of the Condominium Documents and all amendments to any of these. Also, for at least four (4) years, all voting records, proxies, and correspondence by which amendments to the Condominium Documents were approved.

Section 9.2 *Inspection of Books and Records.* An Owner, on written demand stating the purpose of the demand, has the right to examine and copy, in person or by agent, accountant, or attorney, at any reasonable time, for any proper purpose, the books and records of the Association relevant to that purpose, at the expense of the Owner. The Association shall be entitled to appoint a person to be present during any such inspection and to charge a reasonable fee to the Owner for the inspection. Provided, however, that certain records of the Association shall not be appropriate for examination or inspection, irrespective of the purpose stated, including, without limitation, books, records, or other items concerning or relating to the same or similar subject matter as those which could be discussed or considered in a closed, executive board meeting/session as set forth in Section 82.108(b) of the Texas Property Code, as same may be hereafter amended, or recodified.

Section 9.3 *Annual Audit.* The books and records of the Association shall be audited annually by qualified independent auditors in accordance with generally accepted accounting principals within ninety (90) days after the end of the fiscal year of the Association, or as soon thereafter as practicable. The cost of such audit shall be a Common Expense, and copies of any such audit shall be made available to all Owners.

Section 9.4 *Resale Certificates.* The Managing Agent, if any, or any officer of the Association may prepare, or cause to be prepared, certify, and execute resale certificates in accordance with Section 82.157 of the Act. The Association may charge a reasonable fee for preparing a resale certificate. The Association may refuse to finish a resale certificate until the fee is paid. Any unpaid fees may be assessed against the Unit for which the resale certificate is furnished.

ARTICLE X

Indemnification and Insurance

Section 10.1 *Indemnification.* Each person who is or was a Director, officer, or committee member of the Association, or any person who, while a Director, officer, or committee member of the Association, is or was serving at the request of the Association as a Director, officer, committee member, partner, venturer, proprietor, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise, and the heirs, executors, or administrators or estate of such person, shall be indemnified by the Association to the fullest extent permitted or authorized by the Act or any successor provision, as amended from time to time, against any liability, cost, or expense incurred by such person in his or her capacity as a Director, officer, or committee member, or arising out of his or her status as a Director, officer, or committee member, including, without limitation, any act or omission deemed to constitute simple negligence. Provided, however, that the foregoing indemnity obligations shall not apply to acts or omission of a Director which are deemed criminal, as a result of wilful misconduct, or outside the scope or capacity of his or her duties and/or office. The rights granted pursuant to this Article X shall be deemed contract rights, and no repeal or amendment of this Article X shall have the effect of limiting or

denying any such rights with respect to actions taken or proceedings arising prior to any such amendment or repeal.

Section 10.2 *Advance Payments*. The Association may, but shall not be obligated to, pay expenses incurred in defending a civil or criminal act, suit or proceeding arising out of a Director's, officer's, or committee member's capacity or status as Director, officer, or committee member in advance of the final disposition of such action, suit, or proceeding, without any determination as to the person's ultimate entitlement to indemnification; *provided, however*, that the payment of such expenses incurred by any such person in advance of the final disposition of a proceeding shall be made only upon delivery to the Association of both a written affirmation by such person of his or her good-faith belief that he or she has met the standard of conduct necessary for indemnification under this Article X and a written undertaking, by or on behalf of such person, to repay all amounts so advanced if it is ultimately determined that such person is not entitled to be indemnified under this Article X or otherwise.

Section 10.3 *Appearance as a Witness*. Notwithstanding any other provision of this Article X, the Association may, but shall not be obligated to, pay or reimburse expenses incurred by a Director, officer or committee member in connection with his or her appearance as a witness or other participation in a proceeding at a time when he or she is not a named defendant or respondent in the proceeding.

Section 10.4 *Indemnification of Employees and Agents*. The Association, by adoption of a resolution of the Board of Directors, may, but shall not be obligated to, indemnify and advance expenses to an employee or agent of the Association to the same extent and subject to the same conditions under which the Association may indemnify and advance expenses to Directors, officers and committee members under this Article X.

Section 10.5 *Non-Exclusive*. The indemnification provided by this Article X shall not be exclusive of any other rights to which those seeking indemnification may be entitled as a matter of law or under any agreement or otherwise.

Section 10.6 *Insurance*. The Association may, but shall not be obligated to, maintain Insurance at its expense, to protect itself and any person who is or was a Director, officer, committee member, employee, or agent of the Association or is or was serving at the request of the Association as a Director, officer, committee member, partner, venturer, proprietor, employee, agent, or similar functionary of another foreign or domestic corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan, or other enterprise against any liability asserted against him or her and any liability, cost, or expense incurred by him or her in such capacity or arising out of his or her status as such a person, whether or not the Association would have the power to indemnify such person against that liability under this Article X or the Act.

ARTICLE XI

Declarant Provisions

Section 11.1 *Conflict*. The provisions of this Article XI shall control over any provision to the contrary elsewhere in these Bylaws.

Section 11.2 *Board of Directors*. During the Period of Declarant Control, Section 9 of the Declaration shall govern the number, qualification, and appointment of Directors. The initial Directors shall be appointed by Declarant and need not be Owners or Residents. Directors appointed by Declarant may not be removed by the Owners and may be removed by Declarant only. Declarant has the right to fill vacancies in any directorship vacated by a Declarant appointee.

Section 11.3 *Declarant Control; First Meeting of Owners*. The first meeting of Owners shall be held not later than the earlier of (i) one hundred twenty (120) days following the conveyance by Declarant of more than seventy-five percent (75%) of the Units or (ii) three (3) years after the first Unit is conveyed by Declarant (such period sometimes referred to herein as the "Period of Declarant Control"). Until the first meeting of Owners, the affairs of the Association shall be managed by the first Board of Directors named in the Articles or their successors, and during such period it shall have the right to exclusively represent, act as and constitute the Board of Directors, shall have the protection referenced under Article X hereof and shall have the right to exclusively exercise and perform all of the rights, powers, authority, functions and duties herein or in the Act or these Bylaws given to the Association or the Board of Directors. Notwithstanding the foregoing, not later than one hundred twenty (120) days following the conveyance by Declarant of more than fifty percent (50%) of the Units, not less than one-third of the members of the Board of Directors shall be elected by Owners other than the Declarant at a meeting called for such limited purpose. No other business may be considered at such limited purpose meeting and the calculation of the quorum requirement shall be made so that any votes held by the Declarant (as to then existing unsold units owned by the Declarant) shall be considered "ineligible" to vote and thereby excluded from quorum.

ARTICLE XII

Amendment of Bylaws

Section 12.1 *Proposals*. The Association shall provide an Owner of each Unit with any proposed amendment of these Bylaws in accordance with the requirements of Section 82.070 of the Texas Property Code, as same may be amended from time to time. Such description shall be included in the notice of any annual or special meeting of the Association if such proposed amendment is to be considered at said meeting.

Section 12.2 *Consents*. Except as otherwise provided by law or the Declaration, an amendment shall be adopted by the affirmative vote of at least sixty-seven percent

(67%) of the Percentage of Common Interest Ownership entitled to be cast by Members present, whether in person or by proxy, at a meeting at which a quorum is present.

Section 12.3 *Effective*. To be effective, each amendment must be in writing, reference the names of the Condominium and the Association, be signed by at least two officers acknowledging the requisite approval of Members, and be delivered to an Owner of each Unit at least 10 days before the amendment's effective date. Further, if these Bylaws are publicly recorded, the amendment must recite the recording data for the Bylaws, be in a form suitable for recording as a real property record, and be delivered to the county clerk for recordation.

Section 12.4 *Declarant Protection*. As long as the Declarant owns a Unit in the Condominium, no amendment of these Bylaws may affect the Declarant's rights herein without the Declarant's written and acknowledged consent. Specifically, this Section 12.4 may not be amended without prior written approval of the Declarant. The Declarant's written consent shall be part of the amendment instrument.

ARTICLE XIII

Dissolution

Section 13.1 *Dissolution*. The Association may be dissolved in conjunction with the termination of the Condominium as provided in the Declaration and in accordance with Section 82.068 of the Texas Property Code, or as same may be amended or recodified from time to time. In the event that the Condominium is terminated as provided by Section 82.068, the assets of the Association shall be distributed to the Owners in proportion to their interests as provided in Section 82.068(e), or as same may be amended or recodified from time to time. In such event, any agreement of the Owners to terminate the Condominium shall also constitute an agreement to dissolve the Association, however, any such dissolution shall not be deemed effective until after the termination of the Condominium and after the distribution of the assets of the Association to the Unit Owners in proportion to their respective interests. The Association may be dissolved at any other time (i.e. other than in conjunction with the termination of the Condominium) with the consent given in writing and signed by Members entitled to cast at least ninety percent (90%) of the Percentages of Common Interest Ownership; *provided, however*, that no such agreement to dissolve shall be effective unless made at least 120 days in advance of the effective date of such dissolution, and unless written notice of the proposed dissolution is sent to every Member at least thirty (30) days in advance of any action taken. Upon dissolution of the Association, other than incident to the termination of the Condominium as above provided, or a merger or consolidation, the assets of the Association shall be dedicated to an appropriate public agency to be used for purposes similar to those for which the Association was created. In the event such dedication is refused acceptance, such assets shall be granted, conveyed and assigned to any nonprofit corporation, association, trust or other organization to be devoted to such similar purposes.

ARTICLE XIV

General Provisions

Section 14.1 *Contracts*. The President shall have the power and authority to execute, on behalf of the Association, contracts or instruments in the usual and regular course of business, and in addition the Board of Directors may authorize any officer or officers, agent or agents, of the Association to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Association, and such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors or these Bylaws, no officer, agent, or employee shall have any power or authority to bind the Association by any contract or engagement, or to pledge its credit or to render it pecuniarily liable for any purpose or in any amount.

Section 14.2 *Checks, Drafts, etc.* All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Association shall be signed by such officers, employees or agents of the Association as shall from time to time be authorized pursuant to these Bylaws or by resolution of the Board of Directors.

Section 14.3 *Depositories*. All funds of the Association shall be deposited from time to time to the credit of the Association in such banks or other depositories as the Board of Directors may from time to time designate, and upon such terms and conditions as shall be fixed by the Board of Directors. The Board of Directors may from time to time authorize the opening and maintaining within any such depository as it may designate, of general and special accounts, and may make such special rules and regulations with respect thereto as it may deem expedient.

Section 14.4 *Corporate Seal*. The corporate seal, if any, shall be in such form as the Board of Directors shall approve, and such seal, or a facsimile thereof, may be impressed on, affixed to, or in any manner reproduced upon, instruments of any nature required to be executed by officers of the Association.

Section 14.5 *Compensation*. A Director, officer, Member, or Resident shall not be entitled to receive any pecuniary profit from the operation of the Association, and no funds or assets of the Association may be paid as a salary or as compensation to, or be distributed to, or inure to the benefit of, a Director, officer, Member, or Resident; *provided, however, that:*

- (a) reasonable compensation may be paid to a Director, officer, Member, or Resident for services rendered to the Association;
- (b) a Director, officer, Member, or Resident may, from time to time, be reimbursed for his or her actual and reasonable expenses incurred on behalf of the Association in connection with the administration of the affairs of the Association, provided such expense has been approved by the Board of Directors; and this provision does not

apply to distributions to Owners permitted or required by the Declaration or the Act.

Section 14.6 *Delegation of Responsibilities*. Except as otherwise provided by the Declaration, the Articles, these Bylaws, or the laws of the State of Texas, the Board of Directors may delegate certain of its responsibilities or the responsibilities of Officers of the Association to a manager or to a managing agent.

Section 14.7 *Action by Non-Unanimous Written Consent*. Unless otherwise restricted by law, the Certificate or these Bylaws, any action required or permitted to be taken at any meeting of the Members, members of the Board of Directors, or members of any committee of the Board of Directors may be taken without a meeting if a consent in writing, setting forth the action to be so taken, is signed by a sufficient number of Members, members of the Board of Directors, or committee members as would be necessary to take that action at a meeting at which all of the Members, members of the Board of Directors, or committee members were present and voted. Such written consent shall bear the date of the signature of each Member, member of the Board of Directors, or committee member who signs the consent, and such written consent shall not be effective unless, within sixty (60) days after the date of the earliest dated consent, a consent or consents signed by the required number of Members, members of the Board of Directors, or committee is delivered to the Association. Delivery shall be by hand or certified or registered mail, return receipt requested. Prior notice of the proposed action shall be given to all members, directors, or committee members who would be entitled to vote on the proposed action. Prompt notice of the taking of any action by Members, members of the Board of Directors, or committee members without a meeting by less than unanimous written consent shall be given to all Members, members of the Board of Directors or committee members who did not consent in writing to the action. This Section may not be used to avoid the requirement of an annual meeting.

Section 14.8 *Meetings by Conference Telephone*. The Members, members of the Board of Directors, or members of any committee of the Board of Directors may participate in and hold a meeting of the Members, members of the Board of Directors, or committee members by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute presence in person at such meeting, except where a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 14.9 *Conflicting Provisions*. If any provision of these Bylaws conflicts with any provision of the laws of the State of Texas, such conflicting Bylaws provision shall be null and void, but all other provisions of these Bylaws shall remain in full force and effect. In the case of any conflict between the Articles and these Bylaws, the Articles shall control. In the case of any conflict between, the Declaration and these Bylaws, the Declaration shall control.

Section 14.10 *Severability*. Invalidation of any provision of these Bylaws, by judgment or court order, shall in no wise affect any other provision which shall remain in full force and effect. The effect of a general statement shall not be limited by the enumerations of specific matters similar to the general.

Section 14.11 *Fiscal Year*. The fiscal year of the Association shall be set by resolution of the Board of Directors, and is subject to change from time to time as the Board of Directors shall determine. In the absence of a resolution by the Board of Directors, the fiscal year shall be the calendar year.

Section 14.12 *Waiver*. No restriction, condition, obligation, or covenant contained in these Bylaws shall be deemed to have been abrogated or waived by reason of failure to enforce the same, irrespective of the number of violations or breaches thereof which may occur.

Section 14.13. *Use of Names, Proprietary Information*. The names "The Palms at Cove View" and "The Palms at Cove View, a Condominium" as used within this document and related documents referenced herein which relate to the Condominium are proprietary to Declarant and may not be used by any person or entity for any commercial use, pecuniary gain, or profit; and may not be used for any personal use whatsoever, including, without limitation, the creation, publication, or distribution of newsletters, publications, internet websites, or other methods or manner of communication without the prior written consent or authorization of the Declarant. The violation of the foregoing provisions shall be subject to injunctive relief. Similarly, the use of the name The Palms at Cove View Condominium Association, Inc. shall be proprietary to the Association and may not be used by any person or entity for any commercial use whatsoever, including, without limitation, the creation, publication, or distribution of newsletters, publications, internet websites or other methods or manner of communication without the prior consent of or authority of the respective Association. The violation of the foregoing shall be subject to injunctive relief.

SCHEDULE "A"

RULES

OF

THE PALMS AT COVE VIEW CONDOMINIUM ASSOCIATION, INC.

These Rules have been adopted by the Board of Directors of The Palms at Cove View Condominium Association, Inc., a Texas nonprofit corporation and condominium association (the "Association"), in accordance with the provisions of Section 8F of the Declaration of Condominium for The Palms at Cove View, a Condominium (the "Declaration"), to be recorded in the Real Property Records of Harris County, Texas.

These Rules apply to the Units and Common Elements of The Palms at Cove View, a Condominium ("The Palms at Cove View" or the "Condominium"). By owning or occupying a Unit in The Palms at Cove View, each Owner and Resident agrees to abide by these Rules, as well as the obligations of Owners and Residents provided in the Declaration and Bylaws.

For the convenience of Owners and other persons occupying a Unit, whether owner, tenant, guest, patron or other invitee ("Residents") of The Palms at Cove View, these Rules restate some of the rules and covenants contained in the Declaration. Most of these Rules, however, are in addition to the restrictions found in the Declaration. Words and phrases defined in the Declaration shall have the same meaning when used in these Rules. In the event of a conflict between Condominium Documents (as defined herein), the hierarchy of authority shall be as follows: Declaration (highest), Articles of Incorporation, Bylaws, these Rules, the community policies promulgated by the Board (lowest).

A. COMPLIANCE

A-1. COMPLIANCE. Each Owner shall comply with the provisions of these Rules, the Declaration, the Bylaws, and community policies promulgated by the Board of Directors to supplement these Rules, as any of these may be revised from time to time (collectively, the "Condominium Documents"). Each Owner, additionally, shall be responsible for compliance with the Condominium Documents by the occupants of his or her Unit, and his or her or their respective families, invitees, tenants, agents, employees, or contractors. Use of "Owner" or "Resident" in these Rules shall be deemed to include and apply to the Owner of a Unit in the Condominium and to all persons for whom the owner is responsible. An Owner should contact the Board of Directors if he or she has a question about these Rules.

- A-2. **ADDITIONAL RULES.** Each Resident shall comply with all rules and signs posted from time to time on the Condominium by the Association. Such posted rules are incorporated in these Rules by reference. Each Resident shall 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 Condominium. Such temporary rules are incorporated in these Rules by reference.
- A-3. **WAIVER.** Certain circumstances may warrant waiver or variance of these Rules. An Owner must make written application to the Board of Directors for such waiver or variance. If the Board of Directors deems the waiver or variance warranted, the Board of Directors may condition its approval, which must be in writing to be effective. Any consent or approval given under these Rules by the Board of Directors shall be revocable at any time.
- A-4. **FINES.** The Association may levy a fine, not to exceed One Hundred and No/100 Dollars (\$100.00) per occurrence or per day (as the case may be), for violations of these Rules.
- A-5. **SUSPENSION OF CERTAIN RIGHTS.** The Association, at its sole discretion, upon written notice to an Owner, may suspend the voting privileges of an Owner or the use by the Owner or a Resident of certain general common elements (e.g. pool, exercise room, meeting room, etc.) when the Owner of such Unit is delinquent for more than 30 days in the payment of assessments.

B. OBLIGATIONS OF OWNERS AND RESIDENTS

- B-1. **SAFETY.** Each Resident is solely responsible for his or her own safety and for the safety, well-being and supervision of his or her guests and any person on the Condominium to whom the Resident has a duty of care, control, or custody.
- B-2. **DAMAGE.** Each Owner is responsible for any loss or damage to his or her Unit, other Units, the personal property of other Residents or their guests, or to the Common Elements and improvements, if such loss or damage is caused by the Owner or by any person for whom the Owner is responsible. Further, each Owner is responsible for any loss or damage to the Condominium or any other Unit not covered by the Association's insurance (or the deductible relative to same) resulting from the failure or malfunction of any part or portion of the Unit or fixtures therein (including plumbing, electrical, etc.), Irrespective of any negligence. Each Owner shall close all exterior windows and doors when necessary to avoid possible damage from storms or the elements. All damage to the Condominium caused by construction or repair activities within an Owner's Unit, or by the moving of any article therefrom or by the carrying of any article thereto, shall be paid for by the Owner responsible for such construction or repair activities or the presence of such article.
- B-3. **ASSOCIATION DOES NOT INSURE.** Each Resident is solely responsible for insuring his or her personal property in the Unit and on the Condominium and/or property not covered by the Association's insurance, including his or her furnishings,

automobile, and items kept in the garages forming a part of the Unit. Personal property placed in or on the Condominium shall be solely at the risk of the owner of such personal property. Each Resident is also solely responsible for such Resident's liability to third parties for occurrences within the Resident's Unit. The Association urges Owners and Residents to purchase property insurance on their personal belongings and liability insurance for occurrences within their Units and incidental damage resulting therefrom.

- B-4. RISK MANAGEMENT. No Resident shall permit anything to be done or kept in his or her Unit or the Common Elements which will result in the cancellation of insurance on any Unit, or any part of the Common Elements, or which may be in violation of any law.
- B-5. REIMBURSEMENT FOR ENFORCEMENT. An Owner shall promptly reimburse the Association for any expenses incurred by the Association in enforcing the Condominium Documents against the Owner, his or her Unit, or persons for whom the Owner is responsible.
- B-6. REIMBURSEMENT FOR DAMAGE. An Owner shall promptly reimburse the Association for the cost or damage to the Condominium caused by (i) the acts, omissions, negligence or willful conduct of the Owner or the persons for whom the Owner is responsible, or (ii) unless covered by the Association's insurance (or the deductible relative to same) resulting from the failure or malfunction of any part or portion of the Unit or fixture therein (including plumbing or electrical), irrespective of negligence. Such Owner shall indemnify and hold the Association harmless for any such cost or damage.

C. OCCUPANCY STANDARDS

- C-1. NUMBERS. A Unit may be occupied by no more than two (2) persons per bedroom, unless higher occupancy is mandated by public agencies that enforce compliance with the familial status protection of the Fair Housing Act. Provided, however, that for any Unit leased on a rental of thirty (30) days or less, or leased for any term or on any basis pursuant to which a hotel tax is applicable, the maximum occupancy shall be as follows: four (4) person for a one (1) bedroom Unit; or six (6) persons for a two bedroom Unit (including any Unit containing one bedroom/study).
- C-2. DANGER. The Association may prohibit occupancy 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, pursuant to the Fair Housing Act.
- C-3. TERM OF LEASE. All leases must be for a term of no less than one (1) day.
- C-4. WRITTEN LEASES. Each lease must be in writing and shall be subject in all respects to the provisions of the Condominium Documents, as amended from time to time, and all instruments affecting title to the condominium property. Any failure

by a tenant to comply with the terms of any such documents shall constitute a default under such lease enforceable by the Association as the intended third-party beneficiary of the same. An Owner shall provide the Board of Directors with a copy of each lease of that Owner's Unit.

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. This restriction shall not prohibit a Resident from using his or her Unit for a limited business purpose, provided that: (i) such use is incidental to the Unit's Residential use; (ii) such use conforms to all applicable laws and ordinances; and (iii) there is no external evidence of such use and such use otherwise complies with the Restrictions on use for Residential Units set forth in the Declaration. In no event shall such limited business use unreasonably interfere with the quiet enjoyment of the other Owners of their Unit or involve the sale of goods or merchandise to the public. In addition, consultation with clients or customers at a Unit shall not be permitted. Notwithstanding the foregoing, the use of a Unit for the maintenance of a personal or professional library; for the keeping of personal, business or professional records or accounts; or for the handling of personal business or professional telephone calls or correspondence shall not be deemed to be a violation of these provisions.
- D-2. **ANNOYANCE.** No Unit may be used in any way that: (i) may reasonably constitute a nuisance to other Unit Owners; (ii) may be calculated to reduce the desirability of the Condominium as a residential community; (iii) may endanger the health or safety of other Residents; or (iv) may violate any law or any provision of the Condominium Documents.
- D-3. **MAINTENANCE.** Each Owner, at his or her sole cost and expense, shall maintain his or her Unit and any Limited Common Elements appurtenant thereto in a clean, safe and sanitary condition. Each Owner shall also use due care to avoid damaging any of the Common Elements, including, but not limited to, telephone, water, gas, cable, television, plumbing, power or other utility systems throughout the Condominium and each Owner shall be responsible for his or her negligence or misuse of any of the Common Elements or his or her own facilities resulting in damage to the Common Elements.
- D-4. **FLOORING.** No Owner may alter the floor/ceiling assembly, which is designed to mitigate sound transmission, without approval of the Board and, in the Board's sole discretion, certification by a qualified engineer that such alternative floor system has equal or greater sound transmission mitigation properties (as measured by the STC Rating of the alternative floor system). Any wood, tile or other hard surface flooring within a Unit shall have such sub-flooring as the Association may require to insure that such wood, tile or other hard surface flooring shall not create a nuisance or disturbance to other Owners. Floor/flooring as used in this provision shall also apply to interior stairs within Units; provided, however that all such interior stairs shall be fully carpeted or

have rug/carpet "runners" installed over any wood, tile, or other hard surface stair material.

- D-5. PATIO/GARAGE/BALCONY. Each Resident shall keep his or her Patio, Garage, and/or Balcony, in a good state of cleanliness, taking care that the use and/or cleaning does not annoy or inconvenience other Residents. No plants shall be watered on a patio, garage, or balcony such that water overflows onto any other patio or garage, or balcony on the exterior surface of the Building. No animal shall be fed on or from any entry patio, or garage. Each Owner shall be responsible and liable for any item which falls or is thrown from such Owner's patio, garage, or balcony by any person for whom the Owner is responsible. A patio/garage/balcony may not be enclosed or used for storage purposes. If the Board of Directors determines that a patio/garage/balcony is unsightly, the Owner shall be given notice by the Board of Directors to correct the problem within 5 days, after which the Board of Directors may take corrective action at the Owner's expense.
- D-6. WATER CLOSETS. Water closets and other water apparatus in the Units shall not be used for any purposes other than those for which they were constructed nor shall any sweepings, rubbish, rags, paper, ashes, or any other article be thrown into the same. Any damage resulting from misuse or clogging of any water closet or other apparatus shall be paid for by the Owner in whose Unit it shall have been caused. All clothes washers shall use a low sudsing detergent.
- D-7. GLASS. Each Owner, at his or her sole cost and expense, shall promptly repair and replace any broken or cracked glass in his or her Unit's windows and doors.
- D-8. AIR CONDITIONING EQUIPMENT. Each Owner, at his or her sole cost and expense, shall maintain, repair, and replace the heating and cooling equipment/system serving his or her Unit.
- D-9. COMBUSTIBLES. No Owner shall use or permit to be brought into or stored in the Condominium (including within a Unit) any flammable oils or fluids such as gasoline, kerosene, naphtha, benzine, or other explosives or articles deemed extra hazardous to life, limb, or property without in each case obtaining the prior written consent of the Board of Directors or the manager hired by the Association.
- D-10. BARBECUE GRILLS. The use of all outdoor cooking grills shall be prohibited except in areas designated by the Association (acting through the Board or its managing agent).
- D-11. REPORT MALFUNCTIONS. A Resident shall immediately report to the Board of Directors his or her discovery of any leak, break, or malfunction of any item fixture, or component of any portion of his or her Unit or the adjacent Common Elements for which the Association has a maintenance responsibility. The failure to report promptly a problem may be deemed negligence by the Resident, who may be liable for any additional damage caused by the delay.

E. GENERAL USE AND MAINTENANCE OF COMMON ELEMENTS

- E-1. **INTENDED USE.** Every area and facility in the Condominium may be used only for its intended and obvious use. For example, unless otherwise provided in the Rules, walkways, stairways, sidewalks, and driveways are to be used exclusively for purposes of access, not for social congregation or recreation. The Common Elements shall not be used for storage of supplies, personal property, garbage or refuse of any kind (except common garbage receptacles, storage buildings or other similar structures which may from time to time be placed upon the Common Elements at the discretion of the Developer or the Board), nor shall the Common Elements, or Limited Common Elements be used in any way for the drying, shaking or airing of clothing or other items. No Owner shall do any act or place any object in his or her Unit which would create a structural hazard or endanger the structure of the Condominium or adjacent Units, nor shall any Owner construct or maintain any object in his or her Unit which exceeds the maximum weight-bearing capacity of the Condominium, which amount may be obtained from the Condominium manager upon request.
- E-2. **GROUNDS.** Unless the Board of Directors 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, climbing, and use by pets for "relieving" themselves.
- E-3. **ABANDONED ITEMS.** No item or object of any type shall be stored, placed, or maintained anywhere on the General Common Elements, including window sills, passageways, and driveways, except by the Board of Directors or with the prior written consent of the Board of Directors. Items of personal property found on General Common Elements are deemed abandoned and may be disposed of by the Board of Directors.
- E-4. **STORED ITEMS.** If the Association provides storage areas for use by Residents, Resident agrees that the Association is not responsible for items stored there by Resident, who shall be solely liable at all times for his or her personal property.

F. COMMUNITY ETIQUETTE

- F-1 **COURTESY.** Each Resident shall endeavor to use his or her Unit and the Common Elements in a manner calculated to respect the rights and privileges of other Residents.
- F-2. **ANNOYANCE.** No unlawful, noxious or offensive activity shall be conducted or carried on in any Unit, or upon the Common Elements or anywhere else in the Condominium, nor shall anything be done therein or thereon which may be or become an annoyance or a nuisance to other Owners or the neighborhood or cause unreasonable noise or disturbance to others, or which shall interfere in any manner with any Owner's quiet enjoyment of his or her Unit.

- F-3. NOISE AND ODORS. Each Resident shall 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. The use or discharge of firearms, firecrackers or fireworks is expressly prohibited within or from the Condominium.
- F-4. RECEPTION INTERFERENCE. Each Resident shall avoid doing or permitting anything to be done that may unreasonably interfere with the television, radio, telephonic, or electronic reception on the Condominium.
- 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.
- F-6. COMPLIANCE WITH LAW. Residents may not use the Condominium for unlawful activities. Residents shall comply with applicable laws and regulations of the United States and of the State of Texas, and with ordinances, rules, and regulations of Houston, Texas. A Resident who violates this provision shall hold the Association and other Owners and Residents harmless from all fines, penalties, costs, and prosecutions for the Resident's violation or noncompliance.

G. ARCHITECTURAL CONTROL

- G-1. ALTERATIONS, ADDITIONS AND IMPROVEMENTS. No alterations of any portion of the Common Elements or additions or improvements thereon or of any portion of the Unit visible from the exterior of the Unit shall be made by any Owner without the prior written approval of the Board of Directors of the Association. Further, any alterations within a residence that include electrical or plumbing modifications and/or wall changes must be submitted in writing for approval by the Board of Directors of the Association. No Owner shall make any structural modification or substantial improvement to or alteration of or to his or her Unit or the Common Elements, including any alteration or modification involving plumbing, electricity, fire protection and security systems, heating, ventilating, air conditioning systems or any mechanical or structural systems, except in a manner authorized in writing by the Board of the Association. At no time will construction of a permanent nature covering an exterior window or a portion of a window be allowed. Unit owners shall be responsible for any and all glass breakage. To the extent deemed necessary by the Board, all payment and performance bonds required by the Association or Declarant, names of all contractors, subcontractors and other parties which will be involved therewith, plans, specifications, mechanical and engineering drawings and renderings for any proposed structural modification or substantial alteration, improvement to or modification of a Unit must be submitted, no less than thirty (30) days prior to the date of commencement of such work, by such Owner to the Board for review and approval. The Board may impose such specifications and requirements as it may reasonably deem necessary in connection therewith, including, without limitation, the right to require (but having no duty to so require) that the Owner

provide assurances that the alterations, additions, improvements, and modifications comply with all applicable governmental requirements. Further, the Board has the right to approve or deny any of such alterations, additions, modifications or improvements, or the contractors, subcontractors or other personnel performing same, so that, among other reasons, the quality, integrity and safety of the Condominium can be promoted and in order to ensure that the alterations, additions, improvements and modifications (i) are consistent and compatible with the existing Building, and (ii) do not encourage or involve a violation of the Condominium Documents. Upon reasonable notice and reasonable time(s), if requested by the Board of Directors, an Owner shall allow the Board or its agents the right to inspect all work in progress. Provided however, that if the Board or its agents perform any such inspections, same shall not be construed as a representation or warranty as to the quality or scope of the work for any particular purpose. In the event any Owner constructs or causes to be constructed any alteration, addition, improvement or other modification to his or her Unit which encroaches on any Common Element or any other Unit, the Board may require such Owner, at his or her sole cost and expense, to remove such encroachment and to restore and repair any damage caused by same or attributable thereto. No approval by the Board of any such alterations, additions, modifications or improvements, or the plans, specifications, mechanical and engineering drawings and renderings, or the contractors, subcontractors or other personnel performing same, will be or constitute any representation or warranty by the Board as to the adequacy or sufficiency thereof, or of the compliance of same with any applicable laws, codes or ordinances. All alterations, additions, modifications or improvements must be performed in a prompt, diligent and professional manner, must comply with the plans, specifications, mechanical and engineering drawings and renderings submitted to the Board (with any requisite changes, additions, modifications or alterations thereto which may be imposed by the Board), all necessary building permits must be obtained, and all such work must comply with all applicable codes, ordinances, laws and regulations applicable thereto.

G-2. PROHIBITED ACTS. No person may:

- a. Post or inscribe signs, notices, or advertisements on the Common Elements or in a Unit if visible from outside his or her Unit, including "For Sale" or "For Lease" signs.
- b. Place or hang an object in, on, from, or above any window, interior window sill, balcony, or patio that, in the opinion of the Board of Directors, detracts from the appearance of the Condominium.
- c. Hang, shake, or otherwise display linens, clothing, towels, rugs, shoes, mops, bedding or other similar items from windows, doors, balconies, patios, or passageways.

- d. Erect or install exterior horns, lights, speakers, aerials, antennas, satellite dishes or other transmitting or receiving equipment, or cause anything to protrude through an exterior wall or roof
 - e. Place decorations on exterior walls, windows, or doors, or on the General Common Elements.
 - f. Place or store shoes on the exterior of the Condominium, in particular, in front of the exterior door(s) thereto.
- G-3. WINDOW TREATMENTS. An Owner may install window treatments inside his or her Unit, at his or her sole expense, provided:
- a. Any window treatment, window or glass film, including drapes, blinds, shades, or shutters, must be clear, white, or neutral when viewed from outside the Unit;
 - b. Aluminum foil and reflective window treatments are expressly prohibited; and
 - c. Window treatments, glass film, 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 of Directors.
- G-4. BOARD OF DIRECTORS APPROVAL. To obtain the Board of Directors' written consent for a modification, an Owner must submit to the Board of Directors complete plans and specifications showing the nature, kind, shape, size, materials, colors, and location for all proposed work, and any other information reasonably requested by the Board of Directors. The Board of Directors' failure to respond to the Owner's written request within 45 days after it receives the Owner's request shall be construed as no objection to the proposed changes.
- G-5. CONSTRUCTION AND CONTRACTOR RULES. Outside contractors are at The Palms at Cove View, a Condominium at the invitation of the respective unit owner. In addition to applicable governmental laws, rules, regulations and ordinances, contractors are required to abide by the following rules and regulations so that Owners and other residents are not unduly disturbed by work-related activities:
- HOURS. Working hours are Monday - Saturday, 8:30 am - 4:30 pm. Contractors may arrive on the property no earlier than 8:00 am to prepare for work and must have cleaned up and have departed the premises no later than 5:00 pm. Any work involving impacting or drilling of the concrete slab is prohibited prior to 10:00 am. This includes the operation of impact hammers, rotary hammer drills, core drills, nail guns and the installation or removal of carpet tack strips.
- PARKING. Parking spaces for contractors are located offsite, no provisions for contractor parking being made in the Condominium.

SCHEDULING. All information and appropriate scheduling of work within a Unit must be submitted in writing to the managing agent of the Association. This information must include names and telephone numbers of all construction supervisors and the workers who are allowed access to the building. Failure to provide such information may result in contractors being refused access.

Contractors are responsible and liable for any damage to the common areas and will be required to restore the damaged areas to their original condition to the satisfaction of Management.

NOXIOUS ODORS. The use of paints, chemicals or solvents that cause noxious or unpleasant odors to enter common areas or other residents' units is prohibited.

TRASH. All trash and debris is to be completely removed from the property by the contractor. Dumpsters and any trash receptacles present on the property, are NOT to be used for construction trash.

APPLIANCES. Unit appliances are not to be used for disposal of trash or cleaning equipment or for any other reason. Kitchen sinks, bathtubs, toilets, etc. are not to be used for washing painting equipment or disposal of any construction materials.

INSURANCE. All contractors performing work in the Building must obtain and have in full force and affect the following insurance:

I. Insurance Provided by Contractor

A. Coverage

Minimum Limits of Liability

1. Worker's Compensation and Occupational Diseases Employer's Liability	Statutory Limits
2. Contractors' Comprehensive General Liability Insurance (including Contractors' Protective Liability, Completed Operations Liability and Broad Form Contractual Liability)	\$500,000
a Comprehensive General Liability	
1 Bodily Injury	\$500,000 each occurrence \$500,000 aggregate
2. Broad Form Property Damage	\$100,000 each occurrence \$100,000 aggregate
3. Personal Injury	\$500,000 aggregate

b. Comprehensive Automobile Liability insurance to include non-owner, hired or rented vehicles as well as owned vehicles:	\$250,000 each person \$500,000 each occurrence
1. Bodily Injury	\$500,000 each occurrence
2. Property Damage	\$100,000 each occurrence
3. Completed operations and products liability coverage for a period of two years after date of final completion	Same limits as set forth in section 1 and 2, Section 2a
4. Umbrella liability coverage in excess of the limits in subsections 1, 2 & 3 above.	combined single limit of not less than \$1,000,000

B. Before commencing work, Contractor shall furnish Owner and the Association or Management Agent with certificates evidencing insurance as required above.

C. If Owner is not named as an additional insured, Contractor shall obtain and deliver to Owner a waiver of subrogation by the carrier of the insurance referred to above for any claims whatsoever that it may have in connection therewith against Owner.

II. Notices

Each policy of insurance required to be purchased and maintained by Contractor and each certificate of insurance required to be furnished by said contractor shall provide that the insurance provided or evidenced thereby shall not be changed or canceled except upon 30 days' written notice to Owner.

Should an owner contemplate major repair or additions requiring approval from the Board of Directors, a contractor must furnish insurance as evidenced above. A copy of this Certificate of Insurance must be delivered to the Management Office prior to commencement of work.

For minor repairs or additions, such as carpet laying, fixture hanging, light painting, floor polishing, etc., the Board realizes small contractors may not carry extensive insurance coverage. In this instance, the Unit owner may furnish the Board with evidence of personal liability coverage of at least \$1,000,000 of General Liability. This insurance policy is readily obtainable, inexpensive, and permits the insured to hire small contractors. It is understood that the resident assumes all responsibility for such employees, including any damages to The Palms at Cove View Common Areas caused by workers in the resident's employ.

H. VEHICLE RESTRICTIONS

- H-1. **VEHICLE OPERATION.** Each Owner shall operate his or her vehicle in a safe and cautious manner while entering, exiting, or maneuvering within the parking area so as to minimize the risk of property damage and personal injury.
- H-2. **PERMITTED VEHICLES.** For purposes of these Rules, vehicles include automobiles, motorcycles, motorized bikes, passenger trucks, small vans, and similar passenger vehicles. Vehicles not in operating condition shall not be parked, repaired or stored (on blocks or otherwise) upon the Condominium. Without limitation, a vehicle shall be deemed not to be in operating condition if same has expired or missing license tags or inspection stickers, or are incapable of being driven due to mechanical condition of any kind. Boats, jet skis, trailers, campers, motor homes, recreational vehicles, commercial vehicles, trucks (other than standard-size pick-up trucks), and the like shall not be parked on the Condominium unless wholly within the garage which forms a part of the Unit except to the extent that the placement of such vehicle in the garage results in the Owner or occupant not having room in the garage to park all of his/her other vehicles. No noisy or smoky vehicles may be operated on the Condominium unless wholly within the garage which forms a part of the Unit. No motorcycles without mufflers shall be permitted in the Condominium.
- H-3. **REPAIRS.** Washing, repairs, restoration, or maintenance of vehicles is prohibited, except for emergency repairs, and then only to the extent necessary to enable movement of the vehicle to a repair facility.
- H-4. **SPACE USE.** Because of limited off-street parking, all garages in the Condominium shall be used for parking purposes only, and may not be used for storage to the extent that such storage will not allow the placement of vehicles therein (one vehicle for a one car garage; two vehicles for a two car garage). No garage shall be converted for living, recreational or business purposes, nor shall anything be stored in any parking space. Except when necessary for vehicular and pedestrian ingress and egress to and from a garage, the garage doors must be kept closed.
- H-5. **GUEST/SERVICE VEHICLE PARKING.** Parking for guests of any Owner or Resident shall be in areas, if any, designated by the Board as guest or visitor parking. Each Owner shall require his or her construction and household employees, including cleaning and maintenance personnel, to park in the garage which forms a part of the Unit, unless Owner's personal vehicle occupies such garage, in which event the Owner will require the employees to park offsite.
- H-6. **NO OBSTRUCTION.** No vehicle may be parked in a manner that interferes with ready access to any entrance to or exit from the Condominium. No vehicle may obstruct the flow of traffic, constitute a nuisance, or otherwise create a safety hazard on the Condominium. No vehicle may be parked, even temporarily, in

spaces reserved for other Owners, guests or service vehicles, in fire lanes, or in any area designated as "No Parking."

- H-7. NUISANCES. Each vehicle shall be muffled and shall be maintained and operated to minimize noise, odor, and oil or other fluids emissions. No Resident shall cause or permit the blowing of a horn of any vehicle in which such Resident or his or her guest or family shall be occupants while approaching or in the parking areas or garage serving the Condominium. No vehicle may be kept on the Condominium if the Board of Directors deems it to be unsightly, inoperable, inappropriate, or otherwise in violation of these Rules.
- H-8 VIOLATIONS. Any vehicle in violation of these Rules may be stickered, wheel-locked, and towed or otherwise removed from the Condominium by the Board of Directors, 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. Residents shall not litter Common Elements, shall endeavor to keep the Condominium clean, and shall dispose of all refuse in the trash dumpster, or in receptacles provided specifically by the Association for that purpose, or in any other manner as may be directed by the Association from time to time. No garbage, trash, rubbish, waste, or waste bins or receptacles therefor shall be permitted to remain on any portion of the Common Elements, except in areas specifically designated by the Association therefor. In the event that the Association provides door to door trash collection, each Resident shall abide by the guide and rules established by the Board from time to time governing same.
- I-2 TRASH DUMPSTER OBSTRUCTIONS. Any owner that creates an obstruction to a trash dumpster, if any, shall be held responsible for the cost of unblocking or removal of the obstruction.
- I-3. HAZARDS. Resident may not store trash inside or outside his or her Unit in a manner that encourages vermin, causes odors, or may permit the spread of fire. Before discarding coals, ashes, logs, or other materials used in barbecue grills or fireplaces, Resident shall ensure that the debris is thoroughly cold.
- I-4. EXCESS TRASH. Resident shall place trash entirely within the Trash Dumpster(s) as may be located on the property, and may not place trash outside, next to, or on top of the trash dumpster. If a trash dumpster is full, Resident should locate another trash container or hold his or her trash. Boxes and large objects should be crushed or broken down before placed in trash dumpster. Trash dumpster doors are to be closed at all times when not in use. Resident shall arrange privately for removal of discarded furnishings or any unusually large volume of debris. Owner and Owner's contractors, subcontractors, agents, employees and other parties involved in any construction to or on such Owner's Unit shall

confirm that any and all refuse, waste, trash, garbage, rubbish, remains, scraps, and other materials and supplies which are brought onto the Condominium by such parties, or any of them, is removed, at such Owner's expense, at such times, manners and locations as may be required by the Association or the Managing Agent (if any).

J. PETS

- J-1. **CONDITIONAL PERMISSION TO KEEP OR MAINTAIN PETS.** Pet(s) shall be conditionally permitted in accordance with the provisions of this paragraph J. Provided that, and as conditions precedent, all of the following rules are met and maintained at all times, each resident shall be permitted, on a conditional basis, to keep or maintain pet(s) in compliance with the following rules (conditional permission). If any of the following rules are violated, the conditional permission to keep or maintain any pet in violation of such rules shall be subject to being revoked by the Board in the Boards' sole and absolute discretion.
- J-2. **RESTRICTIONS AS TO PET(S).** The following rules shall apply to all residents and their pet(s). Violation of any of the following rules may be the basis for revocation of the conditional permission to keep such pet(s).
- (a) No animals shall be kept except normal and customary household domestic pets (i.e. dogs, cats, fish, birds, etc.). Reptiles, exotic species, and endangered species are expressly prohibited.
 - (b) A resident may keep up to two (2) animals within a Unit. There shall be no restriction on the number of fish within the Unit.

Permitted pets may also include specifically trained animals that serve as physical aids to handicapped residents.
 - (c) Upon request by the Association, all residents shall provide the Association with a list of the household pets kept or maintained in their unit (i.e. number, species, breed, etc.).
 - (d) No pets may be kept or bred for any commercial purpose.
 - (e) No pet shall be kenneled or tethered unattended for any period of time on any balcony, patio, or any part of the limited or general common elements of the property.
 - (f) **ALL PETS MUST BE ON A LEASH OR CONTAINED AND MAINTAINED UNDER THE CONTROL OF THEIR OWNER WHILE ON THE COMMON AREA. THERE SHALL BE NO EXCEPTIONS** (the City of Houston leash law also mandates this). No pet shall be allowed to run loose within the property. Animals being transported from a unit to an automobile or another unit must be on a leash, securely carried, or carried within a pet carrier.

- (g) No savage or dangerous animal shall be kept, or any animal deemed by the Board of Directors to be a potential threat to the well being of other Residents or visitors or animals.
- (h) Each resident who maintains a pet shall be responsible to pick up and dispose of any defecation by such pet on the property.
- (i) Residents are not permitted to bathe dogs and/or cats outside or in the common area. All animals must be bathed inside the resident's unit.
- (j) Cats are not allowed to roam on or about the property. Cat traps may be set out periodically and any stray cat caught in any such trap will be turned over to the City of Galveston department of Animal Registration and Care (or its then existing equivalent).
- (k) Residents who keep or maintain pet(s) in accordance with these rules must be responsible pet owners and not allow their pet(s) to unreasonably interfere with the rights of the other residents or disturb another resident's rest or quiet and peaceful enjoyment of his or her Unit or the common elements.
- (l) All pet(s) shall have such care and restraint so or not to be obnoxious or offensive on account of noise, odor, or unsanitary condition. No pet shall be permitted to bark, howl, whine, screech or make other loud noises for extended or repeated percent of time.

J-3 VIOLATION OF RULES, REVOCATION OF CONDITIONAL PERMISSION. In the event that any resident violates any of the foregoing rules, or fails or refuses to maintain and care for his/her/their pets, or allows their pets to unreasonably interfere with the rights of the other residents, or such pets are determined to be offensive on account of noise, odor, or pose a threat to other residents, the Board, in its sole discretion, shall have the right to revoke the permission to keep any pet in violation of the rules and these provisions, and the resident shall be obligated to promptly remove and relocate any such animal determined by the Board to be in violation of these provisions. The Association shall have the right to pursue all available legal remedies to cause the owner/resident to remove any such pet, including, without limitation, a mandatory injunction.

J-4 DAMAGE/INDEMNITY. Each Resident shall be responsible for any property damage, injury, or disturbance his or her pet may cause or inflict. Each Resident shall compensate any person injured by his/her pet. Any resident who causes any animal to be brought or kept upon the premises of the condominium property shall indemnify and hold harmless the Association for any loss, damage, cost or liability which the Association may sustain as a result of the presence of such animal on the premises.

K. SATELLITE DISH(ES)

K-1. *Covered Antennas.* These rules shall cover the installation of any device used for the transmission and receipt of video or audio services, including direct broadcast satellite (DBS), telecommunication broadcast and multipoint distribution service (MDS), including conduits and wiring and other accessories necessary for the proper installation, maintenance, and use, all as covered by the Telecommunications Act of 1996 (the "FCC Rules"), and which includes the following:

- a) Antennas designed to receive Direct Broadcast Satellite (DBS) Service that are 39.4 inches (1 meter) or less in diameter; and
- b) Antennas designed to receive multipoint Distribution Service (MDS) Service that are 39.4 inches (1 meter) or less in diameter.

(collectively, the "Covered Antennas")

All other antennas, satellite dishes, receiving or transmitting devices shall be expressly prohibited unless wholly within a Unit or not visible to the exterior of the Buildings.

K-2 Installation Rules

- a) No Covered Antenna of any kind shall be permitted or installed on the exterior of any unit or building or that protrudes from the walls or out of the windows of the building save as are expressly in writing previously approved by the Association.
- b) Notwithstanding the foregoing general prohibition as to Covered Antennas, Covered Antennas may be installed in accordance with these Rules. Satellite dishes which are designed to receive satellite signals which are larger than one meter (39 inches) are prohibited.
- c) The following provisions shall be applicable to a Covered Antennas:
 - (i) *Location.* Covered Antennas may only be installed (i) wholly within a condominium unit, or (ii) wholly within a Patio, or wholly within a Balcony, which may be sometimes referred to as an "exclusive use area" for such respective unit. Except as set forth above, installation of a Covered Antenna is never permitted on any common element, including, without limitation, any parking area, roof, exterior wall, or fence; or in any common area airspace.
- d) Covered Antennas shall not encroach upon any of the common elements of the Condominium, the common area air space, on the individually owned property of other Owners, or the airspace of another Owner's individually owned property. No Covered Antenna may protrude beyond

the vertical or horizontal space forming the perimeter of the patio/entry for the exclusive use of a respective unit. No Covered Antenna may be placed or erected on any pole, mast, or other similar support member.

- e) If Covered Antennas can receive acceptable quality signals from more than one location, then Covered Antennas must be located in the least visible preferred location. This section does not permit installation on the common elements.
- f) Covered Antennas shall be neither larger nor installed higher than is absolutely necessary for reception of an acceptable quality signal.
- g) All installations shall be completed so that same do not damage any common elements, or void any warranties of the Association or in any way impair the integrity of any building.
- h) All cable/conduit must be hidden and located in those areas as designated by the Board of Directors as the area where wiring and conduits are to be located.
- i) Any installer of a Covered Antenna, including an Owners, shall provide the Association with an insurance certificate listing the Association as a named insured prior to installation. Insurance shall meet the following minimum limits:
 - (i) Contractor's General Commercial Liability (including completed operations): \$1,000,000.00.
 - (ii) Worker's Compensation: Statutory limits.

The purpose of this rule is to ensure that Antennas are installed in a manner that complies with all applicable building and safety codes and manufacturer's instructions. Improper installation could cause damage to structures, posing a potential safety hazard to residents at the Condominium.

- j) No liens in connection with the installation or maintenance of any Covered Antenna shall be filed against the common elements of the Condominium.
- k) Covered Antennas must be secured so they do not jeopardize the soundness or safety of any structure or the safety of any person at or near antennas, including but not limited to, damage from wind velocity. A Covered Antenna must be securely mounted to a base so as to be able to withstand the effects of high winds or other extraordinary weather conditions. No guy wires or similar mounting apparatus will be allowed.

- l) Only one Covered Antenna per unit may be installed by an Owner.
- m) Installation of Covered Antennas shall only occur between the hours of 8:00 a.m. and 6:00 p.m.

K-3 Maintenance

- (a) Owners who install or maintain Covered Antennas are responsible for all associated costs, including but not limited to costs to:
 - (i) Install, repair, maintain, replace, move or remove Covered Antennas;
 - (ii) Repair damage to any property caused by Covered Antennas installation, maintenance or use;
 - (iii) Pay medical expenses incurred by person injured by Covered Antenna installation, maintenance or use;
 - (iv) Reimburse other Owners and residents of the Association for damage caused by Covered Antenna installation, maintenance or use; and
 - (v) Restore Covered Antenna installation sites to their original condition.
- b) Owners shall not permit their Covered Antennas to fall into disrepair or to become a safety hazard. Owners shall be responsible for Covered Antenna maintenance repair and replacement and the correction of any safety hazard.
- c) If Covered Antennas become detached, Owners shall repair such detachment or remove the Covered Antenna within 72 hours of the detachment. If the detachment threatens safety, the Association may remove the Antenna without liability and at the sole cost and expense of the Owner. The Association is not liable for any damage to the Covered Antenna caused by the Association's removal.

K-4 Safety

- a) Covered Antennas shall be installed and secured in a manner that complies with all applicable state and local laws, ordinances and regulations, and manufacturer's instructions. Prior to installation, Owners shall provide the Association with a copy of any applicable government permit if required for safety reasons.
- b) Covered Antennas shall not obstruct access to or exit from any condominium unit, walkway, ingress or egress from an area, electrical

service equipment or any other areas necessary for the safe operation of the Condominium. The purpose of this requirement is to ensure the safety of the Association residents, personnel and safe and easy access to the Condominium.

- c) Installation must comply with all applicable codes, take aesthetic conditions into account and minimize the impact to the exterior and structure of the Owner's condominium unit.
- d) To prevent electrical and fire damage, Antennas shall be permanently grounded.
- e) Exterior wiring shall not be installed so as to hang in mid air. The purpose of this requirement is to protect persons from injury near and around the Antennas and such exterior wiring.

K-5 *Antenna Camouflaging*

- a) Covered Antennas shall be painted to match the color of the structure to which they are installed or attached, provided that such painting does not interfere with reception or impair the ability to receive a signal.
- b) If Covered Antennas are visible from the street or other condominium units, camouflaging said Covered Antennas through inexpensive screening is required, provided that such screening does not interfere with reception or impair the ability to receive a signal; provided however, that said screening must be approved in accordance with the architectural control provisions of the Declaration.
- c) Exterior wiring shall be installed so as to be minimally visible and meet the requirements of set forth in Section 2, Paragraph (i) and Section 4, Paragraph (e) herein above.

K-6 *Covered Antenna Removal*

- a) Covered Antennas removal requires restoration of the installation location to its original condition. Owners shall be responsible for all costs relating to the restoration of this location.

K-7 *Association Maintenance of Locations upon which Antennas are Installed*

- a) If Covered Antennas are installed on any portion of a Patio, or Balcony which is/are maintained by the Association the Owner(s) retain responsibility for maintenance of the Covered Antenna. Covered Antennas must not be installed in a manner which will result in increased maintenance costs for the Association or for other residents. If increased maintenance or damage occurs, the Owners are responsible for all such costs.

- b) If maintenance requires the temporary removal of the Covered Antenna, the Association shall provide Owners with reasonable written notice. Owners shall be responsible for removing or relocating Covered Antennas before maintenance begins and replacing Covered Antennas afterwards, if an Owner so desires. If the Covered Antennas is not removed in the required time, then the Association may do so at the Owner's expense. The Association is not liable for any damage to the Covered Antennas caused by Association removal.

K-8 *Notification Procedures*

- a) Prior to the installation of any Covered Antenna, the Owner or resident must have executed an agreement in form and substance attached as hereto as Addendum A to the Rules (or as such form may be revised from time to time by the Board), whereby such Owner or resident shall expressly agree to: (i) be responsible for all damages or loss caused by the installation or use of the Covered Antenna, (ii) indemnify and hold harmless the Association for all such damage or loss, and (iii) provide the Association with a certificate of insurance showing that the Owner or resident has the appropriate amount of liability insurance to cover any such damage or loss.

K-9 *Enforcement*

- a) If these Guidelines are violated or if Covered Antenna installation poses a serious, immediate safety hazard, the Association, after ten (10) days written notice to the Owner, may bring action for declaratory judgment and/or injunctive relief with any court of competent jurisdiction or the Federal Communication Commission. The Association shall be entitled to recover reasonable attorneys' fees, costs and expenses incurred in the enforcement of these Guidelines. In addition, the Association may levy and enforce the collection of fines pursuant to the then existing policy for fines of the Association, if any, if these Guidelines are violated. In any event, the Association shall be entitled to seek and collect reasonable attorney fees, costs, and expenses incurred in the enforcement of this policy.

K-10 *General*

- a) No advertising slogans, logos, banners, signs, or other printing or illustration whatsoever shall be permitted upon or be attached to any Covered Antenna.
- b) A Covered Antenna shall be used solely for the purpose of transmission of normal signals through airwaves for television viewing.

- c) No Covered Antenna shall be permitted to cause any distortion or interference whatsoever with respect to any other electronic device on the condominium property.

K-11 *Severability*

- a) If any of these Guidelines are determined to be invalid, the remainder of these Guidelines shall remain in full force and effect.

L. MISCELLANEOUS

- L-1. **SECURITY.** The Association may, but shall not be obligated to, maintain or support certain activities within the Condominium designed to make the Condominium less attractive to intruders than it otherwise might be. The Association, its directors, committees, members, agents, and employees, shall not in any way be considered an insurer or guarantor of security within the Condominium, and shall 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 Condominium assumes all risk for loss or damage to his or her person, to his or her Unit, to the contents of his or her Unit, and to any other of his or her property on the Condominium. 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 Condominium.
- L-2. **RIGHT TO HEARING.** An Owner may request in writing a hearing by the Board of Directors regarding an alleged breach of these Rules by the Owner or a Resident of the Owner's Unit. The Board of Directors will schedule a hearing within 30 days of receiving the Owner's written request. At the hearing, the Board of Directors 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.
- L-3. **MAILING ADDRESS.** An Owner who receives mail at any address other than the address of his or her Unit shall be responsible for maintaining with the Association his or her 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 Condominium Documents shall 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 shall be deemed effective for purposes of delivery.
- L-4. **COMPLAINTS.** Complaints regarding the service of the Condominium and grounds or regarding action of other Owners shall be directed to the attention of the Association's managing agent.

- L-5. 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 shall remain effective until 10 days after the Association mails notice of an amendment or revocation of these Rules to an Owner of each Unit. Provided however, that prior to the expiration of the Declarant Control Period, these Rules may not be amended without the consent or joinder of the Declarant, and any purported amendment of these Rules prior to the expiration of the Declarant Control Period shall not be binding upon the Declarant and any Units owned by the Declarant.
- L-6 OTHER RIGHTS. These Rules are in addition to and shall in no way whatsoever detract from the rights of the Association under the Declaration, Bylaws, Articles of Incorporation, and the laws of the State of Texas.
- L-7. EFFECTIVE DATE. These Rules are the initial Rules of The Palms at Cove View Condominium Association, Inc. and shall become effective upon the recordation of the Declaration of Condominium for The Palms at Cove View, a Condominium.

ADDENDUM "A" TO RULES

FORM OF AGREEMENT

FOR

INSTALLATION OF SATELLITE DISH

Owner/Resident: _____

Unit No./Address _____

Date _____

I, the undersigned owner/resident acknowledges receipt of the "Satellite Dish(es) Rules" established by The Palms at Cove View Condominium Association, Inc., a Texas Non-Profit Corporation (the "Association") for the installation of satellite dish antennas at The Palms at Cove View, a Condominium. With regard to such Rules, I agree as follows

1. That I will comply with and abide by such Rules.
2. That I understand and agree that I have or will install and operate the satellite dish at my own risk, and that I will be liable for any injury, damage, or loss to persons or property caused by or resulting from the installation, operation, and removal of my satellite dish, and that I will be responsible for, and agree to reimburse the Association or any other person for any personal injury or damage occurring to the Association, residents of The Palms at Cove View, a Condominium, personnel of the Association, common property, or other residents' property. In such regard, I hereby agree to INDEMNIFY AND HOLD HARMLESS the Association (and its directors, officers, managers, employees, agents, etc.) of and from any and all claims, demands, debts, liens, liabilities, costs, expenses, attorneys fees, any causes of action (including claims for contribution and indemnity) suits, judgments and any other damages whatsoever and of any nature which may arise or result from the installation, operation, and removal of the satellite dish.
3. To additionally ensure that I am able to pay damages in the event that the installation, operation, and removal of my satellite dish causes any injury or damage to persons or property, I acknowledge and agree to purchase and maintain liability insurance for as long as I have my satellite dish at the property and provide proof to the Association of such liability insurance.

Owner/Resident:

Witness: _____

EXHIBIT "B"
(to the Declaration)

CONDOMINIUM PLAN

Part I:	Legal Description
Part II:	Site Exhibit
Part III:	Plan of each Building (including Units)
Part IV:	Percentage Ownership
Part V:	Parking (Garage/Parking Space) Assignments (Limited Common Elements)

EXHIBIT "B"
(to the Declaration)

PART I: Description of Land

Tract Three (3) of CAMPECHE COVE, PHASE II SUBDIVISION, a Subdivision in Galveston County, Texas, according to the Map or Plat thereof recorded in Volume 17, Page 116, in the Official Public Records of Real Property of Galveston County, Texas, and being more particularly described in metes and bounds on the attachment hereto.

Tract Three (3) of CAMPECHE COVE, PHASE II SUBDIVISION, a subdivision in Galveston County, Texas, according to the map or plat thereof recorded in Volume 17, Page 116, in the Official Public Records of Real Property of Galveston County, Texas, and being described by metes and bounds as follows.

BEGINNING at a 1/2 inch iron rod set for the most Southerly cutback corner of the intersection of the Easterly right-of-way line of Cove View Boulevard (60 00 feet wide) with the Southerly right-of-way line of Cove View Circle (50 00 feet wide) and the most Southerly West Corner of Tract 3 of said Campeche Cove, Phase II, Subdivision, said cutback being a curve concave to the East,

THENCE Northerly 30.91 feet along said cutback and the arc of said curve concave to the East having a radius of 20 00 feet, a central angle of 88 deg. 32 min. 27 sec and whose chord bears North 08 deg 34 min 31 sec West, 27 92 feet to a 1/2 inch iron rod set marking a point of compound curve in the Southerly right-of-way line of said Cove View Circle,

THENCE Easterly 153 44 feet along the Southerly right-of-way line of said Cove View Circle and the arc of said compound curve, having a radius of 300.00 feet, a central angle of 29 deg. 18 min. 18 sec. and whose chord bears North 50 deg 20 min. 51 sec. East, 151 77 feet to a 1/2 inch iron rod set marking the point of tangency of said compound curve,

THENCE North 65 deg. 00 min . 00 sec. East, 190.00 feet continuing along the Southerly right-of-way line of said Cove View Circle to a 1/2 Inch iron rod set marking the point of curvature of a curve to the left;

THENCE Northerly 104.72 feet along Southerly right-of-way line of said Cove View Circle and the arc of said curve to the left, having a radius of 50 00 feet, a central angle of 120 deg. 00 min. 00 sec and whose chord bears North 05 deg. 00 min. 00 sec. East, 86 60 feet to a 1/2 inch iron rod set marking the most Westerly common corner of Tract 2 and 3 of said Campeche Cove, Phase II, Subdivision,

THENCE North 20 deg 00 min 00 sec East, 35.36 feet along the common line of said Tract 2 and 3 to a 1/2 inch iron rod found marking an angle point in said common line,

THENCE North 65 deg 00 min 00 sec East, 171 70 feet to a 5/8 inch iron rod found for the most Easterly common corner of Tract 2 and 3 of said Campeche Cove, Phase II, Subdivision,

THENCE South 25 deg. 00 min 00 sec East, 504 71 feet along the Easterly line of said Tract 3 and an Easterly line of said Campeche Cove, Phase II, Subdivision to a 5/8 inch iron rod found marking the Easterly common corner of Tract 3 and 4 of said Campeche Cove, Phase II, Subdivision,

THENCE South 65 deg 00 min 00 sec. West, 558.30 feet along the common line of said Tracts 3 and 4 of said Campeche Cove, Phase II, subdivision to an "X" found cut on top of curb marking the westerly common corner of said Tract 3 and 4 and a point in the Easterly right-of-way line of said Cove View Boulevard, said point being on a curve concave to the West,

THENCE Northerly 65 87 feet along the Easterly right-of-way line of said Cove View Boulevard and arc said curve concave to the West, having a radius of 260.00 feet, a central angle of 14 deg 30 min 54 sec and whose chord bears North 17 deg 44 min. 33 sec West, 65 69 feet to an "X" cut in concrete marking the point of tangency of said curve concave to the West,

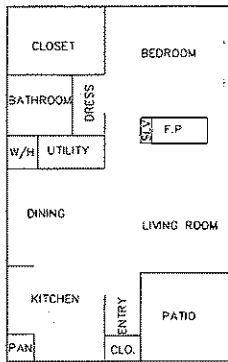
THENCE North 25 deg 00 min 00 sec. West 134.24 feet continuing along the Easterly right-of-way line of said Cove View Boulevard to an "X" cut in concrete marking the point of curvature of a curve to the left,

THENCE Northerly 145 80 feet along the Easterly right-of-way line of said Cove View Boulevard and the arc of said curve to the left, having a radius of 300 00 feet, a central angle of 27 deg. 50 min. 45 sec and whose chord bears North 38 deg. 55 min 22 sec West, 144. 37 feet to the POINT OF BEGINNING of the herein described tract and enclosing 5.600 acres of land, more or less.

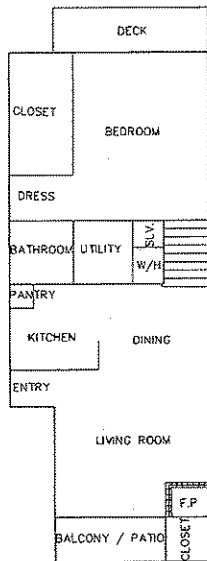
EXHIBIT "B"
(to the Declaration)

Part II: Site Exhibit

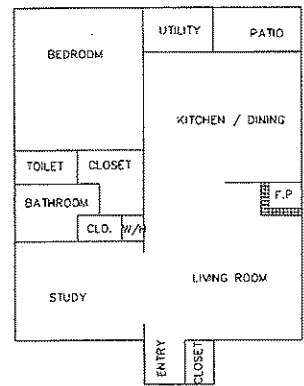
Note(s): On Parking Plan, all numbered parking spaces and all numbered enclosed garages which are not part of a Unit are subject to assignment as Limited Common Element pursuant to the terms of the Declaration and as shown on Exhibit "B", Part V to the Declaration.



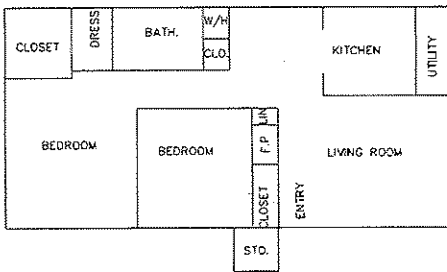
UNIT A
576 Square Foot
THIS FLOOR PLAN ORIENTATION APPLIES TO THE FOLLOWING UNITS: 1301-1324



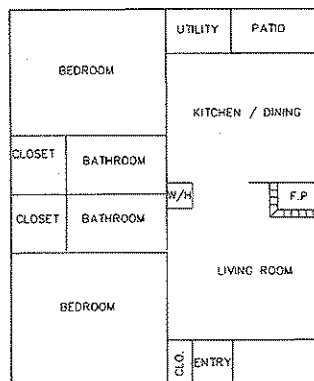
UNIT B
732 Square Foot
THIS FLOOR PLAN ORIENTATION APPLIES TO THE FOLLOWING UNITS: 103-110, 203-212, 301-320, 403-410, 503-510, 603-610, 704-710, 804-810, 901-912, 1001-1017



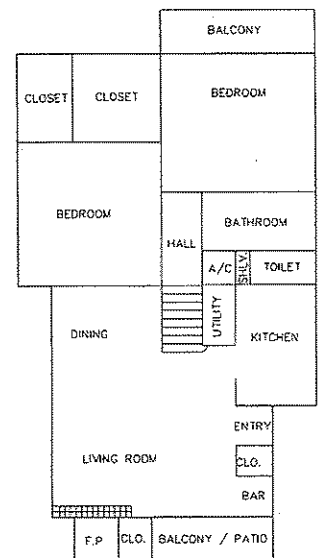
UNIT C
773 Square Foot
THIS FLOOR PLAN ORIENTATION APPLIES TO THE FOLLOWING UNITS: 1101-1108, 1401-1408



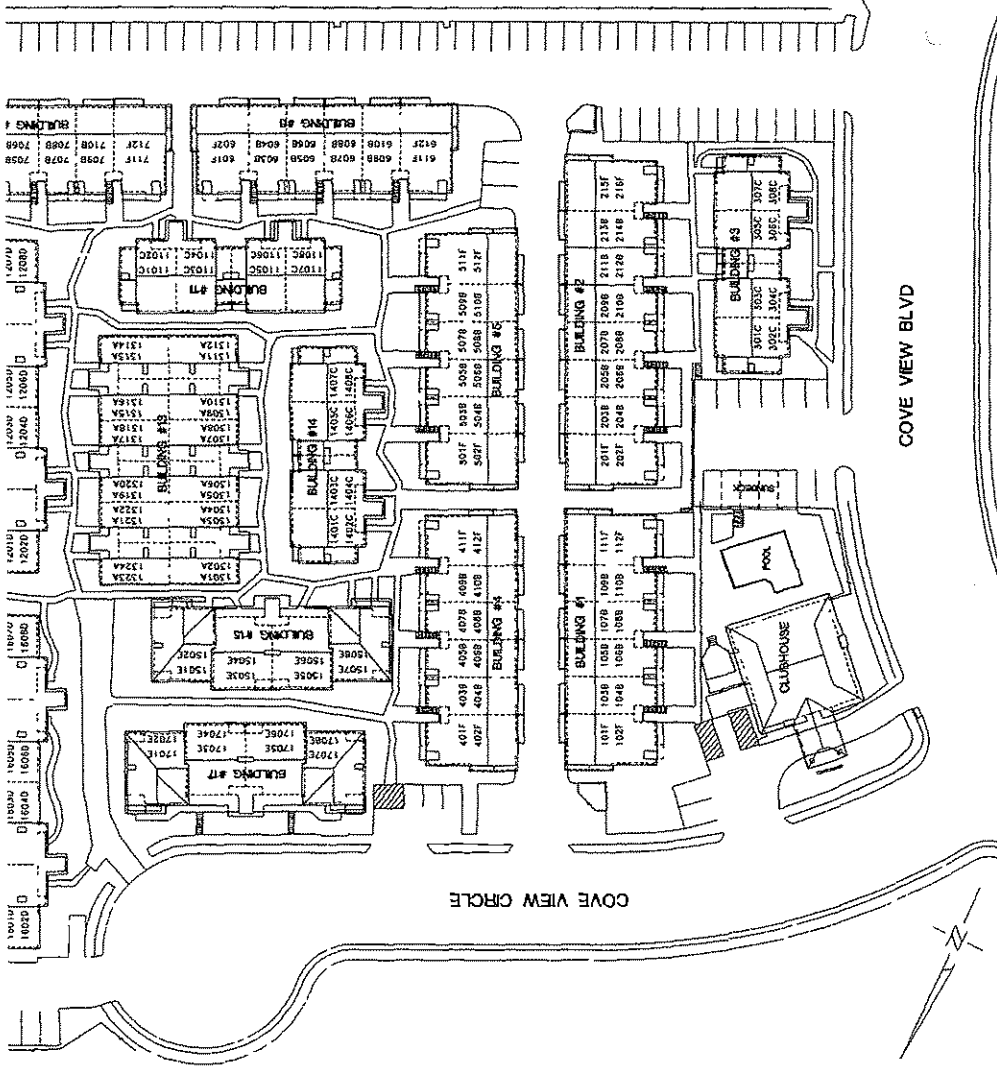
UNIT D
816 Square Foot
THIS FLOOR PLAN ORIENTATION APPLIES TO THE FOLLOWING UNITS: 1201-1210, 1601-1610



UNIT E
888 Square Foot
THIS FLOOR PLAN ORIENTATION APPLIES TO THE FOLLOWING UNITS: 1501-1508, 1701-1708

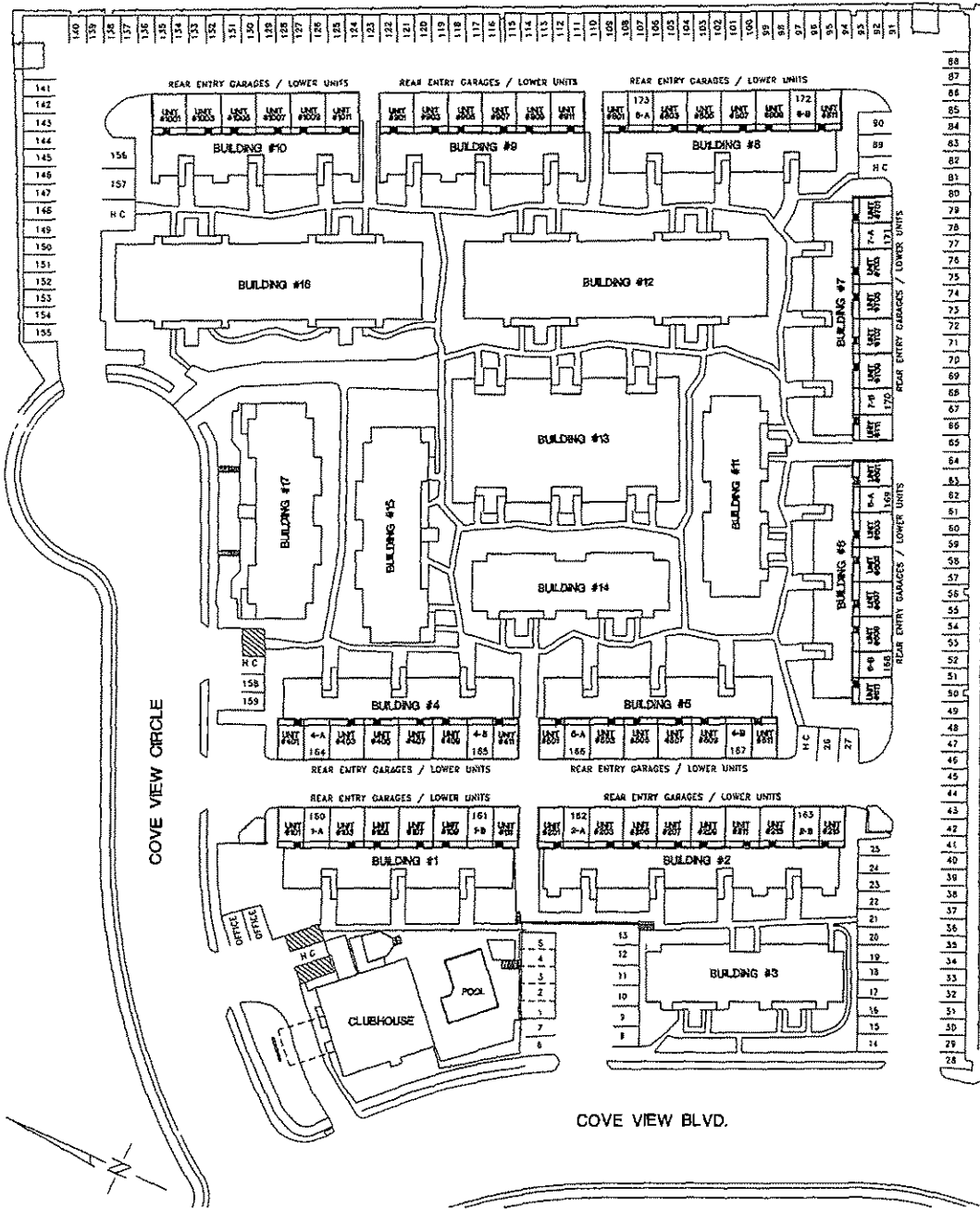


UNIT F
1060 Square Foot
THIS FLOOR PLAN ORIENTATION APPLIES TO THE FOLLOWING UNITS: 101, 102, 311, 312, 201, 202, 211, 212, 401, 402, 411, 412, 511, 512, 601, 602, 611, 612, 701, 702, 711, 712, 801, 802, 811, 812



SITE / ROOF PLAN
 PALMS AT COVE VIEW
 1/32" = 1'-0"





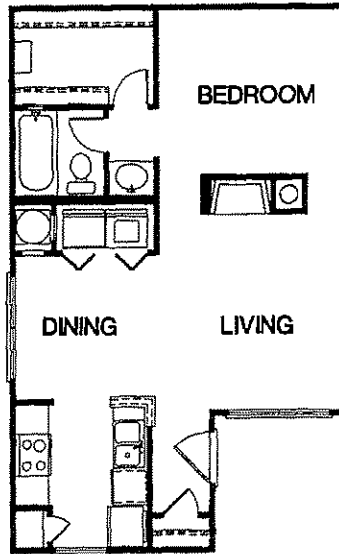
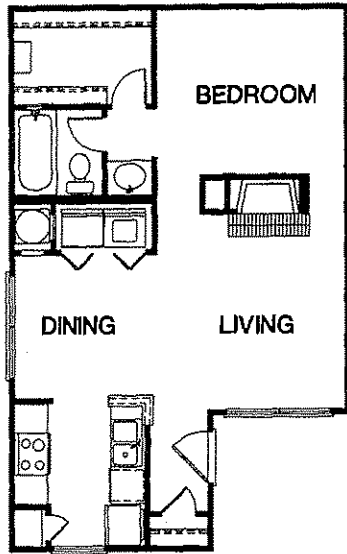
PARKING PLAN
 PALMS AT COVE VIEW
 1/32" = 1'-0"



EXHIBIT "B"
(to the Declaration)

Part III: Plan of each Building (including Units)

Note(s): On Unit Plans ("Type"), any area shown as "Balcony" or "Patio" attached to a Unit constitutes a Limited Common Element appurtenant to such Unit.

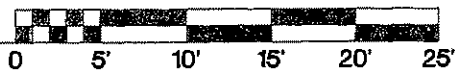


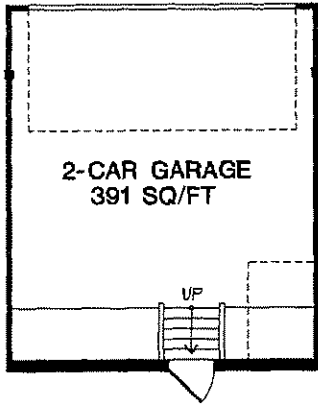
01 FIRST FLOOR UNIT "A"
1/8" = 1'-0"

02 SECOND FLOOR UNIT "A"
1/8" = 1'-0"

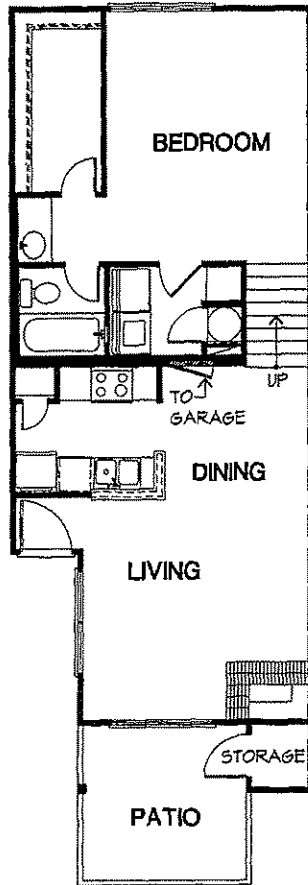
UNIT "A"

PALMS AT COVE VIEW
578 SQ. FT.

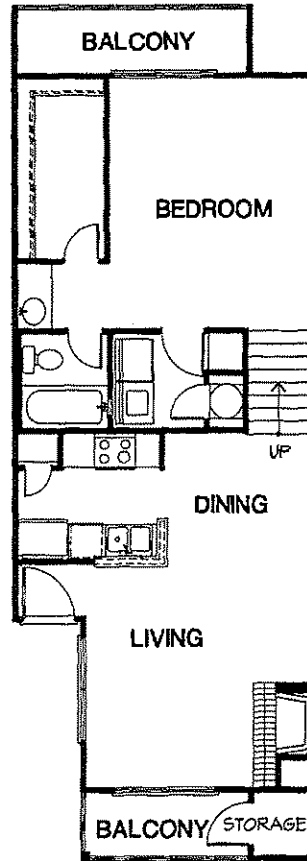




01 GROUND FLOOR
UNIT "B"
1/8" = 1'-0"



02 SECOND FLOOR
UNIT "B"
1/8" = 1'-0"

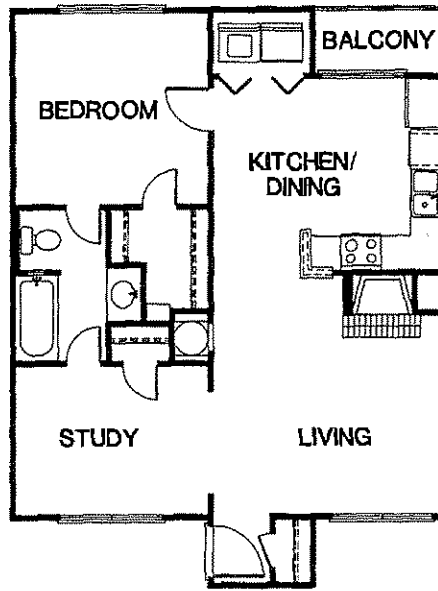
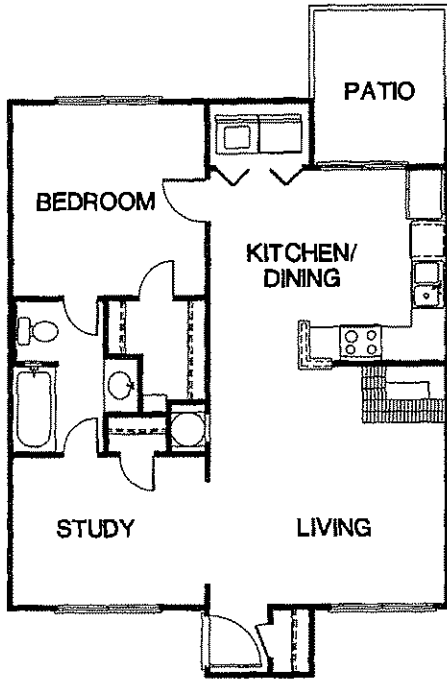


03 THIRD FLOOR
UNIT "B"
1/8" = 1'-0"

UNIT "B"

PALMS AT COVE VIEW
732 SQ. FT.



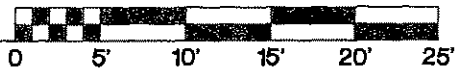


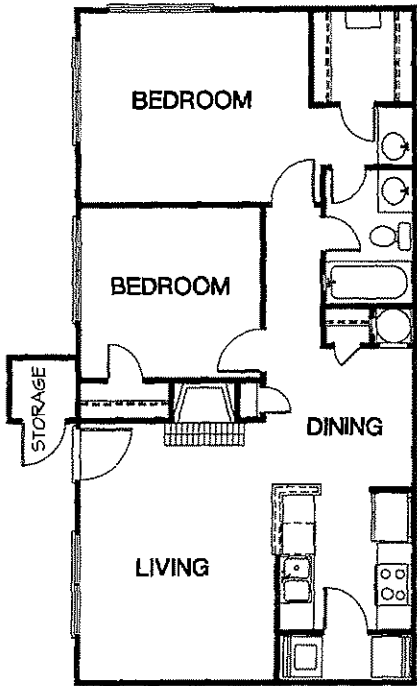
01 FIRST FLOOR UNIT "C"
1/8" = 1'-0"

02 SECOND FLOOR UNIT "C"
1/8" = 1'-0"

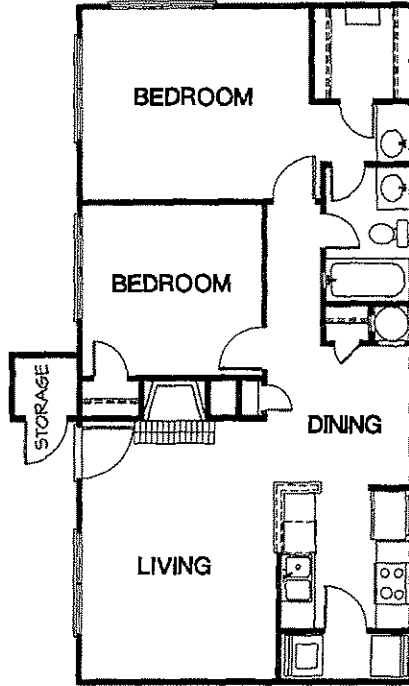
UNIT "C"

PALMS AT COVE VIEW
773 SQ. FT.





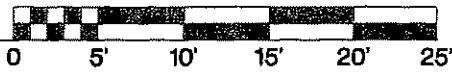
01 FIRST FLOOR UNIT "D"
 1/8" = 1'-0"

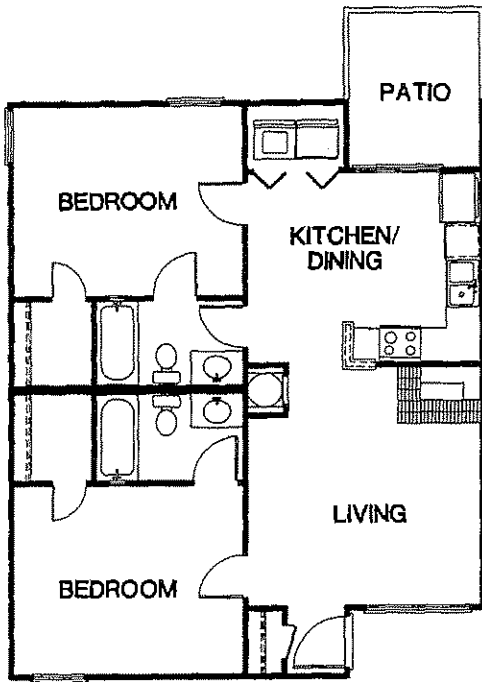


02 SECOND FLOOR UNIT "D"
 1/8" = 1'-0"

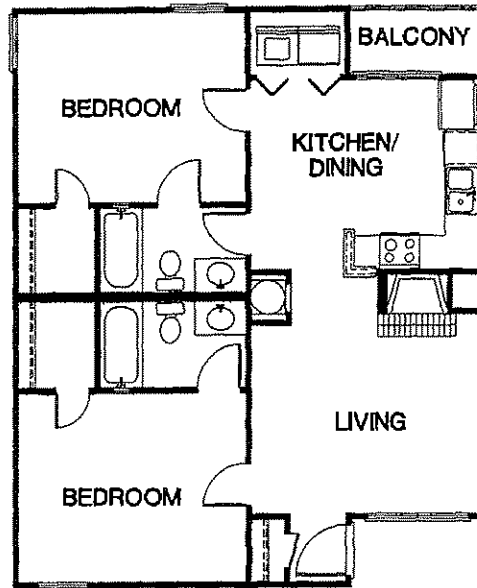
UNIT "D"

PALMS AT COVE VIEW
 818 SQ. FT.





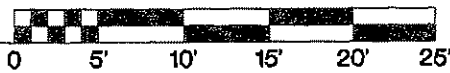
01 FIRST FLOOR UNIT "E"
 1/8" = 1'-0"

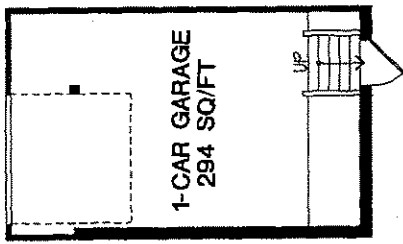


02 SECOND FLOOR UNIT "E"
 1/8" = 1'-0"

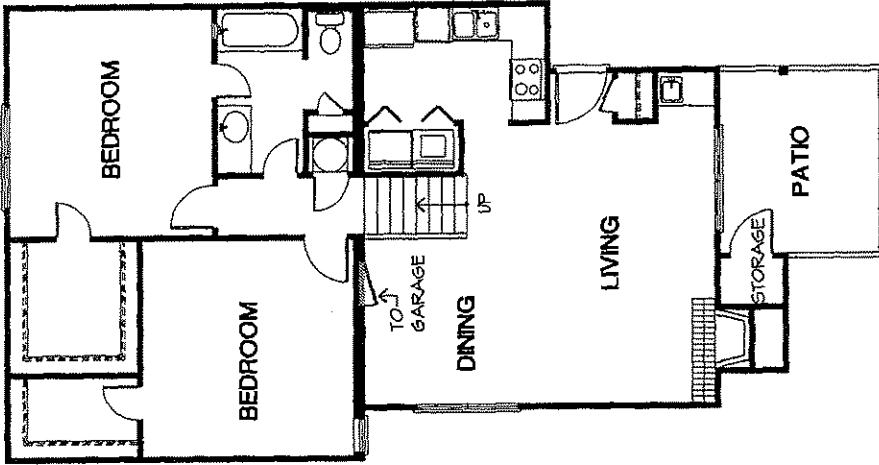
UNIT "E"

PALMS AT COVE VIEW
 888 SQ. FT.

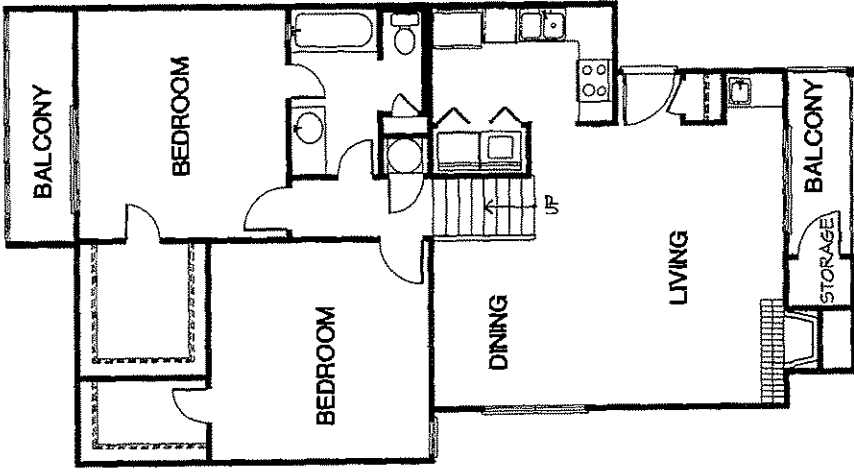




01
GROUND FLOOR
UNIT "F"
1/8" = 1'-0"



02
SECOND FLOOR UNIT "F"
1/8" = 1'-0"

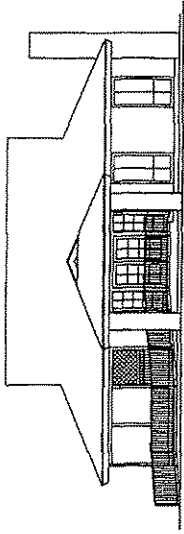


03
THIRD FLOOR UNIT "F"
1/8" = 1'-0"

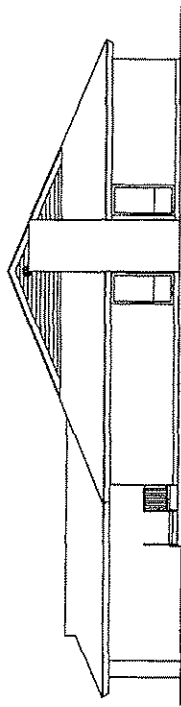


UNIT "F"

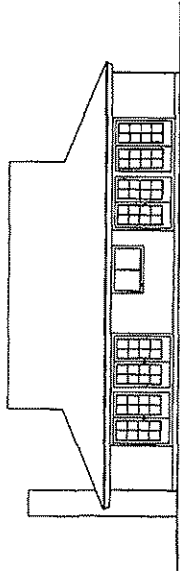
PALMS AT COVE VIEW
1,060 SQ. FT.



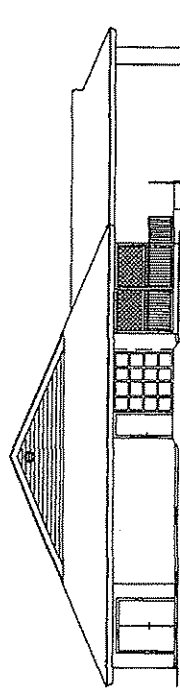
ENTRY ELEVATION



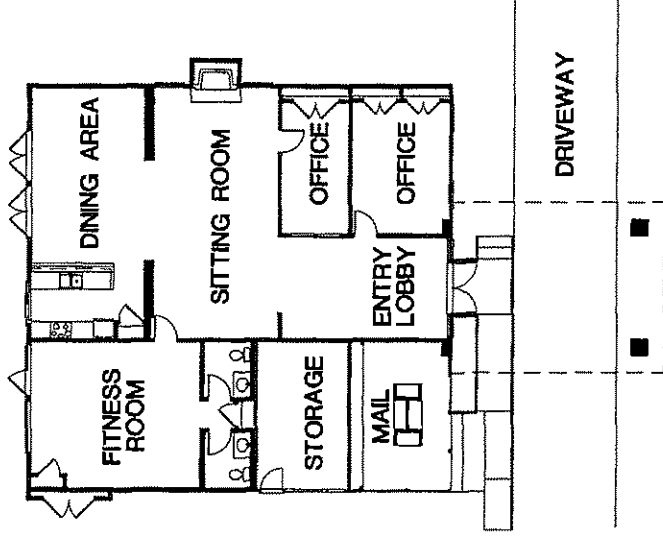
SIDE ELEVATION



REAR ELEVATION



SIDE ELEVATION

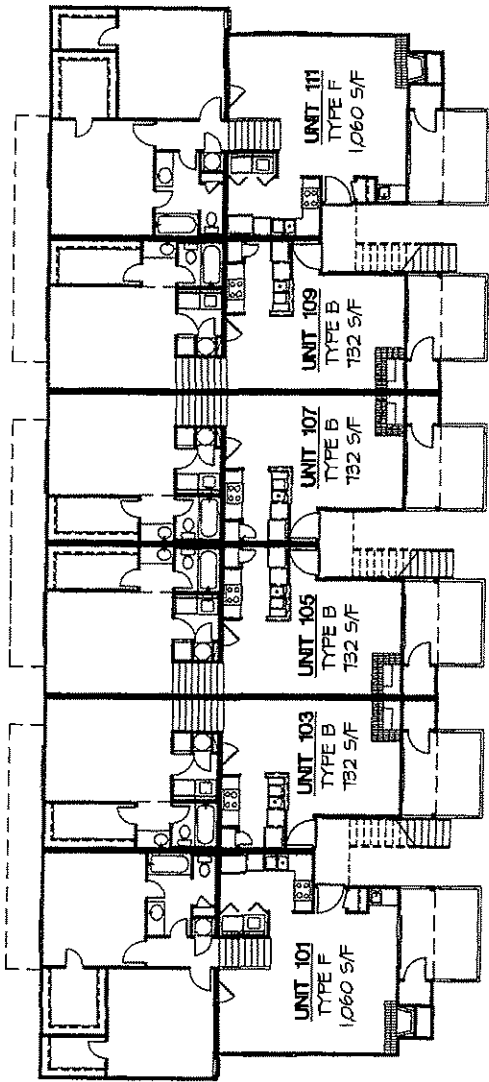


FLOOR PLAN

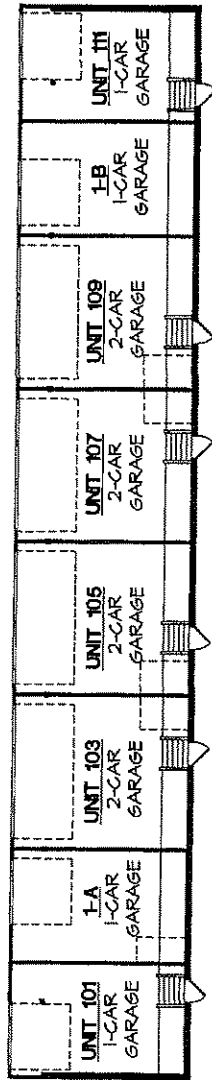
CLUBHOUSE

PALMS AT COVE VIEW 2430 SQ.FT.
1/16" = 1'-0"





SECOND FLOOR PLAN



GARAGE LEVEL PLAN

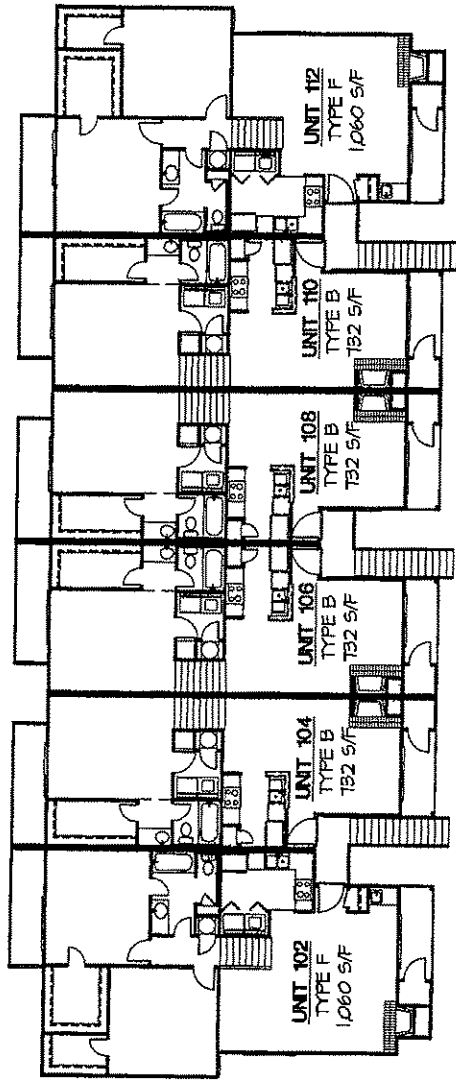
BUILDING #1

PALMS AT COVE VIEW

1/16" = 1'-0"

TYPE III





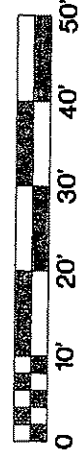
THIRD FLOOR PLAN

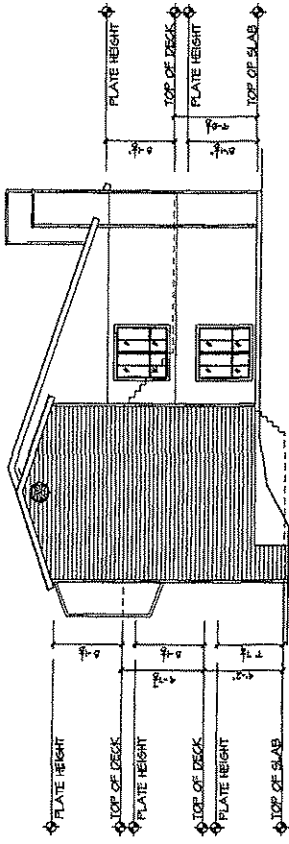
BUILDING #1

PALMS AT COVE VIEW

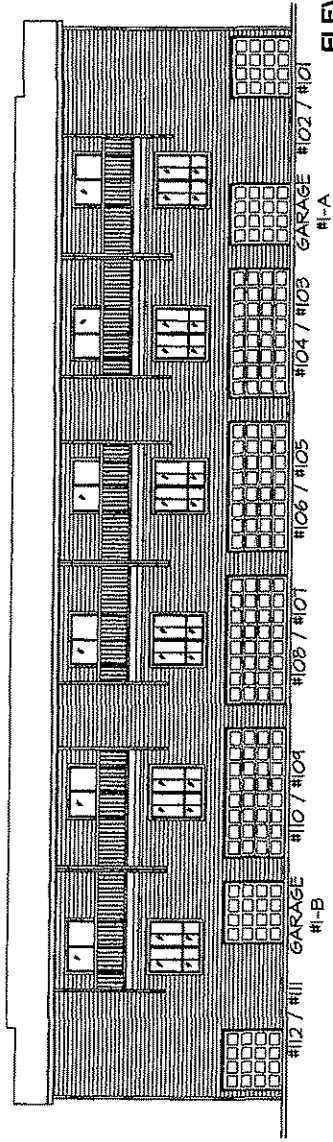
1/16" = 1'-0"

TYPE III

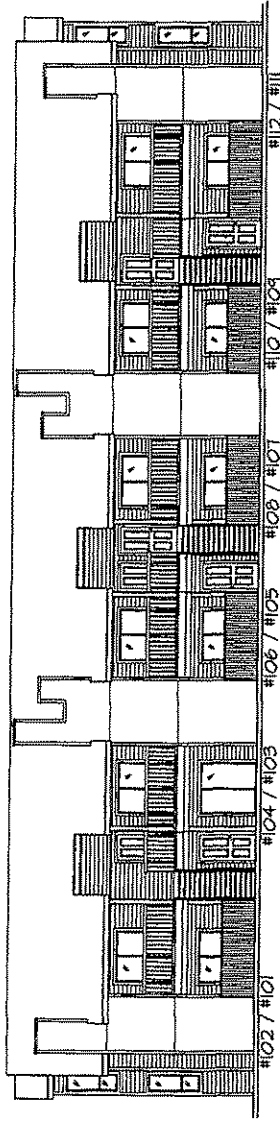




ELEVATION



ELEVATION

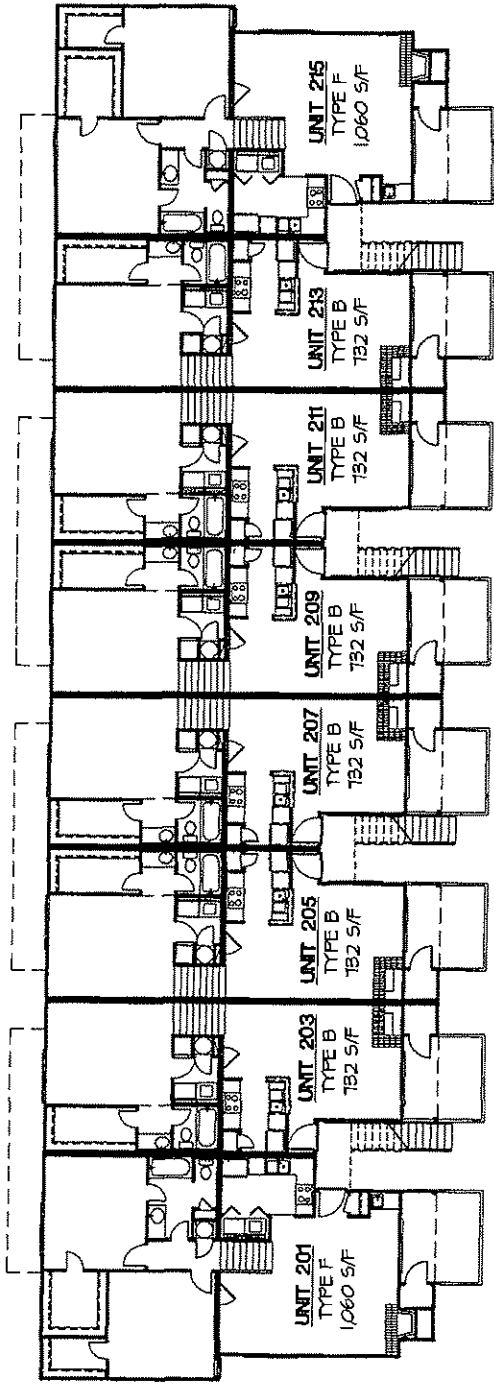


ELEVATION

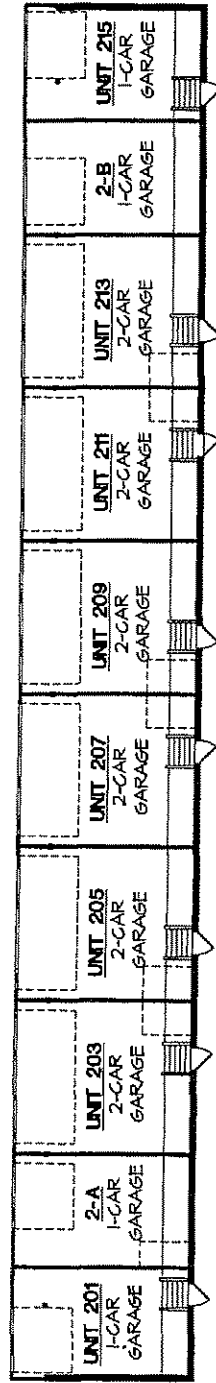
BUILDING #1
 PALMS AT COVE VIEW
 1/16" = 1'-0"

TYPE III



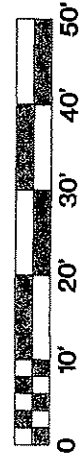


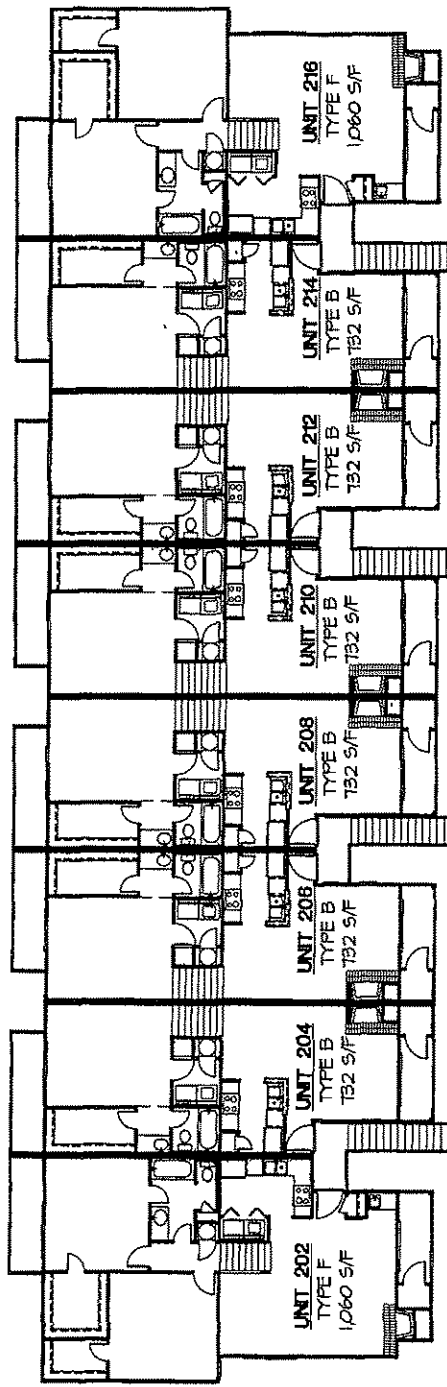
SECOND FLOOR PLAN



GARAGE LEVEL PLAN

BUILDING #2
 PALMS AT COVE VIEW TYPE IV
 1/16" = 1'-0"





THIRD FLOOR PLAN

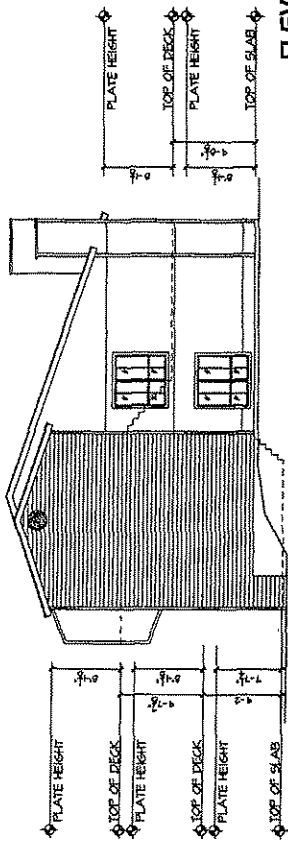
BUILDING #2

PALMS AT COVE VIEW

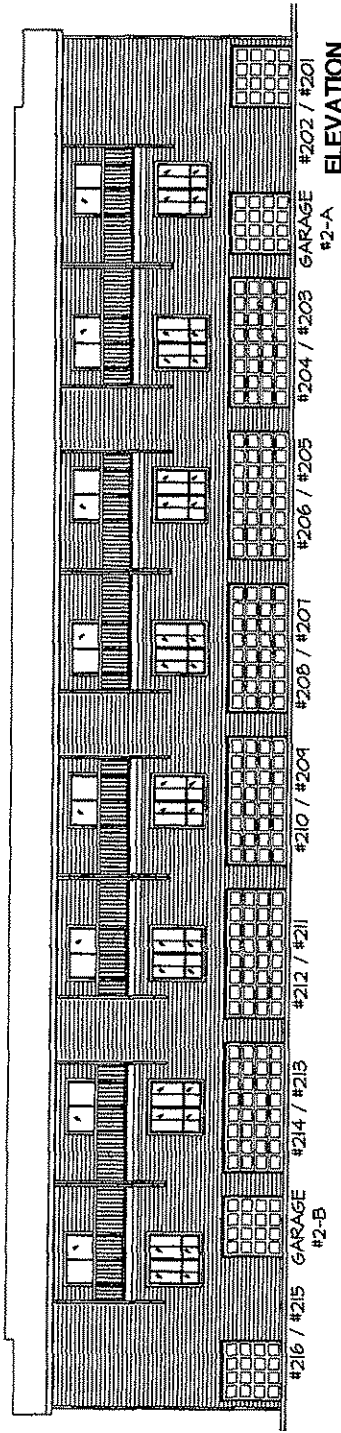
TYPE IV

1/16" = 1'-0"

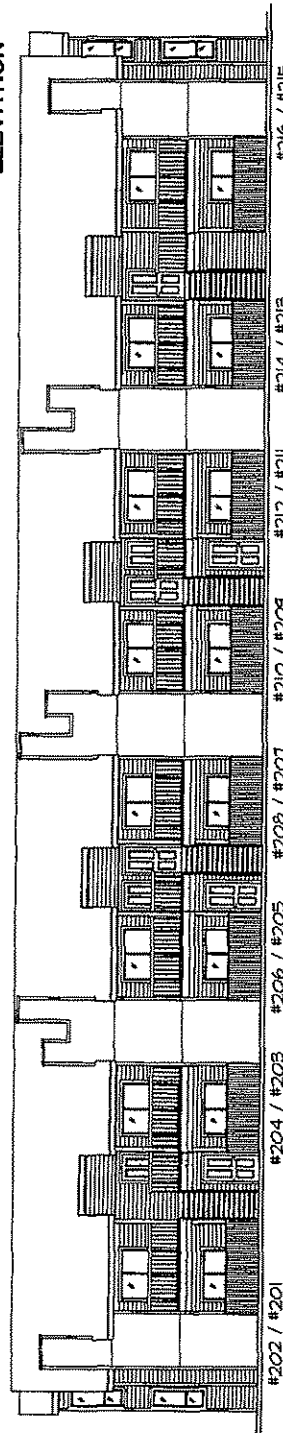




ELEVATION



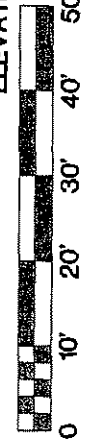
ELEVATION

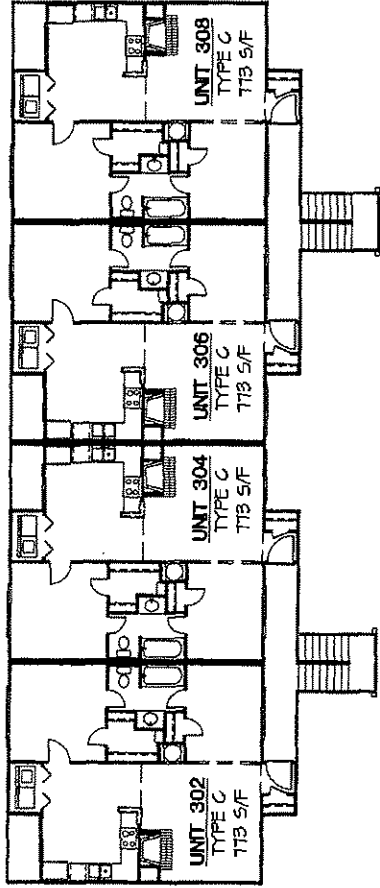


ELEVATION

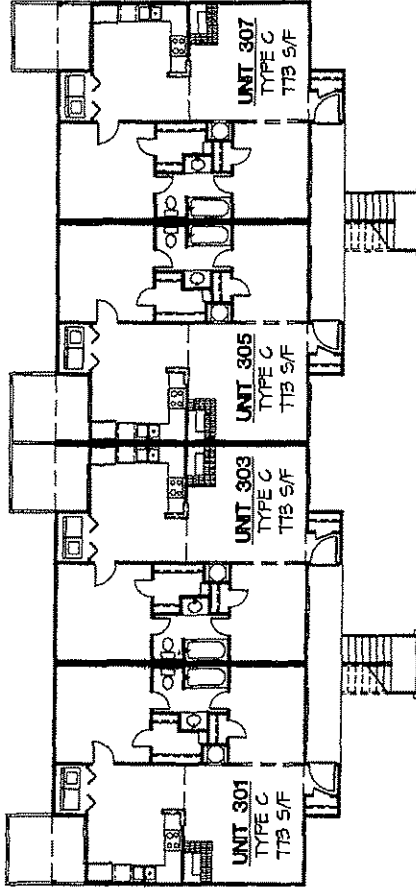
BUILDING #2
 PALMS AT COVE VIEW
 1/16" = 1'-0"

TYPE IV





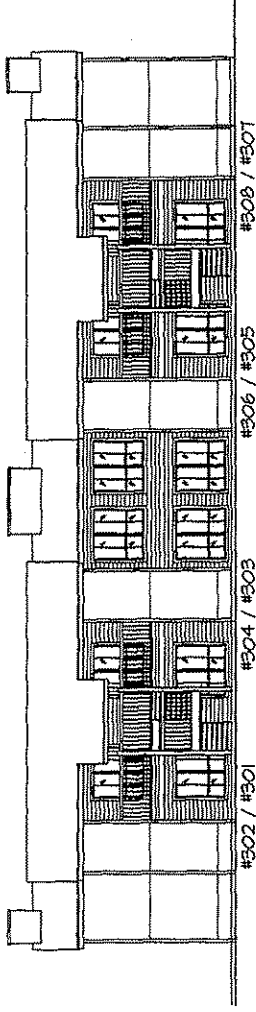
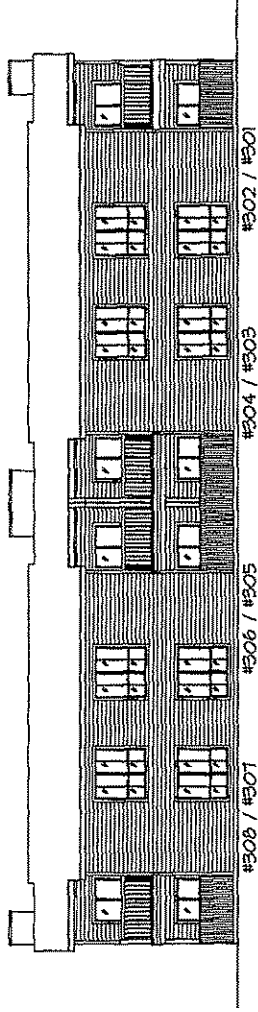
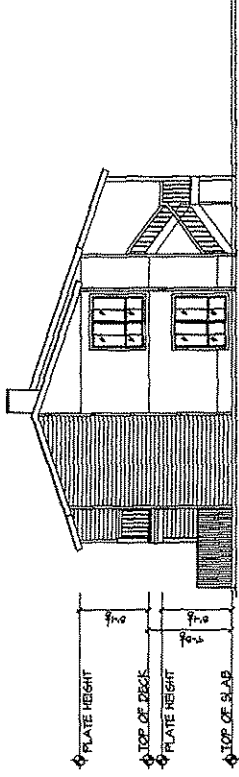
SECOND FLOOR PLAN



FIRST FLOOR PLAN

BUILDING #3
 PALMS AT COVE VIEW
 1/16" = 1'-0" TYPE V





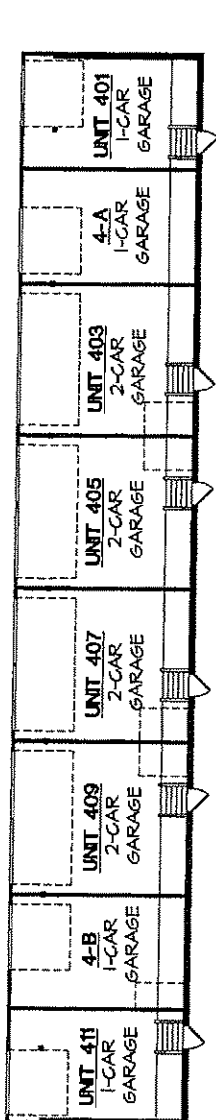
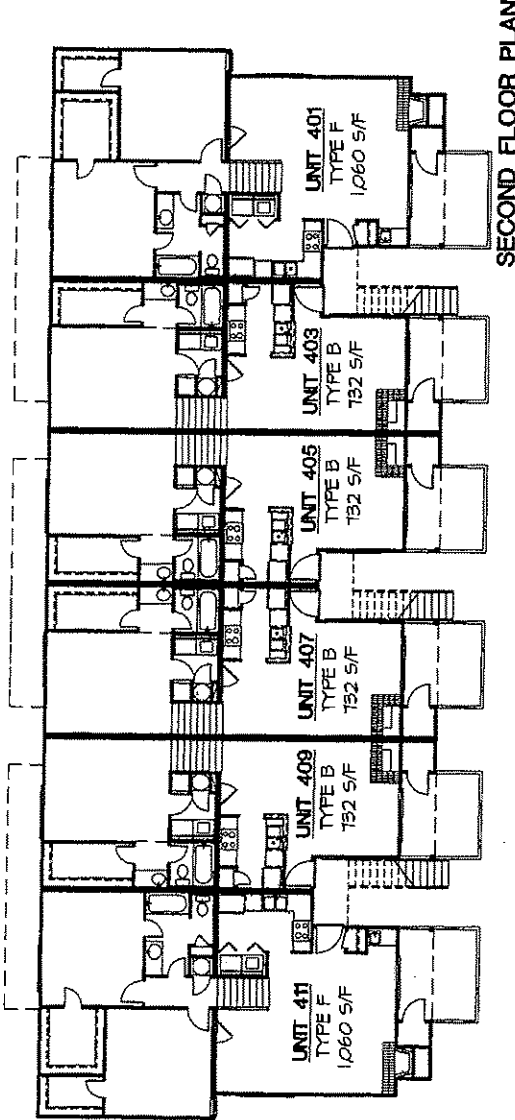
BUILDING #3

PALMS AT COVE VIEW

TYPE V

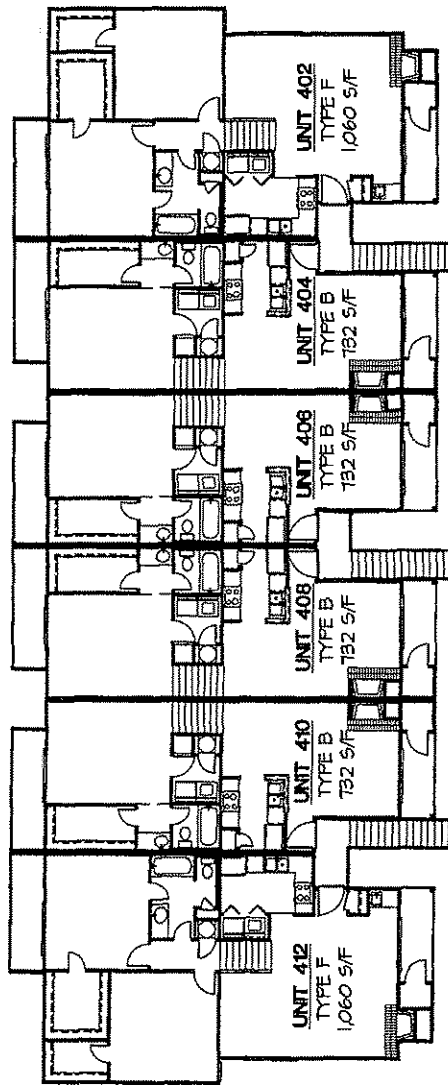
1/16" = 1'-0"





BUILDING #4
 PALMS AT COVE VIEW
 1/16" = 1'-0" TYPE III





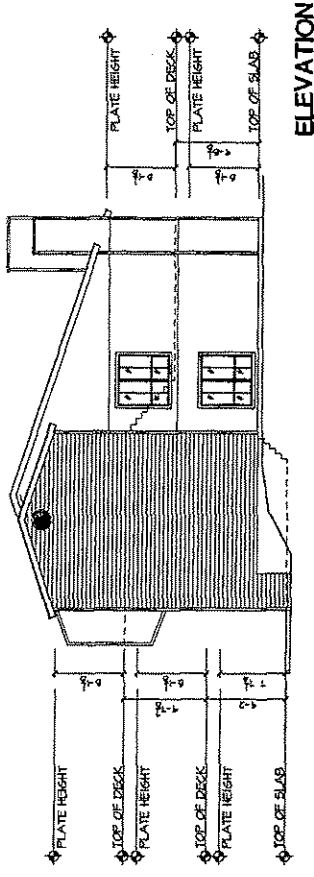
THIRD FLOOR PLAN

BUILDING #4

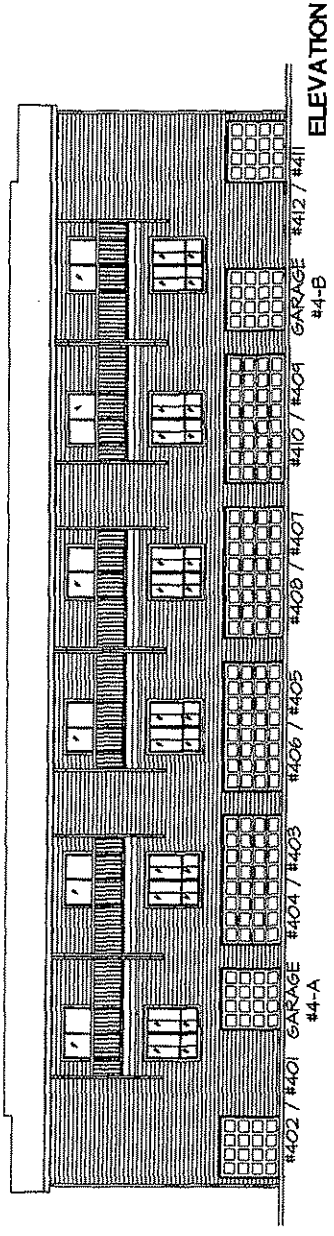
PALMS AT COVE VIEW
 1/16" = 1'-0"

TYPE III

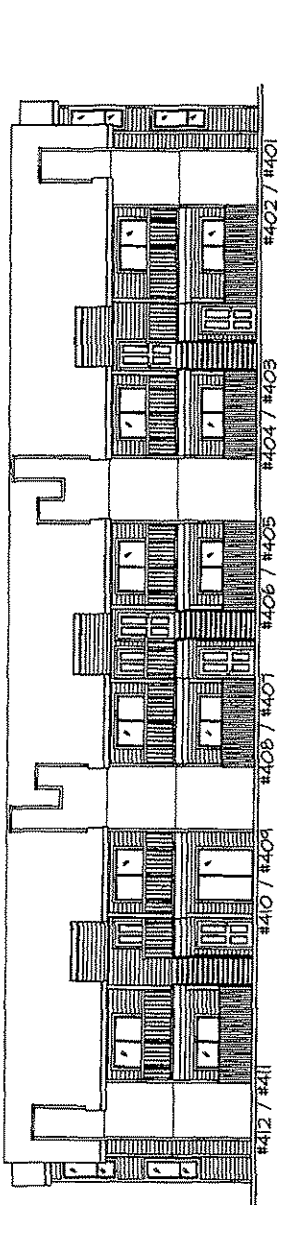




ELEVATION



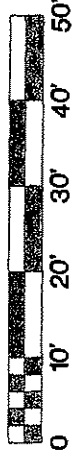
ELEVATION

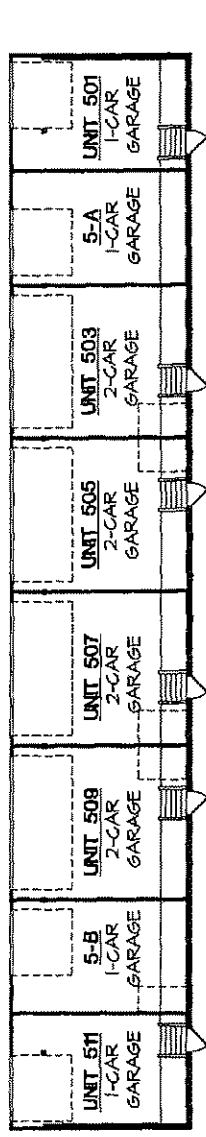
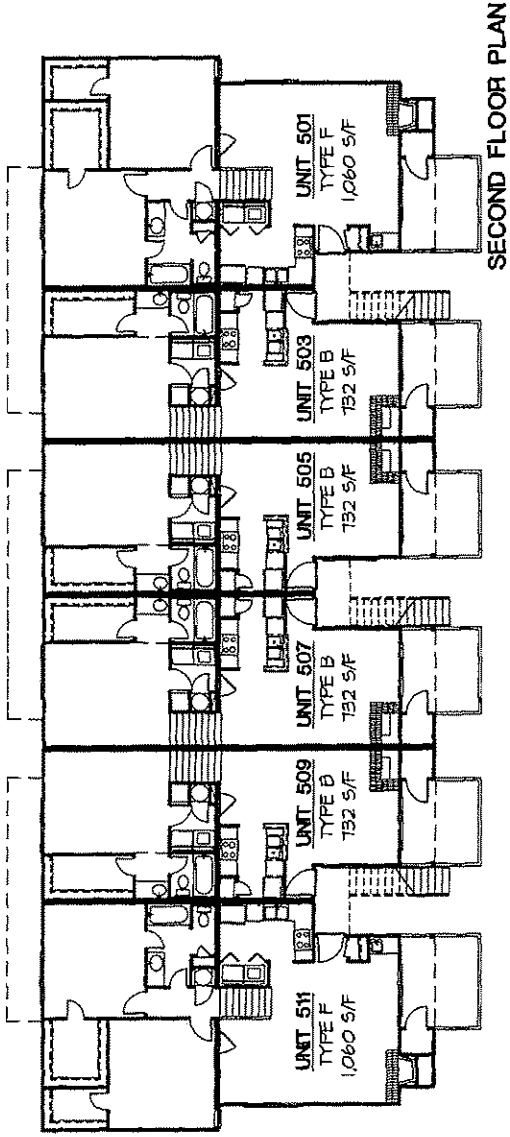


ELEVATION

BUILDING #4
 PALMS AT COVE VIEW
 1/16" = 1'-0"

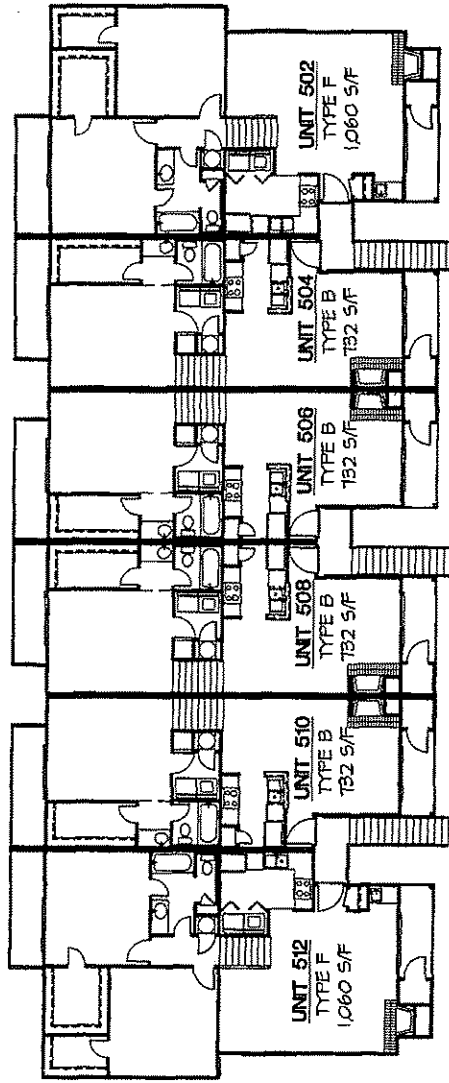
TYPE III





BUILDING #5
 PALMS AT COVE VIEW
 1/16" = 1'-0" TYPE III





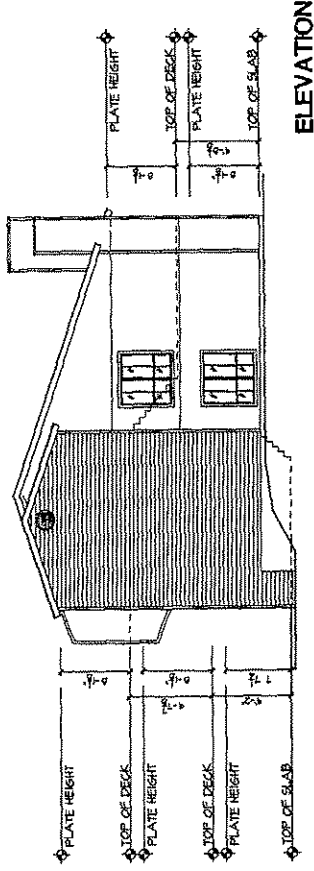
THIRD FLOOR PLAN

BUILDING #5

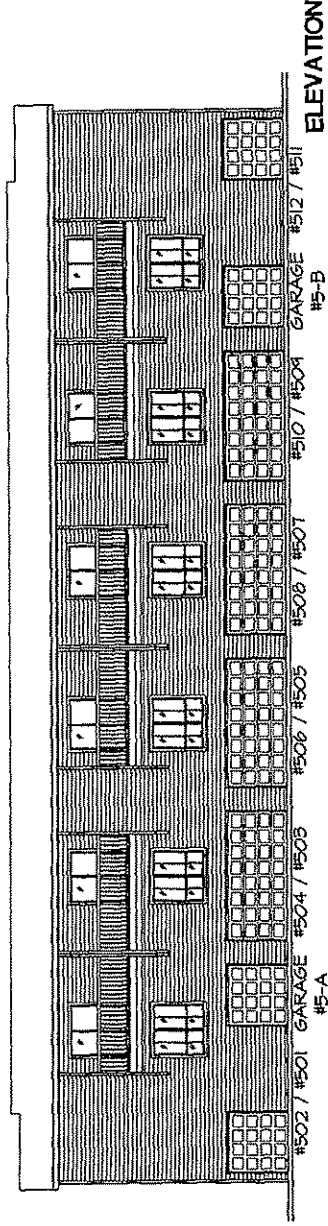
PALMS AT COVE VIEW TYPE III

1/16" = 1'-0"

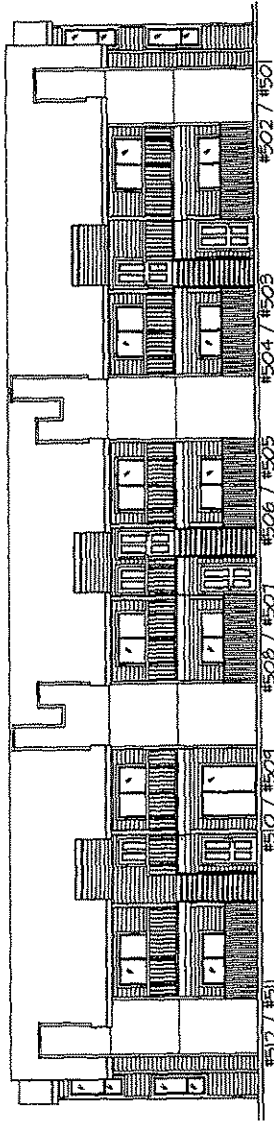




ELEVATION



ELEVATION



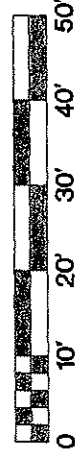
ELEVATION

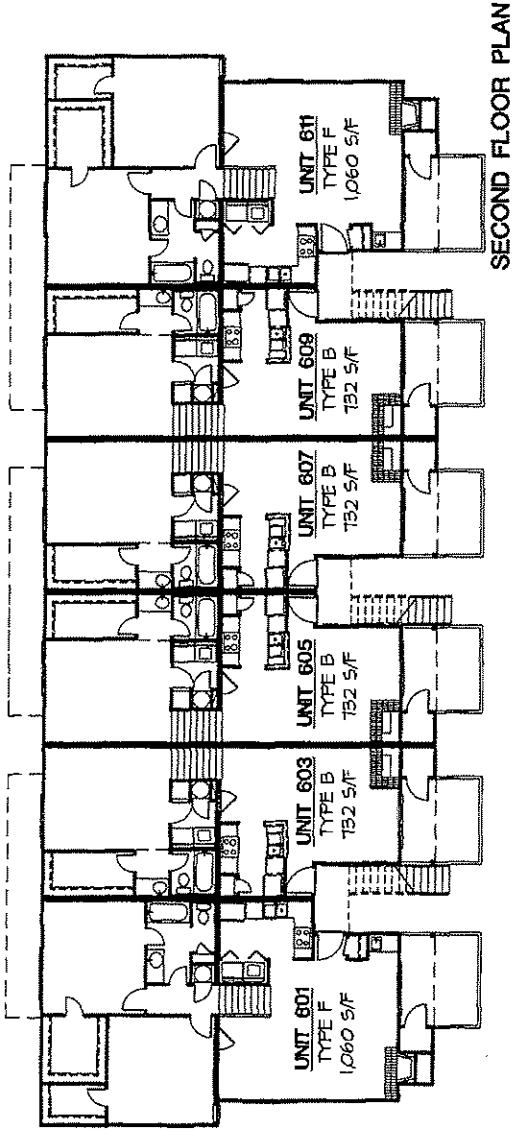
BUILDING #5

PALMS AT COVE VIEW

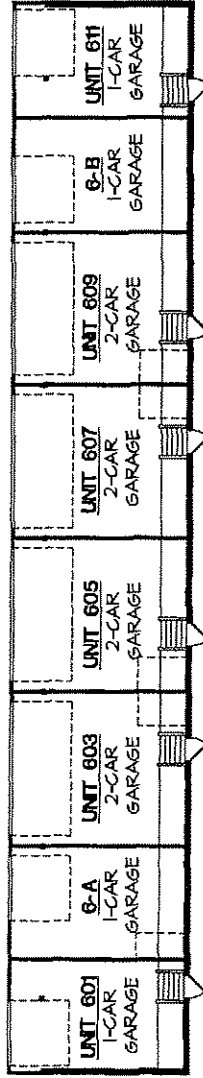
1/16" = 1'-0"

TYPE III





SECOND FLOOR PLAN



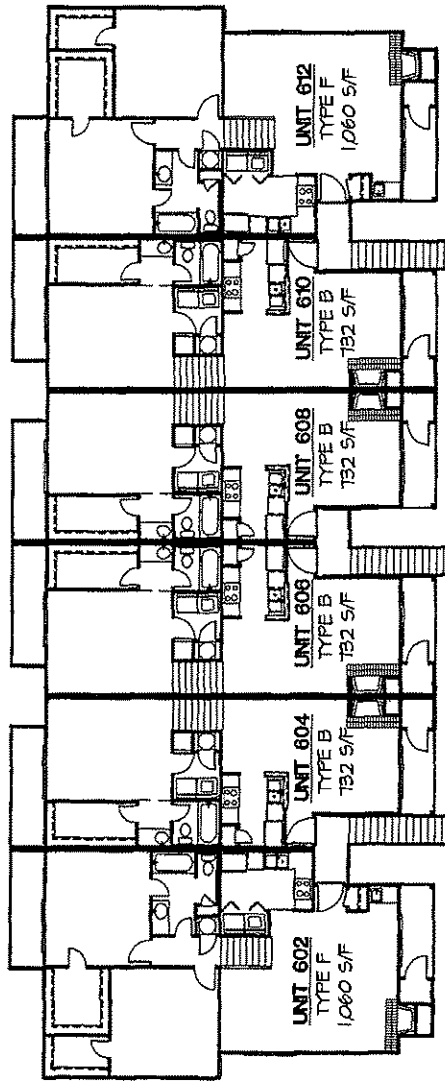
GARAGE LEVEL PLAN

BUILDING #6

PALMS AT COVE VIEW TYPE III

1/16" = 1'-0"





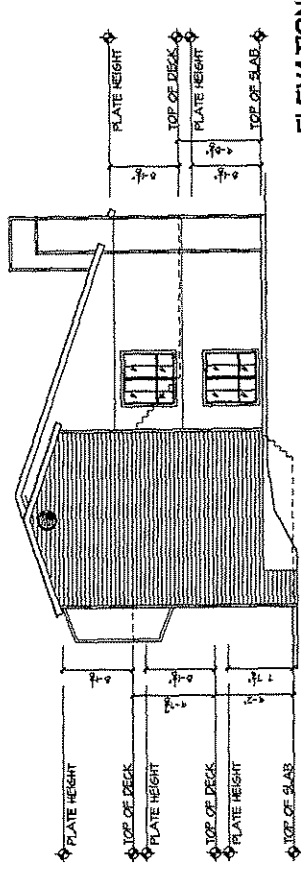
THIRD FLOOR PLAN

BUILDING #6

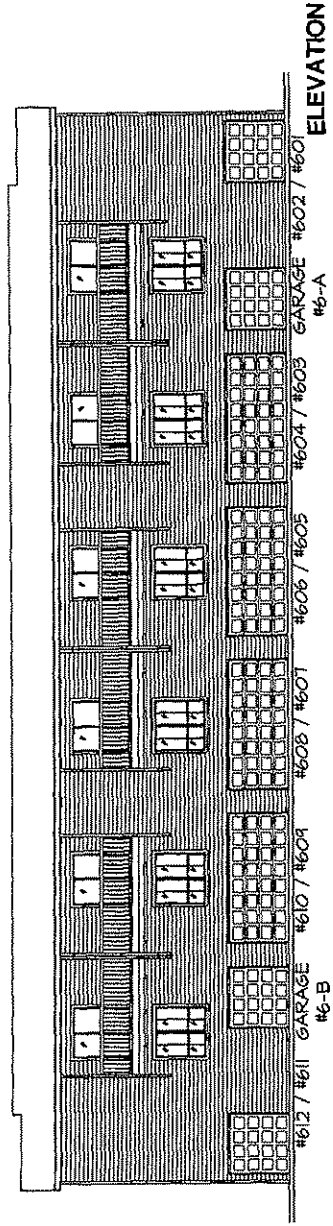
PALMS AT COVE VIEW TYPE III

1/16" = 1'-0"

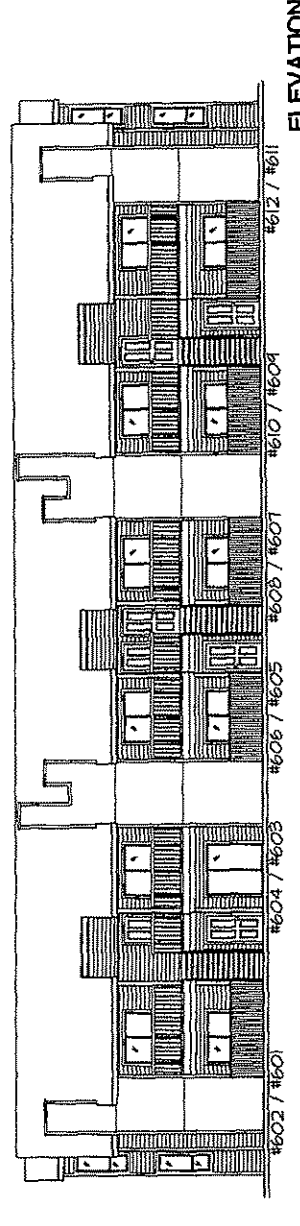




ELEVATION



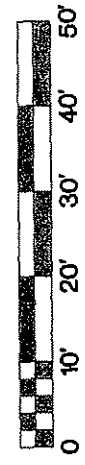
ELEVATION

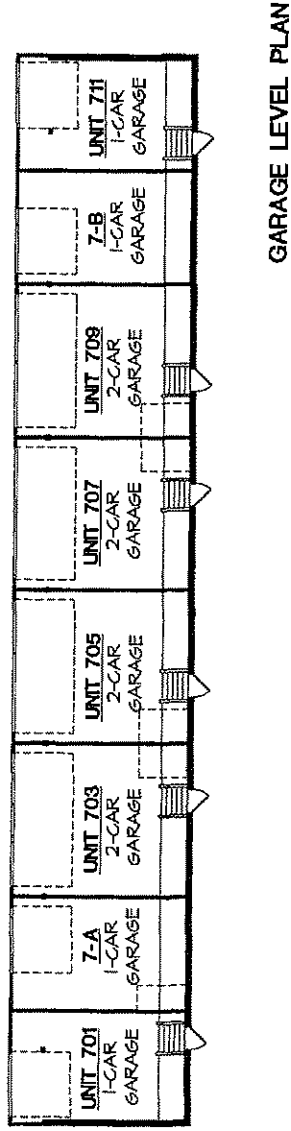
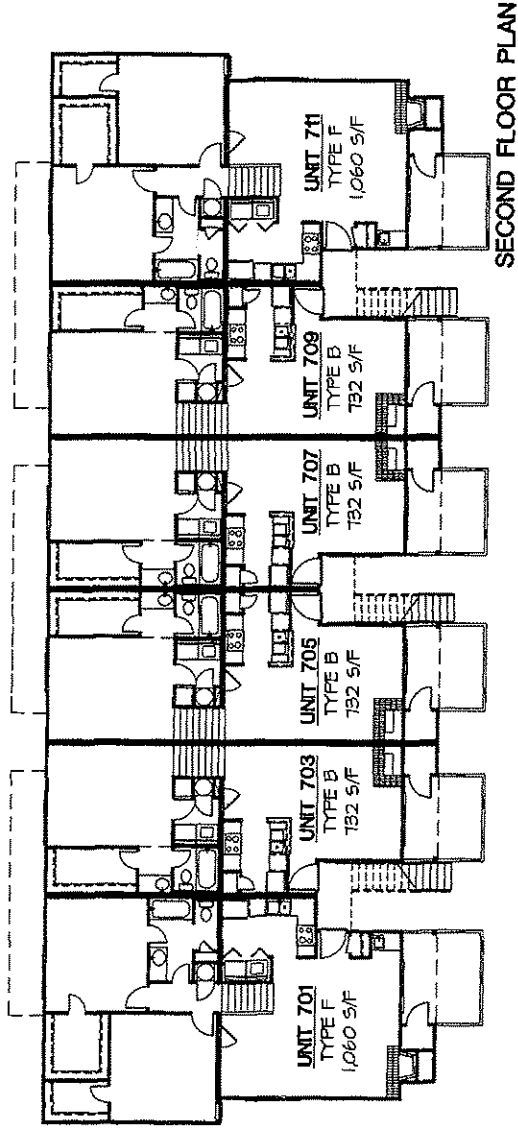


ELEVATION

BUILDING #6
 PALMS AT COVE VIEW
 1/16" = 1'-0"

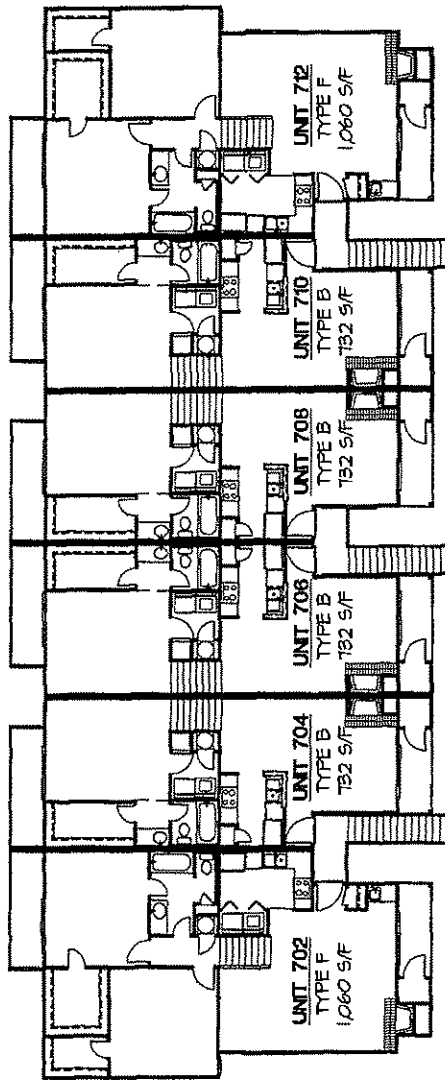
TYPE III





BUILDING #7
 PALMS AT COVE VIEW
 1/16" = 1'-0" TYPE III





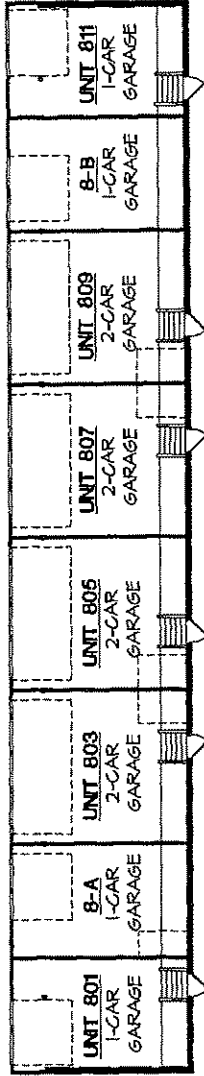
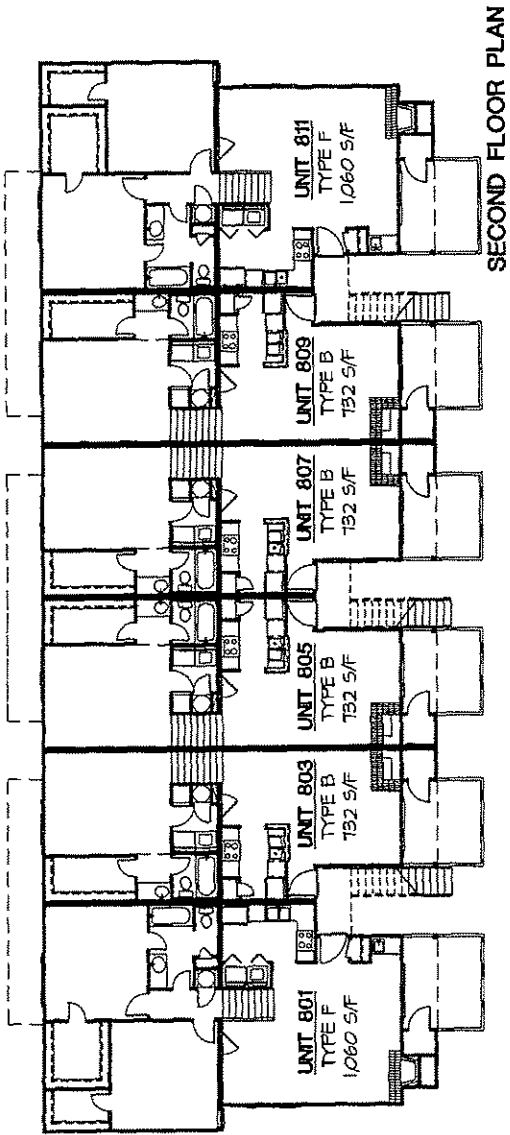
THIRD FLOOR PLAN

BUILDING #7

PALMS AT COVE VIEW TYPE III

1/16" = 1'-0"



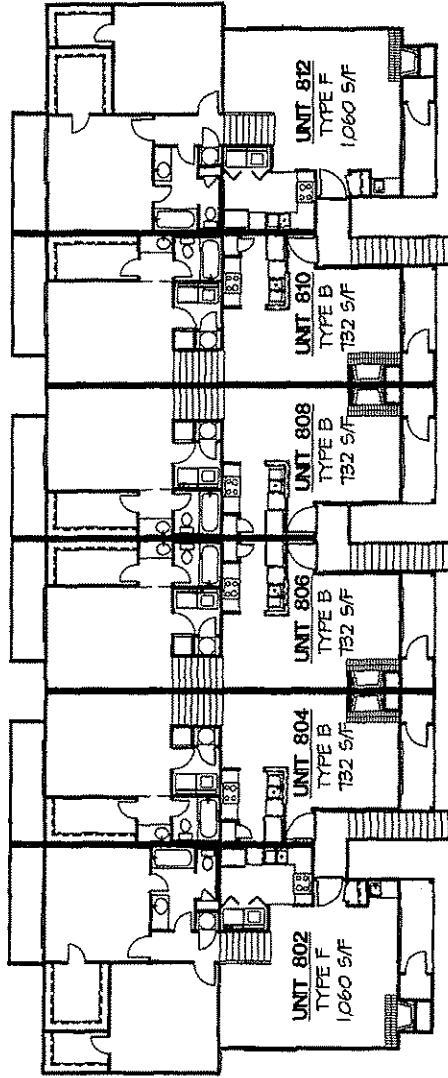


BUILDING #8

PALMS AT COVE VIEW TYPE III

1/16" = 1'-0"





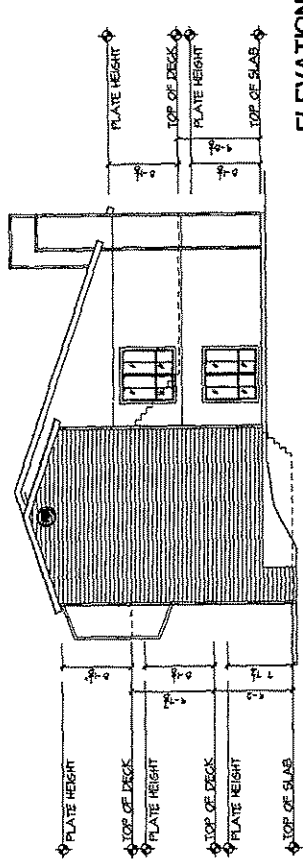
THIRD FLOOR PLAN

BUILDING #8

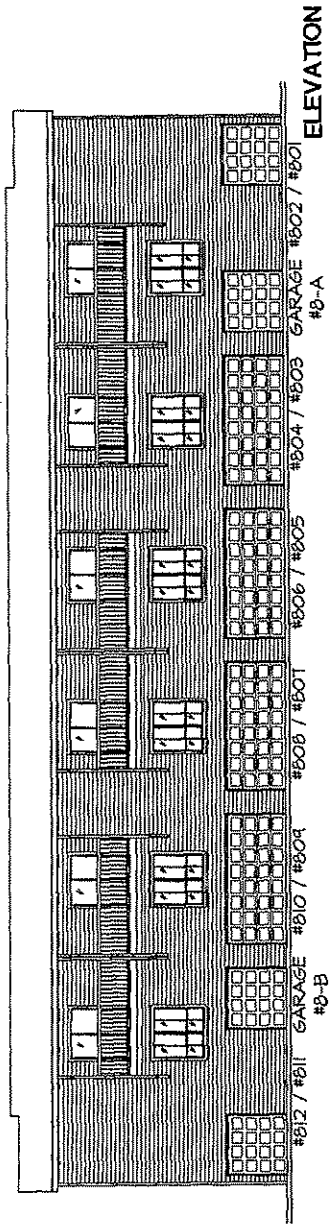
PALMS AT COVE VIEW TYPE III

1/16" = 1'-0"

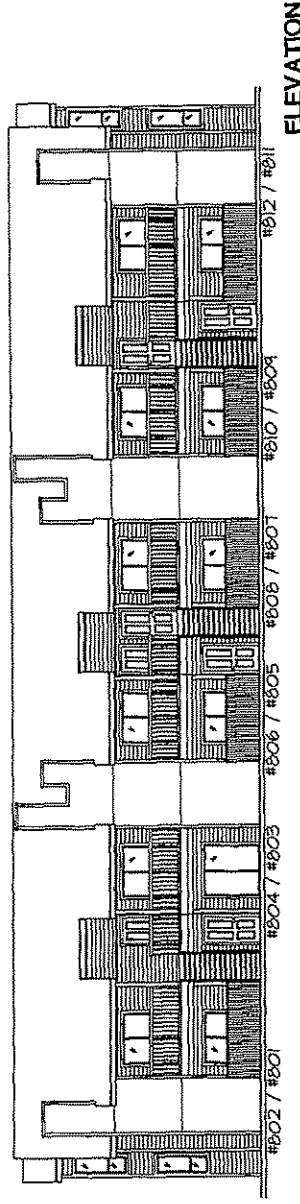




ELEVATION



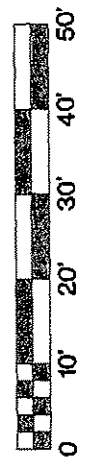
ELEVATION

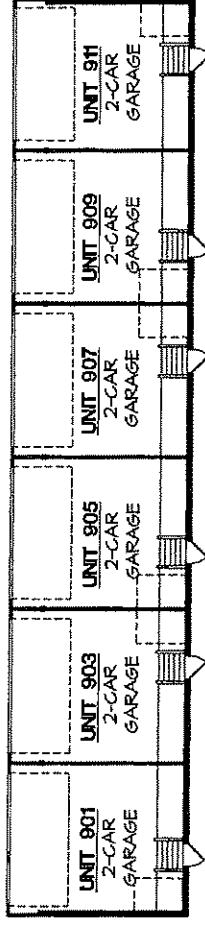
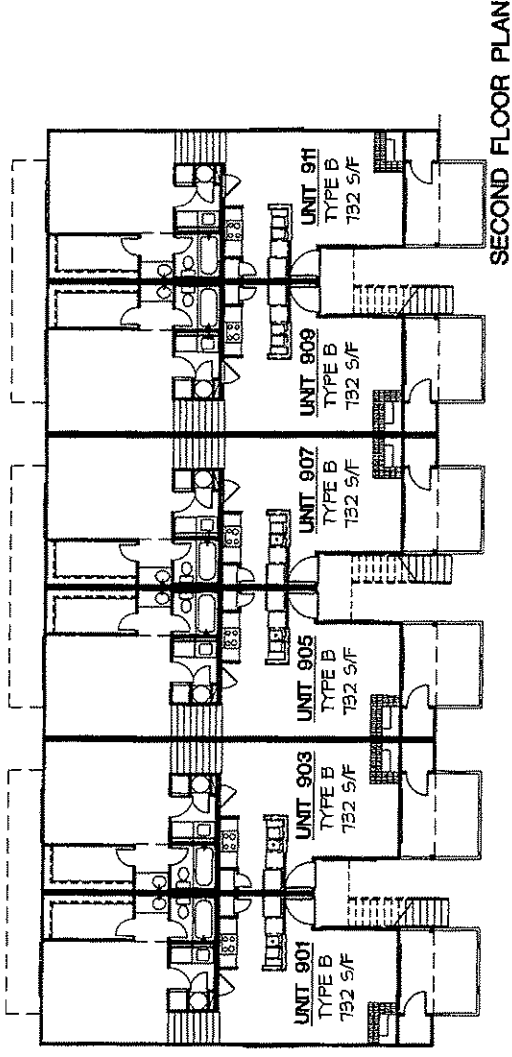


ELEVATION

BUILDING #8
 PALMS AT COVE VIEW
 1/16" = 1'-0"

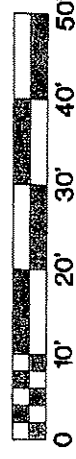
TYPE III

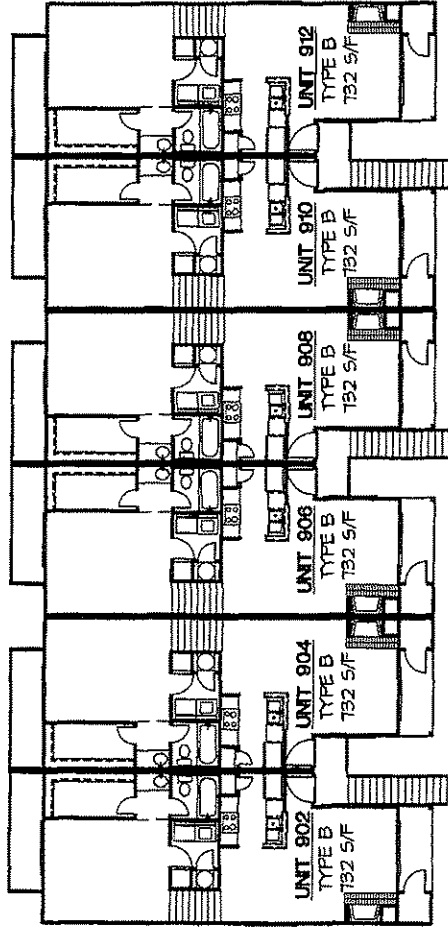




BUILDING #9

PALMS AT COVE VIEW
 1/16" = 1'-0" TYPE II





THIRD FLOOR PLAN

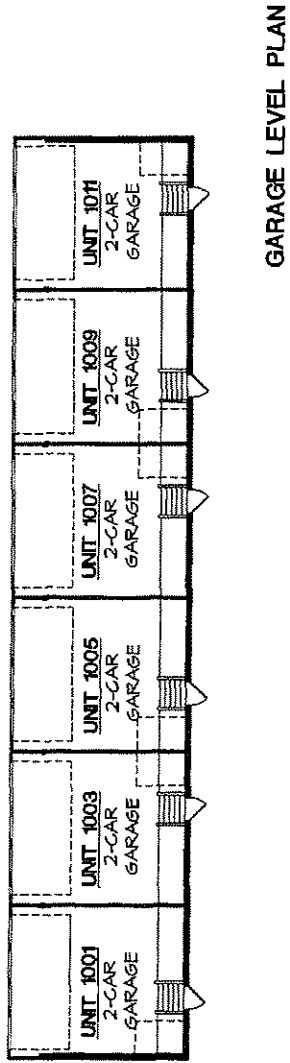
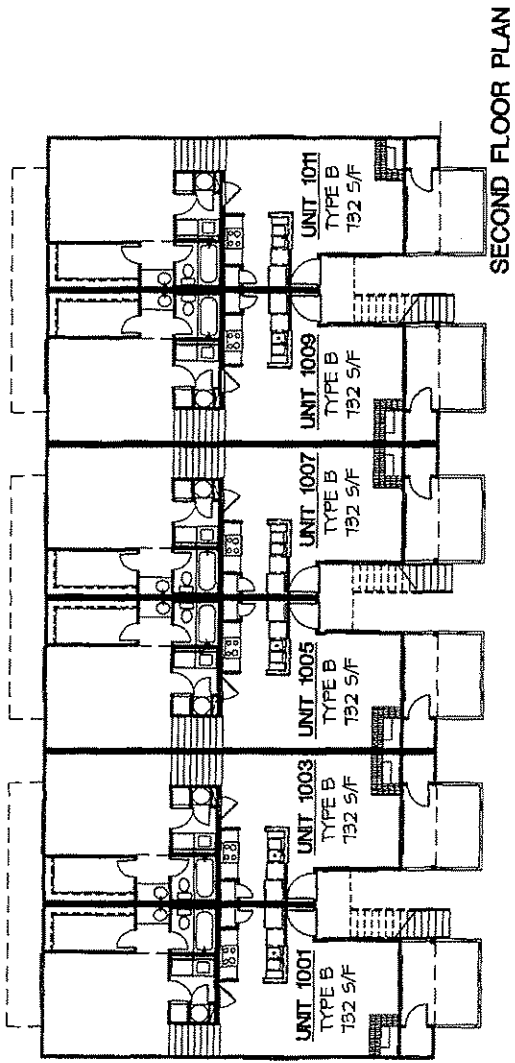
BUILDING #9

PALMS AT COVE VIEW

1/16" = 1'-0"

TYPE II

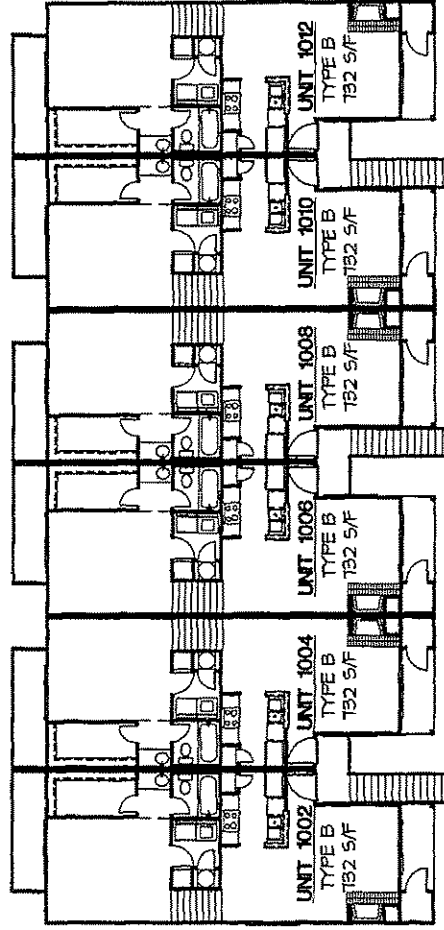




BUILDING #10
 PALMS AT COVE VIEW
 TYPE II



L

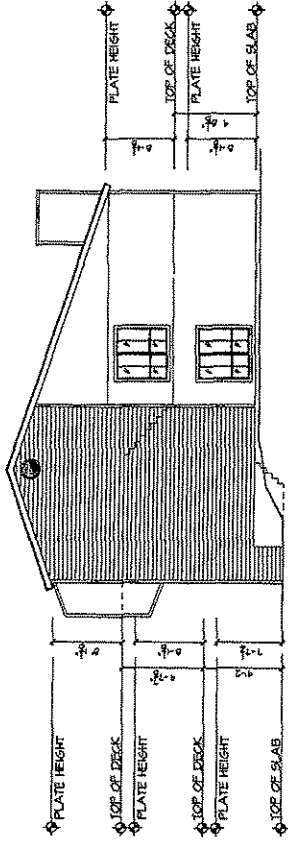


THIRD FLOOR PLAN

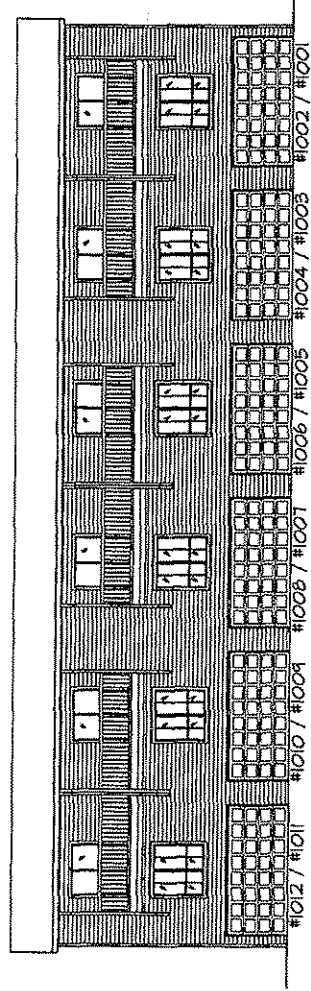
BUILDING #10

PALMS AT COVE VIEW
 1/16" = 1'-0" TYPE II

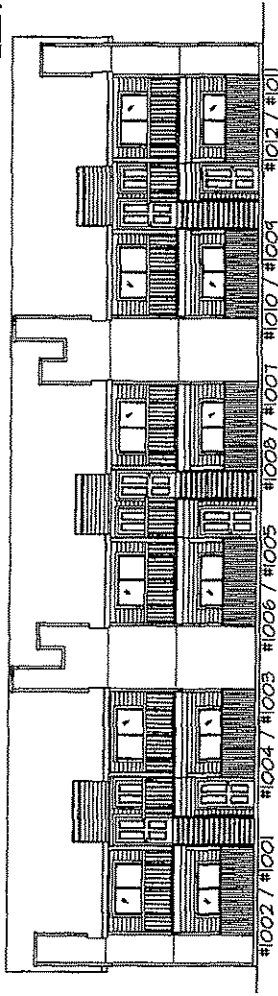




ELEVATION



ELEVATION



ELEVATION

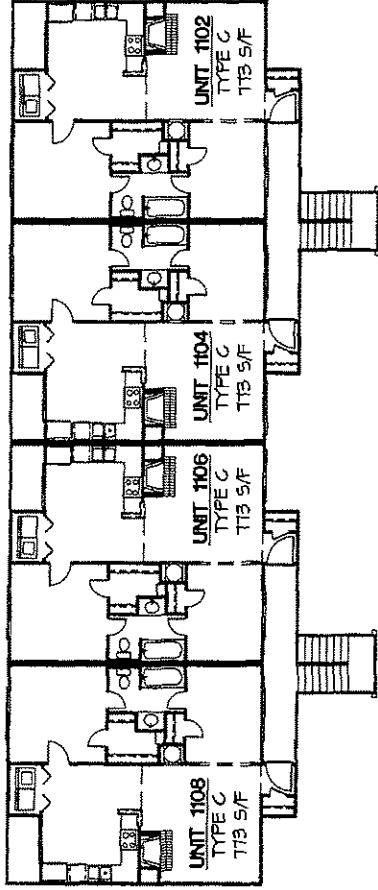
BUILDING #10

PALMS AT COVE VIEW

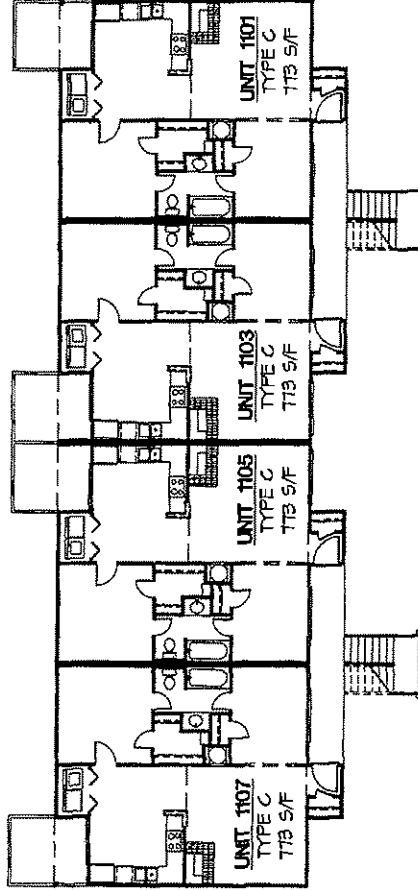
1/16" = 1'-0"

TYPE II





SECOND FLOOR PLAN



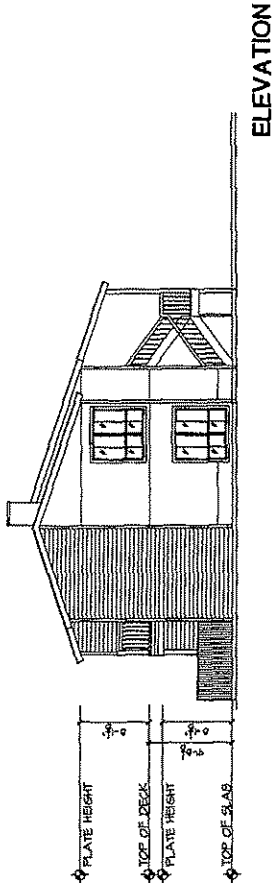
FIRST FLOOR PLAN

BUILDING #11

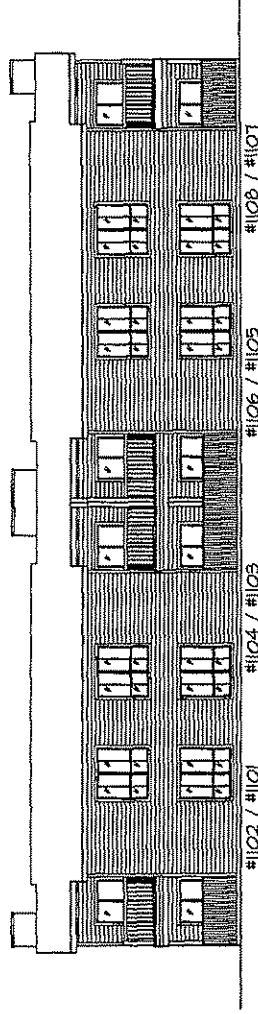
PALMS AT COVE VIEW TYPE V

1/16" = 1'-0"

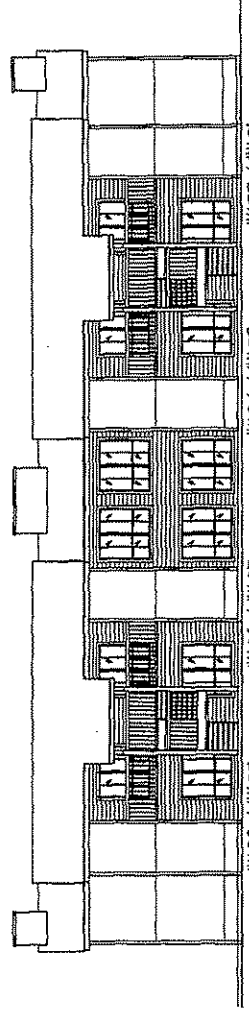




ELEVATION



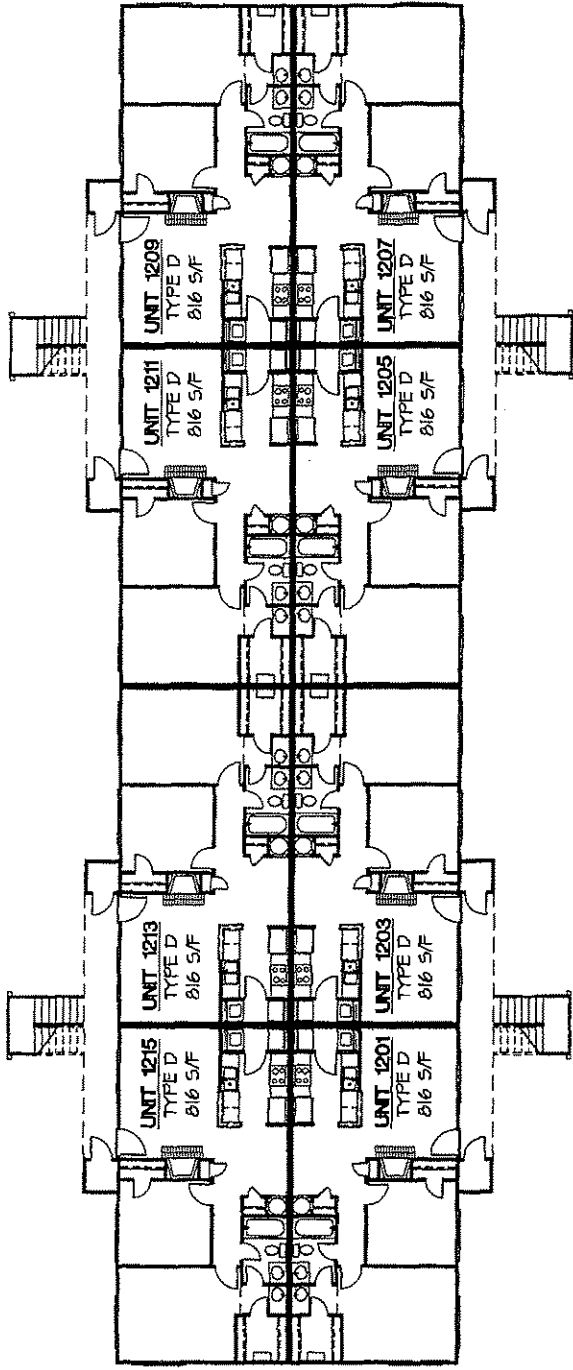
ELEVATION



ELEVATION

BUILDING #11
 PALMS AT COVE VIEW TYPE V
 1/16" = 1'-0"

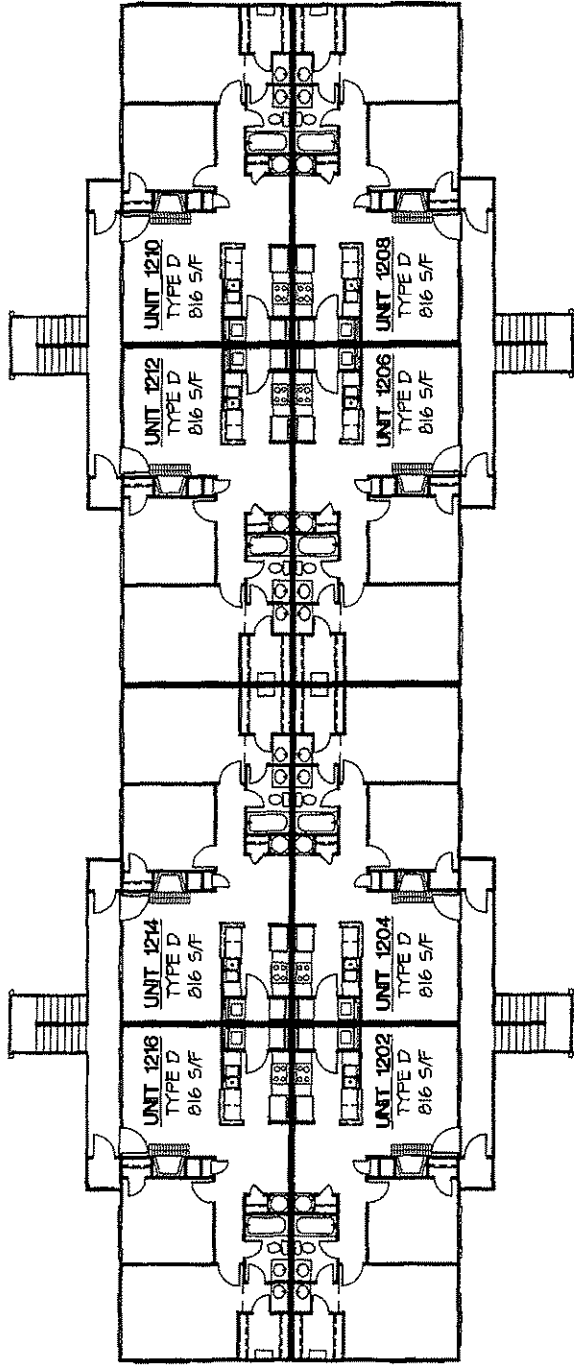




FIRST FLOOR PLAN

BUILDING #12
 PALMS AT COVE VIEW TYPE VI
 1/16" = 1'-0"



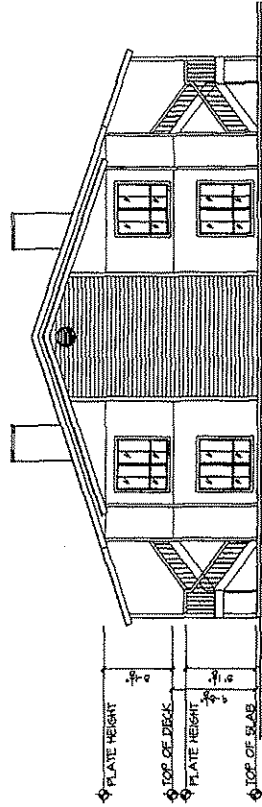


SECOND FLOOR PLAN

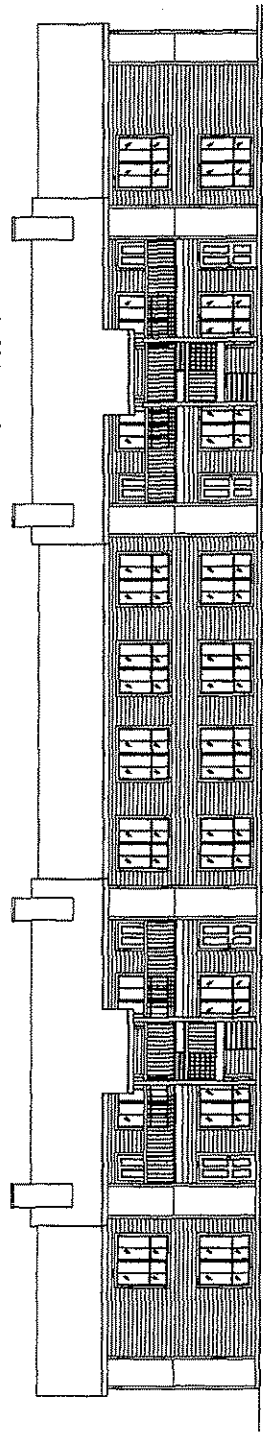
BUILDING #12

PALMS AT COVE VIEW TYPE VI
 1/16" = 1'-0"

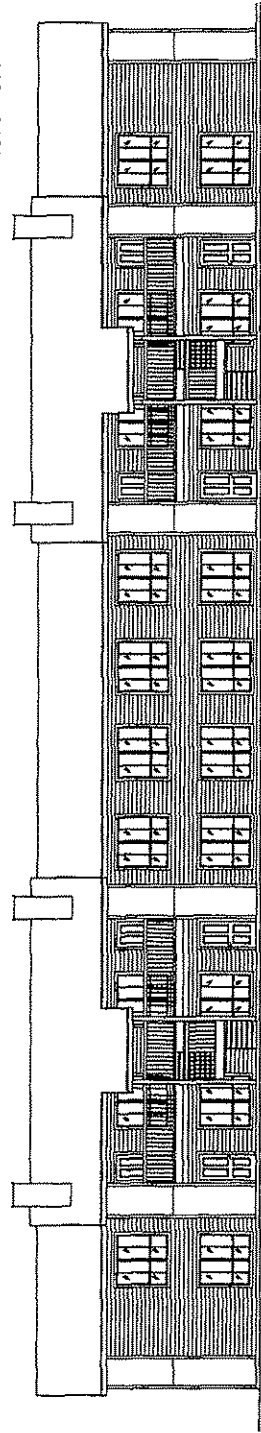




ELEVATION



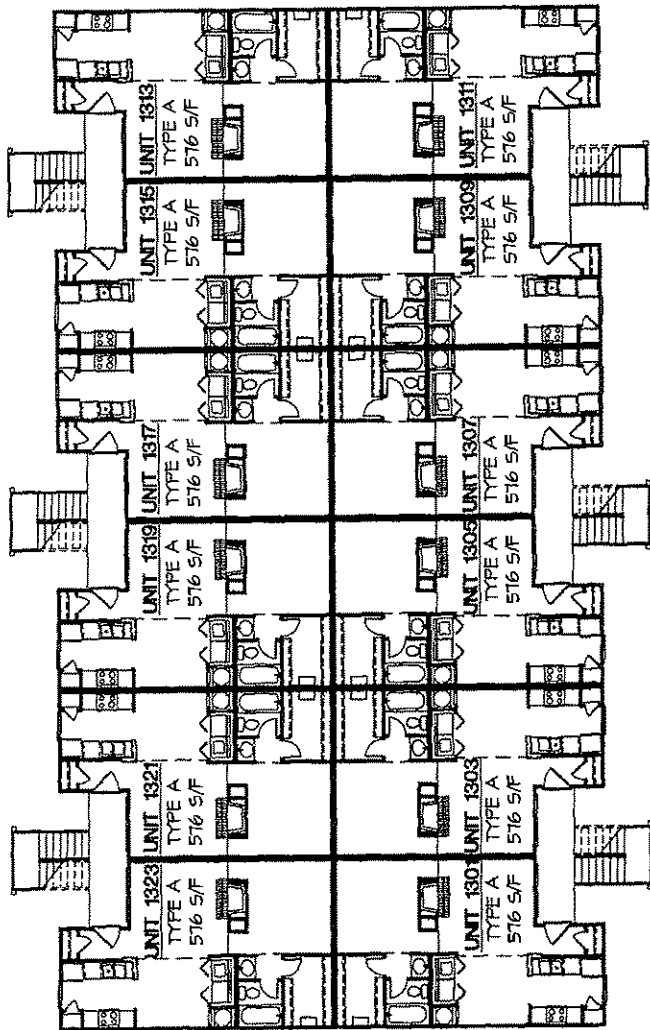
ELEVATION



ELEVATION

BUILDING #12
 PALMS AT COVE VIEW
 1/16" = 1'-0" TYPE VI





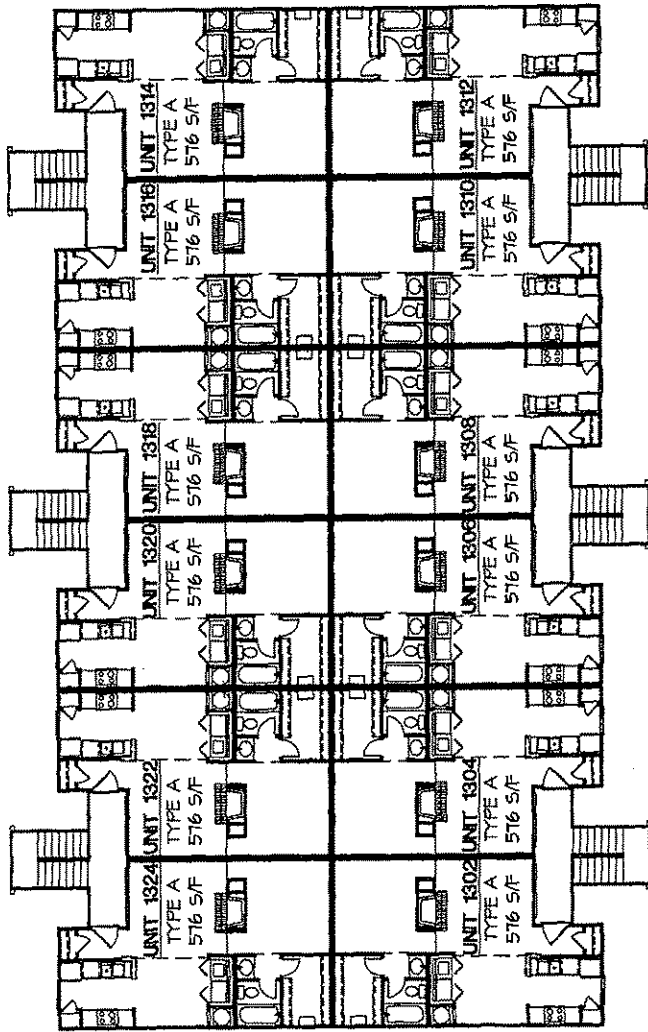
FIRST FLOOR PLAN

BUILDING #13

PALMS AT COVE VIEW TYPE I

1/16" = 1'-0"





SECOND FLOOR PLAN

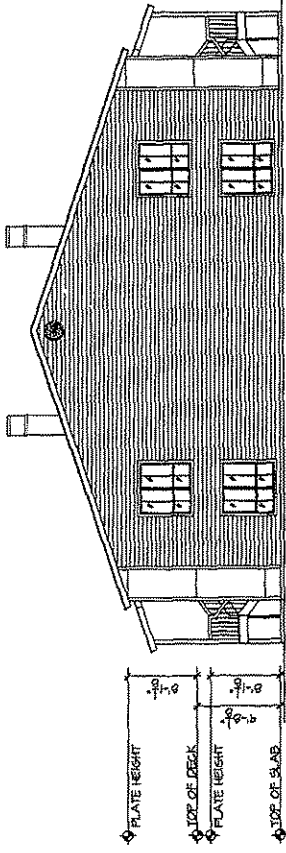
BUILDING #13

PALMS AT COVE VIEW

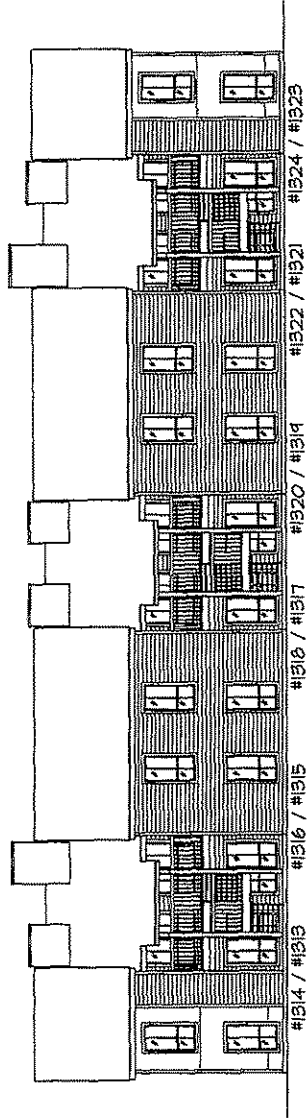
TYPE I

1/16" = 1'-0"

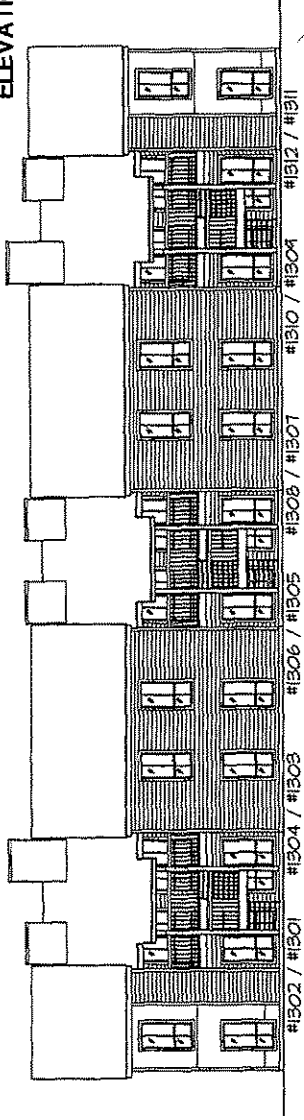




ELEVATION



ELEVATION



ELEVATION

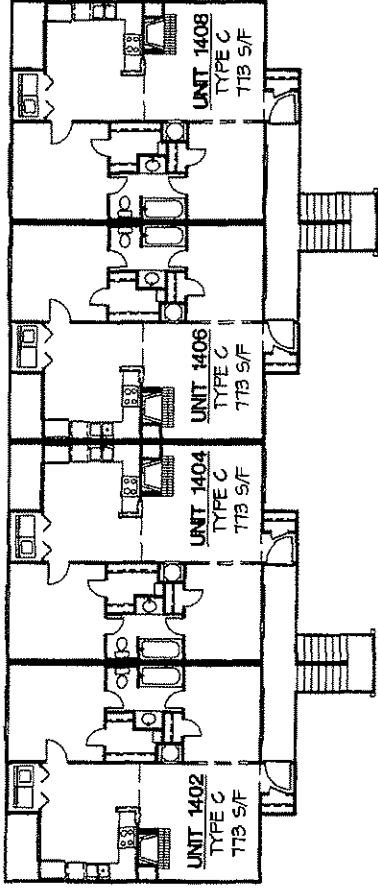
BUILDING #13

PALMS AT COVE VIEW

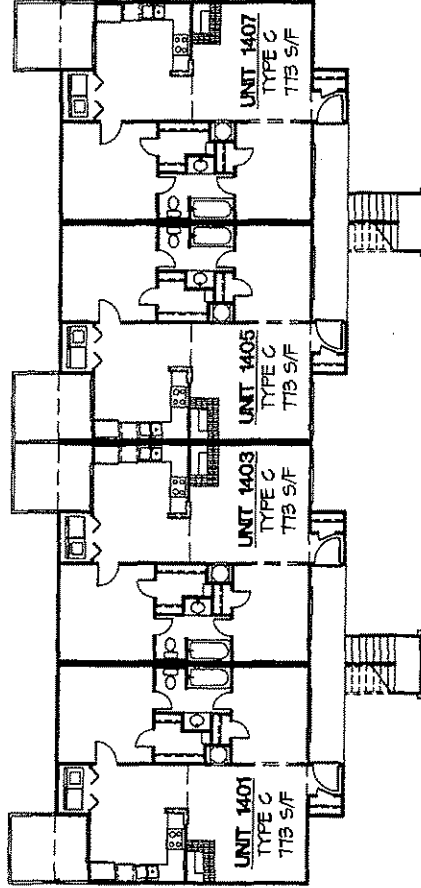
1/16" = 1'-0"

TYPE I





SECOND FLOOR PLAN



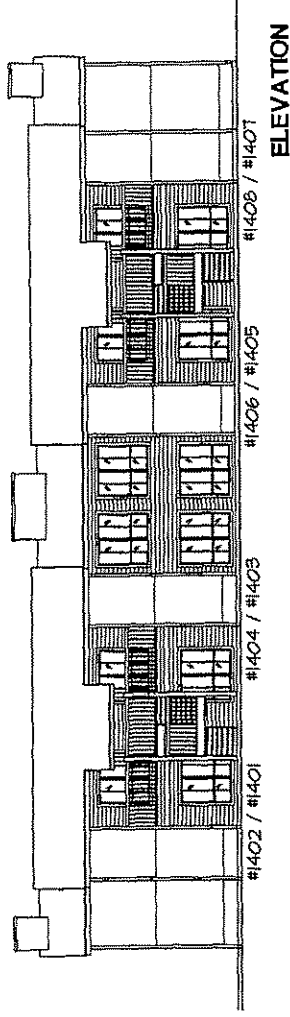
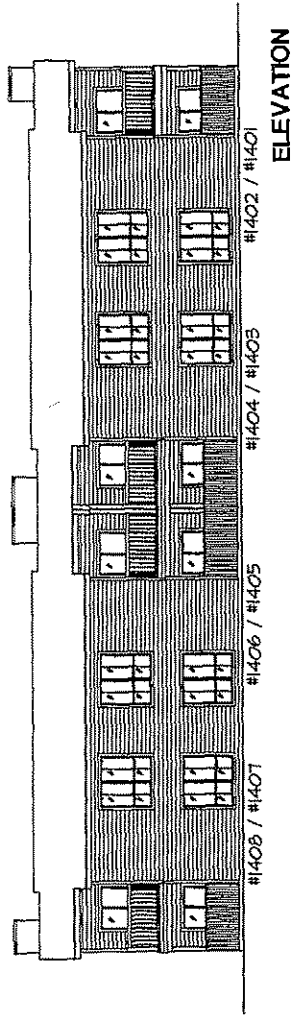
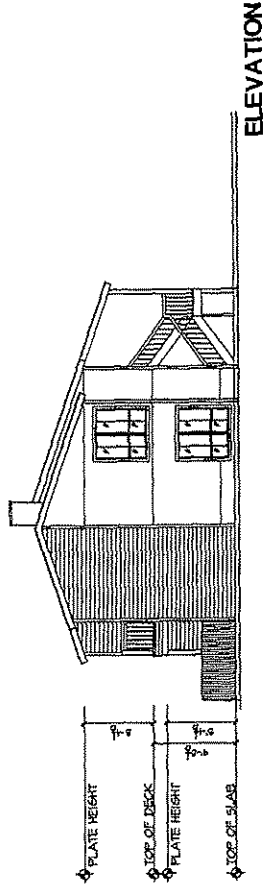
FIRST FLOOR PLAN

BUILDING #14

PALMS AT COVE VIEW TYPE V

1/16" = 1'-0"





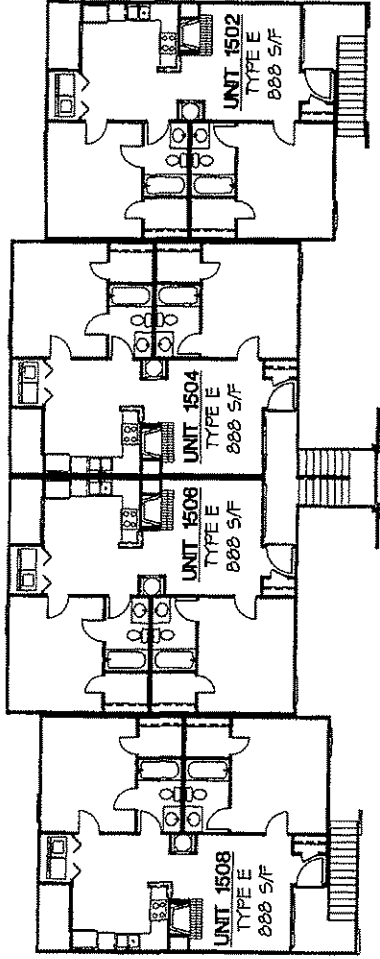
BUILDING #14

PALMS AT COVE VIEW

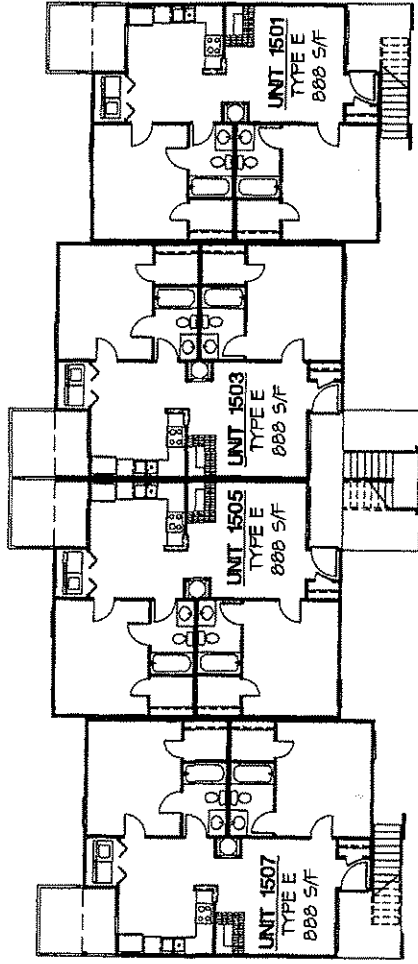
1/16" = 1'-0"

TYPE V





SECOND FLOOR PLAN

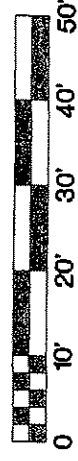


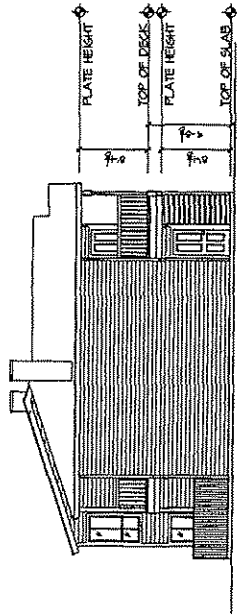
FIRST FLOOR PLAN

BUILDING #15

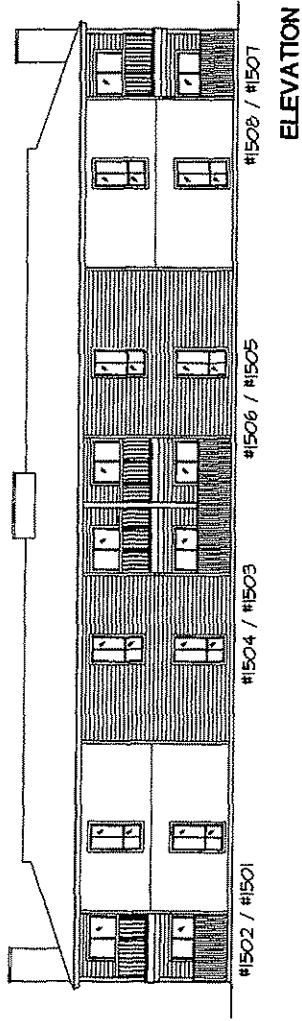
PALMS AT COVE VIEW TYPE VII

1/16" = 1'-0"

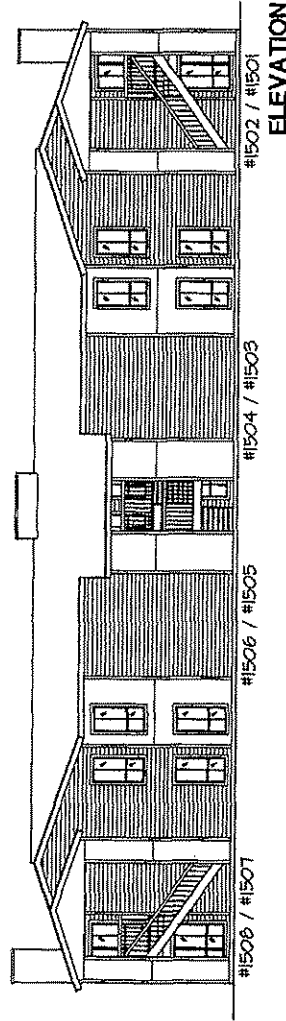




ELEVATION



ELEVATION



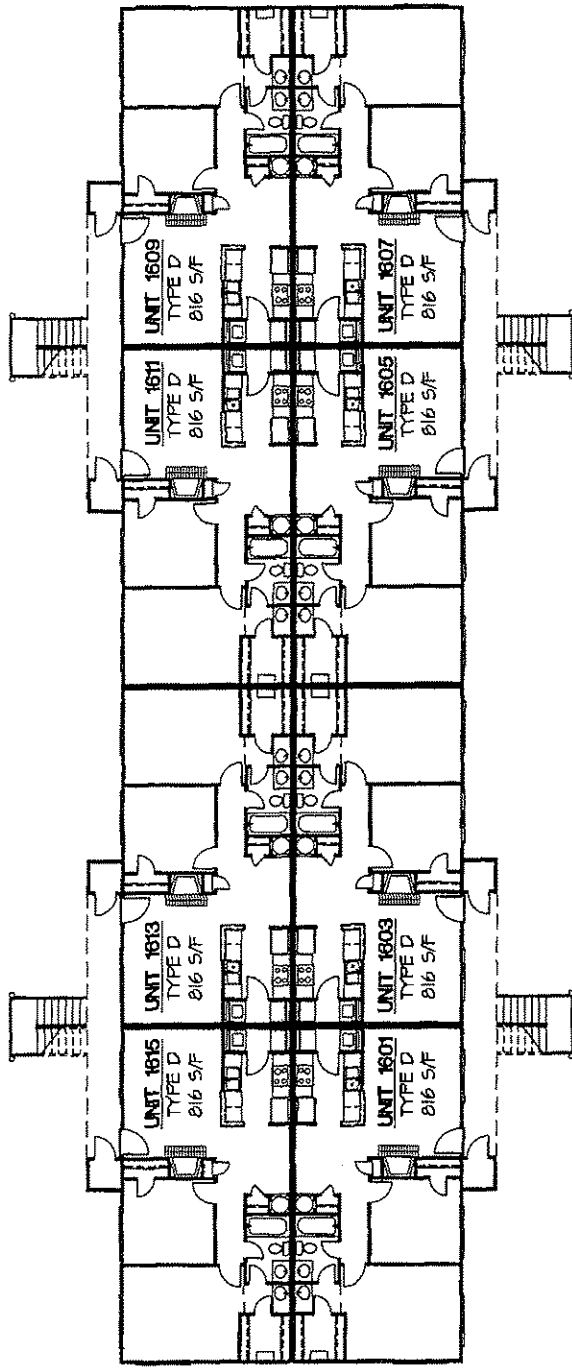
ELEVATION

BUILDING #15

PALMS AT COVE VIEW TYPE VII

1/16" = 1'-0"





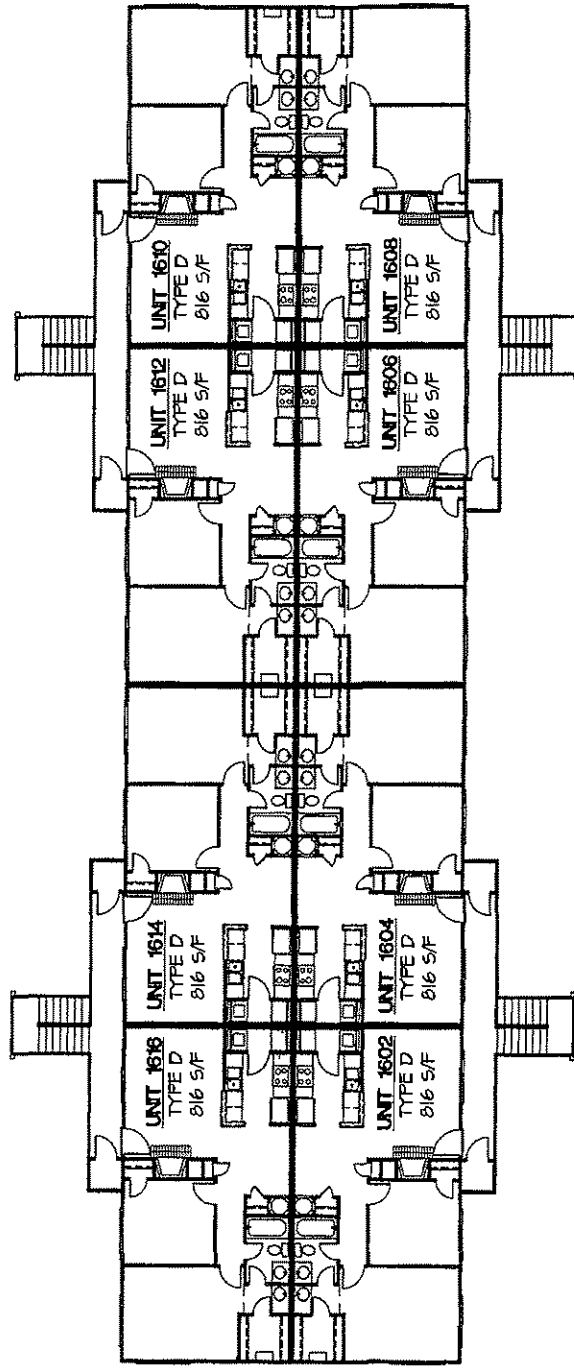
FIRST FLOOR PLAN

BUILDING #16

PALMS AT COVE VIEW TYPE VI

1/16" = 1'-0"





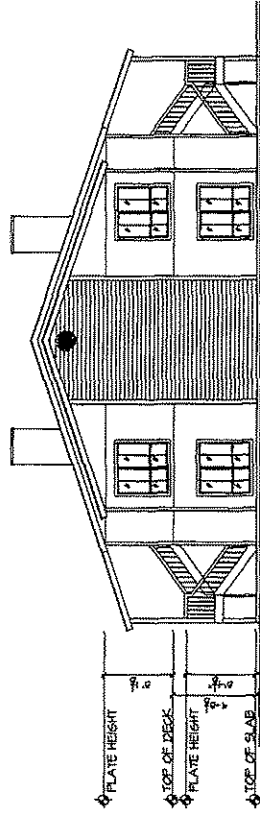
SECOND FLOOR PLAN

BUILDING #16

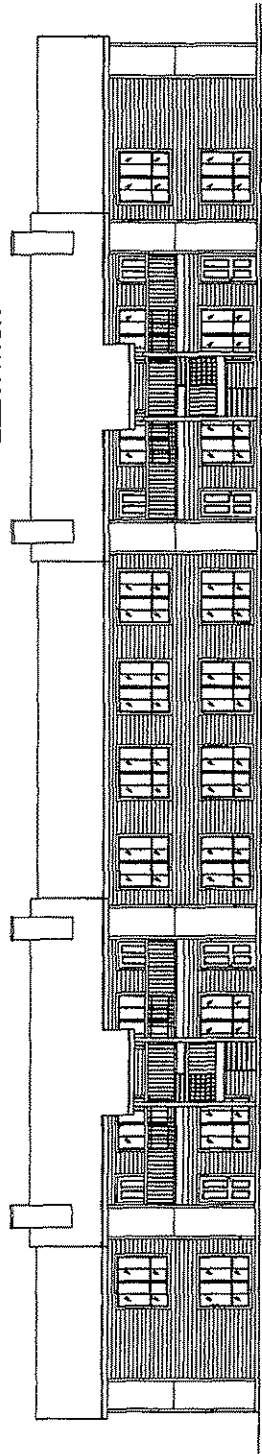
PALMS AT COVE VIEW TYPE VI

1/16" = 1'-0"

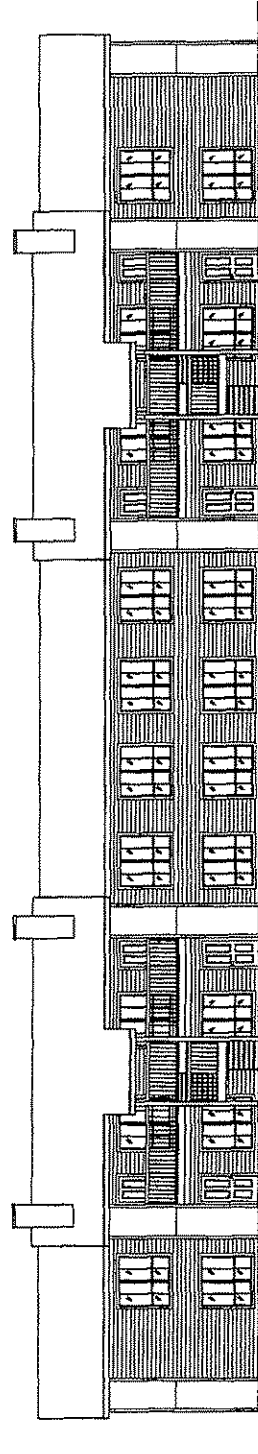




ELEVATION

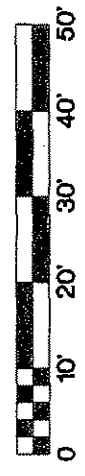


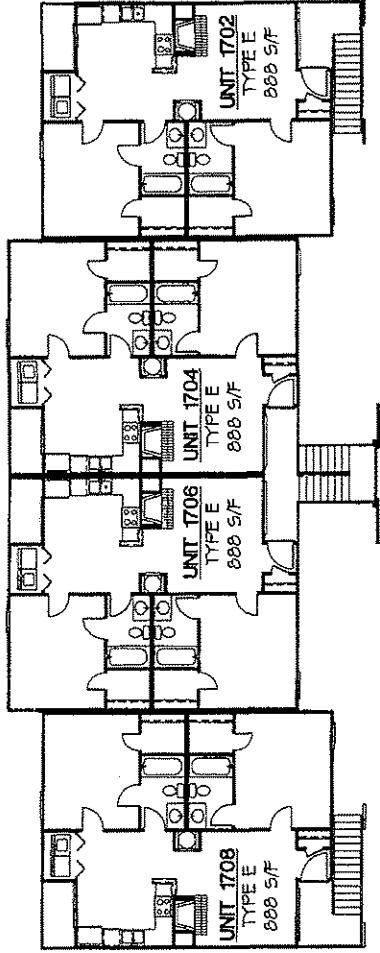
ELEVATION



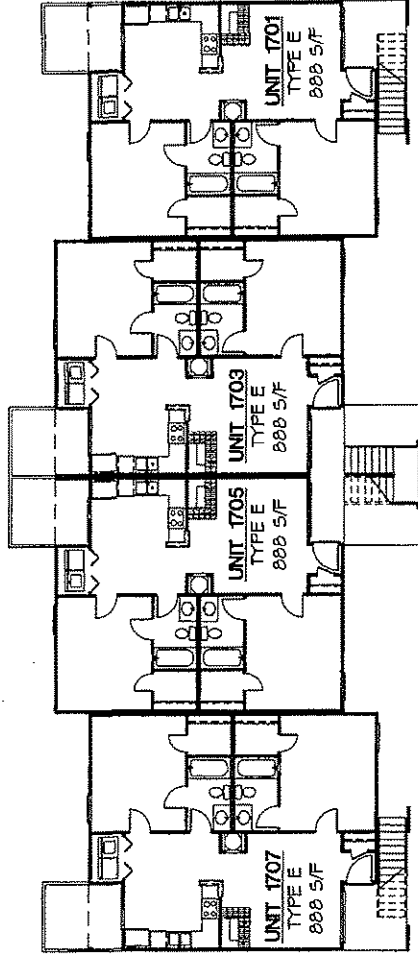
ELEVATION

BUILDING #16
 PALMS AT COVE VIEW
 1/16" = 1'-0" TYPE VI





SECOND FLOOR PLAN



FIRST FLOOR PLAN

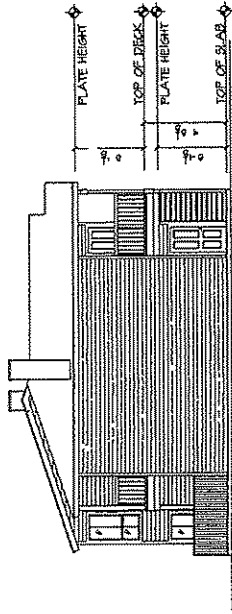


BUILDING #17

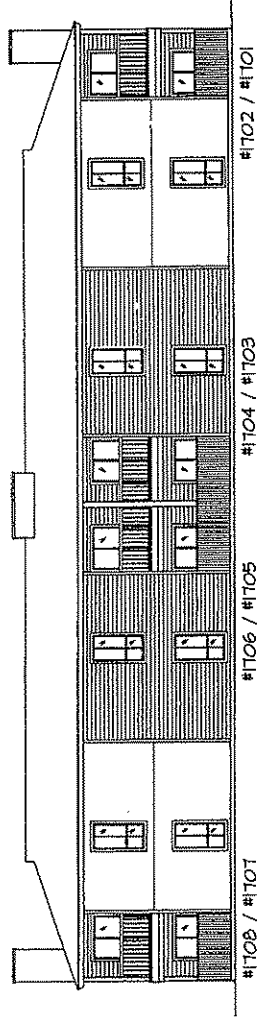
PALMS AT COVE VIEW

TYPE VII

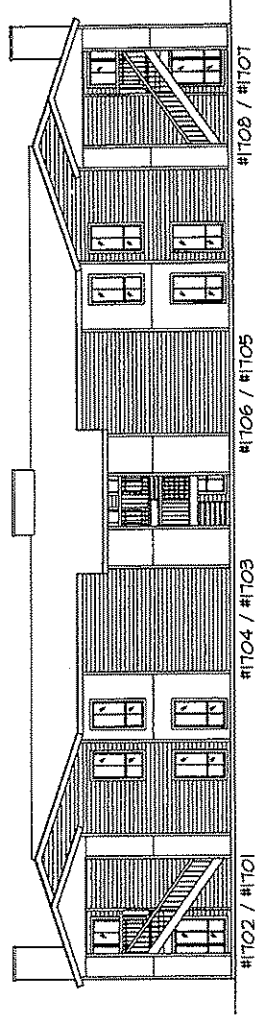
1/16" = 1'-0"



ELEVATION



ELEVATION



ELEVATION

BUILDING #17

PALMS AT COVE VIEW TYPE VII

1/16" = 1'-0"



Certification

As to Part III of Condominium Plan

The undersigned hereby certifies this 24 day of AUGUST, 2007 that the Unit Plans, and Building Plans constituting Part III of Exhibit "B" of the Condominium Plan, as prepared by Eubanks Group Architects, contains all the information required for "Plans" by Section 82.059(d) of the "Uniform Condominium Act" of the State of Texas

Eubanks Group Architects

By: Joseph B. Rozin
Its: SENIOR Associate.

PART IV
PERCENTAGE OWNERSHIP

Unit	Unit Type	Unit Sq. Ft. *	Percentage Ownership
101	F	1,060	.6468
102	F	1,060	.6468
103	B	732	.4467
104	B	732	.4467
105	B	732	.4467
106	B	732	.4467
107	B	732	.4467
108	B	732	.4467
109	B	732	.4467
110	B	732	.4467
111	F	1,060	.6468
112	F	1,060	.6468
201	F	1,060	.6468
202	F	1,060	.6468
203	B	732	.4467
204	B	732	.4467
205	B	732	.4467
206	B	732	.4467
207	B	732	.4467
208	B	732	.4467
209	B	732	.4467
210	B	732	.4467
211	B	732	.4467
212	B	732	.4467
213	B	732	.4467
214	B	732	.4467
215	F	1,060	.6468
216	F	1,060	.6468
301	C	773	.4717
302	C	773	.4717
303	C	773	.4717
304	C	773	.4717
305	C	773	.4717
306	C	773	.4717

Unit	Unit Type	Unit Sq. Ft. *	Percentage Ownership
307	C	773	.4717
308	C	773	.4717
401	F	1,060	.6468
402	F	1,060	.6468
403	B	732	.4467
404	B	732	.4467
405	B	732	.4467
406	B	732	.4467
407	B	732	.4467
408	B	732	.4467
409	B	732	.4467
410	B	732	.4467
411	F	1,060	.6468
412	F	1,060	.6468
501	F	1,060	.6468
502	F	1,060	.6468
503	B	732	.4467
504	B	732	.4467
505	B	732	.4467
506	B	732	.4467
507	B	732	.4467
508	B	732	.4467
509	B	732	.4467
510	B	732	.4467
511	F	1,060	.6468
512	F	1,060	.6468
601	F	1,060	.6468
602	F	1,060	.6468
603	B	732	.4467
604	B	732	.4467
605	B	732	.4467
606	B	732	.4467
607	B	732	.4467
608	B	732	.4467
609	B	732	.4467
610	B	732	.4467
611	F	1,060	.6468
612	F	1,060	.6468

Unit	Unit Type	Unit Sq. Ft. *	Percentage Ownership
701	F	1,060	.6468
702	F	1,060	.6468
703	B	732	.4467
704	B	732	.4467
705	B	732	.4467
706	B	732	.4467
707	B	732	.4467
708	B	732	.4467
709	B	732	.4467
710	B	732	.4467
711	F	1,060	.6468
712	F	1,060	.6468
801	F	1,060	.6468
802	F	1,060	.6468
803	B	732	.4467
804	B	732	.4467
805	B	732	.4467
806	B	732	.4467
807	B	732	.4467
808	B	732	.4467
809	B	732	.4467
810	B	732	.4467
811	F	1,060	.6468
812	F	1,060	.6468
901	B	732	.4467
902	B	732	.4467
903	B	732	.4467
904	B	732	.4467
905	B	732	.4467
906	B	732	.4467
907	B	732	.4467
908	B	732	.4467
909	B	732	.4467
910	B	732	.4467
911	B	732	.4467
912	B	732	.4467
1001	B	732	.4467
1002	B	732	.4467
1003	B	732	.4467

Unit	Unit Type	Unit Sq. Ft. *	Percentage Ownership
1004	B	732	.4467
1005	B	732	.4467
1006	B	732	.4467
1007	B	732	.4467
1008	B	732	.4467
1009	B	732	.4467
1010	B	732	.4467
1011	B	732	.4467
1012	B	732	.4467
1101	C	773	.4717
1102	C	773	.4717
1103	C	773	.4717
1104	C	773	.4717
1105	C	773	.4717
1106	C	773	.4717
1107	C	773	.4717
1108	C	773	.4717
1201	D	816	.4979
1202	D	816	.4979
1203	D	816	.4979
1204	D	816	.4979
1205	D	816	.4979
1206	D	816	.4979
1207	D	816	.4979
1208	D	816	.4979
1209	D	816	.4979
1210	D	816	.4979
1211	D	816	.4979
1212	D	816	.4979
1213	D	816	.4979
1214	D	816	.4979
1215	D	816	.4979
1216	D	816	.4979
1301	A	576	.3515
1302	A	576	.3515
1303	A	576	.3515
1304	A	576	.3515
1305	A	576	.3515
1306	A	576	.3515

Unit	Unit Type	Unit Sq. Ft. *	Percentage Ownership
1307	A	576	.3515
1308	A	576	.3515
1309	A	576	.3515
1310	A	576	.3515
1311	A	576	.3515
1312	A	576	.3515
1313	A	576	.3515
1314	A	576	.3515
1315	A	576	.3515
1316	A	576	.3515
1317	A	576	.3515
1318	A	576	.3515
1319	A	576	.3515
1320	A	576	.3515
1321	A	576	.3515
1322	A	576	.3515
1323	A	576	.3515
1324	A	576	.3515
1401	C	773	.4717
1402	C	773	.4717
1403	C	773	.4717
1404	C	773	.4717
1405	C	773	.4717
1406	C	773	.4717
1407	C	773	.4717
1408	C	773	.4717
1501	E	888	.5419
1502	E	888	.5419
1503	E	888	.5419
1504	E	888	.5419
1505	E	888	.5419
1506	E	888	.5419
1507	E	888	.5419
1508	E	888	.5419
1601	D	816	.4979
1602	D	816	.4979
1603	D	816	.4979
1604	D	816	.4979
1605	D	816	.4979

Unit	Unit Type	Unit Sq. Ft. *	Percentage Ownership
1606	D	816	.4979
1607	D	816	.4979
1608	D	816	.4979
1609	D	816	.4979
1610	D	816	.4979
1611	D	816	.4979
1612	D	816	.4979
1613	D	816	.4979
1614	D	816	.4979
1615	D	816	.4979
1616	D	816	.4979
1701	E	888	.5419
1702	E	888	.5419
1703	E	888	.5419
1704	E	888	.5419
1705	E	888	.5419
1706	E	888	.5419
1707	E	888	.5419
1708	E	888	.5419

Total Unit Area = 163,864 100.00%

*Unit Sq. Ft. excludes any enclosed garages but includes any enclosed storage spaces.

PART V

**PARKING (GARAGE OR PARKING SPACE) ASSIGNMENTS
(LIMITED COMMON ELEMENTS)**

Unit	Garage/Parking Space(s)
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Unit	Garage/Parking Space(s)
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Unit	Garage/Parking Space(s)
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Unit	Garage/Parking Space(s)
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Unit	Garage/Parking Space(s)
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Unit	Garage/Parking Space(s)
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EXHIBIT "C"
(to the Declaration)

EASEMENTS AND LICENSES

1. The Declarant's right to construct underground utility lines, pipes, wires, ducts, tubing, conduits and other facilities across the condominium property for the purpose of furnishing utility and other services to the Condominium
2. The Declarant's right to grant easements to public utility companies for the purpose of furnishing utility and other services to the Condominium.
3. Unrecorded leases, licenses, or permits affecting the common elements of the Buildings.
4. Any and all Easements and Licenses set forth in the Declaration and By-Laws of The Palms at Cove View, a Condominium as filed for record in the Condominium Records of Galveston County, Texas.
5. Any discrepancies, conflicts, or shortages in area or boundary lines, or any encroachments, or protrusions or any overlapping of improvements (as to common elements/common area property).
6. Standby fees, taxes and assessments by and taxing authority for the year of closing and subsequent years and subsequent taxes and assessments by any taxing authority for prior years due to change in land usage or ownership, but not those taxes or assessments for prior years because of an exemption granted to a previous owner of the property under Section 11.13, Texas Tax Code, or because of improvements not assessed for a previous tax year.
7. The following, all according to plat recorded in Volume 17, Page 116, of the Map Records of Galveston County, Texas:

An easement 10 feet wide, along the Northeasterly property line, along the Westerly and Northerly property lines, and an aerial easement 5 feet wide from a plane 20 feet above the ground upward, located adjacent thereto for the use of public utilities.

Building Set Back Line, being twenty feet (20') in width, along the Westerly, adjacent to Cove View Blvd., and Northerly, adjacent to Cove View Circle, property lines.
8. Three (3) easements in favor of Houston Lighting and Power Company as set forth by instrument dated January 14, 1985, recorded under Film Code No. 004-06-1327 (8534526) in the Official Public Records of Real Property in Galveston County, Texas and being described as follows:

An easement 5 feet wide, being the Southerly 1/2 of a 10 foot wide easement, as shown by a double crosshatched area on Sketch No. S-84-422-A, attached and made a part thereof, together with an aerial easement 10 feet wide beginning from a plane 16 feet above the ground and extending upward, located Southerly of and adjoining said 5-foot wide easement.

An easement 10 feet wide and 500.0 feet long as shown by a shaded crosshatched area on Sketch No. S-84-422-B, attached and made a part thereof, together with an aerial easement 11 feet 6 inches wide, beginning from a plane 16 feet above the ground and extending upward, located Northerly of and adjoining said 10-foot wide easement.

An aerial easement 11 feet 6 inches wide, beginning from a plane 16 feet above the ground and extending upward, located Westerly of and adjoining the 10 foot wide dedicated utility easement shown on sketches attached thereto.

9. Agreement with Houston Lighting & Power Company for the installation, operation and maintenance of an underground/overhead electrical service distribution system, as set forth in instrument recorded under Film Code No. 003-66-1671 (8507172) in the Official Public Records of Real Property of Galveston County, Texas.
10. Form of Easement and Memorandum of Agreement executed by Heron's Walk Apartments, LLC to Texas Cable Partners, L.P., dba Time Warner Cable, its successors and assigns, being a non-exclusive Easement on Grantor's property and all its improvements for the purposes of permitting Grantee, its affiliates, and contractors to design, construct, install, operate, maintain, upgrade, repair, replace, market, and remove a system (including internal and external wiring, poles, conduits, pipes, antennas, switch equipment, software central processing units and other facilities and equipment ("Communications Systems") for the delivery of entertainment, video, internet access, and other services to the Property as described by instrument dated April 13, 2004 and recorded under Galveston County Clerk's File No. 204034075.
11. All oil, gas and other minerals of every character in and under the herein described property, reserved by Sullivan Land and Cattle Company, by instrument filed for record in the Office of the County Clerk of Galveston County, Texas, under Clerk's File No(s) 8441364. Rights of ingress, use, and egress on the surface waived by grantor. Title to said interest not checked subsequent to date of aforesaid instrument

FILED AND RECORDED



OFFICIAL PUBLIC RECORDS

Mary Ann Daigle

2007060585

September 17, 2007 11 20 59 AM

FEE \$900 00

Mary Ann Daigle, County Clerk
Galveston County, TEXAS

August 3, 2015

The Palms at Cove View Condominium Association
3506 Cove View Boulevard
Galveston, Texas 77554
Tel: 409-744-0075
Fax: 409-740-3999

Dear Residents:

Many of you have expressed their concerns regarding the policies on pets. Please take the time to read this notification. This is a pet friendly property and we love our furry friends, however, pet owners are responsible to follow the community policies.

Under Pets in the Schedule A of the Documents Section 3. Pets they are as follows:

Pets

3-1 Conditional Permission to Keep or Maintain Pets. Pet(s) shall be conditionally permitted in accordance with the provisions of this Paragraph 3. Provided that, and as conditions precedent, all of the following rules are met and maintained at all times, each resident shall be permitted, on a conditional basis, to keep or maintain pet(s) in compliance with the following rules (conditional permission). **If any of the following rules are violated, the conditional permission to keep or maintain any pet in violation of such rules shall be subject to being revoked by the Board in the Board's sole and absolute discretion.**

3.2 Restrictions as to Pet(s). The following rules shall apply to all residents and their pet(s). **Violation of any of the following rules may be the basis for revocation of the conditional permission to keep such pet(s).**

a. No animals shall be kept except normal and customary household domestic pet(s) (i.e. dogs, cats, fish, birds, etc.). Reptiles, exotic species, and endangered species are expressly prohibited.

b. A resident may keep up to two (2) animals within a Unit. There shall be no restriction on the number of fish within the Unit.

Permitted pets may also include specifically trained animals that serve as physical aids to handicapped residents.

c. Upon request by the Association, all residents shall provide the Association with a list of the household pets kept or maintained in their unit (i.e. number, species, and breed, etc).

d. No pets should be kept or bred for any commercial purpose.

e. **No pet shall be kenneled or tethered unattended for any period of time on any balcony, patio, or any part of the limited or general common elements of the property. No pet shall be allowed to urinate or defecate on the patio or balcony. Owner will be in violation and fined \$100.00 per instance. Please be respectful of your neighbors, especially**

when cleaning second story balconies, as everything falls to the lower levels. Please be courteous.

f. **ALL PETS MUST BE ON A LEASH OR CONTAINED AND MAINTAINED UNDER THE CONTROL OF THEIR OWNER WHILE ON THE COMMON AREAS. THERE SHALL BE NO EXCEPTIONS.** (The city of Galveston Leash Law also mandates this and there are fines up to \$500.00). **NO PET SHALL BE ALLOWED TO RUN LOOSE WITHIN THE PROPERTY. The Palms at Cove View has a Violation charge per incident of \$100.00 per pet.** Animals being transported from a unit must be on a leash, securely carried, or carried within a pet carrier.

g. No savage or dangerous animal shall be kept, or any animal deemed by the Board of Directors to be a potential threat to the well being of other Residents or visitors or animals.

h. **EACH RESIDENT WHO MAINTAINS A PET SHALL BE RESPONSIBLE TO PICK UP AND DISPOSE OF ANY DEFECACTION BY SUCH PET ON THE PROPERTY. FINES WILL APPLY. Residents, please call or send us an email regarding any persons not picking up waste after their pets. There are seven pet stations on the property. If any of them are ever out of bags, please notify the office. Also, if you see someone who is in violation, please take a picture with your phone and send it in an email, and we will address the resident.**

i. Residents are not permitted to bathe dogs and /or cats outside or in the common areas. All animals must be bathed inside the resident's unit.

j. **CATS are not allowed to roam on or about the property.** Cat traps may be set out periodically and any stray cat caught in any such trap will be turned over to the City of Galveston department of Animal Registration and Care (or its existing equivalent).

k. **Residents who keep or maintain pet(s) in accordance with these rules must be responsible pet owners and not allow their pet(s) to unreasonably interfere with the rights of other owners/residents or disturb another residents rest or quiet and peaceful enjoyment of his or her Unit or the common elements.**

l. **All pet(s) shall have such care and restraint so or not to be obnoxious or offensive on account of noise , order or unsanitary condition. No pet shall be permitted to bark, howl, whine, screech or make other loud noises for extended or repeated percent of time.**

3.3 VIOLATION OF THE RULES, REVOCATION OF CONDITIONAL PERMISSION. In the event that any resident violates any of the foregoing rules, or fails or refuses to maintain and care for his/her rights of the other residents, or such pets are determined to be offensive on account of noise, odor, or pose a threat to other residents, the Board, in its sole discretion, shall have the right to revoke the permission to keep any pet in violation of the rules and these provisions, and the resident shall be obligated to promptly remove and relocate any such animal determined by the Board to be in violation of these provisions. The Association shall have the right to pursue all available legal remedies to cause the owner/resident to remove any such pet, including, without limitation, a mandatory injunction.

3.4 Damage/Indemnity. Each resident shall be responsible for any property damage, injury, or disturbance his or her pet may cause or inflict. Each damage, injury, or disturbance his or her pet may cause or inflict. Each resident shall compensate any person injured by their pet(s). Any resident who causes any animal to be brought or kept upon the premises of the condominium property shall indemnify and hold harmless the Association for any loss, damage, cost, or liability which the Association may sustain as a result of the presence of such animal on the premises.

The Palms at Cove View Condominium Association appreciates your assistance in keeping the property a beautiful place to reside.

The Palms at Cove View Condominium Association

The Palms at Cove View Condominium Association

(409) 744-0075 (Office)
(409) 740-3999 (FAX)

3506 Cove View Blvd
Galveston, Texas 77554

The Palms at Cove View Condominium Pool Rules

The pool rules and regulations have been drafted to provide for the health, comfort, and general welfare of the residents and guest of The Palms of Cove View Condominiums. We wish everyone a great Summer 2015!

1. The pool hours will be from 10:00 am to 10:00 pm daily. Anyone caught in the pool after 10:00 pm will be fined a minimum of \$100.00 per person in violation of pool rules. No exceptions. All persons using the pool or pool area, do so at their own risk. The Association assumes no responsibility for any accident or injury in connection with such use or for any loss or damage to personal property. **THERE IS NO LIFEGUARD ON DUTY.**
2. Persons using the pool area agree not to hold the Association or the Association's management company or employees liable for any actions of whatever nature occurring within the pool area. Also, unit Owners and registered residents are responsible for the behavior or actions of family members, guests, servants, employees, licensees, lessees, or occupants.
3. Persons using pool area must comply with all rules and regulations as determined by the City Health Officer. Anyone with colds, inflamed eyes, infections, bandages, or open skin abrasions may not use the pool.
4. The pool may be subject to be closed at any time due to weather, equipment failure, or other impending circumstances. The Board of Directors and the Association Management reserve the right to deny anyone the use of the pool area at any time. Any persons not abiding by the rules and regulations of the association will forfeit use of the pool or other amenities of the community.
5. The Pool is for the exclusive use of the residents of record hereby, Registered Residents, of each condominium unit; be the actual Unit Owner or the unit owner's lessee and their guest. However, in the event that the unit owner has a tenant or lessee (but not both) shall be permitted to use the pool. Owners/Tenants must be present with their guest at all times when in the pool or common areas.
6. One bedroom units will be allowed 2 guests and 2 bedroom units 2 guest will be allowed in the pool or pool area or fitness center. (Owner or Lessee but not both can use pool.) Total number of people that can be allowed for a one bedroom is (4) and two bedroom is (6). Any owner or tenants that violates the rules, can also be subject to forfeiting use of the pool and fitness center. \$100.00 fine for any violations of the resident or owner.
7. The Management or Courtesy Officer will be randomly checking the pool area and inquiring with persons at the pool of persons using the pool. If a person is not registered and has been asked to leave the pool area and is found in violation of the pool rules, on the second advisory from the Management Company or courtesy security officer, will be subject to trespassing charges and all fines that apply. Owner will be responsible for their guest and also subject to fines. Any persons causing damage to the property or violations of the common facilities can and will be asked to leave and subject to forfeiting use of the common areas.
8. Unit Owners or Lessees must accompany their guest and accompany at all times in pool or pool area, business office or fitness center.
9. No children under 18 will be allowed into the pool area without parental guardian or guardian supervision. Guardians must be 18 years or older and a resident owner or tenant. Each guardian must be registered as a unit owner or Lessee. Unit owners, residents, lessees, or guardians are responsible for the behavior and actions of their children or young adults. If you leave the pool area, your must take your child(ren) with you. Children must be with parent when going to the bathroom in fitness center.

10. Smoking is prohibited in the clubhouse and/or pool or pool area.
11. No Animals, toys or sporting equipment are allowed in the pool area. Those requiring them will be permitted to use life jackets and other safety floatation devices.
12. Ball throwing of any kind is not permitted.
13. Running is not allowed in the club house and/or pool area.
14. Unnecessary roughness, splashing, loud radios and horseplay will not be allowed at any time. Other noise and undue disturbances are strictly prohibited. For the convenience of other residents, headphones are suggested. Music must be listened to with head phones as to not disturb other resident's tranquil relaxation. Registered residents should notify the courtesy officer of disruptive or unsafe behavior.
15. Diving or jumping, of any kind, into the pool, is not permitted.
16. The pool may not be used by any private organization or for any private function.
17. Beverages in glass containers are not allowed. Only plastic or paper beverage containers are permitted. Please dispose of all containers properly. No alcoholic beverages are permitted in the pool or pool area and fitness center. Persons violating the rules of alcohol can be subject to fines or legal penalties.
18. Persons using the pool must clean up the space they have occupied before leaving poolside; removing all personal belongings, towels, wrappers, cups, papers and refuse etc. Neither the association nor the management company is responsible for any items left in the pool area.
19. Items left by residents in common areas will be collected by the property manager and kept for 7 (seven) days, after which they will be disposed of at the Manager's discretion.
20. Exterior telephone is for emergency use only.
21. Before entering the pool, swimmers must remove suntan oils, creams, lotions and hairpins as well as use the shower facilities.
22. Only proper swimming attire is permitted in the pool. Cut off's or T-Shirts in the pool are not allowed. Per health laws, no child in diapers (or swimmy diapers) or who is not toilet trained is allowed in the pool.
23. The unit owner will be imposed fines for rule infractions or those rule infractions by members of his/her family, guest, agents, servants, employees, licensees, lessees, or occupants. Management reserves the right to revoke seasonal passes for repeated violations. Residents/Owners in violation of the pool regulations can forfeit use of the amenities.

The Palms at Cove View Association wants all the residents and their guest to enjoy the pool amenity and ask that everyone be courteous to your neighbors so that everyone can enjoy a relaxing experience. Residents/Owners may report violations to 409-744-0075 after office hours and Security can be called.

Thank you and have a great Summer!

The Palms at Cove View Condominium Association

409) 744-0075 (Office)

3506 Cove View Blvd

(409) 740-3999 (FAX)

Galveston, Texas 77554

The Palms at Cove View Condominium

Fitness Center

Residents, good news! A key card access system was installed on the fitness center door, located on the exterior of the building in front of the pool area. The system includes monitoring cameras and key card access to the fitness center. The card access records all entries and exits to the fitness center. The fitness center hours, until further notified, are between the hours of 6:00 am to 10:00 pm Thursday-Monday and 8:00 am to 10:00 pm Tuesday-Wednesday. (Please note, as the fitness center operating hours are new and we do not know how they will affect the owners that live in the building in front of the pool area, the operating hours could be subject to change).

The only access to the fitness center after office hours is through the pool area. The pool hours daily will continue to be from 10:00 am – 10:00 pm. Starting November 1, 2015 the pool code will change to C2016.

The pool access is by code. All Residents are given this code. If you do not have a code please contact the office by email at thepalms.iglesias@gmail.com or come by the office during office hours with an ID, and the code will be given to you. Included with this letter is a copy of the pool rules and regulations. All Residents and their guests are subject to the same rules and regulations and must adhere to them when using the common elements.

Office hours are Monday through Thursday, 9:30am – 5:30, Friday from 9:30am – 5:00pm. A key card is required to use the fitness center facility during the times the office is closed. During office hours, you may use the fitness entry door in the lobby also.

Doors to the fitness center must be closed at all times. Do not place anything in the door to keep it from closing. Please remember, the fitness center has central a/c and heating and we want to keep heating and cooling cost down.

The key card is and shall remain at all times the property of The Palms at Cove View Condominium Association. A deposit of \$75.00 will be held by the Association for each card (1) per unit and will transfer with the sale of the unit.

The key card will be assigned to the sole Resident of the unit only and the Resident will be responsible for that key card. The Resident takes full responsibility for the card listed and whose signature is located on the indemnification waiver for the purpose set forth during times when the Fitness Center is locked and access is permitted only by the use of the key card system. The right to use the key card provided herein is not assignable to any other party.

Resident acknowledges that he/she is liable for, and shall pay on demand to The Palms at Cove View, any damages and expenses incurred by The Palms at Cove View as a result of any loss of/or damage to the key card, Fitness Center, Pool area, and any items of personal property located therein caused in any way by the Resident or by any party using Resident's key card and that such liability is not limited to the key card deposit. Further, Resident agrees to defend, indemnify, and hold harmless The Palms at Cove View, its principles, agents, and employees from and against all liabilities and expenses including (without limitation) attorney's fees related to or arising from loss or damage as described in the foregoing sentence.

If the Resident or any other party using the Resident's key card violates rules or regulations governing use of Fitness Center or otherwise misuses or causes loss of, damage to, any equipment or other personal property in the Fitness Center or if the key card is used by an unauthorized user person, then immediately upon notice, Resident shall return key card to The Palms at Cove View and failure to do so shall be an immediate default under forfeiture of the deposit fee.

The Palms at Cove View reserves the right to demand return of the key card by Resident upon Resident default of this agreement, whether or not The Palms at Cove View takes action under the lease on account of Residents default, or Resident

The Palms at Cove View Condominium Association

409) 744-0075 (Office)

(409) 740-3999 (FAX)

3506 Cove View Blvd

Galveston, Texas 77554

The Palms at Cove View Condominium

Fitness Center

cures such default. The Palms at Cove View may, at The Palms at Cove View's sole discretion, reissue the key card to Resident upon Resident's cure of any default under this agreement, provided that Resident's use of the key card shall continue to be subject to the terms and provisions of a new agreement.

Loss of key card or failure to return key card when vacating the condo will result in the forfeiture of the key card deposit and an additional \$75.00 penalty fee. A new \$75.00 key card deposit will be required for replacement of the lost key card.

No unauthorized guests are permitted access to the Fitness Center. Resident may bring only one guest to the fitness center as there is limited space. Please limit use of the any equipment to 30 minutes per machine at a time so as to be courteous to other owners as well.

NO CHILDREN UNDER THE AGE OF 18 YEARS OLD ARE PERMITTED TO USE THE FITNESS CENTER EQUIPMENT. PARENTS DO NOT LEAVE CHILDREN UNATTENDED IN THE FITNESS CENTER AREA.

Bathroom Facilities: Use of the bathroom facilities is only for owners/tenants/guest of an owner and is not for public use. All persons under 18 entering the Fitness Center must be accompanied by a parent or legal guardian at all times. Residents are responsible for their guests and ensuring their guests are notified that they must follow rules and regulations of the property.

Alcohol: NO ALCOHOL IS PERMITTED IN THE FITNESS CENTER AND POOL AREAS.

In consideration for the use of the key card, the sufficiency of which consideration is hereby acknowledged, the Resident for himself/herself and on behalf of all other users of the key card hereby release The Palms at Cove View, its principles, agents, and employees, from and against and agrees NOT to sue with respect to any and all liability arising from damages to or loss of theft of any property or personal injury resulting from the use of the Fitness Center. The Resident acknowledges that it is his or her intent to bear all risk of property damage, loss, or theft and personal injury resulting from the use of the Fitness Center regardless the case of such injury or damage.

Resident acknowledges that any camera, video or other visual and/or audio monitoring equipment in the Fitness Center is maintained solely for the benefit of The Palms at Cove View and is not intended for the Resident's protection. Resident recognizes that The Palms at Cove View does not supervise use of the Fitness Center and Resident may NOT rely on The Palms of Cove View to monitor activity in the Fitness Center during or after The Palms at Cove View's regular business hours. Resident himself/herself and on behalf of all their respective heirs, successors, assigns, and legal representatives, expressly releases The Palms at Cove View, Its principles, agents, and employees, from and against and agrees not to sue with respect to any and all liability arising from damages to or loss of theft of any property, or personal injury resulting from The Palms at Cove View's failure to monitor Fitness Center activity, whether during or after The Palms at Cove View's regular business hours.

RESIDENT SPECIFICALLY ASSUMES ALL RISK OF INJURY WHILE USING ANY PIECE OF EQUIPMENT OR FACILITIES AT THE PALMS AT COVE VIEW CONDOMINIUM FITNESS CENTER AND EXPRESSLY AND VOLUNTARILY WAIVES AND RELEASES THE PALMS AT COVE VIEW CONDOMINIUM, ITS PRINCIPLES, AGENTS, AND EMPLOYEES FROM ANY AND ALL NEGLIGENCE AND/OR OTHER CLAIMS AGAINST THE PALMS AT COVE VIEW CONDOMINIUMS, ITS PRINCIPLES, AGENTS, AND EMPLOYEES. IT IS UNDERSTOOD AND AGREED THAT BEFORE ANY EXERCISE EQUIPMENT IS USED OWNER:

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Fitness Center

- A) HAS READ THE POSTED INSTRUCTIONS TO BECOME FAMILIAR WITH THE USE OF THE AVAILABLE EQUIPMENT, AND
- B) HAS CONSULTED WITH A PHYSICIAN AND DOES NOT HAVE ANY MEDICAL CONDITIONS THAT LIMIT HIS/HER ABILITY TO EXERCISE OR USE THE EQUIPMENT

Proper attire will be worn at all times while using the Fitness Center and equipment. That includes, tops, bottoms and shoes. Anyone reported to be wearing the incorrect attire while using the gym equipment, shoes that are covered in mud, water, or any other element, will face a \$50.00 fine. If a second violation is reported, the Fitness Center key card will be deactivated and the Owner will no longer have access to the Fitness Center indefinitely.

Any violation of the Fitness Center rules, regulations, and policies will result in immediate cancellation of the Fitness Center privileges. Resident shall return key card to The Palms at Cove View and failure to do so shall be an immediate forfeiture of the deposit fee and Resident will no longer have access to Fitness Center.

Resident Signature Date

The Palms at Cove View Association Date